

APPENDIX E

PRACTICE SET ASSIGNMENTS—COMPREHENSIVE TAX RETURN PROBLEMS

SOLUTIONS TO PROBLEM MATERIALS

PROBLEM 1 SOLUTIONS

1. David is self-employed and reports his business income on Schedule C. Both his consulting fees of \$92,800 and his expense reimbursements of \$20,420 should be included on line 1. The travel expenses are deducted on line 24a (airfare \$8,200 + lodging \$5,200 + transportation \$920) and \$3,050 of meals are deducted on line 24b [meals \$6,100 – disallowed portion ($50\% \times \$6,100$)].
2. Given that David is a cash-basis taxpayer, the \$4,400 payment received from Sesa Mining in 2015 is also included on Schedule C. This brings the total on line 1 to \$117,620 (\$92,800 + \$4,400 + \$20,420). The \$5,100 received from Echo will be taxable in 2016. The Cormorant Mining transaction results in neither income (no payment is received) nor a bad debt deduction (no basis exists in the receivable). If H&R Block software is used to complete the tax return, it automatically enters an X on line 32a of Schedule C even though there is no loss reported this year. This can be overridden in the software if desired.
3. The \$9,000 contribution to the H.R.10 Keogh retirement plan and the \$3,800 of premiums on health insurance are not reported on Schedule C but are listed on Form 1040, page 1, lines 28 and 29, respectively. The remaining expenses are deducted on Schedule C as follows:

Line 8—Advertising	\$2,400	
Line 18—Office supplies	1,200	
Line 22—Supplies	3,200	
Line 23—State occupation license	300	
Line 27a (and also listed separately on page 2, Part V)		
Business phone and Internet service	\$860	
Subscriptions to trade journals	240	
Membership dues to trade associations	<u>180</u>	1,280

4. The home office deduction is computed on Form 8829 (Expenses for Business Use of Your Home). For depreciation purposes, the basis of the residence is the lesser of \$450,000 (fair market value) or David's inherited basis of \$360,000 under § 1014. The land is not depreciable. Consequently, this amount is entered on line 38 of Form 8829 and multiplied by the business percentage of 20% (line 7) to yield \$72,000 (line 39). Referring to Exhibit 8.8 (MACRS Straight-Line Depreciation for Real Property Assuming Mid-Month Convention), the applicable percentage for 39-year nonresidential real property for the recovery period of 2–39 years is 2.564. Thus, the depreciation for 2015 is \$1,846 ($\$72,000 \times 2.564\%$) and is entered on lines 41 and 29. Other data in completing Form 8829 are summarized below.

Indirect expenses [reported in column (b)]	
Line 10—Deductible mortgage interest	\$ 4,400
Line 11—Real estate taxes	3,100
Line 17—Insurance	2,300
Line 19—Repairs and maintenance	2,900
Line 20—Utilities	<u>4,800</u>
Total indirect expenses	\$17,500
	<u>× 20%</u>
Business portion	<u>\$ 3,500*</u>

*Form 8829 does the calculation for the business portion in two steps. First, it applies 20% to the total of interest (\$4,400) and taxes (\$3,100) [$20\% \times \$7,500$] to yield \$1,500 (line 13). Second, the 20% is applied to the total of insurance (\$2,300), indirect repairs and maintenance (\$2,900), and utilities (\$4,800) [$20\% \times \$10,000$] to yield \$2,000 (line 23). Thus, the total business portion of the indirect expense is \$3,500 (\$1,500 + \$2,000).

The indirect expenses of \$3,500 are added to the direct expense of \$1,200 for painting the office and the depreciation of \$1,846 for a total of \$6,546 (line 35), which is also reported on line 30 of Schedule C.

The special purpose file cabinet is expensed by the use of Form 4562 (Depreciation and Amortization). Use Part I of this form, and when the \$4,800 listed on line 12 is combined with the depreciation on the Infiniti SUV (see below), the total is transferred to Schedule C.

5. Depreciation on the Infiniti under the MACRS method is computed as follows:

Cost	\$41,000
Second year percentage for five-year property (Exhibit 8.3)	<u>32%</u>
	\$13,120
× Business use	<u>90%</u>
	<u>\$11,808</u>

However, as the second year recovery limitation (for a vehicle placed in service in 2014) is \$5,100, the depreciation claimed cannot exceed \$4,590 ($\$5,100 \times 90\%$). This depreciation, determined by using Part V of Form 4562, is then added to the depreciation on the file cabinet (see item 4), and the total of \$9,390 (\$4,800 + \$4,590) is entered on line 13 of Schedule C.

The actual cost method of calculating the deduction for vehicle expense provides David with a superior result than would the automatic mileage method. Therefore, he elected this method last year when he acquired the SUV, and he will continue to use this method as long as he uses the Infiniti in his business. Under the actual cost method, \$5,390 (\$4,950 + \$440) is deducted as car and truck expenses on line 9 of Schedule C. The \$4,950 is the sum of expenses related to the 90% business use of the vehicle—gasoline (\$3,300), auto insurance (\$1,600), repairs (\$240), auto club dues (\$180), oil and lubrication (\$120), and license and registration (\$60). The \$440 is all of the toll and parking charges paid by David in the conduct of his business. Note that traffic fines for moving violations are not deductible.

6. As an employee, Sheri will report her expenses using Form 2106 (Employee Business Expenses). Her allowable expenses are as follows:

Computer [$\$1,200 \times 80\%$ (business use)]	\$ 960
Subscriptions and dues	180
Continuing education course	120
Occupational license fee	<u>80</u>
	<u>\$1,340</u>

The \$1,340 is entered on line 4 and summed on line 10 of Form 2106 and entered on line 21 of Schedule A (Form 1040). The § 179 expense of the business portion of the laptop is computed on Part I of Form 4562.

