TEXTBOOK TESTBANKS

# Solutions Manual for Pearson's Federal Taxation 2026 Comprehensive 39th Richardson

SOLUTIONS MANUAL SAMPLE PREVIEW


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# *Solutions Manual for Pearson's Federal Taxation 2026 Comprehensive 39th Edition by Richardson, Franklin*

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Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** **2024** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20____ See separate instructions.

| | | |
|---|---|---|
| Your first name and middle initial: Zachary L. | Last name: Mao | **Your social security number:** 123 45 6789 |
| If joint return, spouse's first name and middle initial: Cici K. | Last name: Mao | **Spouse's social security number:** 987 65 4321 |
| Home address (number and street). If you have a P.O. box, see instructions.: 520 Chesnut St. | Apt. no. | **Presidential Election Campaign** Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse |
| City, town, or post office. If you have a foreign address, also complete spaces below.: Philadelphia | State: PA / ZIP code: 19106 | |
| Foreign country name | Foreign province/state/county / Foreign postal code | |

**Filing Status** Check only one box.
☐ Single ☐ Head of household (HOH)
☑ Married filing jointly (even if only one had income)
☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

**Digital Assets** At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☑ No

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1960 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1960 ☐ Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here . . ☐

| (1) First name | Last name | (2) Social security number | (3) Relationship to you | (4) Check the box if qualifies for (see instructions): Child tax credit | Credit for other dependents |
|---|---|---|---|---|---|
| Oliver | Mao | 111 22 3333 | Son | ☑ | ☐ |
| | | | | ☐ | ☐ |
| | | | | ☐ | ☐ |
| | | | | ☐ | ☐ |

## Income

**Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.**
If you did not get a Form W-2, see instructions.

| | | | | | | |
|---|---|---|---|---|---|---|
| 1a | Total amount from Form(s) W-2, box 1 (see instructions) | | | | 1a | 85,000* |
| b | Household employee wages not reported on Form(s) W-2 | | | | 1b | |
| c | Tip income not reported on line 1a (see instructions) | | | | 1c | |
| d | Medicaid waiver payments not reported on Form(s) W-2 (see instructions) | | | | 1d | |
| e | Taxable dependent care benefits from Form 2441, line 26 | | | | 1e | |
| f | Employer-provided adoption benefits from Form 8839, line 29 | | | | 1f | |
| g | Wages from Form 8919, line 6 | | | | 1g | |
| h | Other earned income (see instructions) | | | | 1h | |
| i | Nontaxable combat pay election (see instructions) | 1i | | | | |
| z | Add lines 1a through 1h | | | | 1z | 85,000 |
| 2a | Tax-exempt interest | 2a | b Taxable interest | | 2b | 58 |
| 3a | Qualified dividends | 3a | b Ordinary dividends | | 3b | |
| 4a | IRA distributions | 4a | b Taxable amount | | 4b | |
| 5a | Pensions and annuities | 5a | b Taxable amount | | 5b | |
| 6a | Social security benefits | 6a | b Taxable amount | | 6b | |
| c | If you elect to use the lump-sum election method, check here (see instructions) ☐ | | | | | |
| 7 | Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ | | | | 7 | |
| 8 | Additional income from Schedule 1, line 10 | | | | 8 | |
| 9 | Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** | | | | 9 | 85,058 |
| 10 | Adjustments to income from Schedule 1, line 26 | | | | 10 | |
| 11 | Subtract line 10 from line 9. This is your **adjusted gross income** | | | | 11 | 85,058 |
| 12 | **Standard deduction or itemized deductions** (from Schedule A) | | | | 12 | 29,200 |
| 13 | Qualified business income deduction from Form 8995 or Form 8995-A | | | | 13 | |
| 14 | Add lines 12 and 13 | | | | 14 | 29,200 |
| 15 | Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** | | | | 15 | 55,858 |

Attach Sch. B if required.

**Standard Deduction for—**
- Single or Married filing separately, $14,600
- Married filing jointly or Qualifying surviving spouse, $29,200
- Head of household, $21,900
- If you checked any box under *Standard Deduction*, see instructions.

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 11320B Form **1040** (2024)

