Advanced Scenario 7: Martin and Yvette Willis

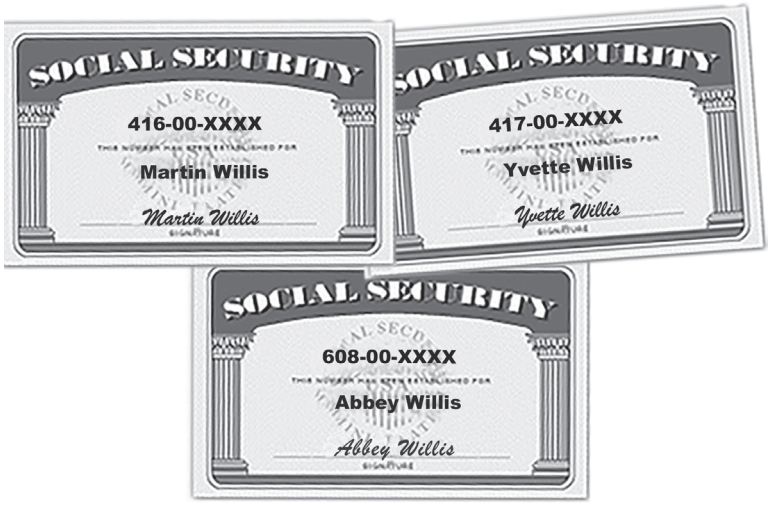
Directions

Using the tax software, complete the tax return, including Form 1040 and all appropriate forms, schedules, or worksheets. Answer the questions following the scenario.

When entering Social Security numbers (SSNs) or Employer Identification Numbers (EINs), replace the Xs as directed, or with any four digits of your choice.

Interview Notes

- Martin is a 5th grade teacher at a public school. Martin and Yvette are married and choose to file Married Filing Jointly on their 2025 tax return.
- Martin worked a total of 1,600 hours in 2025. During the school year, he spent $275 on unreimbursed classroom expenses.
- Yvette retired in 2022 and began receiving her pension on November 1st of that year. She explains that this is a joint and survivor annuity. She has already recovered $1,259 of the cost of the plan.
- Martin settled with his credit card company on an outstanding bill and brought the Form 1099-C to the site. They aren't sure how it will impact their tax return for tax year 2025. The Willises determined that they were solvent as of the date of the canceled debt.
- Yvette won $500 from a prize drawing.
- Their daughter, Abbey, is in her second year of college pursuing a bachelor's degree in Physics at a qualified educational institution. She received a scholarship, and the terms require that it be used to pay tuition. The Willises provided Form 1098-T and an account statement from the college that included additional expenses. On Form 1098-T for the previous tax year, Box 7 was not checked. The Willises paid $1,500 for books and equipment required for Abbey's courses. This information is also included on the college statement of account. The Willises claimed the American Opportunity Credit last year for the first time.
- Abbey does not have a felony drug conviction.
- They are all U.S. citizens with valid Social Security numbers.



Form **13614-C** (March 2025)	Department of the Treasury - Internal Revenue Service **Intake/Interview and Quality Review Sheet**	OMB Number 1545-1964

You will need:
- Tax Information such as Forms W-2, 1099, 1098, 1095.
- Social Security cards or ITIN letters for all persons on your tax return
- Picture ID (such as valid driver's license) for you and your spouse

- Complete pages 1-5 of this form.
- You are responsible for the information on your return. Provide complete and accurate information.
- If you have questions, ask the IRS-certified volunteer preparer.

Volunteers are trained to provide high quality service and uphold the highest ethical standards. To report unethical behavior to the IRS, email us at ts.voltax@irs.gov

Your first name	M.I.	Last name	Your date of birth	Your job title
MARTIN		WILLIS	05/01/1964	TEACHER
Spouse's first name	**M.I.**	**Last name**	**Spouse's date of birth**	**Spouse's job title**
YVETTE		WILLIS	10/08/1955	RETIRED

Mailing address	Apt #	City	State	ZIP code
1234 CHARITY AVENUE		YOUR CITY	YS	YOUR ZIP