Sheri uses the Suburban to commute to her work, so she is not permitted to deduct any costs related to the use of the Suburban or for the parking at her work site. No deduction is allowed for the LSAT preparation sessions under § 222 (i.e., tuition and related expenses) because the pursuit of a law degree would qualify Sheri for a new trade or business. The \$5,000 contribution to a traditional IRA is deducted on line 32 on page 1 of Form 1040.

Sheri will not receive any tax benefit from her job-related expenses since they do not exceed the 2%-of-AGI floor [$\$1,340 - \$2,104$ ($2\% \times \$105,175$)]. See lines 26 and 27 of Schedule A.

7. Transactions relating to the rental house are reported on Schedule E (Supplemental Income and Loss). Rents received of \$28,600 are reported on line 3. Although this represents 13 months of rent, the prepaid rent for January 2016 is taxed to the Johnsons in the year received (i.e., 2015). The operating expenses in connection with the property are reported as follows:

Line 7—Yard maintenance	\$1,200
Line 9—Insurance	3,100
Line 14—Repairs	800
Line 16—Property taxes	2,400

Property taxes do not include the \$2,400 special street paving assessment, which should be added to the basis of the land.

The line 18 depreciation of \$18,205* is computed as follows (use Part III of Form 4562):

Realty—

Basis: \$220,000 (cost) + \$80,000 (renovation)	\$300,000
Applicable percentage for recovery period of 2–18 years (see Exhibit 8.8 in the text for 27.5-year residential real property)	$\times 3.636\%$
Depreciation allowed for 2015	<u>\$ 10,908</u>

Personalty—

Basis: cost (purchase price)	\$ 38,000
Applicable percentage for recovery year 3 as to five-year property (see Exhibit 8.3 in the text)	$\times 19.2\%$
Depreciation allowed for 2015	<u>\$ 7,296</u>

According to Exhibit 8.1 in the text, rental appliances, furniture, carpets, etc., are five-year cost recovery MACRS personalty.

*While the depreciation sums to \$18,204, *H&R Block* tax return software rounds this number to \$18,205.

The result reached in Schedule E is summarized below.

Line 3—Income	\$28,600
Line 20—Total Expenses	<u>(25,705)</u>
Lines 21 and 26—Profit	<u>\$ 2,895</u>

The \$2,895 profit is transferred to line 17 of page 1 of Form 1040.

8. Although determining the year in which a corporate stock becomes *entirely* worthless is often problematical, the Johnsons are justified in picking 2015 for the write-off given the fact that the corporation is currently in bankruptcy. The basis of the stock is its value when David received it as payment for services provided, \$3,900—the amount David billed for his services. (*Note:* It is assumed that David recognized the \$3,900 in 2014.) Worthless securities are deemed sold on the last day of the taxpayer's tax year. Therefore, the worthless Cormorant stock results in a long-term capital loss of \$3,900 in Part II of Schedule D.
9. Under § 1015, the basis for gain of property acquired by gift is the donor's basis plus an appropriate portion of any gift tax paid on the transfer. Since no gift tax was incurred (probably due to the application of the unified transfer tax credit), the Johnsons have an income tax basis in the Teton tract of \$50,000 (i.e., the father's basis). Thus, the disposition of the property results in a realized gain of \$750,000 [\$800,000 (value received) – \$50,000 (basis of property transferred)]. Because the like-kind exchange rules of § 1031 apply, only \$8,000 cash boot is recognized.

To report the transaction, complete Parts I and III of Form 8824 (Like-Kind Exchanges). The recognized gain of \$8,000 on line 22 is then entered on line 11 of Schedule D.

10. David's basis in the antique gun collection is \$22,000 based on § 1014 (i.e., fair market value on date of his father's death). The sale of the collection for \$29,000 yields a capital gain of \$7,000 (\$29,000 – \$22,000). Because the property is a collectible, the gain requires special tax treatment. The maximum tax rate that can be applied cannot exceed 28% and net short-term capital losses are first applied against collectible gains. The computation of the tax liability can become complex and is facilitated by the use of a *28% Rate Gain Worksheet* provided by the IRS. The result of this worksheet is entered on line 18 of page 2 of Schedule D.
11. Sheri's use of the installment method to report the gain on the Converse County land sale is assumed since the facts do not indicate that she elected out of installment sale treatment under § 453(d). So, her gross profit percentage of 33 1/3% (\$25,000/\$75,000) means that one-third of every dollar received is taxable gain and two-thirds is a tax-free recovery of basis. Since Sheri owned the land for more than one year and she held the land for investment purposes, the gain is a long-term capital gain. Of the \$10,800 Sheri receives in 2015, \$4,800 is interest, \$2,000 is long-term capital gain (\$6,000 × 33 1/3%), and \$4,000 is nontaxable.

The interest of \$4,800 is listed in Part 1 of Schedule B. Report the 2015 gain from this past transaction on Form 6252 (Installment Sale Income). Because this is not the year of sale, complete only lines 1 through 4 and Part II (lines 19 through 26). Part I is only filled in during the year the sale occurs. The profit of \$2,000 (line 26) is transferred to Schedule D (Part II, line 11).

12. The \$4,000 short-term capital loss carried over from 2014 is entered on line 6 of Schedule D. This loss offsets some of the collectible gain when the *28% Rate Gain Worksheet* (see item 10 above) is completed. The net result of this worksheet is \$3,000 [\$7,000 (collectible gain) – \$4,000 (net short-term capital loss)] and is carried to line 18 of Schedule D.

13. Although Vivian lived for only a few days in 2015, she qualifies as a dependent. As such, her medical expenses can be claimed by the Johnsons. Since the Johnsons are cash-basis taxpayers, the year in which the expenses were incurred is irrelevant—the year they are paid controls. Along with the medical expenses of \$7,300 (\$4,200 + \$3,100), the Johnsons can also claim the \$600 church pledge that they paid. (A church pledge is not a binding debt, so the Johnsons will not be treated as satisfying the obligation of another person. Instead, it is treated as a qualifying charitable contribution.) The burial expenses of \$4,400 are not deductible for income tax purposes.

