Module 8 Simulation

Claiming Child Tax Credit and Additional Child Tax Credit

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

In this simulation, you will take on the role of Scott Newberry in order to learn how to claim the child tax credit and additional child tax credit.

1 **2** 3 4 5 6 7 8 9 10 11 12 13 14 15

You are married to Nancy Newberry and have one child named James. James is 8 years old. You, Nancy, and James are all U.S. citizens.

You are an accountant. Your wife and child both attend school and do not work. You all live together.

To review your personal information, click *My Profile* below.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

My Profile

My Profile

Name: Scott Newberry
Employment: Accountant
Marital status: Married
Spouse's name (if any): Nancy Newberry, student
Children: James, age 8
U.S citizen: Yes
Other: The child lived with you and Nancy in the family home.
Filing Status: Married Filing Jointly

You have started filing your taxes. You are using Form 1040A so you can claim the child tax credit and the additional child tax credit. Your filing status is Married Filing Jointly.

Form **1040A**	Department of the Treasury—Internal Revenue Service		
	U.S. Individual Income Tax Return (99) **2007**	IRS Use Only—Do not write or staple in this space.	

Label (See page 18.)

LABEL HERE

Your first name and initial	Last name		OMB No. 1545-0074
Scott T	Newberry		Your social security number 000 11 4444

Use the IRS label. Otherwise, please print or type.

If a joint return, spouse's first name and initial	Last name		Spouse's social security number
Nancy	Newberry		000 22 3333

Home address (number and street). If you have a P.O. box, see page 18.	Apt. no.	You **must** enter your SSN(s) above.
2 Shady Tree Lane		

City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.
Anytown, USA 10111

Checking a box below will not change your tax or refund.

Presidential Election Campaign ▶ Check here if you, or your spouse if filing jointly, want $3 to go to this fund (see page 18) ▶ ☐ You ☐ Spouse

Filing status
Check only one box.

1 ☐ Single
2 ☑ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶

4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ _____
5 ☐ Qualifying widow(er) with dependent child (see page 20)

1 2 3 4 **5** 6 7 8 9 10 11 12 13 14 15

My Profile

Module 8 Simulation

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15

Answer the following questions to see if James meets the requirements for the child tax credit.

Is James under 17?	● yes	○ no
Is James a citizen or resident of the United States?	● yes	○ no
Does he live with me?	● yes	○ no
Does James provide over half of his own support?	○ yes	● no

Is he a:

- eligible foster child or
- child, stepchild, adopted child, brother, sister, stepbrother, stepsister or a descendant of one

     ● yes   ○ no

Does James meet the requirements for the child tax credit?	● yes	○ no

If yes, you have one qualifying child.

1 2 3 4 5 **6** 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15

Well done!

James is under 17.

James is a United States citizen.

James lives with you.

James does not provide over half of his own support

James is your son.

All of the requirements are met; James does meet the requirements for the child tax credit.

Here is your completed Exemptions section of the 1040A.

Exemptions

6a ☑ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a.

b ☑ **Spouse**

c **Dependents:**

If more than six dependents, see page 21.

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ☑ if qualifying child for child tax credit (see page 21)
James Newberry	000 00 3333	Son	☑
			☐
			☐
			☐
			☐
			☐

d **Total number of exemptions claimed.**

Boxes checked on 6a and 6b **2**

No. of children on 6c who:
• lived with you **1**
• did not live with you due to divorce or separation (see page 22) ___

Dependents on 6c not entered above ___

Add numbers on lines above ▶ **3**

1 2 3 4 5 **6** 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1   **Your Filing Season**   April 15

Your modified adjusted gross income is $50,000.

Table 1: Child Tax Credit Maximum Modified Adjusted Gross Income	
Amounts	
Filing Status	**Amount**
Married Filing Jointly	$110,000
Head of Household, Single, or Qualifying Widow(er)	$75,000
Married Filing Separately	$55,000

According to this table, are you eligible for the child tax credit?   ○ yes   ○ no

Hint: See your filing status on your Profile.

1   2   3   4   5   6   **7**   8   9   10   11   12   13   14   15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15

Well done! Your adjusted gross income is $50,000. That is below the maximum of $110,000 for your filing status of Married Filing Jointly. Therefore, you are eligible for the child tax credit.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15

Use the information you have to fill in part of the Tax, Credits, and Payments section of Form 1040A.

Form 1040A (2007)

Page 2

Tax, credits, and payments

| 22 | Enter the amount from line 21 (adjusted gross income). | 22 | |

23a Check if: ☐ You were born before January 2, 1943, ☐ Blind ⎱ Total boxes
☐ Spouse was born before January 2, 1943, ☐ Blind ⎰ checked ► 23a

b If you are married filing separately and your spouse itemizes deductions, see page 32 and check here ► 23b ☐

Standard Deduction for—

• People who checked any box on line 23a or 23b **or** who can be claimed as a dependent, see page 32.

