

1966

Preparation of Tax Forms: Final Examination (May 30, 1966)

William & Mary Law School

Repository Citation

William & Mary Law School, "Preparation of Tax Forms: Final Examination (May 30, 1966)" (1966). *Faculty Exams: 1944-1973*. 149.
<https://scholarship.law.wm.edu/exams/149>

1. Sarah Jones, unmarried, under 65, contributed chief support to her niece who lived with Sarah's sister, has the following income and deductions for the calendar year 1965: Salary as a typist, \$3,700; A. T. & T. Co. dividends, \$225; interest on savings account, \$30. Deductions - Church, \$50; State sales taxes, \$30; and premium on Blue Shield Hospitalization contract deductible as a medical expense, \$90. What return form would you advise her to file; and, what is her income tax liability?

2. Taxpayer A, an individual, single, no dependents, under 65, electing the standard deduction, calendar year 1965, had the following income:

Net profit from retail trade business	\$ 25,000
Dividends from General Motors	1,000
Long term capital gain from sale of stock	3,000
Interest on C. and O. R.R. Bonds	500
Interest on City of Williamsburg Bonds	500

What is his income tax liability (not including Self-Employment tax)?

3. Assume Taxpayer A, above, was the sole owner of Corporation X, which Corporation elected to file a Form 1120-S, and the Corporation had precisely the same income items as shown in Question 2, and distributed all of such income to Taxpayer A.

- What would be Taxpayer A's income tax liability?
- To what extent, if any, would Taxpayer A's tax be different if the Corporation did not distribute any of the income?

4. Assume Taxpayer A, above, was a 50% owner of Partnership XY and the Partnership had precisely the same income items as shown in Question 2, but double in amount. What would be Taxpayer A's income tax liability (not including the Self-Employment tax)?

5. Assume Taxpayer A, above, was the sole owner of Corporation X, which Corporation filed a Form 1120, and the Corporation had precisely the same items of income as shown in Question 2, and (after paying the income due by the Corporation) Corporation X distributed the balance to Taxpayer A.

- What is Corporation X's income tax liability?
- What is Taxpayer A's income tax liability?

6. Assume Taxpayer A, above, was the sole beneficiary under Trust X, and the Trust was required to distribute all of its income to Taxpayer A, other than its long term capital gain which it was required to add to corpus. Its income and deductions were as follows:

Dividends from stock of domestic corporations	\$ 25,000
Long-term capital gain from sale of stock	3,000
Interest on C. & O. R.R. Bonds	500
Interest on City of Williamsburg Bonds	500
General administration expenses	1,000

6. (cont'd)

- (a) What is the income tax liability of Trust X?
- (b) What is the income tax liability of Taxpayer A?

7. Employee B, single, no dependents, under 65, calendar year 1965. He was directed by his employer to make an away from home business trip. On the trip he spent \$1,000 for transportation, meals and lodging, and \$200 for entertaining business connected people with whom he had to confer. His employer reimbursed him only to the extent of \$840 of the total expense of \$1,200. In what amounts, and on which lines of Form 1040 should his expenses be reported?