Your telephone number	Spouse's telephone number	Email address (optional)	Did you live or work in two or more states in 2024
YOUR PHONE NUMBER			☐ Yes ☒ No

Check if you or your spouse were in 2024:

A U.S. citizen	☒ You	☒ Spouse	☐ No	Legally blind	☐ You	☐ Spouse	☒ No
In the U.S. on a visa	☐ You	☐ Spouse	☒ No	Totally and permanently disabled	☐ You	☐ Spouse	☒ No
A full-time student	☐ You	☐ Spouse	☒ No	Issued an identity protection PIN (IPPIN)	☐ You	☐ Spouse	☒ No
				Owners or holders of any digital assets	☐ You	☐ Spouse	☒ No

If due a refund, how would you like your refund
☒ Direct deposit ☐ Check by mail
☐ Split refund between accounts ☐ Other _____

If you have a balance due, how would you like to make your payment
☐ Bank account ☐ IRS.gov Direct Pay
☐ Set up installment agreement ☒ Mail payment to IRS

Would you like to receive written communications from the IRS in a language other than English ☐ You ☐ Spouse ☒ No
What language _____

Would you, or your spouse if married filing jointly, like $3 to go to the Presidential Election Campaign Fund ☒ You ☐ Spouse ☐ No

As of December 31, 2024, what was your marital status
☐ **Never Married** ☒ **Married** If married, were you married for all of 2024 ☐ Yes ☐ No
Did you live with your spouse during any part of the last six months of 2024 ☐ Yes ☐ No
☐ **Divorced** ☐ **Legally Separated but not Divorced** ☐ **Widowed**
Date of final decree _____ Date of separate maintenance decree _____ Year of spouse's death _____

To be completed by certified volunteer: Can anyone else claim the taxpayer or spouse on their tax return ☐ Yes ☐ No

List the names below of everyone who lived with you last year (except your spouse) **AND** anyone you supported but did not live with you last year.

Name (first, last)	Date of birth (mm/dd/yy)	Relationship to you (child, parent, none, etc.)	Number of months lived in your home in 2024	Single or Married as of 12/31/2024 (S/M)	Answer Yes or No (Y/N) U.S. Citizen	Resident of U.S., Canada or Mexico	Full-time student	Totally and permanently disabled	Issued IPPIN	**To be completed by certified volunteer (Yes, No, or N/A)** Qualifying child or relative of any other person	This person provided more than 50% of their own support	This person had less than $5,050 of income	Taxpayer(s) provided more than 50% of support for this person	Taxpayer(s) paid more than half the cost of maintaining a home for this person
ABBEY WILLIS	07/05/2005	DAUGHTER	12	S	YES	YES	YES	NO	NO					

Income: Answer the following questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.

Received money from any of the following in 2024:	(To be completed by certified volunteer) Income to be included	Notes/Comments
☒ (B) Wages as a part-time or full-time employee How many jobs 1	☐ (B) W-2s #	
☐ (B/A) Tips	☐ (B/A) Tips (Basic when reported on W2)	
☒ (B/A) Retirement account, pension or annuity proceeds	☐ (B/A) 1099-R (Basic when taxable amount is reported) # ☐ (A) Qualified Charitable Distribution From 1099-R $	
☐ (B) Disability benefits (such as payments from insurance and worker's compensation)	☐ (B) Disability benefits on 1099-R or W-2 #	
☒ (B) Social Security or Railroad Retirement Benefits	☐ (B) SSA-1099, RRB-1099 #	
☐ (B) Unemployment benefits	☐ (B) 1099-G #	
☐ (B) Refund of state or local income tax	☐ (B) Refund $ ☐ (B) Itemized last year ☐ Yes ☐ No	
☐ (B) Interest or dividends (bank account, bonds, etc.)	☐ (B) 1099-INT # ☐ (B) 1099-DIV #	
☐ (A) Sale of stocks, bonds or real estate Did you report a loss on last year's return ☐ Yes ☒ No	☐ (A) 1099-B (include brokerage statement) # ☐ Capital loss carryover ☐ Yes ☐ No	
☐ (B) Alimony	☐ (B) Alimony $ Excluded from income ☐ Yes ☐ No	
☐ (A/M) Income from renting out your house or a room in your house If yes, did you use the dwelling unit as a personal residence and rent it for fewer than 15 days ☐ Yes ☐ No ☐ Income from renting personal property such as a vehicle	☐ (A/M) Rental income (Advanced when the dwelling is a personal residence and rented for fewer than 15 days) ☐ Rental expense $	
☐ (B) Gambling winnings, including lottery	☐ (B) W-2G or other gambling winnings (list losses below if taxpayer can itemize deductions) #	
☐ (A) Payments for contract or self-employment work Did you report a loss on last year's return ☐ Yes ☒ No	☐ (A) Schedule C ☐ 1099-MISC # ☐ 1099-NEC # ☐ 1099-K # ☐ Other income reported elsewhere ☐ Schedule C expenses $	
☒ Any other money received during the year? (example: cash payments, jury duty, awards, digital assets, royalties, union strike benefits) **This is for Yvette's prize drawing**	☐ Other income (see Pub 4012 for guidance on other income, i.e., scope of service chart)	

