

Practice Return 2

Drake Tax 2019

In this scenario, you will practice entering the following:

- Form W-2 income
- Health care coverage
- Income reported on Forms 1099-INT and 1099-DIV
- Sale of stock

Instructions

This practice return will help you become familiar with return preparation in Drake Tax. Use the scenario information and the attached source documents to complete the return. After the return is complete, compare your results with the solutions provided online.

Go to [Support.DrakeSoftware.com](https://support.drakesoftware.com) for solutions and more practice returns. After logging in, access **Training Tools > Practice Returns**.

To agree with provided solutions:

- Suppress state returns by entering "0" in the **Resident state** field on **Screen 1**
- Install all program updates
- Correct all EF diagnostic messages

Attached Source Documents

- Form W-2
- Form 1099-INT
- Form 1099-DIV
- Form 1099-B

SCENARIO INFORMATION

Bumble Bee lives alone in San Antonio, TX and has never been married. He is employed full-time as a store clerk at the Honey Shop.

Bumble is a U.S. citizen and lived in the U.S. for the entire year. He is not the qualifying child or dependent of anyone else.

Bumble provided a copy of his TX driver's license. His license number is 123456789 and it was issued on 01/01/2019 and it expires on 01/01/2021.

TAXPAYER INFORMATION

NAME	Bumble Bee
SSN	400-00-6002
DATE OF BIRTH	05-15-1982
EMAIL	Bumble@1040.com
OCCUPATION	Store Clerk

Address: 100 Drone Lane, San Antonio, TX 78201

Phone: 828-524-8020

DEPENDENT INFORMATION

Bumble Bee has no dependents.

INCOME

During 2019, Bumble was employed full-time at the Honey Shop. He received one Form W-2 from his employer (attached). He also received interest and dividend income (statements attached). In 2019, Bumble sold some stock that he had for three years and received Form 1099-B reporting the transaction. He had no interest in, or authority over, any foreign accounts.

HEALTH COVERAGE INFORMATION

Bumble did not have health coverage for any month of the year

		a Employee's social security number 400-00-6002			
b Employer identification number (EIN) 11-222222		1 Wages, tips, other compensation 40,000		2 Federal income tax withheld 2,900	
c Employer's name, address, and ZIP code HONEY SHOP 200 SWARM LOOP SAN ANTONIO TX 78201		3 Social security wages 40,000		4 Social security tax withheld 2,480	
		5 Medicare wages and tips 40,000		6 Medicare tax withheld 580	
		7 Social security tips		8 Allocated tips	
d Control number		9 Verification code		10 Dependent care benefits	
e Employee's first name and initial BUMBLE BEE 100 DRONE LANE SAN ANTONIO TX 78201		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. QUEEN BEE SECURITIES 444 BEESWAX CIRCLE SAN ANTONIO TX 78201		Payer's RTN (optional)		Interest Income
		1 Interest income \$ 2600.00		
PAYER'S federal identification number 11-3333333		RECIPIENT'S identification number 400-00-6002		Form 1099-INT
RECIPIENT'S name BUMBLE BEE Street address (including apt. no.) 100 DRONE LN City or town, state or province, country, and ZIP or foreign postal code SAN ANTONIO TX 78201		2 Early withdrawal penalty \$		
		3 Interest on U.S. Savings Bonds and Treas. obligations \$		
		4 Federal income tax withheld \$	5 Investment expenses \$	
		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
		8 Tax-exempt interest \$	9 Specified private activity bond interest \$	
		10 Market discount \$	11 Bond premium \$	
		12 Bond premium on Treasury obligations \$	13 Bond premium on tax-exempt bond \$	
Account number (see instructions) 55142		14 Tax-exempt and tax credit bond CUSIP no.	15 State	16 State identification no.
				17 State tax withheld \$

Form 1099-INT

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. HIVE BANK 555 HONEYCOMB RD SAN ANTONIO TX 78210		1a Total ordinary dividends \$ 800.00		Dividends and Distributions	
		1b Qualified dividends \$ 600.00			
		2a Total capital gain distr. \$			2b Unrecap. Sec. 1250 gain \$
PAYER'S federal identification number 11-5555555		RECIPIENT'S identification number 400-00-6002		2c Section 1202 gain \$	2d Collectibles (28%) gain \$
RECIPIENT'S name BUMBLE BEE		3 Nondividend distributions \$		4 Federal income tax withheld \$	
				5 Investment expenses \$	
Street address (including apt. no.) 100 DRONE LN		6 Foreign tax paid \$		7 Foreign country or U.S. possession	
City or town, state or province, country, and ZIP or foreign postal code SAN ANTONIO TX 78201		8 Cash liquidation distributions \$		9 Noncash liquidation distributions \$	
		10 Exempt-interest dividends \$		11 Specified private activity bond interest dividends \$	
		FATCA filing requirement <input type="checkbox"/>			
Account number (see instructions) 1321		12 State	13 State identification no.	14 State tax withheld \$	
				\$	

Form 1099-DIV

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. The Bank 123 Main St Harrisburg PA 17111		Applicable check box on Form 8949		Proceeds From Broker and Barter Exchange Transactions
PAYER'S federal identification number 10-0000000		RECIPIENT'S identification number 400-00-6002		1a Description of property (Example 100 sh. XYZ Co.) 100 Shares
				1b Date acquired VAR
RECIPIENT'S name BUMBLE BEE		1d Proceeds \$ 8000.00		1e Cost or other basis \$ 6500.00
		1f Accrued market discount \$		1g Wash sale loss disallowed \$
Street address (including apt. no.) 100 DRONE LN		2 Short-term gain or loss <input type="checkbox"/> Long-term gain or loss <input checked="" type="checkbox"/> Ordinary <input type="checkbox"/>		3 If checked, basis reported to IRS <input type="checkbox"/>
		4 Federal income tax withheld \$		5 If checked, noncovered security <input type="checkbox"/>
City or town, state or province, country, and ZIP or foreign postal code SAN ANTONIO TX 78201		6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/>		7 If checked, loss is not allowed based on amount in 1d <input type="checkbox"/>
		8 Profit or (loss) realized in 2016 on closed contracts \$		9 Unrealized profit or (loss) on open contracts—12/31/2015 \$
Account number (see instructions) 6002		10 Unrealized profit or (loss) on open contracts—12/31/2016 \$		11 Aggregate profit or (loss) on contracts \$
CUSIP number		FATCA filing requirement <input type="checkbox"/>		
14 State name	15 State identification no.	16 State tax withheld \$		
		\$		
		12 Check if proceeds from collectibles <input type="checkbox"/>		13 Bartering \$

Form 1099-B