* $40,000 + $45,000

Form 1040 (2024) Page **2**

| | | | | | |
|---|---|---|---|---|---|
| **Tax and Credits** | 16 | **Tax** (see instructions). Check if any from Form(s): **1** ☐ 8814 **2** ☐ 4972 **3** ☐ | | 16 | 6,241* |
| | 17 | Amount from Schedule 2, line 3 | | 17 | |
| | 18 | Add lines 16 and 17 | | 18 | 6,241 |
| | 19 | Child tax credit or credit for other dependents from Schedule 8812 | | 19 | 2,000 |
| | 20 | Amount from Schedule 3, line 8 | | 20 | |
| | 21 | Add lines 19 and 20 | | 21 | 2,000 |
| | 22 | Subtract line 21 from line 18. If zero or less, enter -0- | | 22 | 4,241 |
| | 23 | Other taxes, including self-employment tax, from Schedule 2, line 21 | | 23 | |
| | 24 | Add lines 22 and 23. This is your **total tax** | | 24 | 4,241 |
| **Payments** | 25 | Federal income tax withheld from: | | | |
| | a | Form(s) W-2 | 25a 5,600 | | |
| | b | Form(s) 1099 | 25b | | |
| | c | Other forms (see instructions) | 25c | | |
| | d | Add lines 25a through 25c | | 25d | 5,600 |
| If you have a qualifying child, attach Sch. EIC. | 26 | 2024 estimated tax payments and amount applied from 2022 return | | 26 | |
| | 27 | Earned income credit (EIC) | 27 | | |
| | 28 | Additional child tax credit from Schedule 8812 | 28 | | |
| | 29 | American opportunity credit from Form 8863, line 8 | 29 | | |
| | 30 | Reserved for future use | 30 | | |
| | 31 | Amount from Schedule 3, line 15 | 31 | | |
| | 32 | Add lines 27, 28, 29, and 31. These are your **total other payments and refundable credits** | | 32 | |
| | 33 | Add lines 25d, 26, and 32. These are your **total payments** | | 33 | 5,600 |
| **Refund** | 34 | If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** | | 34 | 1,359 |
| | 35a | Amount of line 34 you want **refunded to you**. If Form 8888 is attached, check here ☐ | | 35a | 1,359 |
| Direct deposit? See instructions. | b | Routing number 0 1 2 3 4 5 6 7 8 **c** Type: ☑ Checking ☐ Savings | | | |
| | d | Account number 5 5 5 6 6 6 7 | | | |
| | 36 | Amount of line 34 you want **applied to your 2024 estimated tax** | 36 | | |
| **Amount You Owe** | 37 | Subtract line 33 from line 24. This is the **amount you owe**. For details on how to pay, go to *www.irs.gov/Payments* or see instructions | | 37 | |
| | 38 | Estimated tax penalty (see instructions) | 38 | | |

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS? See instructions ☐ **Yes.** Complete below. ☑ **No** **

Designee's name | Phone no. | Personal identification number (PIN)

**Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.) |
|---|---|---|---|
| | | Manager | |
| Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) |
| | | Teacher | |
| Phone no. | Email address | | |

Joint return? See instructions. Keep a copy for your records.

**Paid Preparer Use Only**

| Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed |
|---|---|---|---|---|
| Firm's name | | | | Phone no. |
| Firm's address | | | | Firm's EIN |

Go to *www.irs.gov/Form1040* for instructions and the latest information. Form **1040** (2024)

* From 2024 Tax Table.

** This information is not included in the problem's facts, but it is included here for completeness. Instructors may want to provide this or similar information to students when assigning this problem.

**SCHEDULE 8812 (Form 1040)**

Department of the Treasury
Internal Revenue Service

# Credits for Qualifying Children and Other Dependents

**Attach to Form 1040, 1040-SR, or 1040-NR.**

**Go to *www.irs.gov/Schedule8812* for instructions and the latest information.**

OMB No. 1545-0074

**2024**

Attachment Sequence No. **47**

Name(s) shown on return: Zachary L. and Cici K. Mao

**Your social security number:** 123 45 6789

## Part I Child Tax Credit and Credit for Other Dependents

| | | | | | |
|---|---|---|---|---|---|
| **1** | Enter the amount from line 11 of your Form 1040, 1040-SR, or 1040-NR | | | **1** | 85,058 |
| **2a** | Enter income from Puerto Rico that you excluded | **2a** | | | |
| **b** | Enter the amounts from lines 45 and 50 of your Form 2555 | **2b** | | | |
| **c** | Enter the amount from line 15 of your Form 4563 | **2c** | | | |
| **d** | Add lines 2a through 2c | | | **2d** | |
| **3** | Add lines 1 and 2d | | | **3** | 85,058 |
| **4** | Number of qualifying children under age 17 with the required social security number | **4** | 1 | | |
| **5** | Multiply line 4 by $2,000 | | | **5** | 2,000 |
| **6** | Number of other dependents, including any qualifying children who are not under age 17 or who do not have the required social security number | **6** | | | |
| | **Caution:** Do not include yourself, your spouse, or anyone who is not a U.S. citizen, U.S. national, or U.S. resident alien. Also, do not include anyone you included on line 4. | | | | |
| **7** | Multiply line 6 by $500 | | | **7** | |
| **8** | Add lines 5 and 7 | | | **8** | 2,000 |
| **9** | Enter the amount shown below for your filing status.<br>• Married filing jointly—$400,000<br>• All other filing statuses—$200,000 | | | **9** | 400,000 |
| **10** | Subtract line 9 from line 3.<br>• If zero or less, enter -0-.<br>• If more than zero and not a multiple of $1,000, enter the next multiple of $1,000. For example, if the result is $425, enter $1,000; if the result is $1,025, enter $2,000, etc. | | | **10** | -0- |
| **11** | Multiply line 10 by 5% (0.05) | | | **11** | -0- |
| **12** | Is the amount on line 8 more than the amount on line 11? | | | **12** | 2,000 |
| | ☐ **No. STOP.** You cannot take the child tax credit, credit for other dependents, or additional child tax credit. Skip Parts II-A and II-B. Enter -0- on lines 14 and 27. | | | | |
| | ☑ **Yes.** Subtract line 11 from line 8. Enter the result. | | | | |
| **13** | Enter the amount from **Credit Limit Worksheet A** | | | **13** | 6,241* |
| **14** | Enter the smaller of line 12 or line 13. **This is your child tax credit and credit for other dependents Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 19.** | | | **14** | 2,000 |

