

CALCULATE: Completing a 1040

The 1040 is the form that Americans use to complete their federal income tax returns.

Part I: Scenarios

To illustrate how different circumstances affect your tax return, we'll explore the case of five different individuals:

Name	Personal Info	Employment Info	W-2 Form
Edgar Flores	<ul style="list-style-type: none"> Age 16 Lives with his parents 	<ul style="list-style-type: none"> Works around 10 hours/week cleaning pools for \$15/hour 	Edgar's W-2
Melinda Flowers	<ul style="list-style-type: none"> Age 18 Lives with her parents, will be heading to college in the fall 	<ul style="list-style-type: none"> Worked around 10 hours/week during senior year at a local ice cream shop, and 40 hours/week during the summer 	Melinda's W-2
Angela Li	<ul style="list-style-type: none"> Age 22 Is at college on a partial scholarship but her parents pay room & board and help with other expenses 	<ul style="list-style-type: none"> Worked 20 hours/week during the school year at a local plant nursery 	Angela's W-2
Marcus Roberts	<ul style="list-style-type: none"> Age 23 Recent college graduate, living by himself 	<ul style="list-style-type: none"> Is on salary as a sales representative at a shoe store, working full-time 	Marcus's W-2
Borris Oswald	<ul style="list-style-type: none"> Age 24 Completed his first full year of working a full-time job, living by himself 	<ul style="list-style-type: none"> Is on salary and works full-time as a marketing associate 	Borris' W-2

*Note: The W-2s above all say 2018, but just pretend they're from the current year instead.

Part II: Completing the 1040

To complete a tax return, use the [1040](#). This PDF comes directly from the IRS website. You can type directly into the form or print and complete manually.

Follow the directions on every line of the 1040.

- For certain lines, you may need additional information. Consult the table below:

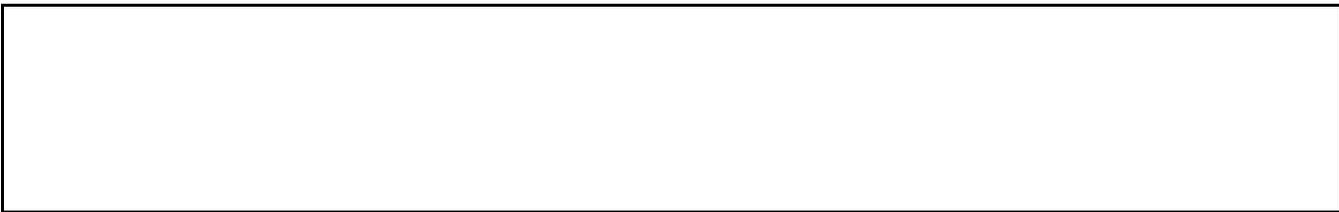
Lines 2-5	Assume \$0 for each value
Line 7	No adjustments to income
Line 8	Determine if the individual is/is not a dependent by reading the “Who qualifies as a dependent?” and “Qualifying Child” sections of this article . Then, follow the directions below: <ul style="list-style-type: none"> • <i>If you are NOT a dependent, enter \$12,000</i> • <i>If you ARE a dependent, and line 6 is >\$12,000, enter \$12,000</i> • <i>If you ARE a dependent, and line 6 is <\$12,000, add \$350 to line 6 and enter that total here</i>
Line 9	Assume no Qualified Business Income Deduction
Line 11	<ul style="list-style-type: none"> • To find tax for 11a, refer to the tax table starting on page 67 of the 1040 Instructions • In these scenarios, no one needs to complete additional forms or Schedule 2
Line 12	Assume no child tax credits
Line 14	Assume no other taxes
Line 16	Assume no 1099 form
Line 17	Assume no refundable credits
Line 20	If line 19 indicates they overpaid, complete line 20a that they’d like a full refund. You should NOT enter bank account information.
Line 22	If they owe money, complete the calculation here.

Part III: Results

1. In the chart below, enter the results of each person’s 1040. Specifically, are they going to receive a refund or owe taxes? In what amount?

	Edgar	Melinda	Angela	Marcus	Borris
Refund? Owed More? How Much?					
Link to their completed 1040					

2. If anyone had an extremely high refund amount or amount owed, how could they change their W-4 to spread their tax burden more evenly throughout the year?



Part IV: Audit a classmate

When you submit your taxes, you're not *always* done with your taxes. The IRS conducts *audits*, or reviews/examinations of an organization's or individual's accounts and financial information to ensure information is being reported correctly. Only about 1% of people get audited, but it's a very serious thing so you want to *make sure you complete your taxes honestly and accurately*. If you'd like, you can learn more about audits [here](#).

- 3. Audit a teammate's 1040 and note any potential errors you see so you can discuss them with the person who filed that report.

List the errors you see	Explain why you believe it might be an error. Use specific information from the return in your explanation.

- 4. Have a conversation with the classmate who completed your return. First, review the errors on one return, and determine whether they were, in fact, errors. If they were errors, determine how to fix them so the tax return is completed properly. Once finished with one return, move on to the other return.