

REVIEW QUESTIONS

These questions are either from the 2021 certification tests or questions designed to increase your understanding of issues that we see when preparing returns. Use Pub. 4012 and the various handouts to answer these questions.

SESSION 2 – DEPENDENTS

I suggest using the Dependent Qualification Calculator tool on www.cotaxaide.org/tools to answer these questions.

The first set of examples is focused on determining whether a person is a Qualifying Child (QC) or Qualifying Relative (QR) of the taxpayer.

Example 1 – John supports his wife’s Uncle George who lives in another city and has \$2400 of taxable income. John files MFJ with his wife.

- Is George either a QC or QR of John?
- What if John filed an MFS return?
- What if John is divorced?

Example 2 – James supports his cousin Angela who lives in another city and has \$3,000 of taxable income. James files MFJ.

- Is Angela a QC or QR of James?

Example 3 – Ralph is 64 and lives with his son and daughter-in-law all year. He earned \$4,800 from a part-time job.

- Is Ralph a QC or QR of his son?
- What if the \$4,800 was Social Security benefits?

Example 4 – Jim is supporting his friend, Fred, who lived with him all year other than for a brief stay in the hospital. Fred earned \$5,000 in Social Security benefits but had no other income. Jim supplied the remainder of his support, which was more than \$10,000.

- Is Fred a QC or QR of Jim?

Example 5 – Stacy, age 40, has a son, Ben, age 14, and they lived all year with Stacy’s boyfriend, who is not Ben’s father. Stacy has never been married. Stacy made \$7,000 and her boyfriend made \$50,000. All of Ben’s support was provided by the boyfriend. The boyfriend paid more than half the cost of maintaining the home.

- Is Stacy a dependent of her boyfriend? Why?
- Is Ben a QC or QR of Stacy? Why?
- Is Ben a QC or QR of the boyfriend? Why?
- What is the most advantageous filing status for Stacy? _____
- Can the boyfriend file as Head of Household? _____
- How do we decide who should claim Ben?

The next set of problems is adapted from the 2021 Certification tests.

1. Barbara Jacobs

- Barbara is age 57 and was widowed in 2021. She owns her own home and provided all the cost of keeping up her home for the entire year. Her only income for 2022 was \$36,000 in W-2 wages.
- Jenny, age 24, and her daughter Marie, age 3, moved in with her mother, Barbara, after she separated from her spouse in April of 2022. Jenny's only income for 2022 was \$15,000 in wages. Jenny provided over half of her own support. Marie did not provide more than half of her own support.
- Jenny will not file a joint return with her spouse.
- All individuals in the household are U.S. citizens with valid Social Security numbers. No one has a disability. They lived in the United States all year but not in a community property state.
- Jenny has not signed Form 8332.

Questions

1. For the purpose of determining dependency, Marie meets the conditions to be the qualifying child of _____.
 - a. Barbara
 - b. Jenny
 - c. Both Barbara and Jenny
 - d. Neither Barbara nor Jenny
2. Who may claim the Child Tax Credit with respect to Marie?
 - a. Jenny is the only taxpayer who can claim the CTC for Marie
 - b. Barbara, but only if Jenny does not claim the CTC for Marie
 - c. Barbara, but only if Jenny is not required to file a tax return
 - d. Marie's father

2. Donna and Becky Howard

- Becky is 25 years old and unmarried. She has two children: Seth is 7 years old, and Kathleen was born in 2022. They all lived with Donna, Becky's mother, in 2022.
- The father of Seth and Kathleen does not live with them, and Becky has not signed Form 8332.
- Becky works full-time and made \$30,000 in 2022.
- Donna is unmarried and earned \$25,000 in 2022. Donna paid over half the costs of keeping up the home for herself, Becky, and Becky's children.
- In 2021, Donna's adjusted gross income (AGI) was higher than Becky's and Becky allowed Donna to claim Seth as a dependent.
- Becky, Donna, Seth, and Kathleen are all U.S. citizens with valid Social Security numbers and lived in the United States all year.

Questions

1. Which of the following statements is **true** for 2022?
 - a. Seth and Kathleen are Donna's qualifying children and Donna can claim them as dependents.
 - b. Seth and Kathleen are Becky's qualifying children and Becky can claim them as dependents.
 - c. Donna can claim the children as dependents if Becky agrees.
 - d. Donna and Becky can each claim one child as a dependent.

2. Which of the following statements is **true**?
 - a. Donna may file as Head of Household and Becky must file as Single.
 - b. Donna and Becky can both file as Head of Household.
 - c. Donna and Becky must both file as Single.
 - d. Donna must file as Single, and Becky may file as Head of Household.