

Practice Tax Return # 6 Tax Year 2011

Before starting this practice return, review the General Instructions.

Issues: This practice situation involves the preparation of an individual tax return for a single taxpayer who is self-employed.

Facts:

INDIVIDUAL TAX RETURNS

Personal Data: Gary Greene is single, with no dependents. His Social Security Number is 400-00-3006, he lives at 5989 Gateway Blvd., Fort Myers, FL 33908, and his birth date is March 4, 1959. Gary owns and operates a retail golf supply store (Gary's Greene). His daytime number is 239-787-4862 and his evening number is 239-565-9998. Gary's e-mail address is garygreene@oal.com. Gary made quarterly estimated tax payments of \$6,000.

Profit or Loss from Business: Gary's Greene is a sole proprietorship and was opened on January 12, 2009. It is located at 12515 Colonial Blvd, Fort Myers, FL 33966 and the EIN is 24-1245484. The business code is 451110. See Exhibit A for the income, expense and depreciation information for Gary's Greene.

Gross receipts in 2011 from the golf store were \$220,000, the accrual accounting method is used; and Gary materially participated in the business. All of his investment is at risk. His expenses were:

Business Expenses	
Advertising	3,200
Insurance	2,000
Office Expense	5,000
Rent for the Retail Space	12,000
Repairs & Maintenance	1,200
Supplies	2,400
Taxes & Licenses	500
Utilities	2,200
Wages	37,000
Purchases less Personal	60,000
Health Insurance Premium	8,000

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Exhibit A
Gary Greene
Gary's Greene (Schedule C) Income and Expenses

He uses the cost inventory valuation method.

Inventory			
Beginning inventory	25,500	Ending inventory	29400

The 2011 Detail Depreciation Listing is on the next page. No depreciable assets were purchased in 2011.

Depreciation Detail Listing

2011

GARY'S GREENE

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For your records only

* Item was disposed
of during current year.

Name(s) as shown on return GARY GREENE	Social security number/EIN 400-00-3006
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No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	Bonus depreciation	AMT Current
1	DISPLAY CASE	20090102	1,800		100.00		900	7	200 DB HY	17.49		1,800		PY 900	
2	COMPUTERS	20090103	1,500		100.00		750	5	200 DB HY	19.2		1,500		PY 750	
3	PRINTER	20090103	500		100.00		250	5	200 DB HY	19.2		500		PY 250	
4	CHECK OUT STATION	20090103	3,000		100.00		1,500	7	200 DB HY	17.49		3,000		PY 1,500	
5	CHAIRS	20090102	750		100.00	750	0	5	EXP	0		750	750		
6	TABLE	20090102	300		100.00	300	0	5	EXP	0		300	300		
7	LIGHTING FIXTURES	20090102	975		100.00	975	0	5	EXP	0		975	975		
8	BREAK ROOM FURNITURE	20090301	225		100.00	225	0	5	EXP	0		225	225		
9	WALL MIRRORS	20090102	200		100.00	200	0	5	EXP	0		200	200		
10	Machine 1	20090102	200		100.00	200	0	5		19.2		200	200		
11	Machine 2	20100908	10,000		100.00		5,000	5	200 DB HY	32	1,600	7,600		PY 5,000	1,600
Totals			19,450			2,650	8,400				1,600	17,050	2,650		1,600

Land Amount
Net Depreciable Cost

19,450

ST ADJ:

(1,224)