If the amount on line 12 is more than the amount on line 14, you may be able to take the **additional child tax credit** on Form 1040, 1040-SR, or 1040-NR, line 28. Complete your Form 1040, 1040-SR, or 1040-NR through line 27 (also complete Schedule 3, line 11) before completing Part II-A.

**For Paperwork Reduction Act Notice, see your tax return instructions.** Cat. No. 59761M **Schedule 8812 (Form 1040) 2024**

* Credit Limit Worksheet A:

| | |
|---|---|
| 1. Amount from line 18 of Form 1040 | 6,241 |
| 2. Amounts from various lines on Schedule 3 | -0- |
| 3. Subtract line 2 from line 1 | 6,241 |
| 4. If you are not completing Credit Limit Worksheet B, enter -0- | -0- |
| 5. Subtract line 4 from line 3. Enter here and an Schedule 8812, line 13 | 6,241 |

## Part II-A Additional Child Tax Credit for All Filers

**Caution:** If you file Form 2555, you cannot claim the additional child tax credit.

**15** Check this box if you **do not** want to claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27 . . . . . ☐

**16a** Subtract line 14 from line 12. If zero, **stop here**; you cannot take the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27 . . . . . **16a** -0-

**b** Number of qualifying children under age 17 with the required social security number: _____ x $1,600. Enter the result. If zero, **stop here**; you cannot claim the additional child tax credit. Skip Parts II-A and II-B. Enter -0- on line 27 . . . . . **16b**

**TIP:** The number of children you use for this line is the same as the number of children you used for line 4.

**17** Enter the **smaller** of line 16a or line 16b . . . . . **17**

**18a** Earned income (see instructions) . . . . . **18a**

**b** Nontaxable combat pay (see instructions) . . . . . **18b**

**19** Is the amount on line 18a more than $2,500?

☐ **No.** Leave line 19 blank and enter -0- on line 20.

☐ **Yes.** Subtract $2,500 from the amount on line 18a. Enter the result . . . . **19**

**20** Multiply the amount on line 19 by 15% (0.15) and enter the result . . . . . **20**

**Next.** On line 16b, is the amount $4,800 or more?

☐ **No.** If you are a bona fide resident of Puerto Rico, go to line 21. Otherwise, skip Part II-B and enter the **smaller** of line 17 or line 20 on line 27.

☐ **Yes.** If line 20 is equal to or more than line 17, skip Part II-B and enter the amount from line 17 on line 27. Otherwise, go to line 21.

## Part II-B Certain Filers Who Have Three or More Qualifying Children and Bona Fide Residents of Puerto Rico

**21** Withheld social security, Medicare, and Additional Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If your employer withheld or you paid Additional Medicare Tax or tier 1 RRTA taxes, or if you are a bona fide resident of Puerto Rico, see instructions . . . . . **21**

**22** Enter the total of the amounts from Schedule 1 (Form 1040), line 15; Schedule 2 (Form 1040), line 5; Schedule 2 (Form 1040), line 6; and Schedule 2 (Form 1040), line 13 . **22**

**23** Add lines 21 and 22 . . . . . **23**

**24** **1040 and**
**1040-SR filers:** Enter the total of the amounts from Form 1040 or 1040-SR, line 27, and Schedule 3 (Form 1040), line 11.
**1040-NR filers:** Enter the amount from Schedule 3 (Form 1040), line 11. **24**

**25** Subtract line 24 from line 23. If zero or less, enter -0- . . . . . **25**

**26** Enter the **larger** of line 20 or line 25 . . . . . **26**

**Next**, enter the **smaller** of line 17 or line 26 on line 27.

## Part II-C Additional Child Tax Credit

**27** **This is your additional child tax credit. Enter this amount on Form 1040, 1040-SR, or 1040-NR, line 28** . . **27** -0-

Form **1040-SR** Department of the Treasury—Internal Revenue Service **U.S. Income Tax Return for Seniors** **2024** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20 _____ See separate instructions.

