



Exercise 3: Cynthia and Clinton Chambers

Interview Notes

- Cynthia and Clinton are married. They are not sure whether to file jointly or separately, and hope you can help them with that question.
- Cynthia works as a preschool teacher's aide.
- Clinton is retired from the local paper mill. He receives income from a defined benefit pension plan, as well as social security income.
- Cynthia and Clinton are raising their three grandchildren. The children have not seen their parents in the last three years, and neither parent can claim them as dependents. Cynthia and Clinton provide all of the support for the children.
- Cynthia and Clinton received an economic impact payment of \$6,900 in 2020.
- Cynthia has health insurance through her employer. Clinton receives health insurance through Medicare. The children receive insurance through Medicaid.
- They would like to receive any refunds or pay any balances due by paper check.

Driver's License (Tax Training Only)		Driver's License (Tax Training Only)	
License No. 20201023131323		License No. 20201023131359	
Name and Address CYNTHIA CHAMBERS 7216 CARVER CIRCLE YOUR CITY, YS YOUR ZIP		Name and Address CLINTON CHAMBERS 7216 CARVER CIRCLE YOUR CITY, YS YOUR ZIP	
Birth Date 08/13/1959		Birth Date 07/29/1954	
Issue Date 07/24/2020	Expiration Date 07/24/2025	Issue Date 07/09/2020	Expiration Date 07/09/2025

Social Security

296-00-8442
THIS NUMBER HAS BEEN ESTABLISHED FOR
CYNTHIA CHAMBERS

For Tax Training Purposes Only

Social Security

254-00-6866
THIS NUMBER HAS BEEN ESTABLISHED FOR
CLINTON CHAMBERS

For Tax Training Purposes Only

Social Security

336-00-4733
THIS NUMBER HAS BEEN ESTABLISHED FOR
DENICE DILLION

For Tax Training Purposes Only

Social Security


342-00-6234
THIS NUMBER HAS BEEN ESTABLISHED FOR
DIANA DILLION

For Tax Training Purposes Only

Social Security

327-00-1873
THIS NUMBER HAS BEEN ESTABLISHED FOR
DARIUS DILLION

For Tax Training Purposes Only

a. Employee's social security number 296-00-8442		Save. accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile		
b. Employer identification number (EIN) 77-3724665		1. Wages, tips, other compensation \$18,269.34	2. Federal income tax withheld \$276.24					
c. Employer's name, address, and ZIP code PRESCHOOL ON THE HILL ADDRESS: 1820 SULLIVAN RD. YOUR CITY, YS YOUR ZIP		3. Social security wages \$18,269.34	4. Social security tax withheld \$1,132.70					
		5. Medicare wages and tips \$18,269.34	6. Medicare tax withheld \$264.91					
		7. Social security tips	8. Allocated tips					
d. Control number		9.	10. Dependant care benefits					
e. Employee's first name and initial Last name Employee's address and ZIP code CYNTHIA CHAMBERS 7216 CARVER CIRCLE YOUR CITY, YS YOUR ZIP		11. Nonqualified plans		12a. See instructions for box 12 DD \$6,082.00				
		13. Statutory Employee <input type="checkbox"/>	Retirement Plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b.			
		14. Other		12c.				
				12d.				
15. State YS	Employer's state ID number 0000668434	16. State wages, tips, etc. \$18,269.34	17. State income tax 902.10	18. Local wages, tips, etc.	19. Local income tax	20. Locality name		
<p>Form W-2 Wage and Tax Statement 2020</p> <p>Copy B - To Be Filed With Employee's FEDERAL Tax Return.</p> <p>This information is being furnished to the Internal Revenue Service.</p>								

<input type="checkbox"/> CORRECTED (if checked)				2020 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. INDUSTRIAL PAPER PRODUCTS P.O. BOX 14039 INDIANAPOLIS, IN 46163			1 Gross distribution \$17,839.00						
			2a Taxable amount \$17,214.00						
			2b Taxable amount not determined. <input type="checkbox"/>		Total Distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS		
3 Capital gain (included in box 2a).		4 Federal income tax withheld \$1,554.24							
PAYER'S TIN 36-3878742		RECIPIENT'S TIN 254-00-6866		5 Employee contributions/ Designated Roth contributions or		6 Net unrealized appreciation in employer's securities			
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal CLINTON CHAMBERS 7216 CARVER CIRCLE YOUR CITY, YS YOUR ZIP			7 Distribution Code(s) 7		IRA/SEP/SIMPLE <input type="checkbox"/>		8 Other %		
			9a Your percentage of total distribution %		9b Total Employee Contributions \$13,533.00				
			10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		FATCA filing requirement <input type="checkbox"/>		12 State tax withheld
						13 State/Payer's state no. 0577638287		14 State distribution	
Account number (see instructions)		Date of payment		15 Local tax withheld		16 Name of locality		17 Local distribution	
Form 1099-R									

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT		
2020 <input type="radio"/> PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. <input type="radio"/> SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name CLINTON CHAMBERS		Box 2. Beneficiary's Social Security 254-00-6866
Box 3. Benefits Paid in 2020 \$19,280.44	Box 4. Benefits Repaid to SSA in 2020 \$.00	Box 5. Net Benefits Paid for 2020 (Box 3 minus Box 4) \$19,280.44
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
Paid by check or direct deposit \$17,648.44		
Medicare Part B premiums deducted from your benefits \$1,632.00		
Medicare Prescription Drug premiums (Part D) deducted from your benefits \$.00		
Total Additions \$19,280.44		
Benefits for 2020 \$19,280.44		Box 6. Voluntary Federal Income Tax Withheld
Benefits for 2019		Box 7. Address CLINTON CHAMBERS 7216 CARVER CIRCLE YOUR CITY, YS YOUR ZIP
Benefits for 2018		
Benefits for 2017		
		Box 8. Claim Number (use this number if you need to contact SSA) 254-00-6866A

Form **SSA-1099-SM**

Practice Assignment

Prepare the return with the taxpayers filing jointly. Then prepare each return in the way you think is best using the Married Filing Separately filing status. Should Cynthia claim all of the children? Should Clinton claim all of the children? Should they each claim some of the children? Or should they just file a joint return? Support your answers.

Hint: You may need to change the last digit of the social security number of at least one of the taxpayers to create a separate return in that person's name.