Expenses and Tax Related Events: **Answer the questions on the left side of this page. Check only the boxes that apply to you and/or your spouse.**

Paid any of the following expenses to itemize in 2024?	**(To be completed by certified volunteer) Standard or Itemized Deductions**	**Notes/Comments**
☐ (A) Mortgage Interest	☐ (A) 1098 # _____	
☒ (A) Taxes: state, local, real estate, sales, etc.		
☐ (A) Medical, dental, prescription expenses	☐ (B) Standard deduction ☐ (A) Itemized deduction	
☐ (A) Charitable contributions		
Paid any of these expenses in 2024?	**(To be completed by certified volunteer) Expenses to report**	**Notes/Comments**
☐ (B) Student loan interest	☐ (B) 1098-E	
☐ (B) Child and dependent care	☐ (B) Child and dependent care credit	
☒ (B/A) Contributions to a retirement account	☐ (B/A) IRA (Basic if a Roth IRA or 401K)	
☒ (B) School supplies by a teacher, teacher's aide or other educator	☐ (B) Educator expenses deduction $	
☐ (B) Alimony payments (do not include child support)	☐ (B) Alimony payments with spouse's SSN $ _____ Adjustment to income ☐ Yes ☐ No	
Did any of the following happen during 2024?	**(To be completed by certified volunteer) Information to report**	**Notes/Comments**
☒ (B) You or someone in your family took educational classes (technical school, college, job related, etc.)	☐ (B) Taxable scholarship income ☐ (B) 1098-T (itemized statement from school, invoice, etc.) ☐ (B) Education credit or tuition and fees deduction	
☐ (A) Sell a home	☐ (A) Sale of home (1099-S)	
☐ (A) Have a health savings account (HSA)	☐ (A) HSA contributions ☐ (A) HSA distributions	
☐ (A) Purchase health insurance through the Marketplace (Exchange)	☐ (A) 1095-A	
☐ (A) Purchase and install energy-efficient home items (example: windows, furnace, insulation, etc.)	☐ (A) Energy efficient home improvement credit (Form 5695, Part II only)	
☒ (A) Have credit card, mortgage, or other debt cancelled/forgiven by a lender	☐ (A) 1099-C	
☐ (A) Have a loss related to a declared Federal disaster area	☐ (A) 1099-A ☐ Disaster relief impacts return	
☐ (B) Have a tax credit disallowed (example: earned income credit, child tax credit, or American opportunity credit)	☐ (B) EITC, CTC, AOTC or HOH disallowed in a previous year Year disallowed Reason	
☐ Receive any letter or bill from the IRS	☐ Eligible for Low Income Taxpayer Clinic referral	
☐ (B) Make estimated tax payments or apply last year's refund to 2024 taxes	☐ (B) Estimated tax payments _____ ☐ (B) Last year's refund applied to this year _____ ☐ Last year's return available	

Optional Information

The following information is for statistical purposes only. Your responses to these questions are not a part of your tax return and are not transmitted to the IRS with your tax return. You are not required to answer these questions.