| Your first name and middle initial | Last name | Your social security number |
|---|---|---|
| John R. | Lane | 111 44 6666 |
| If joint return, spouse's first name and middle initial | Last name | Spouse's social security number |
| | | |

Home address (number and street). If you have a P.O. box, see instructions. 1010 Ipsen St. Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below. Yorba Linda State CA ZIP code 90102

Foreign country name | Foreign province/state/county | Foreign postal code

**Presidential Election Campaign** Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☑ You ☐ Spouse

**Filing Status** Check only one box.

☑ Single ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

**Digital Assets** At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) . . . . . ☐ Yes ☑ No

**Standard Deduction** **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1960 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1960 ☐ Is blind

**Dependents** * (see instructions): **(1)** First name Last name | **(2)** Social security number | **(3)** Relationship to you | **(4)** Check the box if qualifies for (see instructions): Child tax credit | Credit for other dependents

If more than four dependents, see instructions and check here ☐

**Income** **Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.** If you did not get a Form W-2, see instructions.

| | | | |
|---|---|---|---|
| 1a | Total amount from Form(s) W-2, box 1 (see instructions) | 1a | 50,000 |
| b | Household employee wages not reported on Form(s) W-2 | 1b | |
| c | Tip income not reported on line 1a (see instructions) | 1c | |
| d | Medicaid waiver payments not reported on Form(s) W-2 (see instructions) | 1d | |
| e | Taxable dependent care benefits from Form 2441, line 26 | 1e | |
| f | Employer-provided adoption benefits from Form 8839, line 29 | 1f | |
| g | Wages from Form 8919, line 6 | 1g | |
| h | Other earned income (see instructions) | 1h | |
| i | Nontaxable combat pay election (see instructions) 1i | | |
| z | Add lines 1a through 1h | 1z | 50,000 |

Attach Schedule B if required.

| | | | | | |
|---|---|---|---|---|---|
| 2a | Tax-exempt interest 2a | | b | Taxable interest | 2b 240 |
| 3a | Qualified dividends 3a | | b | Ordinary dividends | 3b |
| 4a | IRA distributions 4a | | b | Taxable amount | 4b |
| 5a | Pensions and annuities 5a | 41,000 | b | Taxable amount | 5b 41,000 |
| 6a | Social security benefits 6a | | b | Taxable amount | 6b |

c If you elect to use the lump-sum election method, check here (see instructions) ☐

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 71930F Form **1040-SR** (2024)

* John does not qualify as a head of household because his cousin is not his dependent (his cousin fails the relationship test for a qualifying child, as well as the relationship test for a qualifying individual)

| | | | | |
|---|---|---|---|---|
| | 7 | Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ | 7 | |
| | 8 | Additional income from Schedule 1, line 10 | 8 | |
| | 9 | Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** | 9 | 91,240 |
| | 10 | Adjustments to income from Schedule 1, line 26 | 10 | 6,500 |
| | 11 | Subtract line 10 from line 9. This is your **adjusted gross income** | 11 | 84,740 |
| **Standard Deduction** See *Standard Deduction Chart* on the last page of this form. | 12 | **Standard deduction or itemized deductions** (from Schedule A) | 12 | 16,550* |
| | 13 | Qualified business income deduction from Form 8995 or Form 8995-A | 13 | |
| | 14 | Add lines 12 and 13 | 14 | 16,550 |
| | 15 | Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** | 15 | 68,190 |
| **Tax and Credits** | 16 | **Tax** (see instructions). Check if any from: **1** ☐ Form(s) 8814 **2** ☐ Form(s) 4972 **3** ☐ _____ | 16 | 10,052** |
| | 17 | Amount from Schedule 2, line 3 | 17 | |
| | 18 | Add lines 16 and 17 | 18 | 10,052 |
| | 19 | Child tax credit or credit for other dependents from Schedule 8812 | 19 | |
| | 20 | Amount from Schedule 3, line 8 | 20 | |
| | 21 | Add lines 19 and 20 | 21 | |
| | 22 | Subtract line 21 from line 18. If zero or less, enter -0- | 22 | 10,052 |
| | 23 | Other taxes, including self-employment tax, from Schedule 2, line 21 | 23 | |
| | 24 | Add lines 22 and 23. This is your **total tax** | 24 | 10,052 |
| **Payments** | 25 | Federal income tax withheld from: | | |
| | a | Form(s) W-2 — 25a: 12,100 | | |
| | b | Form(s) 1099 — 25b: | | |
| | c | Other forms (see instructions) — 25c: | | |
| | d | Add lines 25a through 25c | 25d | 12,100 |
| | 26 | 2024 estimated tax payments and amount applied from 2023 return | 26 | |
| If you have a qualifying child, attach Sch. EIC. | 27 | Earned income credit (EIC) — 27: | | |
| | 28 | Additional child tax credit from Schedule 8812 — 28: | | |
| | 29 | American opportunity credit from Form 8863, line 8 — 29: | | |
| | 30 | Reserved for future use — 30: | | |
| | 31 | Amount from Schedule 3, line 15 — 31: | | |
| | 32 | Add lines 27, 28, 29, and 31. These are your **total other payments and refundable credits** | 32 | |
| | 33 | Add lines 25d, 26, and 32. These are your **total payments** | 33 | 12,100 |



* From Standard Deduction Chart on page 4 of Form 1040-SR.

