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.


To agree with provided solutions:

- Suppress Forms 1040A and 1040EZ
- 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 01/01/2017 and it expires on 01/01/2020.

**Taxpayer Information**

<table>
<thead>
<tr>
<th>Name</th>
<th>Bumble Bee</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSN</td>
<td>400-00-6002</td>
</tr>
<tr>
<td>Date of Birth</td>
<td>05-15-1981</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Bumble@1040.com">Bumble@1040.com</a></td>
</tr>
<tr>
<td>Occupation:</td>
<td>Store Clerk</td>
</tr>
<tr>
<td>Address:</td>
<td>100 Drone Lane, San Antonio, TX 78201</td>
</tr>
<tr>
<td>Phone:</td>
<td>828-524-8020</td>
</tr>
</tbody>
</table>
**DEPENDENT INFORMATION**

Bumble Bee has no dependents.

**INCOME**

During 2017, Bumble was employed full-time at the Honey Shop. He received one Form W-2 from his employer in January 2018 (attached). He also received interest and dividend income (statements attached). In 2017, 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. His employer is not an Applicable Large Employer (ALE) and is not required to offer him coverage. He does not qualify for any health care exemptions for 2017.
**W-2 Wage and Tax Statement**

**Employee Information**
- Employee's social security number: 400-00-6002
- Employer identification number (EIN): 11-2222222
- Address:
  - HONEY SHOP
    - 200 SWARM LOOP
    - SAN ANTONIO, TX 78201

**Employer Information**
- Employer's name:
  - BUMBLE BEE
- Employer's address:
  - 100 DRONE LANE
  - SAN ANTONIO, TX 78201

**Tax Information**
- Wages, tips, other compensation: $40,000
- Federal income tax withheld: $2,800
- Social security wages: $40,000
- Social security tax withheld: $2,480
- Medicare wages and tips: $40,000
- Medicare tax withheld: $580
- State income tax: $0
- State wages, tips, etc.: $40,000
- Other: $0

**Form 1099-INT Interest Income**

**Payee Information**
- PAYEE's name: QUEEN BEE SECURITIES
- PAYEE's address: 444 BEESWAX CIRCLE
- CITY: SAN ANTONIO
- STATE: TX
- ZIP: 78201

**Recipient Information**
- RECIPIENT's name: BUMBLE BEE
- RECIPIENT's address (including apt. no.):
  - 100 DRONE LN
  - SAN ANTONIO, TX 78201

**Interest Income**
- Interest income: $2,600.00 (2017)
- Early withdrawal penalty: $0
- Interest on U.S. Savings Bonds and Treas. obligations: $0
- Federal income tax withheld: $0
- Investment expenses: $0
- Foreign tax paid: $0
- Federal income tax withheld: $0
- Tax-exempt interest: $0
- Market discount: $0
- Bond premium: $0
- Specified private activity bond interest: $0
- Bond premium on Treasury obligations: $0
- Bond premium on tax-exempt bond: $0
- State: $0
- State identification no.: $0
- State tax withheld: $0

**Additional Information**
- OMB No. 1545-0112
- Form 1099-INT
- Form 1099-INT (keep for your records)
- www.irs.gov/form1099int
- Department of the Treasury - Internal Revenue Service
### Dividends and Distributions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Total ordinary dividends</td>
<td>$800.00</td>
</tr>
<tr>
<td>1b. Qualified dividends</td>
<td>$600.00</td>
</tr>
<tr>
<td>2a. Total capital gain distrib.</td>
<td></td>
</tr>
<tr>
<td>2b. Unrecap. Sec. 1250 gain</td>
<td></td>
</tr>
<tr>
<td>3a. Section 1250 gain</td>
<td></td>
</tr>
<tr>
<td>3b. Collectibles (2% gain)</td>
<td></td>
</tr>
<tr>
<td>4a. Nondividend distributions</td>
<td></td>
</tr>
<tr>
<td>5a. Federal income tax withheld</td>
<td></td>
</tr>
<tr>
<td>6a. Investment expenses</td>
<td></td>
</tr>
<tr>
<td>7a. Foreign tax paid</td>
<td></td>
</tr>
<tr>
<td>8a. Foreign country or U.S. possession</td>
<td></td>
</tr>
<tr>
<td>9a. Cash liquidation distribution</td>
<td></td>
</tr>
<tr>
<td>9b. Noncash liquidation distribution</td>
<td></td>
</tr>
<tr>
<td>10a. Exempt-interest dividends</td>
<td></td>
</tr>
<tr>
<td>11a. Specified private annuity bond interest dividends</td>
<td></td>
</tr>
</tbody>
</table>

**Recipient Identification Number:** 11-5555555 400-00-6002

### Proceeds From Broker and Barter Exchange Transactions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Description of property (Example 100 sh. XYZ Co.)</td>
<td>100 Shares</td>
</tr>
<tr>
<td>1b. Date acquired</td>
<td>VAR</td>
</tr>
<tr>
<td>1c. Date sold or disposed</td>
<td>08/01/17</td>
</tr>
<tr>
<td>1d. Proceeds</td>
<td>$8000.00</td>
</tr>
<tr>
<td>1e. Cost or other basis</td>
<td>$5600.00</td>
</tr>
<tr>
<td>1f. Accreted market discount</td>
<td></td>
</tr>
<tr>
<td>1g. Wash sale loss disallowed</td>
<td></td>
</tr>
</tbody>
</table>

**Recipient Identification Number:** 10-0000000 400-00-6002

**Address:** The Bank, 123 Main St, Harrisburg PA 17111

**Recipient:** BUMBLE BEE

**Address:** 100 DRONE LN, SAN ANTONIO TX 78201

**Account Number:** 5002

**FATCA Filing Requirement:**

**Form 1099-B** (Keep for your records)