1. Would you say you can carry on a conversation in English	☒ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
2. Would you say you can read a newspaper in English	☒ Very well	☐ Well	☐ Not well	☐ Not at all	☐ Prefer not to answer
3. Do you or any member of your household have a disability	☐ Yes	☒ No	☐ Prefer not to answer		
4. Are you or your spouse a Veteran of the U.S. Armed Forces	☐ Yes	☒ No	☐ Prefer not to answer		

5. What is your race and/or ethnicity? Select all that apply	6. What is your spouse's race and/or ethnicity? Select all that apply
☐ **American Indian or Alaska Native** (for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)	☐ **American Indian or Alaska Native** (for example, Navajo Nation, Blackfeet Tribe of the Blackfeet Indian Reservation of Montana, Native Village of Barrow Inupiat Traditional Government, Nome Eskimo Community, Aztec, Maya, etc.)
☐ **Asian** (for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)	☐ **Asian** (for example, Chinese, Asian Indian, Filipino, Vietnamese, Korean, Japanese, etc.)
☐ **Black or African American** (for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)	☐ **Black or African American** (for example, African American, Jamaican, Haitian, Nigerian, Ethiopian, Somali, etc.)
☐ **Hispanic or Latino** (for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)	☐ **Hispanic or Latino** (for example, Mexican, Puerto Rican, Salvadoran, Cuban, Dominican, Guatemalan, etc.)
☐ **Middle Eastern or North African** (for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)	☐ **Middle Eastern or North African** (for example, Lebanese, Iranian, Egyptian, Syrian, Iraqi, Israeli, etc.)
☐ **Native Hawaiian or Pacific Islander** (for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)	☐ **Native Hawaiian or Pacific Islander** (for example, Native Hawaiian, Samoan, Chamorro, Tongan, Fijian, Marshallese, etc.)
☐ **White** (for example, English, German, Irish, Italian, Polish, Scottish, etc.)	☐ **White** (for example, English, German, Irish, Italian, Polish, Scottish, etc.)

Privacy Act and Paperwork Reduction Act Notice

We are asking for this information so you may participate in the IRS Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program which provides IRS-certified volunteer income tax preparers to assist with basic income tax return preparation for qualified individuals. The IRS authority to collect this information is 5 U.S.C. section 301 and 26 U.S.C. section 7801. The information you provide may be disclosed to others who coordinate VITA/TCE staffing, outreach, and other VITA/TCE related activities. The IRS may only disclose your return and return information as provided by 26 U.S.C. section 6103. All other records may be disclosed only for purposes the IRS deems are compatible with the purpose for which IRS collected the records, and consistent with any routine use disclosures described in the System of Record Notice (SORN) Treasury/IRS 24.030, Customer Account Data Engine (CADE) Individual Master File (IMF). You may view Treasury/IRS SORNs on the Treasury SORN website at Treasury.gov/System of Records Notices (SORNs). Providing this information is voluntary however, if you do not provide the requested information the IRS volunteers may not be able to assist you with preparing and filing your tax return.

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1964. Also, if you have any comments regarding the time estimates associated with this study or suggestion on making this process simpler, write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:TS:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

Additional Notes/Comments

22222

a Employee's social security number: 416-00-XXXX

OMB No. 1545-0029

b Employer identification number (EIN): 35-700XXXX

1 Wages, tips, other compensation: $39,353.00

2 Federal income tax withheld: $3,500.00

c Employer's name, address, and ZIP code

ROOSEVELT SCHOOL DISTRICT
244 HARVARD STREET
YOUR CITY, YOUR STATE, ZIP

3 Social security wages: $41,353.00

4 Social security tax withheld: $2,563.89

5 Medicare wages and tips: $41,353.00

6 Medicare tax withheld: $599.62

7 Social security tips:

8 Allocated tips:

d Control number:

9:

10 Dependent care benefits:

e Employee's first name and initial: MARTIN

Last name: WILLIS

Suff.:

1234 CHARITY AVENUE
YOUR CITY, YOUR STATE, ZIP

11 Nonqualified plans:

12a Code: D — $2,000.00

13 Statutory employee: ☐ Retirement plan: ☒ Third-party sick pay: ☐

12b Code:

14 Other:

12c Code:

