

2015 Test Case 18

Taxpayer: Test Bluejay 400-00-5418
11177 County Rd Z, Suring WI 54174

Dependent: Holly Bluejay 400-00-5440 **Date of birth:** 8/15/1997

Scenario: Taxpayer is a single resident under age 65 and is claiming a homestead credit greater than \$300. He has taxable interest income, tax-exempt interest from municipal bonds, business income, net capital gains, pension income, S corporation income or loss, farm rental income and farm income or loss. He also made a contribution to a SEP plan.

The test return should also include the following conditions:

- The business schedule (C or C-EZ) should include vehicle expenses computed using the standard mileage rate.
- The Schedules D/WD should include a long-term capital loss carryover from 2014 but result in a net gain. Assume the carryover is the same for federal and state purposes.
- The pension should be a regular distribution (code 7) with the taxable amount less than the gross distribution and some federal withholding.
- The S corporation allocated \$500 of Sec.179 expense to the taxpayer. In addition, the S corporation deducted \$400 of depreciation in calculating the income on Form 1120S. The taxpayer is a 50% owner.
- The calculation of the farm rental income should include a depreciation deduction.
- The Schedule F should include vehicle expenses computed using the standard mileage rate and a depreciation deduction.

The taxpayer is a farmer and has 6 tax bills covering 125 acres. One parcel is for the home and includes a lottery credit, four are for farmland only and one has a small assessment for improvements. He is ½ owner of each parcel but pays all of the taxes. The other owner does not reside in the home. All of the taxes were paid during 2015.

Forms: Resident WI return (Form 1), Schedule H, Homestead Notes, Property Tax Bill, Schedule WD, Form 1040, Schedule C or C-EZ, Schedule D, Schedule E, Schedule F, Schedule SE, Form 1099-R, Form 4562, Form 4835, Form 8949.