By virtue of § 101(a)(1), the proceeds of life insurance are excluded from income. Thus, the \$20,000 Sheri receives is not reported anywhere on the tax return.

14. The \$1,900 interest on the City of Cheyenne bonds is nontaxable but is reported on line 8b (page 1 of Form 1040). The \$1,100 interest on the CD and the \$400 interest on the money market account are separately listed in Part I of Schedule B.

The garage sale resulted in a realized loss of \$850 [\$950 – \$1,800], which is not recognized because it is a personal loss.

The \$700 qualified dividends are reported in Part II of Schedule B, then entered on line 9b (page 1) of Form 1040. The applicable tax rate is determined by completing the *Schedule D Tax Worksheet*.

The \$420 jury duty fee is income (line 21, page 1 of Form 1040) but none of the expenses relating to the jury duty [\$30 (parking), \$45 (meals), and use of automobile] are deductible—covered in Chapter 3 of the text.

15. The \$3,520 of mortgage interest reported on line 10 of Schedule A is the \$4,400 reduced by the \$880 claimed as part of the home office deduction (see item 4).

Charitable contributions of \$3,800 are reported on line 16 of Schedule A, the total of \$3,200 of the Johnsons' contributions plus the \$600 the Johnsons paid on Vivian's pledge.

The \$2,480 of ad valorem taxes reported on line 6 of Schedule is the \$3,100 reduced by the \$620 claimed as part of the home office deduction (see item 4).

Medical expenses of \$12,197 are reported on line 1 of Schedule A, reflecting the Johnsons' expenses of \$4,800, Vivian's medical expenses of \$7,300 (see item 12), and medical mileage of \$97 (420 miles × 23 cents).

Since Wyoming does not have a state income tax, the Johnsons will deduct their sales tax on Schedule A. Since the Johnsons do not keep track of their sales taxes, their deduction will be determined based on their \$107,075 of adjusted AGI (AGI \$105,175 + \$1,900 City of Cheyenne interest income) and their five exemptions. Their deductible sales tax is \$2,541 (state tax of \$753 + local tax of \$188 + \$1,600 for the sales tax on the camper).

16. Besides two personal exemptions, the Johnsons can claim dependency exemptions for Vivian, Kirby, and Toby. Both Kirby and Toby meet the qualifying child definition, while Vivian is a qualifying relative. Meredith, however, meets neither classification. She is not a qualifying child due to the age test (i.e., not under 19, disabled, or a student), and she is not a qualifying relative due to the gross income test (i.e., income in excess of \$3,500).

17. A brief summary of the Johnsons' tax return for 2015 appears below.

Gross income:	
Salary	\$38,000
Schedule B	7,000
Schedule C	70,544
Schedule D	9,100
Schedule E	2,895
Miscellaneous (jury pay)	420
Deductions <i>for</i> AGI:	
Deductible self-employment tax	(4,984)
H.R. 10 and IRA	(14,000)
Health insurance premiums	<u>(3,800)</u>
AGI	\$105,175
Itemized deductions (deductions <i>from</i> AGI)	(14,020)
Personal and dependency exemptions	<u>(20,000)</u>
Taxable income	<u>\$ 71,155</u>

Computation of tax liability through use of the *Schedule D Tax Worksheet* yields a liability of \$8,734. To this is added the self-employment tax of \$9,967 (see Schedule SE) for a total amount due of \$18,701. As the Johnsons had paid in \$21,250 (\$150 overpayment for 2014 + \$5,100 Sheri's withholdings + \$16,000 quarterly estimated tax payments), the overpayment of \$2,549 (\$21,250 – \$18,701) is applied towards their 2016 tax liability.