** From 2024 Tax Table.

Form 1040-SR (2024) Page **3**

**Refund**

34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** . . . . . **34** 2,048

35a Amount of line 34 you want **refunded to you**. If Form 8888 is attached, check here . . . . . ☐ **35a** 2,048

Direct deposit? See instructions.

b Routing number 0 1 2 3 4 5 6 7 8 c Type: ☑ Checking ☐ Savings

d Account number 5 5 5 6 6 6 7

36 Amount of line 34 you want **applied to your 2024 estimated tax** . . . . . **36**

**Amount You Owe**

37 Subtract line 33 from line 24. This is the **amount you owe**. For details on how to pay, go to *www.irs.gov/Payments* or see instructions **37**

38 Estimated tax penalty (see instructions) . . . . . **38**

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS? See instructions . . . . . ☐ **Yes.** Complete below. ☑ **No** *

Designee's name | Phone no. | Personal identification number (PIN)

**Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

| Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.) |
|---|---|---|---|
| Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) |
| Phone no. | Email address | | |

**Paid Preparer Use Only**

| Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed |
|---|---|---|---|---|
| Firm's name | | | | Phone no. |
| Firm's address | | | | Firm's EIN |

Go to *www.irs.gov/Form1040SR* for instructions and the latest information. Form **1040-SR** (2024)

* This information is not included in the problem's facts, but it is included here for completeness. Instructors may want to provide this or similar information to students when assigning this problem.

**Standard Deduction Chart***

Add the number of boxes checked in the "Age/Blindness" section of *Standard Deduction* on page 1 . . . . . ____

| IF your filing status is. . . | AND the number of boxes checked is. . . | THEN your standard deduction is. . . |
|---|---|---|
| Single | 1 | $16,550 |
| | 2 | 18,500 |
| Married filing jointly | 1 | $30,750 |
| | 2 | 32,300 |
| | 3 | 33,850 |
| | 4 | 35,400 |
| Qualifying surviving spouse | 1 | $30,750 |
| | 2 | 32,300 |
| Head of household | 1 | $23,850 |
| | 2 | 25,800 |
| Married filing separately** | 1 | $16,150 |
| | 2 | 17,700 |
| | 3 | 19,250 |
| | 4 | 20,800 |

* Don't use this chart if someone can claim you (or your spouse if filing jointly) as a dependent, your spouse itemizes on a separate return, or you were a dual-status alien. Instead, see instructions.

** You can check the boxes for your spouse if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.

**SCHEDULE 1 (Form 1040)**
Department of the Treasury
Internal Revenue Service

# Additional Income and Adjustments to Income

**Attach to Form 1040, 1040-SR, or 1040-NR.**
**Go to *www.irs.gov/Form1040* for instructions and the latest information.**

OMB No. 1545-0074
**2024**
Attachment Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: John R. Lane

**Your social security number:** 111-44-6666

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss . . . . . _____

**Note:** The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See *www.irs.gov/1099k*.

## Part I Additional Income

| | | | | | |
|---|---|---|---|---|---|
| 1 | Taxable refunds, credits, or offsets of state and local income taxes | | | 1 | |
| 2a | Alimony received | | | 2a | |
| b | Date of original divorce or separation agreement (see instructions): _____ | | | | |
| 3 | Business income or (loss). Attach Schedule C | | | 3 | |
| 4 | Other gains or (losses). Attach Form 4797 | | | 4 | |
| 5 | Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E | | | 5 | |
| 6 | Farm income or (loss). Attach Schedule F | | | 6 | |
| 7 | Unemployment compensation | | | 7 | |
| 8 | Other income: | | | | |
| a | Net operating loss | 8a | ( ) | | |
| b | Gambling | 8b | | | |
| c | Cancellation of debt | 8c | | | |
| d | Foreign earned income exclusion from Form 2555 | 8d | ( ) | | |
| e | Income from Form 8853 | 8e | | | |
| f | Income from Form 8889 | 8f | | | |
| g | Alaska Permanent Fund dividends | 8g | | | |
| h | Jury duty pay | 8h | | | |
| i | Prizes and awards | 8i | | | |
| j | Activity not engaged in for profit income | 8j | | | |
| k | Stock options | 8k | | | |
| l | Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property | 8l | | | |
| m | Olympic and Paralympic medals and USOC prize money (see instructions) | 8m | | | |
| n | Section 951(a) inclusion (see instructions) | 8n | | | |
| o | Section 951A(a) inclusion (see instructions) | 8o | | | |
| p | Section 461(l) excess business loss adjustment | 8p | | | |
| q | Taxable distributions from an ABLE account (see instructions) | 8q | | | |
| r | Scholarship and fellowship grants not reported on Form W-2 | 8r | | | |
| s | Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d | 8s | ( ) | | |
| t | Pension or annuity from a nonqualifed deferred compensation plan or a nongovernmental section 457 plan | 8t | | | |
| u | Wages earned while incarcerated | 8u | | | |
| v | Digital assets received as ordinary income not reported elsewhere. See instructions | 8v | | | |
| z | Other income. List type and amount: _____ | 8z | | | |
| 9 | Total other income. Add lines 8a through 8z | | | 9 | |
| 10 | Combine lines 1 through 7 and 9. This is your **additional income**. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8 | | | 10 | |