• All others:

Single or Married filing

24	Enter your **standard deduction** (see left margin).	24	
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	
26	If line 22 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 22 is over $117,300, see the worksheet on page 32.	26	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your **taxable income.** ►	27	
28	**Tax,** including any alternative minimum tax (see page 32).	28	
29	Credit for child and dependent care expenses. Attach Schedule 2.	29	

Enter your adjusted gross income on line 22:

Gross income: $ 50000

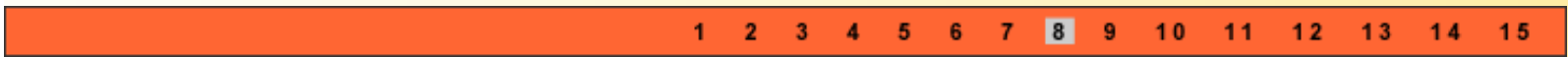1 2 3 4 5 6 7 **8** 9 10 11 12 13 14 15
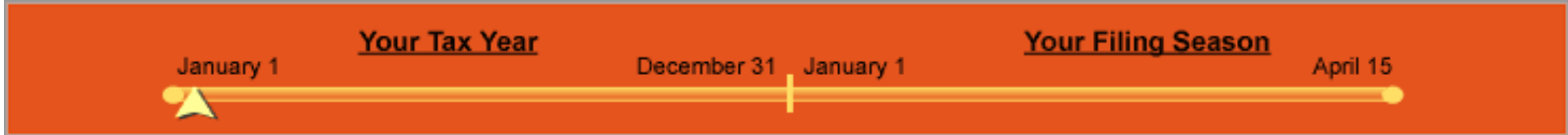
My Profile

Module 8 Simulation

Your Tax Year   Your Filing Season

January 1   December 31   January 1   April 15

You're right! $50,000.00.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1   **Your Filing Season**   April 15

Use the information you have to fill in part of the Tax, Credits, and Payments section of Form 1040A.

Form 1040A (2007)

Tax, credits, and payments	22	Enter the amount from line 21 (adjusted gross income).	22 **50,000 00**
	23a	Check if: ☐ You were born before January 2, 1943, ☐ Blind } Total boxes ☐ Spouse was born before January 2, 1943, ☐ Blind } checked ▶ 23a	
	b	If you are married filing separately and your spouse itemizes deductions, see page 32 and check here ▶ 23b ☐	
Standard Deduction for—	24	Enter your **standard deduction** (see left margin).	24
• People who checked any box on line 23a or 23b **or** who can be claimed as a dependent, see page 32.	25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25
	26	If line 22 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 22 is over $117,300, see the worksheet on page 32.	26
	27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your **taxable income.** ▶	27
• All others: Single or Married filing separately, $5,350	28	**Tax,** including any alternative minimum tax (see page 32).	28
	29	Credit for child and dependent care expenses. Attach Schedule 2.	29
Married filing jointly or Qualifying widow(er), $10,700	30	Credit for the elderly or the disabled. Attach Schedule 3.	30
	31	Education credits. Attach Form 8863.	31
Head of household,	32	Child tax credit (see page 37). Attach Form 8901 if required.	32
	33	Retirement savings contributions credit. Attach Form 8880.	33
	34	Add lines 29 through 33. These are your **total credits.**	34

Your initial tax liability is $800.

Enter your initial tax liability on line 28:

$ `800`

1   2   3   4   5   6   7   8   **9**   10   11   12   13   14   15

My Profile

Module 8 Simulation

Your Tax Year | **Your Filing Season**

January 1 | December 31 | January 1 | April 15

You're right! $800.00.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15
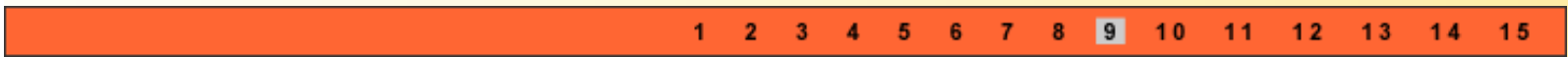
Use the information you have to fill in the Tax, Credits, and Payments section of Form 1040A.