Form	1040	Department of the Treasury—Internal Revenue Service	(99)	2015	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																																																																		
For the year Jan. 1–Dec. 31, 2015, or other tax year beginning , 2015, ending , 20																																																																																																																								
Your first name and initial David R		Last name Johnson		See separate instructions. Your social security number 111-11-1112																																																																																																																				
If a joint return, spouse's first name and initial Sheri N		Last name Johnson		Spouse's social security number 123-45-6785																																																																																																																				
Home address (number and street). If you have a P.O. box, see instructions. 641 Cody Way				Apt. no.		▲ Make sure the SSN(s) above and on line 6c are correct.																																																																																																																		
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Casper WY 82609																																																																																																																								
Foreign country name		Foreign province/state/county		Foreign postal code		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund <input type="checkbox"/> You <input type="checkbox"/> Spouse																																																																																																																		
Filing Status <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> 1 <input type="checkbox"/> Single 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. </div> <div style="width: 45%;"> 4 <input type="checkbox"/> Head of household (with qualifying person). (See instr.) If the qualifying person is a child but not your dependent, enter this child's name here. 5 <input type="checkbox"/> Qualifying widow(er) with dependent child </div> </div>																																																																																																																								
Exemptions <div style="display: flex; justify-content: space-between;"> <div style="width: 70%;"> 6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a b <input checked="" type="checkbox"/> Spouse c Dependents: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr> <td>Kirby</td> <td>Johnson</td> <td>123-45-6788</td> <td>Daughter</td> <td></td> </tr> <tr> <td>Toby</td> <td>Johnson</td> <td>123-45-6789</td> <td>Son</td> <td></td> </tr> <tr> <td>Vivian</td> <td>Olson</td> <td>123-45-6786</td> <td>Parent</td> <td></td> </tr> </tbody> </table> </div> <div style="width: 25%;"> Boxes checked on 6a and 6b: 2 No. of children on 6c who: • lived with you: 2 • did not live with you due to divorce or separation (see instructions): Dependents on 6c not entered above: 1 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> d Total number of exemptions claimed: 5 </div> <div> Add numbers on lines above: 5 </div> </div>							(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)	Kirby	Johnson	123-45-6788	Daughter		Toby	Johnson	123-45-6789	Son		Vivian	Olson	123-45-6786	Parent																																																																																															
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)																																																																																																																				
Kirby	Johnson	123-45-6788	Daughter																																																																																																																					
Toby	Johnson	123-45-6789	Son																																																																																																																					
Vivian	Olson	123-45-6786	Parent																																																																																																																					
Income <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Line</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>Wages, salaries, tips, etc. Attach Form(s) W-2</td> <td>38,000</td> </tr> <tr> <td>8a</td> <td>Taxable interest. Attach Schedule B if required</td> <td>6,300</td> </tr> <tr> <td>b</td> <td>Tax-exempt interest. Do not include on line 8a</td> <td>1,900</td> </tr> <tr> <td>9a</td> <td>Ordinary dividends. Attach Schedule B if required</td> <td>700</td> </tr> <tr> <td>b</td> <td>Qualified dividends</td> <td>700</td> </tr> <tr> <td>10</td> <td>Taxable refunds, credits, or offsets of state and local income taxes</td> <td>0</td> </tr> <tr> <td>11</td> <td>Alimony received</td> <td></td> </tr> <tr> <td>12</td> <td>Business income or (loss). Attach Schedule C or C-EZ</td> <td>70,544</td> </tr> <tr> <td>13</td> <td>Capital gain or (loss). Attach Schedule D if required. If not required, check here</td> <td>9,100</td> </tr> <tr> <td>14</td> <td>Other gains or (losses). Attach Form 4797</td> <td></td> </tr> <tr> <td>15a</td> <td>IRA distributions</td> <td>0</td> </tr> <tr> <td>b</td> <td>Taxable amount</td> <td>0</td> </tr> <tr> <td>16a</td> <td>Pensions and annuities</td> <td>0</td> </tr> <tr> <td>b</td> <td>Taxable amount</td> <td>2,895</td> </tr> <tr> <td>17</td> <td>Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E</td> <td>0</td> </tr> <tr> <td>18</td> <td>Farm income or (loss). Attach Schedule F</td> <td></td> </tr> <tr> <td>19</td> <td>Unemployment compensation</td> <td></td> </tr> <tr> <td>20a</td> <td>Social security benefits</td> <td></td> </tr> <tr> <td>b</td> <td>Taxable amount</td> <td>420</td> </tr> <tr> <td>21</td> <td>Other income. List type and amount: JURY PAY</td> <td></td> </tr> <tr> <td>22</td> <td>Combine the amounts in the far right column for lines 7 through 21. This is your total income</td> <td>127,959</td> </tr> <tr> <td colspan="3">Adjusted Gross Income</td> </tr> <tr> <td>23</td> <td>Educator expenses</td> <td>0</td> </tr> <tr> <td>24</td> <td>Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ</td> <td>0</td> </tr> <tr> <td>25</td> <td>Health savings account deduction. Attach Form 8889</td> <td>0</td> </tr> <tr> <td>26</td> <td>Moving expenses. Attach Form 3903</td> <td>0</td> </tr> <tr> <td>27</td> <td>Deductible part of self-employment tax. Attach Schedule SE</td> <td>4,984</td> </tr> <tr> <td>28</td> <td>Self-employed SEP, SIMPLE, and qualified plans</td> <td>9,000</td> </tr> <tr> <td>29</td> <td>Self-employed health insurance deduction</td> <td>3,800</td> </tr> <tr> <td>30</td> <td>Penalty on early withdrawal of savings</td> <td>0</td> </tr> <tr> <td>31a</td> <td>Alimony paid b Recipient's SSN</td> <td></td> </tr> <tr> <td>32</td> <td>IRA deduction</td> <td>5,000</td> </tr> <tr> <td>33</td> <td>Student loan interest deduction</td> <td></td> </tr> <tr> <td>34</td> <td>Tuition and fees. Attach Form 8917</td> <td></td> </tr> <tr> <td>35</td> <td>Domestic production activities deduction. Attach Form 8903</td> <td>0</td> </tr> <tr> <td>36</td> <td>Add lines 23 through 35</td> <td>22,784</td> </tr> <tr> <td>37</td> <td>Subtract line 36 from line 22. This is your adjusted gross income</td> <td>105,175</td> </tr> </tbody> </table>							Line	Description	Amount	7	Wages, salaries, tips, etc. Attach Form(s) W-2	38,000	8a	Taxable interest. Attach Schedule B if required	6,300	b	Tax-exempt interest. Do not include on line 8a	1,900	9a	Ordinary dividends. Attach Schedule B if required	700	b	Qualified dividends	700	10	Taxable refunds, credits, or offsets of state and local income taxes	0	11	Alimony received		12	Business income or (loss). Attach Schedule C or C-EZ	70,544	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here	9,100	14	Other gains or (losses). Attach Form 4797		15a	IRA distributions	0	b	Taxable amount	0	16a	Pensions and annuities	0	b	Taxable amount	2,895	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	0	18	Farm income or (loss). Attach Schedule F		19	Unemployment compensation		20a	Social security benefits		b	Taxable amount	420	21	Other income. List type and amount: JURY PAY		22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	127,959	Adjusted Gross Income			23	Educator expenses	0	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	0	25	Health savings account deduction. Attach Form 8889	0	26	Moving expenses. Attach Form 3903	0	27	Deductible part of self-employment tax. Attach Schedule SE	4,984	28	Self-employed SEP, SIMPLE, and qualified plans	9,000	29	Self-employed health insurance deduction	3,800	30	Penalty on early withdrawal of savings	0	31a	Alimony paid b Recipient's SSN		32	IRA deduction	5,000	33	Student loan interest deduction		34	Tuition and fees. Attach Form 8917		35	Domestic production activities deduction. Attach Form 8903	0	36	Add lines 23 through 35	22,784	37	Subtract line 36 from line 22. This is your adjusted gross income	105,175
Line	Description	Amount																																																																																																																						
7	Wages, salaries, tips, etc. Attach Form(s) W-2	38,000																																																																																																																						
8a	Taxable interest. Attach Schedule B if required	6,300																																																																																																																						
b	Tax-exempt interest. Do not include on line 8a	1,900																																																																																																																						
9a	Ordinary dividends. Attach Schedule B if required	700																																																																																																																						
b	Qualified dividends	700																																																																																																																						
10	Taxable refunds, credits, or offsets of state and local income taxes	0																																																																																																																						
11	Alimony received																																																																																																																							
12	Business income or (loss). Attach Schedule C or C-EZ	70,544																																																																																																																						
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here	9,100																																																																																																																						
14	Other gains or (losses). Attach Form 4797																																																																																																																							
15a	IRA distributions	0																																																																																																																						
b	Taxable amount	0																																																																																																																						
16a	Pensions and annuities	0																																																																																																																						
b	Taxable amount	2,895																																																																																																																						
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	0																																																																																																																						
18	Farm income or (loss). Attach Schedule F																																																																																																																							
19	Unemployment compensation																																																																																																																							
20a	Social security benefits																																																																																																																							
b	Taxable amount	420																																																																																																																						
21	Other income. List type and amount: JURY PAY																																																																																																																							
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	127,959																																																																																																																						
Adjusted Gross Income																																																																																																																								
23	Educator expenses	0																																																																																																																						
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	0																																																																																																																						
25	Health savings account deduction. Attach Form 8889	0																																																																																																																						
26	Moving expenses. Attach Form 3903	0																																																																																																																						
27	Deductible part of self-employment tax. Attach Schedule SE	4,984																																																																																																																						
28	Self-employed SEP, SIMPLE, and qualified plans	9,000																																																																																																																						
29	Self-employed health insurance deduction	3,800																																																																																																																						
30	Penalty on early withdrawal of savings	0																																																																																																																						
31a	Alimony paid b Recipient's SSN																																																																																																																							
32	IRA deduction	5,000																																																																																																																						
33	Student loan interest deduction																																																																																																																							
34	Tuition and fees. Attach Form 8917																																																																																																																							
35	Domestic production activities deduction. Attach Form 8903	0																																																																																																																						
36	Add lines 23 through 35	22,784																																																																																																																						
37	Subtract line 36 from line 22. This is your adjusted gross income	105,175																																																																																																																						
KIA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2015)																																																																																																																								