12d Code:

f Employee's address and ZIP code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
YS	57-200XXXX	$39,353.00	$600			

Form **W-2** Wage and Tax Statement 2025

Department of the Treasury—Internal Revenue Service

Copy 1—For State, City, or Local Tax Department

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

LIBERTY ENTERPRISES
225 ONEIDA AVENUE
YOUR CITY, YOUR STATE, ZIP

1 Gross distribution: $ 22,100.00

2a Taxable amount: $

OMB No. 1545-0119

2025

Form **1099-R**

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

2b Taxable amount not determined ☐ Total distribution ☐

Copy 1
For State, City, or Local Tax Department

PAYER'S TIN: 41-200XXXX

RECIPIENT'S TIN: 417-00-XXXX

3 Capital gain (included in box 2a): $

4 Federal income tax withheld: $ 2,210.00

RECIPIENT'S name: YVETTE WILLIS

5 Employee contributions/ Designated Roth contributions or insurance premiums: $

6 Net unrealized appreciation in employer's securities: $

Street address (including apt. no.): 1234 CHARITY AVENUE

7 Distribution code(s): 7 IRA/SEP/SIMPLE ☐

8 Other: $ %

City or town, state or province, country, and ZIP or foreign postal code: YOUR CITY, YOUR STATE, ZIP

9a Your percentage of total distribution: %

9b Total employee contributions: $ 15,000.00

10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 State tax withheld	15 State/Payer's state no.	16 State distribution
$		☐	$		$
			$		$

Account number (see instructions)	13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution
		$		$
		$		$

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2025

- PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
- SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name	Box 2. Beneficiary's Social Security Number
YVETTE WILLIS	417-00-XXXX

Box 3. Benefits Paid in 2025	Box 4. Benefits Repaid to SSA in 2025	Box 5. Net Benefits for 2025 *(Box 3 minus Box 4)*
$24,496		$24,496

DESCRIPTION OF AMOUNT IN BOX 3

Paid by check or direct deposit: $19,826.00

Medicare Part B premiums deducted from your benefits: $2,220.00

Total additions:

Benefits for 2025: $24,496

DESCRIPTION OF AMOUNT IN BOX 4

Box 6. Voluntary Federal Income Tax Withholding

$2,450

Box 7. Address

1234 CHARITY AVENUE
YOUR CITY, YOUR STATE, ZIP

Box 8. Claim Number *(Use this number if you need to contact SSA.)*

Form **SSA-1099-SM** (6/2020) **DO NOT RETURN THIS FORM TO SSA OR IRS**

☐ CORRECTED (if checked)

CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Date of identifiable event	OMB No. 1545-1424
NEW BANK 1254 ORANGE AVENUE YOUR CITY, YOUR STATE, ZIP	09/25/2025	Form **1099-C** (Rev. April 2025)
	2 Amount of debt discharged $ 850.00	
	3 Interest, if included in box 2 $	For calendar year 2025

Cancellation of Debt

CREDITOR'S TIN	DEBTOR'S TIN
31-700XXXX	416-00-XXXX

DEBTOR'S name
MARTIN WILLIS

Street address (including apt. no.)
1234 CHARITY AVENUE

City or town, state or province, country, and ZIP or foreign postal code
YOUR CITY,YOUR STATE, ZIP

4 Debt description
CREDIT CARD

5 If checked, the debtor was personally liable for repayment of the debt . . . . . ☐

Account number (see instructions)	6 Identifiable event code	7 Fair market value of property
		$

Copy B
For Debtor

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.