**For Paperwork Reduction Act Notice, see your tax return instructions.** Cat. No. 71479F **Schedule 1 (Form 1040) 2024**

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**Part II Adjustments to Income**

| | | | | | |
|---|---|---|---|---|---|
| **11** | Educator expenses | | | **11** | |
| **12** | Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 | | | **12** | |
| **13** | Health savings account deduction. Attach Form 8889 | | | **13** | |
| **14** | Moving expenses for members of the Armed Forces. Attach Form 3903 | | | **14** | |
| **15** | Deductible part of self-employment tax. Attach Schedule SE | | | **15** | |
| **16** | Self-employed SEP, SIMPLE, and qualified plans | | | **16** | |
| **17** | Self-employed health insurance deduction | | | **17** | |
| **18** | Penalty on early withdrawal of savings | | | **18** | |
| **19a** | Alimony paid | | | **19a** | |
| **b** | Recipient's SSN | | | | |
| **c** | Date of original divorce or separation agreement (see instructions): | | | | |
| **20** | IRA deduction | | | **20** | 6,500 |
| **21** | Student loan interest deduction | | | **21** | |
| **22** | Reserved for future use | | | **22** | |
| **23** | Archer MSA deduction | | | **23** | |
| **24** | Other adjustments: | | | | |
| **a** | Jury duty pay (see instructions) | **24a** | | | |
| **b** | Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit | **24b** | | | |
| **c** | Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m | **24c** | | | |
| **d** | Reforestation amortization and expenses | **24d** | | | |
| **e** | Repayment of supplemental unemployment benefits under the Trade Act of 1974 | **24e** | | | |
| **f** | Contributions to section 501(c)(18)(D) pension plans | **24f** | | | |
| **g** | Contributions by certain chaplains to section 403(b) plans | **24g** | | | |
| **h** | Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions) | **24h** | | | |
| **i** | Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations | **24i** | | | |
| **j** | Housing deduction from Form 2555 | **24j** | | | |
| **k** | Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041) | **24k** | | | |
| **z** | Other adjustments. List type and amount: | **24z** | | | |
| **25** | Total other adjustments. Add lines 24a through 24z | | | **25** | |
| **26** | Add lines 11 through 23 and 25. These are your **adjustments to income**. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10 | | | **26** | 6,500 |

**Schedule 1 (Form 1040) 2024**

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** 2024 OMB No. 1545-0074 IRS Use Only—Do not write or stapled in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20____ See separate instructions.

| Your first name and middle initial | Last name | Your social security number |
|---|---|---|
| Tracy M. | Kidwell | 433 33 3333 |
| If joint return, spouse's first name and middle initial | Last name | Spouse's social security number |
| | | |

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
600 S. Maestri Place

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
New Orleans LA 70130

Foreign country name | Foreign province/state/county | Foreign postal code

**Presidential Election Campaign**
Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

**Filing Status** Check only one box.
☑ Single ☐ Head of household (HOH)
☐ Married filing jointly (even if only one had income)
☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____
☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

**Digital Assets** At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☑ No

**Standard Deduction** **Someone can claim:** ☑ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

**Age/Blindness** **You:** ☐ Were born before January 2, 1960 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1960 ☐ Is blind

**Dependents** (see instructions): If more than four dependents, see instructions and check here . . ☐

| (1) First name Last name | (2) Social security number | (3) Relationship to you | (4) Check the box if qualifies for (see instructions): Child tax credit | Credit for other dependents |
|---|---|---|---|---|
| | | | ☐ | ☐ |
| | | | ☐ | ☐ |
| | | | ☐ | ☐ |
| | | | ☐ | ☐ |

