

# Practice Return 6

Drake Tax 2019

In this scenario, you will practice entering the following:

- Schedule C Income and Expenses
- Depreciable Assets
- Estimated Tax Payments

## 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](http://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

- Depreciation Schedule

## SCENARIO INFORMATION

Ice Berg lives alone in Aberdeen, SD. He has been divorced for 15 years and owns a small fishing supply shop, Berg's Bait and Tackle.

Ice Berg is a U.S. citizen and cannot be the qualifying child or dependent of another person.

Ice Berg provided his SD driver's license. The license number is 123456789 and it was issued on 01/01/2017. It expires on 01/01/2021.

### TAXPAYER INFORMATION

<b>NAME</b>	Ice Berg
<b>SSN</b>	400-00-6006
<b>DATE OF BIRTH</b>	07-29-1962
<b>EMAIL</b>	Berg@1040.com
<b>OCCUPATION</b>	Shop Owner

**Address:** 1224 Glacier Loop, Aberdeen SD 57402

**Phone:** 828-524-8020

## DEPENDENT INFORMATION

Ice Berg has no dependents.

## INCOME

Ice Berg has owned and operated Berg's Bait and Tackle, a fishing supply store for 20 years. His business is located at 855 Tackle Ln, Aberdeen SD 57402. He uses the cash method of accounting in his business. In 2019, his gross receipts were \$180,000. He did not make any payments in 2019 that would require him to file Form 1099. The business depreciated several assets and provided information about those assets in an attached table.

In 2019, he incurred the following expenses:

<b>Magazine Ad</b>	\$1,000
<b>Internet Ads</b>	\$900
<b>Radio Ads</b>	\$1,200
<b>Insurance</b>	\$2,000
<b>Office Expenses</b>	\$5,000
<b>Repairs</b>	\$500
<b>Rent</b>	\$12,000
<b>Supplies</b>	\$2,400
<b>Utilities</b>	\$3,200
<b>Licenses</b>	\$500

## Cost of Goods Sold (Lower of cost or market)

Beginning Inventory	\$29,200
Purchases	\$70,000
Ending Inventory	\$33,300

## HEALTH COVERAGE INFORMATION

Ice Berg purchased health coverage from the federal marketplace and received Form 1095-A.

## OTHER INFORMATION

During 2019, Ice Berg made four quarterly payments in the amount of \$4,350 each.

	<b>Description</b>	<b>Date Placed in Service</b>	<b>Cost/Basis</b>	<b>Method</b>	<b>Life</b>	<b>Prior Depr</b>	<b>CY 179</b>	<b>Prior Bonus</b>
1	Display Case	01/02/2018	1800	M	7	0		900
2	Computer	01/02/2018	1500	M	5	0		750
3	Printer	01/03/2018	500	M	5	0		250
4	Shelving	01/02/2018	3000	M	7	0		1500
5	Copier	01/03/2018	3000	M	7	0		1500
6	Table	01/01/2019	1500	EXP	5	0	1500	0
7	Desk	01/01/2019	3500	EXP	7	0	3500	0
8	Chair	01/01/2019	2500	EXP	7	0	2500	0
9	Wood Shelf	01/01/2019	3000	M	7			

Form **1095-A****Health Insurance Marketplace Statement** VOIDDepartment of the Treasury  
Internal Revenue Service▶ Do not attach to your tax return. Keep for your records.  
▶ Information about Form 1095-A and its separate instructions  
is at [www.irs.gov/form1095a](http://www.irs.gov/form1095a). CORRECTED**2019****Part I** Recipient Information

1 Marketplace identifier SD	2 Marketplace-assigned policy number 99999	3 Policy issuer's name Chilly Health Insurance		
4 Recipient's name Ice Berg		5 Recipient's SSN 400-00-6006	6 Recipient's date of birth 7/15/1978	
7 Recipient's spouse's name		8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	
10 Policy start date 01/01	11 Policy termination date 12/31	12 Street address (including apartment no.) 1224 Glacier Loop		
13 City or town Aberdeen	14 State or province South Dakota	15 Country and ZIP or foreign postal code 99501		

**Part II** Covered Individuals

	A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16	Ice Berg	400-00-6006	7/29/1962	01/01	12/31
17					
18					
19					
20					

**Part III** Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
21 January	\$1250.00	\$916.66	\$0
22 February	\$1250.00	\$916.66	\$0
23 March	\$1250.00	\$916.66	\$0
24 April	\$1250.00	\$916.66	\$0
25 May	\$1250.00	\$916.66	\$0
26 June	\$1250.00	\$916.66	\$0
27 July	\$1250.00	\$916.66	\$0
28 August	\$1250.00	\$916.66	\$0
29 September	\$1250.00	\$916.66	\$0
30 October	\$1250.00	\$916.66	\$0
31 November	\$1250.00	\$916.66	\$0
32 December	\$1250.00	\$916.66	\$0
33 Annual Totals	\$15000.00	\$11000.00	\$0