Form **1099-C** (Rev. 4-2025) (keep for your records) www.irs.gov/Form1099C Department of the Treasury - Internal Revenue Service

☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number	1 Payments received for qualified tuition and related expenses	OMB No. 1545-1574
CLARK COMMUNITY COLLEGE 10 COLLEGE AVENUE YOUR CITY, YOUR STATE, ZIP	$ 5,722.00 2	2025 Form 1098-T

Tuition Statement

FILER'S employer identification no.	STUDENT'S TIN	3	
38-800XXXX	608-00-XXXX		
STUDENT'S name ABBEY WILLIS		4 Adjustments made for a prior year $	5 Scholarships or grants $ 3,202.00
Street address (including apt. no.) 1234 CHARITY AVENUE		6 Adjustments to scholarships or grants for a prior year $	7 Checked if the amount in box 1 includes amounts for an academic period beginning January–March 2026 ☐
City or town, state or province, country, and ZIP or foreign postal code YOUR CITY, YOUR STATE, ZIP			
Service Provider/Acct. No. (see instr.)	8 Checked if at least half-time student ☐	9 Checked if a graduate student ☐	10 Ins. contract reimb./refund $

Copy B
For Student

This is important tax information and is being furnished to the IRS. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.

Form **1098-T** (keep for your records) www.irs.gov/Form1098T Department of the Treasury - Internal Revenue Service

Clark Community College

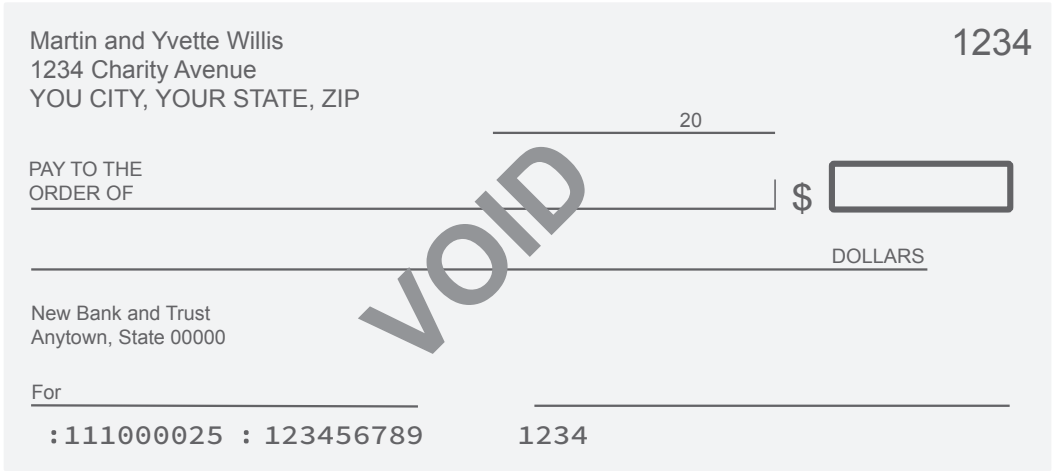
Statement of Account

December 31, 2025

Abbey Willis
STUDENT ID: 608-00-XXXX

Date	Transaction	Amount Billed	Amount Paid
08/30/ 2025	Tuition – Fall Semester 2025	**+$5,722.00**	
08/30/2025	Scholarship		**-$3,202.00**
09/03/2025	Parking pass	**+$400.00**	
09/04/2025	Campus Bookstore charge to student account for course-related books	**+$1,500.00**	
09/05/2025	Payment – check #4321		**-$4,420.00**

12/31/2025 Account Balance……..$0.00



Advanced Scenario 7: Test Questions

15. What is the taxable portion of Yvette's pension from Liberty Enterprises using the simplified method?

a. $0
b. $19,519.00
c. $21,519.00
d. $22,100.00

16. The Willises are **not** eligible to claim the Credit for Other Dependents on their tax return.

a. True
b. False

17. What is the total amount of other income reported on the Willises' Form 1040 Schedule 1?

a. $0
b. $500
c. $850
d. $1,350

18. Martin is eligible to deduct qualified educator expenses in the amount of $_____
(Note: whole number only, do not use special characters.)

19. A higher standard deduction is available when the taxpayer is _____.

a. age 65 or older
b. totally and permanently disabled
c. legally blind
d. Both a and c

20. Which of the following expenses do **not** qualify for the American Opportunity Credit?

a. Required course related books and equipment
b. Tuition
c. Parking pass
d. Both a and b

21. The taxable amount of Yvette's Social Security income as reported on their Form 1040 is:

a. $0
b. $19,826
c. $20,822
d. $24,496

22. What is the Willises' total federal income tax withholding?

a. $3,500
b. $5,710
c. $5,950
d. $8,160