## Income

**Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.**
If you did not get a Form W-2, see instructions.

| | | | | | | |
|---|---|---|---|---|---|---|
| 1a | Total amount from Form(s) W-2, box 1 (see instructions) | | | | 1a | |
| b | Household employee wages not reported on Form(s) W-2 | | | | 1b | |
| c | Tip income not reported on line 1a (see instructions) | | | | 1c | |
| d | Medicaid waiver payments not reported on Form(s) W-2 (see instructions) | | | | 1d | |
| e | Taxable dependent care benefits from Form 2441, line 26 | | | | 1e | |
| f | Employer-provided adoption benefits from Form 8839, line 29 | | | | 1f | |
| g | Wages from Form 8919, line 6 | | | | 1g | |
| h | Other earned income (see instructions) | | | | 1h | |
| i | Nontaxable combat pay election (see instructions) | 1i | | | | |
| z | Add lines 1a through 1h | | | | 1z | |
| 2a | Tax-exempt interest | 2a | | b Taxable interest | 2b | 9,000 |
| 3a | Qualified dividends | 3a | | b Ordinary dividends | 3b | |
| 4a | IRA distributions | 4a | | b Taxable amount | 4b | |
| 5a | Pensions and annuities | 5a | | b Taxable amount | 5b | |
| 6a | Social security benefits | 6a | | b Taxable amount | 6b | |
| c | If you elect to use the lump-sum election method, check here (see instructions) ☐ | | | | | |
| 7 | Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ | | | | 7 | |
| 8 | Additional income from Schedule 1, line 10 | | | | 8 | |
| 9 | Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** | | | | 9 | 9,000 |
| 10 | Adjustments to income from Schedule 1, line 26 | | | | 10 | |
| 11 | Subtract line 10 from line 9. This is your **adjusted gross income** | | | | 11 | 9,000 |
| 12 | **Standard deduction or itemized deductions** (from Schedule A) | | | | 12 | 1,300* |
| 13 | Qualified business income deduction from Form 8995 or Form 8995-A | | | | 13 | |
| 14 | Add lines 12 and 13 | | | | 14 | 1,300 |
| 15 | Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** | | | | 15 | 7,700 |

Attach Sch. B if required.

**Standard Deduction for—**
- Single or Married filing separately, $14,600
- Married filing jointly or Qualifying surviving spouse, $29,200
- Head of household, $21,900
- If you checked any box under *Standard Deduction*, see instructions.

**For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 11320B Form **1040** (2024)

* For 2024, a dependent's standard deduction is limited to the greater of (1) earned income plus $450 or (2) $1,300.

Form 1040 (2024) Page **2**

| | | | | | |
|---|---|---|---|---|---|
| **Tax and Credits** | 16 | **Tax** (see instructions). Check if any from Form(s): **1** ☐ 8814 **2** ☐ 4972 **3** ☐ | | 16 | 1,539* |
| | 17 | Amount from Schedule 2, line 3 | | 17 | |
| | 18 | Add lines 16 and 17 | | 18 | 1,539 |
| | 19 | Child tax credit or credit for other dependents from Schedule 8812 | | 19 | |
| | 20 | Amount from Schedule 3, line 8 | | 20 | |
| | 21 | Add lines 19 and 20 | | 21 | |
| | 22 | Subtract line 21 from line 18. If zero or less, enter -0- | | 22 | 1,539 |
| | 23 | Other taxes, including self-employment tax, from Schedule 2, line 21 | | 23 | |
| | 24 | Add lines 22 and 23. This is your **total tax** | | 24 | 1,539 |
| **Payments** | 25 | Federal income tax withheld from: | | | |
| | a | Form(s) W-2 | 25a | | |
| | b | Form(s) 1099 | 25b | | |
| | c | Other forms (see instructions) | 25c | | |
| | d | Add lines 25a through 25c | | 25d | |
| If you have a qualifying child, attach Sch. EIC. | 26 | 2024 estimated tax payments and amount applied from 2023 return | | 26 | |
| | 27 | Earned income credit (EIC) | 27 | | |
| | 28 | Additional child tax credit from Schedule 8812 | 28 | | |
| | 29 | American opportunity credit from Form 8863, line 8 | 29 | | |
| | 30 | Reserved for future use | 30 | | |
| | 31 | Amount from Schedule 3, line 15 | 31 | | |
| | 32 | Add lines 27, 28, 29, and 31. These are your **total other payments and refundable credits** | | 32 | |
| | 33 | Add lines 25d, 26, and 32. These are your **total payments** | | 33 | -0- |
| **Refund** | 34 | If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** | | 34 | |
| | 35a | Amount of line 34 you want **refunded to you**. If Form 8888 is attached, check here ☐ | | 35a | |
| Direct deposit? See instructions. | b | Routing number **c** Type: ☐ Checking ☐ Savings | | | |
| | d | Account number | | | |
| | 36 | Amount of line 34 you want **applied to your 2025 estimated tax** | 36 | | |
| **Amount You Owe** | 37 | Subtract line 33 from line 24. This is the **amount you owe**. For details on how to pay, go to *www.irs.gov/Payments* or see instructions | | 37 | 1,539 |
| | 38 | Estimated tax penalty (see instructions) | 38 | | |

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS? See instructions ☐ **Yes.** Complete below. ☑ **No**

| Designee's name | Phone no. | Personal identification number (PIN) |
|---|---|---|
| | | |

**Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

| Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.) |
|---|---|---|---|
| Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) |
| Phone no. | Email address | | |

Joint return? See instructions. Keep a copy for your records.