Tax and Credits**Standard Deduction for—**

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$6,300
Married filing jointly or Qualifying widow(er), \$12,600
Head of household, \$9,250

38	Amount from line 37 (adjusted gross income)	38	105,175
39a	Check <input type="checkbox"/> You were born before January 2, 1951, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1951, <input type="checkbox"/> Blind. Total boxes checked 39a <input type="checkbox"/> 0		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b <input type="checkbox"/>		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	14,020
41	Subtract line 40 from line 38	41	91,155
42	Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 6d. Otherwise, see instructions	42	20,000
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	71,155
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	8,734
45	Alternative minimum tax (see instructions). Attach Form 6251	45	0
46	Excess advance premium tax credit repayment. Attach Form 8962	46	
47	Add lines 44, 45, and 46	47	8,734
48	Foreign tax credit. Attach Form 1116 if required	48	0
49	Credit for child and dependent care expenses. Attach Form 2441	49	
50	Education credits from Form 8863, line 19	50	
51	Retirement savings contributions credit. Attach Form 8880	51	0
52	Child tax credit. Attach Schedule 8812, if required	52	
53	Residential energy credits. Attach Form 5695	53	
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	0
55	Add lines 48 through 54. These are your total credits	55	0
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	8,734

Other Taxes

57	Self-employment tax. Attach Schedule SE	57	9,967
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	0
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	0
60a	Household employment taxes from Schedule H	60a	0
b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	0
61	Health care: individual responsibility (see instructions) Full-year coverage <input checked="" type="checkbox"/>	61	0
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62	0
63	Add lines 56 through 62. This is your total tax	63	18,701

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	5,100
65	2015 estimated tax payments and amount applied from 2014 return	65	16,150
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election 66b		
67	Additional child tax credit. Attach Schedule 8812	67	
68	American opportunity credit from Form 8863, line 8	68	
69	Net premium tax credit. Attach Form 8962	69	
70	Amount paid with request for extension to file	70	
71	Excess social security and tier 1 RRTA tax withheld	71	0
72	Credit for federal tax on fuels. Attach Form 4136	72	
73	Credits from Form: a <input type="checkbox"/> 2439 b <input checked="" type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	73	0
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	21,250

Refund

Direct deposit? See instructions.

75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	2,549
76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	76a	0
b	Routing number XXXXXXXXX	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number XXXXXXXXXXXXXXXXXXXX		
77	Amount of line 75 you want applied to your 2016 estimated tax	77	2,549

Amount You Owe

78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78	
79	Estimated tax penalty (see instructions)	79	0

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ Yes. Complete below ☒ No

Designee's name Phone no.

Personal identification number (PIN)

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	Your signature	Date	Your occupation Mining Engineer	Daytime phone number 312-555-0010
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation Paralegal	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>	

Print/Type preparer's name
Preparer's signature
Date
Firm's name
Firm's address

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
Firm's name	Firm's EIN	Phone no.	
Firm's address			

**SCHEDULE A
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Itemized Deductions**► Information about Schedule A and its separate instructions is at www.irs.gov/schedulea.

► Attach to Form 1040.