Form 1040A (2007)

Tax, credits, and payments	22	Enter the amount from line 21 (adjusted gross income).	22	50,000 00

Tax, credits, and payments

Standard Deduction for—

- People who checked any box on line 23a or 23b **or** who can be claimed as a dependent, see page 32.
- All others:

Single or Married filing separately, $5,350

Married filing jointly or Qualifying widow(er), $10,700

Head of household, $7,850

22 Enter the amount from line 21 (adjusted gross income).   **22**   50,000 00

23a Check if: ☐ **You** were born before January 2, 1943, ☐ **Blind** ☐ **Spouse** was born before January 2, 1943, ☐ **Blind** } **Total boxes checked ▶** **23a**

b If you are married filing separately and your spouse itemizes deductions, see page 32 and check here **▶ 23b** ☐

24 Enter your **standard deduction** (see left margin).   **24**

25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.   **25**

26 If line 22 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 22 is over $117,300, see the worksheet on page 32.   **26**

27 Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your **taxable income.** **▶** **27**

28 **Tax,** including any alternative minimum tax (see page 32).   **28**   800 00

29 Credit for child and dependent care expenses. Attach Schedule 2.   **29**

30 Credit for the elderly or the disabled. Attach Schedule 3.   **30**

31 Education credits. Attach Form 8863.   **31**

32 Child tax credit (see page 37). Attach Form 8901 if required.   **32**

33 Retirement savings contributions credit. Attach Form 8880.   **33**

34 Add lines 29 through 33. These are your **total credits.**   **34**

Enter your initial child tax credit on line 32: $ 800

1   2   3   4   5   6   7   8   9   **10**   11   12   13   14   15

My Profile

**Module 8
Simulation**

Your Tax Year

January 1   December 31   January 1   Your Filing Season   April 15

You're right! $800.00.

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My Profile

Your Tax Year | Your Filing Season

January 1 | December 31 | January 1 | April 15

Your only credit is the child tax credit.

Form 1040A (2007)   Page 2

Tax, credits, and payments

22	Enter the amount from line 21 (adjusted gross income).	22	50,000 00
23a	Check if: ☐ You were born before January 2, 1943, ☐ Blind ☐ Spouse was born before January 2, 1943, ☐ Blind } Total boxes checked ▶ 23a		
b	If you are married filing separately and your spouse itemizes deductions, see page 32 and check here ▶ 23b ☐		

Standard Deduction for—

• People who checked any box on line 23a or 23b **or** who can be claimed as a dependent, see page 32.

• All others:

Single or Married filing separately, $5,350

Married filing jointly or Qualifying widow(er), $10,700

Head of household, $7,850

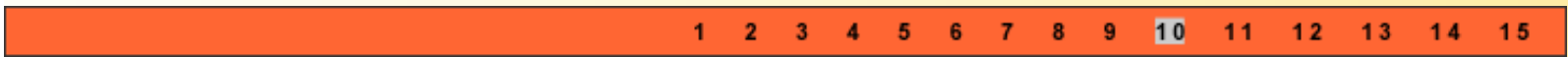| 24	Enter your **standard deduction** (see left margin).	24	
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	
26	If line 22 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 22 is over $117,300, see the worksheet on page 32.	26	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your **taxable income.** ▶	27	
28	**Tax,** including any alternative minimum tax (see page 32).	28	800 00
29	Credit for child and dependent care expenses. Attach Schedule 2.	29	
30	Credit for the elderly or the disabled. Attach Schedule 3.	30	
31	Education credits. Attach Form 8863.	31	
32	Child tax credit (see page 37). Attach Form 8901 if required.	32	800 00
33	Retirement savings contributions credit. Attach Form 8880.	33	
34	Add lines 29 through 33. These are your **total credits.**	34	
35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-.	35	
36	Advance earned income credit payments from Form(s) W-2, box 9.	36	
37	Add lines 35 and 36. This is your **total tax.** ▶	37	

Enter your total credits on line 34: $ 800

1 2 3 4 5 6 7 8 9 10 **11** 12 13 14 15

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**Module 8
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Your Tax Year

January 1   December 31

Your Filing Season

January 1   April 15

You're right! $800.00.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15
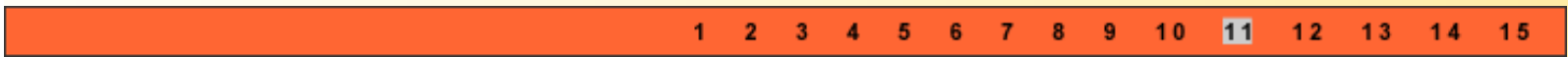
Use your completed Form 1040A to answer these questions:

Form 1040A (2007)   Page **2**

Tax, credits, and payments

22	Enter the amount from line 21 (adjusted gross income).	22	**50,000 00**

23a Check if: ☐ **You** were born before January 2, 1943, ☐ Blind } **Total boxes** ☐ **Spouse** was born before January 2, 1943, ☐ Blind } **checked** ▶ 23a ☐

b If you are married filing separately and your spouse itemizes deductions, see page 32 and check here ▶ 23b ☐

Standard Deduction for—

• People who checked any box on line 23a or 23b **or** who can be claimed as a dependent, see page 32.

