

MONEY 101 EDUCATION – TAX SEGMENT

6.94a Tax Segment – Assignment #4

BEFORE you start on the Assignment – I have a request

If you have enjoyed the Money 101 Education experience, please write a recommendation and share what you learned.

If you feel more empowered, let others know.

You can do it either through YouTube or Linked in.



YOUTUBE:

Watch **either** of the two **new** videos (six minutes each) and leave a comment. These videos were just posted, so there are few comments, and yours would be appreciated. You might mention that you were part of the TAXATION segment and learned a few things.

- VIDEO where I talk about the origins of the Money 101 Education program:
<https://www.youtube.com/watch?v= QlxTCxkwug>
- VIDEO where my magnificent participants speak about their experiences in the program: https://www.youtube.com/watch?v=5k_5R-U-4xY

LINKEDIN

To write a recommendation on LinkedIn, you need to follow these steps:

- **ESTABLISH A LINKED-IN ACCOUNT** – You must have a LinkedIn account (they are free)
<https://www.linkedin.com/>
- **FIND MY PROFILE and send me a connection request:**
<https://www.linkedin.com/in/diane-drey/>

THEN ... when I receive your connection request, I will accept and send you a LinkedIn recommendation request for a recommendation. **THEN**

- **RESPOND to the message.**
 - Write whatever recommendation you want to share with the world.
 - LinkedIn will share it with me first, and then I will accept it so that it is posted in my LinkedIn profile recommendation section– (feel free to read what others have said about me.)

THANK YOU – so much. Diane

ASSIGNMENT # 4

Now that you have helped Maria – I want you to use your new skills to complete a tax return for Olivia and Seymour.

So, get ready for a challenge ... and read on!

The goal is to prepare Olivia and Seymour Walker’s COMPLETE tax return. Here are the facts.

1. They are a married couple filing a joint return.
2. W-2 INCOME – They are salaried workers and received the attached two W-2s.
3. INTEREST – Oliva and Seymour have savings accounts, so attached are two 1099 forms from their bank.
4. BUSINESS INCOME—Olivia started her business in 2020 as a sole proprietor. She named her business a DBA, “Budget Marketing Powerful Impact.” She decided not to incorporate it because she did not want to waste money on legal fees. She consults clients on marketing issues and uses the cash accounting method.

She had two large clients, and both sent her 1099 forms,

Company A paid her \$ 12,500.

Company B – paid her \$ 21,250

In addition, she had five smaller clients. They should have sent her a 1099, as they paid her over \$600 during the year, but the forms never arrived. She totaled up the cash she received from those five clients during the year, which came to \$9,500.

5. BUSINESS EXPENSES - Olivia’s expense included:

Advertising & Google Ad words`	\$3,400
Subcontractor – social media specialist Veronica Smiley	\$2,225
Legal help -	\$ 750
Accounting and Business Help	\$ 450
General business liability insurance	\$ 375
Subscriptions to professional journals	\$ 95
Office supplies	\$ 941
Business phone	\$ 1,250
Travel to conferences	\$ 5,600
Rent paid for use of a conference room when she had to make a client presentation	\$ 600

MONEY 101 EDUCATION – TAX SEGMENT

6.94a Tax Segment – Assignment #4

Olivia hired social media expert Veronica Smiley to assist with marketing. Veronica runs an unincorporated business, so before Olivia paid her, she had her fill out a W-9 form to obtain her Social Security number. At the end of the year, Olivia sent Veronica a 1099 for \$2,225.

While she occasionally had to rent a conference room to make a presentation, Olivia mostly ran her business out of her home, utilizing a room measuring 10 ft by 15 ft. She knew it was only a tiny portion of her total house, which measured 2500 sq. ft, but she was curious to see if she could take a home office deduction. Her overall expenses to run her home included:

Rent	\$ 24,000
Insurance	\$ 1,200
Utilities	\$ 2,400
Phone/Cable/Internet	\$ 1,250
Repairs	\$ 3,250

Unfortunately, Olivia knows she must pay Self-Employment taxes on her Business Profits. She dreads filling out the SE form because it seems written in Greek, but she will persevere.

On the other hand, she also heard about a Qualified Business Income Credit and hopes to get that.

Finally, to protect herself, as she knows that her business is profitable, she has sent in four estimated tax payments of \$3,000 each. She mailed them on April 15th, July 15th, September 15th, and January 15th.

She knew one was late, but now she can't remember which one—the IRS drives her crazy. (If you can figure out which one was late, let her know.)

However, she is anxious to complete her taxes. This year, she and Seymour are celebrating their milestone 30th birthdays, and she wants to surprise Seymour with a three-night stay at his favorite golf resort. The three-night stay will cost \$1,200, and she wonders if she will get a tax refund to cover the cost.

PLEASE SEND ME OLIVIA AND SEYMOUR'S TAX RETURN which will include:

- **Form 1040 – pages 1 and 2**
- **Schedule C**
- **Schedule SE**
- **Schedule 8829 – Business Use of Your Home**
- **Schedule 1 - Additional Income and Adjustments**
- **Schedule 2 – Additional Taxes**
- **Schedule 8995 – Qualified Business Income Credit**

MONEY 101 EDUCATION – TAX SEGMENT

6.94a Tax Segment – Assignment #4

In your email - let me know:

1. Will they get a refund and be able to go on the three-night vacation?
2. Or will they owe money? And if yes, how much?
3. Which estimated tax payment was late?

You will need the following forms to complete the tax return ALL on the website

- INSTRUCTIONS for 1040
- Form 1040 – pages 1 and 2
- Schedule C
- Schedule SE
- Schedule 8829 – Business Use of Your Home
- Schedule 1 - Additional Income and Adjustments
- Schedule 2 – Additional Taxes
- Schedule 8995 – Qualified Business Income Credit

AND>>>> the following which I am at

- 6.81-Olivia's W-2
- 6.82-Seymour Walker's W-2
- 6.83-Olivia's 1099-INT – interest
- 6.84-Seymour's 1099-INT - interest

Please ignore the tax year on Olivia or Seymour's W-2 or 1099 – and assume they are for the current year—it is too much work to redo them annually.

YOU CAN DO IT!!!