OMB No. 1545-0074

2015Attachment
Sequence No. **07**

Name(s) shown on Form 1040

David

R. Johnson

Your social security number

111-11-1112

**Medical
and
Dental
Expenses****Caution.** Do not include expenses reimbursed or paid by others.

- 1 Medical and dental expenses (see instructions) **1** 12,197
- 2 Enter amount from Form 1040, line 38 . . . **2** 105,175
- 3 Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1951, multiply line 2 by 7.5% (.075) instead **3** 10,518
- 4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- **4** 1,679

**Taxes You
Paid**

- 5 State and local (check only one box):
- a. ☐ Income taxes, or
- b. ☒ General sales taxes } **5** 2,541
- 6 Real estate taxes (see instructions) **6** 2,480
- 7 Personal property taxes **7** 0
- 8 Other taxes. List type and amount ► **8** 0
- 9 Add lines 5 through 8 **9** 5,021

**Interest
You Paid**

- 10 Home mortgage interest and points reported to you on Form 1098 **10** 3,520
- 11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ► **11** 0
- 12 Points not reported to you on Form 1098. See instructions for special rules **12** 0
- 13 Mortgage insurance premiums (see instructions) **13** 0
- 14 Investment interest. Attach Form 4952 if required. (See instructions.) **14** 0
- 15 Add lines 10 through 14 **15** 3,520

Note.
Your mortgage
interest
deduction may
be limited (see
instructions).**Gifts to
Charity**If you made a
gift and got a
benefit for it,
see instructions.

- 16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions **16** 3,800
- 17 Other than by cash or check. If any gift of \$250 or more, see instructions. You **must** attach Form 8283 if over \$500 **17** 0
- 18 Carryover from prior year **18** 0
- 19 Add lines 16 through 18 **19** 3,800

**Casualty and
Theft Losses**

- 20 Casualty or theft loss(es). Attach Form 4684. (See instructions.) **20** 0

**Job Expenses
and Certain
Miscellaneous
Deductions**

- 21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ► Form 2106 **21** 1,340
- 22 Tax preparation fees **22** 0
- 23 Other expenses—investment, safe deposit box, etc. List type and amount ► **23** 0
- 24 Add lines 21 through 23 **24** 1,340
- 25 Enter amount from Form 1040, line 38 . . . **25** 105,175
- 26 Multiply line 25 by 2% (.02) **26** 2,104
- 27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- **27** 0

**Other
Miscellaneous
Deductions**

- 28 Other—from list in instructions. List type and amount ► **28** 0

**Total
Itemized
Deductions**

- 29 Is Form 1040, line 38, over \$154,950?
- ☒ **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. **29** 14,020
- ☐ **Yes.** Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.

- 30 If you elect to itemize deductions even though they are less than your standard deduction, check here ☐

KIA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2015

SCHEDULE B
(Form 1040A or 1040)**Interest and Ordinary Dividends**

OMB No. 1545-0074

2015Attachment
Sequence No. **08**Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.

▶ Information about Schedule B and its instructions is at www.irs.gov/scheduleb.

Name(s) shown on return

David R Johnson

Your social security number

111-11-1112

Part I
Interest(See instructions for
Schedule B, and the
instructions for
Form 1040A, or
Form 1040,
line 8a.)**Note:** If you
received a Form
1099-INT, Form
1099-OID, or
substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the total interest
shown on that
form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address. ▶
- City of Cheyenne
- Wells Fargo Bank
- Bank of America
- Local Rancher
- 2 Add the amounts on line 1
- 3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
- 4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

Note: If line 4 is over \$1,500, you must complete Part III.**Amount**

0

1,100

400

4,800

1**2**

6,300

3**4**

6,300

Amount**Part II****Ordinary
Dividends**(See instructions
for Schedule B, and the
instructions for
Form 1040A, or
Form 1040,
line 9a.)**Note:** If you
received a Form
1099-DIV or
substitute
statement from
a brokerage firm,
list the firm's
name as the
payer and enter
the ordinary
dividends shown
on that form.

- 5 List name of payer ▶
- Meadowlark Corp.
- 6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

Note. If line 6 is over \$1,500, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Part III
**Foreign
Accounts
and Trusts**(See
instructions.)

- 7a At any time during 2015, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions.
- If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements
- b If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶
- 8 During 2015, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions.

Yes**No**

X

X

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule B (Form 1040A or 1040) 2015

**SCHEDULE C
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Profit or Loss From Business**

(Sole Proprietorship)

OMB No. 1545-0074

2015Attachment
Sequence No. **09**

- Information about Schedule C and its separate instructions is at www.irs.gov/schedulec.
 ► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor David R Johnson		Social security number (SSN) 111-11-1112
A Principal business or profession, including product or service (see instructions) Engineer, service to mining companies		B Enter code from instructions 541990
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), (see instr.)
E Business address (including suite or room no.) ► 641 Cody Way City, town or post office, state, and ZIP code Casper WY 82609		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____		
G Did you "materially participate" in the operation of this business during 2015? If "No," see instructions for limit on losses . . .		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2015, check here . . .		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions) . . .		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If "Yes," did you or will you file required Forms 1099? . . .		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on form W-2 and the "Statutory employee" box on that form was checked.	1	117,620
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	117,620
4 Cost of goods sold (from line 42)	4	0
5 Gross profit. Subtract line 4 from line 3	5	117,620
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7 Gross income. Add lines 5 and 6	7	117,620

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising	8	2,400	18 Office expense (see instructions)	18	1,200
9 Car and truck expenses (see instructions)	9	5,390	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	0
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	9,390	21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	3,200
15 Insurance (other than health)	15		23 Taxes and licenses	23	300
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	14,320
b Other	16b		b Deductible meals and entertainment (see instructions)	24b	3,050
17 Legal and professional services	17		25 Utilities	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a			26 Wages (less employment credits)	26	
29 Tentative profit or (loss). Subtract line 28 from line 7			27a Other expenses (from line 48)	27a	1,280
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30			27b Reserved for future use	27b	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.			28	28	40,530
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.			29	29	77,090
			30	30	6,546
			31	31	70,544

32a ☐ All investment is at risk.
 32b ☐ Some investment is not at risk.

