

1964

Preparation of Tax Forms: Final Examination (May 28, 1964)

William & Mary Law School

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PREPARATION OF TAX FORMS

Spring 1964

Final Examination

May 28, 1964

1. Using Form 1040 for 1963 as a guide--but not taking the time to complete it in every detail--please fill in only so much of the form as is necessary to enable you to determine and enter the amount required to be reported on either line 20 or 21 of page 1 of the return, based on the following information:

Individual A; under 65; no dependents; qualified to file as HEAD OF HOUSEHOLD and does file as such; and, itemize deductions.

Net profit from sole proprietorship	\$ 18,000.00
Dividends from domestic corporations	3,000.00
Dividends from foreign corporations	500.00
Net <u>loss</u> from sale of capital assets	1,200.00
Contributions to Church and Red Cross	2,000.00
Interest paid on home mortgage	250.00
Real estate and other allowable property taxes	500.00
Medicine costs for self	250.00
Doctors and dentists for self	600.00
Self-employment tax from Schedule C-3	259.20
Estimated tax paid on Form 1020-ES	4,800.00

2. Using Form 1040 for 1963 as a guide--but not taking the time to complete it in every detail--please fill in only so much of the form as is necessary to enable you to determine and enter the amount required to be reported on either line 20 or 21 of page 1 of the return (after giving due consideration to the retirement income credit) based on the following information:

Individual B, single; no dependents; aged 66; retired, except for part-time jobs; and elects to use the standard deduction.

Part-time wages	\$ 875.00
Income tax withheld from wages	60.00
Domestic corporation dividends received	100.00
Fully taxable pension	3,600.00
Social Security income	900.00
Estimated tax payments on Form 1040-ES	None

3. Using Form 1065 for 1963 as a guide--but not taking the time to complete it in every detail--please prepare an appropriate Schedule K showing the partners' income shares. By appropriate is meant a schedule sufficient to inform each partner as to the income items needed by him to prepare Form 1040 which is not necessarily limited to the precise Schedule K printed on Form 1065. The partnership information is as follows:

Partners A and B; each share equally in all items, except salaries paid to partners. A's salary is \$15,000; and B's salary is \$10,000.

Net profit from sales after all business expenses, including salaries to partners	\$ 8,000.00
Other items of partnership income:	
Qualifying dividends	1,000.00
Non-qualifying dividends	1,000.00
Partially tax-exempt interest	500.00
Net long-term capital gain	2,000.00

4. Using Form 1120-S for 1963 as a guide--but not taking the time to complete it in every detail--please fill in Schedule K showing the stockholders' shares in sufficient detail to enable them to prepare their Forms 1040. The pertinent information is as follows:

Stockholder A, 75% owner; Stockholder B, 25% owner.

Accumulated earnings and profits (not previously taxed) as of January 1, 1963	\$ 5,000.00
Current year (1963) taxable income	24,000.00
Cash dividends paid	12,000.00
Dividends paid in property with a fair market value of	4,000.00

5. Using Form 1120 for 1963 as a guide--but not taking the time to complete it in every detail--please fill in only so much of the form as is necessary to enable you to determine and enter the amount required to be reported on line 31 on page 1 of the return. The pertinent information is as follows:

Gross profit from sales	\$100,000.00
Domestic corporation dividends received	10,000.00
Net long-term capital gain	5,000.00
Total operating deductions	60,000.00
Allowable net operating loss deduction carried over from 1962 to 1963	2,000.00