**Paid Preparer Use Only**

| Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed |
|---|---|---|---|---|
| Firm's name | | | | Phone no. |
| Firm's address | | | | Firm's EIN |

Go to *www.irs.gov/Form1040* for instructions and the latest information. Form **1040** (2024)

* From Line 18 of Form 8615.

** This information is not included in the problem's facts, but it is included here for completeness. Instructors may want to provide this information to students when assigning this problem.

# Instructor's Resource Manual
Joshua G. Coyne

# Pearson's Federal Taxation 2026
## *Individuals*

Mitchell Franklin
Luke E. Richardson

Pearson

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# PREFACE

## General

The text materials from Pearson's Federal Taxation 2026: Individuals (Franklin/Richardson) are principally designed for use in a first course in federal taxation for undergraduate or graduate accounting and business students.

With the inclusion of chapters on partnerships, S corporations, C corporations, and tax considerations for investors, the text also can be used in a survey federal taxation course for undergraduate or graduate students.

The text also could be used in an introductory federal taxation course in law school to the extent the instructor prefers a more direct approach than the case method.

The text includes a full complement of supplementary and ancillary materials. We recommend that all adopters refer to the Preface to the text for the supplementary and ancillary materials provided to adopters. Many of these items are available to faculty and students at no cost. Adopters are encouraged to use these materials to enhance their teaching effectiveness and their students' learning experience.

## Sample Syllabi

This guide contains sample syllabi for a one-semester and a one-quarter introductory tax course. It contains suggested reading and problem assignments that can be turned into a complete assignment sheet with only minimal work.

## Instructor Outlines

The instructor outline for each chapter consists of: learning objectives, areas of greater and lesser significance, problem areas for students, highlights of recent tax law changes, teaching tips, lecture outline, a set of references to court cases that are designed to be interesting and informative to the student, and instructor aids. A summary description of each area is presented below.

## Learning Objectives

The materials for each chapter include the learning objectives for that chapter. This focus will be useful to the instructor and may be communicated to students to assist their study.

## Areas of Greater Significance

The materials for each chapter point out the areas of greater significance. This feature permits the instructor to allocate a greater share of class time and homework assignments to these areas.

## Areas of Lesser Significance

The materials for each chapter point out the areas of lesser significance. This feature permits the instructor to reduce the amount of class time and homework assignments devoted to these areas.

## Problem Areas for Students

The materials for each chapter detail areas in which students are likely to experience difficulty in learning and in retaining. Instructors may allocate more class time to these topics, while letting the student learn other topics directly from the text and problems.

## Highlights of Recent Tax Law Changes

Recent tax law changes are highlighted, including amendments to the Internal Revenue Code, administrative pronouncements, and judicial decisions. These changes are cross-referenced to the text materials.

## Teaching Tips

Each lecture outline contains a series of teaching tips designed to improve an instructor's coverage or presentation of the materials in the chapter. Some of the teaching tips concern issues that might be added to the lecture outline at a particular point. Others focus upon the method of presentation of a topical item. All of these teaching tips have been provided by the authors or instructors who are currently using the book.

## Lecture Outline

The lecture outlines for each chapter are organizational tools centered on the topics that could be covered in lecture discussions. Textual examples, tables, figures, and problems are referenced to the applicable topic. Faculty members can use the outlines provided to develop their own lecture outlines.

The Instructor's Resource Manual, including lecture outlines, is available on the Instructor's Resource Center (IRC) online at:

http://www.pearsonhighered.com/pearsontax

Registration/login is required on the IRC online. For assistance, you may contact your Pearson representative. If you do not know your Pearson representative, you may visit:

www.pearsonhighered.com/replocator

The lecture outlines are designed so the instructor can share them with students to assist in taking notes and subsequent study.

## Court Case Briefs

Each chapter contains references to and a brief annotation of a series of selected court cases. These cases are recommended as a way for faculty members to incorporate interesting illustrations into their lectures.

## Instructor Aid

An additional instructor figure is provided for nearly every chapter.

## Solutions to Tax Form/Return Preparation Problems

The authors have prepared solutions to the Tax Form/Return Preparation Problems, provided as a separate zip file download on the IRC online, under both the Instructor's Manual and Solutions Manual, for convenience of faculty.

## Final Remarks

We hope these materials are helpful when teaching with the Pearson's Federal Taxation 2026: Individuals text. We would appreciate receiving any suggestions that you have for improving these or any other supplemental materials. To report any error corrections or suggestions, or if you would like to obtain an immediate solution to your question or problem, please do not hesitate to contact the editor at:


| Editor | E-mail |
|---|---|
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