KIA For Paperwork Reduction Act Notice, see the separate instructions.

Schedule C (Form 1040) 2015

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory:	a <input type="checkbox"/> Cost	b <input type="checkbox"/> Lower of cost or market	c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory?			
	If "Yes," attach explanation <input type="checkbox"/> Yes <input type="checkbox"/> No			
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35		
36	Purchases less cost of items withdrawn for personal use	36		
37	Cost of labor. Do not include any amounts paid to yourself	37		
38	Materials and supplies	38		
39	Other costs	39		
40	Add lines 35 through 39	40	0	
41	Inventory at end of year	41		
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	0	

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43	When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____		
44	Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:		
	a Business _____	b Commuting (see instructions) _____	c Other _____
45	Was your vehicle available for personal use during off-duty hours?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
46	Do you (or your spouse) have another vehicle available for personal use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
47a	Do you have evidence to support your deduction?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	b If "Yes," is the evidence written?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

Telephone/Internet	860
Trade Journals	240
Professional Dues	180
48 Total other expenses. Enter here and on line 27a	48 1,280

**SCHEDULE D
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**

▶ Attach to Form 1040 or Form 1040NR.

▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2015Attachment
Sequence No. **12**

Name(s) shown on return

David R Johnson

Your social security number

111-11-1112

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b	0	0		0
1b Totals for all transactions reported on Form(s) 8949 with Box A checked	0	0	0	0
2 Totals for all transactions reported on Form(s) 8949 with Box B checked	0	0	0	0
3 Totals for all transactions reported on Form(s) 8949 with Box C checked	0	0	0	0
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				0
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions.				(-4,000)
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the next page				-4,000

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b	0	0		0
8b Totals for all transactions reported on Form(s) 8949 with Box D checked	0	0	0	0
9 Totals for all transactions reported on Form(s) 8949 with Box E checked	0	0	0	0
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	29,000	25,900	0	3,100
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				10,000
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				
13 Capital gain distributions. See the instructions				0
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				(0)
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on page 2				13,100

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule D (Form 1040) 2015

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	9,100
<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 			
17	Are lines 15 and 16 both gains? <input checked="" type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions ▶	18	3,000
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶	19	0
20	Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input checked="" type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) } Note. When figuring which amount is smaller, treat both amounts as positive numbers.	21	()
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 and Form 1040NR.		

KIA

Schedule D (Form 1040) 2015

Form 8949 (2015)

Attachment Sequence No. **12A**Page **2**

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on Page 1	Social security number or taxpayer identification number
David R Johnson	111-11-1112

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II **Long-Term.** Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

☐ **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)

☐ **(E)** Long-term transactions reported on Form(s) 1099-B showing basis was **not** reported to the IRS

☒ **(F)** Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	Cormorant Stock	03/07/14	WORTHLESS	WORTHLESS	3,900		0	-3,900
	Antique Gun Collection	inherit	07/10/15	29,000	22,000	C	0	7,000
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked)				29,000	25,900		0	3,100

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

KIA

Form **8949** (2015)

**SCHEDULE E
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at www.irs.gov/schedulee.

OMB No. 1545-0074

2015Attachment
Sequence No. **13**

Name(s) shown on return

David

R Johnson

Your social security number

111-11-1112

Part I**Income or Loss From Rental Real Estate and Royalties Note.** If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.**A** Did you make any payments in 2015 that would require you to file Form(s) 1099? (see instructions)☐ Yes ☒ No**B** If "Yes," did you or will you file all required Forms 1099?☐ Yes ☐ No**1a** Physical address of each property (street, city, state, ZIP code)**A** 4620 Cottonwood Ln Casper WY 82609**B****C**

1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	1		A 365	0	<input type="checkbox"/>
B			B		<input type="checkbox"/>
C			C		<input type="checkbox"/>

Type of Property:

1 Single Family Residence

3 Vacation/Short-Term Rental

5 Land

7 Self-Rental

2 Multi-Family Residence

4 Commercial

6 Royalties

8 Other (describe)

Income:	Properties:	A	B	C
3 Rents received	3	28,600		
4 Royalties received	4	0	0	0
Expenses:				
5 Advertising	5	0		
6 Auto and travel (see instructions)	6	0		
7 Cleaning and maintenance	7	1,200		
8 Commissions	8	0		
9 Insurance	9	3,100		
10 Legal and other professional fees	10	0		
11 Management fees	11	0		
12 Mortgage interest paid to banks, etc. (see instructions)	12	0		
13 Other interest	13	0		
14 Repairs	14	800		
15 Supplies	15	0		
16 Taxes	16	2,400		
17 Utilities	17	0		
18 Depreciation expense or depletion	18	18,205		
19 Other (list) ▶	19	0		
20 Total expenses. Add lines 5 through 19	20	25,705	0	0
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	2,895	0	0
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	(0)	()	()
23a Total of all amounts reported on line 3 for all rental properties	23a	28,600		
b Total of all amounts reported on line 4 for all royalty properties	23b	0		
c Total of all amounts reported on line 12 for all properties	23c	0		
d Total of all amounts reported on line 18 for all properties	23d	18,205		
e Total of all amounts reported on line 20 for all properties	23e	25,705		
24 Income. Add positive amounts shown on line 21. Do not include any losses	24		2,895	
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here.	25	(0)		
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26		2,895	

KIA For Paperwork Reduction Act Notice, see the separate instructions.

Schedule E (Form 1040) 2015

**SCHEDULE SE
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Self-Employment Tax**► Information about Schedule SE and its separate instructions is at www.irs.gov/schedulese.

► Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

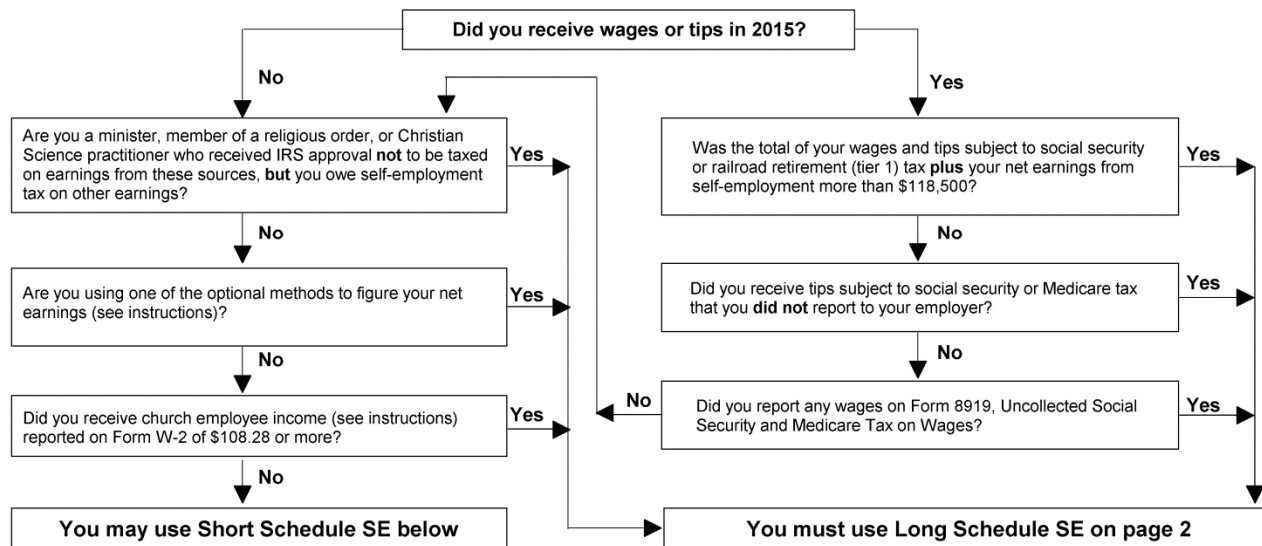
2015Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040 or Form 1040NR)

David R Johnson

Social security number of person

with self-employment income ► 111-11-1112

Before you begin: To determine if you must file Schedule SE, see the instructions.**May I Use Short Schedule SE or Must I Use Long Schedule SE?****Note.** Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE* in the instructions.**Section A—Short Schedule SE. Caution.** Read above to see if you can use Short Schedule SE.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A.	1a	0
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Z	1b	(0)
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	70,544
3 Combine lines 1a, 1b, and 2.	3	70,544
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b	4	65,147
5 Self-employment tax. If the amount on line 4 is: • \$118,500 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 57, or Form 1040NR, line 55. • More than \$118,500, multiply line 4 by 2.9% (.029). Then, add \$14,694 to the result. Enter the total here and on Form 1040, line 57, or Form 1040NR, line 55.	5	9,967
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.50). Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	6	4,984

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule SE (Form 1040) 2015

Form 6252 <small>Department of the Treasury Internal Revenue Service</small>	Installment Sale Income ▶ Attach to your tax return. ▶ Use a separate form for each sale or other disposition of property on the installment method. ▶ Information about Form 6252 and its instructions is at www.irs.gov/form6252 .	OMB No. 1545-0228 <div style="font-size: 2em; font-weight: bold;">2015</div> <small>Attachment Sequence No. 79</small>
Name(s) shown on return David R Johnson		Identifying number 111-11-1112
1 Description of property ▶ <u>Converse County Grazing Land</u>		
2a Date acquired (mm/dd/yyyy) ▶ <u>07/12/01</u> b Date sold (mm/dd/yyyy) ▶ <u>08/02/14</u>		
3 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale <input type="checkbox"/> Yes <input type="checkbox"/> No		
Part I Gross Profit and Contract Price. Complete this part for the year of sale only.		
5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated	5	
6 Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	6	
7 Subtract line 6 from line 5	7	0
8 Cost or other basis of property sold	8	
9 Depreciation allowed or allowable	9	
10 Adjusted basis. Subtract line 9 from line 8	10	0
11 Commissions and other expenses of sale	11	
12 Income recapture from Form 4797, Part III (see instructions)	12	
13 Add lines 10, 11, and 12	13	0
14 Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)	14	0
15 If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-	15	0
16 Gross profit. Subtract line 15 from line 14	16	0
17 Subtract line 13 from line 6. If zero or less, enter -0-	17	
18 Contract price. Add line 7 and line 17	18	
Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.		
19 Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions	19	0.3333
20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-	20	0
21 Payments received during year (see instructions). Do not include interest, whether stated or unstated	21	6,000
22 Add lines 20 and 21	22	6,000
23 Payments received in prior years (see instructions). Do not include interest, whether stated or unstated	23	
24 Installment sale income. Multiply line 22 by line 19	24	2,000
25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	25	0
26 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)	26	2,000
Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.		
27 Name, address, and taxpayer identifying number of related party _____		
28 Did the related party resell or dispose of the property ("second disposition") during this tax year? <input type="checkbox"/> Yes <input type="checkbox"/> No		
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.		
a <input type="checkbox"/> The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (mm/dd/yyyy) ▶ _____		
b <input type="checkbox"/> The first disposition was a sale or exchange of stock to the issuing corporation.		
c <input type="checkbox"/> The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.		
d <input type="checkbox"/> The second disposition occurred after the death of the original seller or buyer.		
e <input type="checkbox"/> It can be established to the satisfaction of the IRS that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).		
30 Selling price of property sold by related party (see instructions)	30	
31 Enter contract price from line 18 for year of first sale	31	
32 Enter the smaller of line 30 or line 31	32	
33 Total payments received by the end of your 2015 tax year (see instructions)	33	
34 Subtract line 33 from line 32. If zero or less, enter -0-	34	
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35	
36 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)	36	
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37	