

Practice Return 8

Drake Tax 2019

In this scenario, you will practice entering the following:

- Social Security Income
- Retirement Income Reported on Form 1099-R
- Repayment of the First Time Homebuyer's Credit

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
- The solution to this practice can either be Form 1040 or 1040SR depending on your software settings.

Attached Source Documents

- Form 1099-R
- Form SSA-1099 (2)

SCENARIO INFORMATION

Married couple, Bromine and Iodine Element, have been married for 45 years. They are both retired and receive Social Security benefits. Bromine also receives retirement income. They have no dependents.

The taxpayers lived in Arizona all year and both are U.S. citizens. Neither is the qualifying child or dependent of another. Iodine is legally blind.

Bromine provide a copy of his AZ driver's license. The license number is 123456789 and it was issued on 01/01/2017 and expires 01/01/2021. Iodine does not have a driver's license or state issued ID.

TAXPAYER INFORMATION

NAME	Bromine Element
SSN	400-00-6008
DATE OF BIRTH	09-16-1944
EMAIL:	Bromine@1040.com
OCCUPATION:	Retired

SPOUSE INFORMATION

NAME	Iodine Element
SSN	400-00-8006
DATE OF BIRTH	03-21-1947
EMAIL:	Iodine@1040.com
OCCUPATION:	Retired

Address: 1003 Helium Drive, Phoenix AZ 85001
Phone: 828-524-8020

DEPENDENT INFORMATION

The taxpayers have no dependents.

INCOME

Both the taxpayer and the spouse are retired and receive Social Security income. Bromine also received retirement income reported on Form 1099-R.

HEALTH COVERAGE INFORMATION

The Elements both were covered by Medicare for the entire year.

OTHER INFORMATION

The Elements must file a return for repayment of the First Time Homebuyer's Credit they received from the purchase of their home on May 15, 2008. They received \$7,500 as the original credit in 2008 and have repaid \$4,500 of the credit in prior years.

<input type="checkbox"/> CORRECTED (if checked)			
PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code Xenon Retirement 851 Tungsten Rd Washington DC 20013		1 Gross distribution \$ 12,012.00	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 12,012.00	
		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>
PAYER'S federal identification number 40-0007575	RECIPIENT'S identification number 400-00-6008	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$
RECIPIENT'S name Bromine Element		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$
Street address (including apt. no.) 1003 Helium Drive		7 Distribution code(s) <input type="checkbox"/> IRA/SEP/SIMPLE	8 Other \$ %
City or town, state or province, country, and ZIP or foreign postal code Phoenix AZ 85001		9a Your percentage of total distribution %	9b Total employee contributions \$
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 \$
Account number (see instructions)			13 State/Payer's state no. \$
			14 State distribution \$
			15 Local tax withheld \$
			16 Name of locality \$
			17 Local distribution \$

Form **1099-R**

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

<ul style="list-style-type: none"> • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION. 		
Box 1. Name Iodine Element		Box 2. Beneficiary's Social Security Number 400-00-8006
Box 3. Benefits Paid in 2015 12333.00	Box 4. Benefits Repaid to SSA in 2015	Box 5. Net Benefits for 2015 (Box 3 minus Box 4) 12333.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit: 11189.00 Medicare Part B premium deducted from your benefits: 1000.00 Medicare Prescription Drug premiums (Part D) deducted from your benefits: 144.00		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address 1003 Helium Drive Phoenix AZ 85001 Box 8. Claim Number (Use this number if you need to contact SSA.)

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

<ul style="list-style-type: none"> • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION. 	
Box 1. Name Bromine Element	Box 2. Beneficiary's Social Security Number 400-00-6008
Box 3. Benefits Paid in 2015 15014.00	Box 4. Benefits Repaid to SSA in 2015 Box 5. Net Benefits for 2015 (Box 3 minus Box 4) 15014.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit: 13630.00 Medicare Part B premium deducted from your benefits: 1000.00 Medicare Prescription Drug premiums (Part D) deducted from your benefits: 384.00	DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address 1003 Helium Drive Phoenix AZ 85001 Box 8. Claim Number (Use this number if you need to contact SSA.)