• All others:

Single or Married filing separately, $5,350

Married filing jointly or Qualifying widow(er), $10,700

Head of household, $7,850

24	Enter your **standard deduction** (see left margin).	24	
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	
26	If line 22 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 22 is over $117,300, see the worksheet on page 32.	26	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your **taxable income.** ▶	27	
28	**Tax,** including any alternative minimum tax (see page 32).	28	**800 00**
29	Credit for child and dependent care expenses. Attach Schedule 2.	29	
30	Credit for the elderly or the disabled. Attach Schedule 3.	30	
31	Education credits. Attach Form 8863.	31	
32	Child tax credit (see page 37). Attach Form 8901 if required.	32	**800 00**
33	Retirement savings contributions credit. Attach Form 8880.	33	
34	Add lines 29 through 33. These are your **total credits.**	34	**800 00**
35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-.	35	**0 00**
36	Advance earned income credit payments from Form(s) W-2, box 9.	36	**0 00**
37	Add lines 35 and 36. This is your **total tax.** ▶	37	**0 00**
38	Federal income tax withheld from Forms W-2 and 1099.	38	
39	2007 estimated tax payments and amount applied from 2006 return.	39	

If you have a qualifying child, attach Schedule EIC.

40a	**Earned income credit (EIC).**	40a	
b	Nontaxable combat pay election. 40b		
41	Additional child tax credit. Attach Form 8812.	41	**200 00**
42	Add lines 38, 39, 40a, and 41. These are your **total payments.** ▶	42	**200 00**

Refund

43	If line 42 is more than line 37, subtract line 37 from line 42. This is the amount you **overpaid.**	43	**200 00**
44a	Amount of line 43 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐ 44a		**200 00**

Direct deposit? See page 53 and fill in 44b, 44c, and 44d or Form 8888.

▶ b Routing number ☐☐☐☐☐☐☐☐☐ ▶ **c** Type: ☐ Checking ☐ Savings

▶ d Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

45	Amount of line 43 you want **applied to your 2008 estimated tax.**	45	

Amount you owe

46	**Amount you owe.** Subtract line 42 from line 37. For details on how to pay, see page 54. ▶	46	

Amount you owe	46	Amount you owe. Subtract line 42 from line 37. For details on how to pay, see page 54.		▶ 46	
	47	Estimated tax penalty (see page 54).	47		

Third party designee

Do you want to allow another person to discuss this return with the IRS (see page 55)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name ▶	Phone no. ▶ ( )	Personal identification number (PIN) ▶	

Sign here

Joint return? See page 18.

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 accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number ( )
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	

Paid preparer's use only

Preparer's signature		Date	Check if self-employed ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code			EIN Phone no. ( )	

✿ Printed on recycled paper

Form **1040A** (2007)

Your initial tax liability was $800. Your initial child tax credit was $800. What is your total tax?

Hint: See line 37 on Form 1040A

Enter Total Tax: $ | 0 |

What, if anything, is your additional child tax credit?

Hint: See line 41 on Form 1040A

Enter additional child tax credit: $ | 200 |

Will you get a refund from the government?

Hint: See line 44a on Form 1040A

⊙ Yes
○ No

1 2 3 4 5 6 7 8 9 10 11 **12** 13 14 15

My Profile

Your Tax Year

January 1   December 31   January 1

Your Filing Season

April 15

Well done!

- Your total tax is reduced to $0 because your child tax credit is more than your initial tax liability.
- Your additional child tax credit is the unused nonrefundable maximum child tax credit minus your initial tax liability: $1,000 - $800 = $200
- You will get a refund from the government for your additional child tax credit.

1   2   3   4   5   6   7   8   9   10   11   12   13   14   15

My Profile

Module 8 Simulation

Congratulations!

Now you are ready to e-file your tax return with the IRS.

Click the e-file button below to continue.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |

**Module 8
Simulation**

The last step would be signing the return. You can submit your signature by actually signing Form 8453 and sending it to the IRS, or by using Self-Select PIN (Personal Identification Number) if you are eligible.

The Self-Select PIN is made up of any five numbers (except all zeros) that you choose to enter as your electronic signature. You select your PIN by providing your adjusted gross income from your previous year's tax return for verification purposes. Depending on the version of the software you are using, you may be asked to provide your date of birth in addition to your adjusted gross income.

Signing your return using Self-Select PIN is the simplest and fastest way to submit your signature. You do not need to mail in a paper signature, and you receive an immediate acknowledgement that your tax return was received.

Learn more about self-selecting a PIN by visiting the IRS Web site.

Now click the forward arrow to finish filing your return.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

Congratulations Scott!

*You've successfully filed your return before
the filing deadline.*

1   2   3   4   5   6   7   8   9   10   11   12   13   14   15