

## Form 1040, Page 1

Mr. Rosso is filing a joint return with his wife.

**Line items.** He fills in all applicable items on page 1 of Form 1040.

**Line 7.** Mrs. Rosso worked for Mr. Rosso on the farm during 2011. He enters on line 7 her total wages, \$10,908, as shown on the Form W-2 that he gave her.

**Lines 8a and 9a.** He did not actually receive cash payment for the interest he listed on line 8a (\$595). It was credited to his account so that he could have withdrawn it in 2011. Therefore, he constructively received it and correctly included it in his income for 2011.

He received patronage dividends from farmers' cooperatives based on business done with these cooperatives. He does not list these dividends here, but properly included them on Schedule F (Form 1040), Part I, lines 3a and 3b.

He did not receive more than \$1,500 in interest or \$1,500 in dividend income and none of the other conditions listed at the beginning of the Schedule B (Form 1040) instructions applied, so he is not required to complete Schedule B (Form 1040).

**Lines 13, 14, and 18.** He previously entered the following items.

- His capital loss on line 13 from Schedule D (Form 1040), line 21, \$-1,224.
- His other gain on line 14 from Form 4797, line 18b, \$1,175.
- His net farm profit on line 18 from Schedule F (Form 1040), line 34, \$63,792.

**Line 22.** He adds the amounts on lines 7 through 21 and enters the total, \$75,246.

**Line 27.** He has already entered one-half of his self-employment tax, \$4,506, which he figured on Schedule SE (Form 1040).

**Line 29.** He paid health insurance premiums of \$7,042 during 2011 for coverage for himself and his family and qualifies for the self-employed health insurance deduction. He figures the part of his insurance payment that he can deduct by completing the Self-Employed Health Insurance Deduction Worksheet (not shown) in the instructions for Form 1040. He enters the result, \$7,042, on line 29.

**Line 35.** He enters \$5,733 on line 35 from Form 8903, line 25.

**Line 36.** He adds the amounts on lines 23 through 31(a) and 32 through 35 and enters the total, \$17,281, on line 36.



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**Lines 37 and 38.** He subtracts line 36 from line 22 to get his adjusted gross income and enters the result, \$57,965, on line 37 and also on line 38 of page 2.

## **Form 1040, Page 2**

Mr. Rosso fills in the following lines on page 2 of Form 1040.

**Line 40.** He enters \$15,000 from his Schedule A (1040) because the total of his itemized deductions is larger than the \$11,600 standard deduction for his filing status (married filing jointly).

**Lines 41, 42, and 43.** He subtracts the \$15,000 on line 40 from the \$57,965 on line 38 and enters the result, \$42,965, on line 41. He enters \$7,400 ( $2 \times \$3,700$ ) on line 42 and subtracts this amount from the amount on line 41 to get a taxable income of \$35,565 on line 43.

***After he completes his Form 1040 through line 43, he will use the Schedule J (Form 1040), Income Averaging for Farmers and Fishermen, to determine if it yields the lowest tax.***

**Line 44.** He enters \$3,556 from Schedule J (Form 1040), line 23. The information on how he figured his tax using income averaging, is from Schedule J (Form 1040), Income Averaging for Farmers and Fishermen, below.

**Lines 47 through 53.** Mr. Rosso determined that he and his wife do not owe alternative minimum tax (line 45). Therefore, he enters on line 46 the same tax shown on line 44. Nor is he claiming any of the credits on lines 47 through 53, so the same tax is also shown on line 55.

**Line 56.** He has already entered the \$7,835 self-employment tax he figured on Schedule SE (Form 1040).

**Line 61.** He adds the amounts on lines 55 through 60 and enters \$11,391, which is the total tax for 2011.

**Line 62.** He enters the income tax withheld from Mrs. Rosso's wages, \$1,435, as shown on her Form W-2. He attaches a copy of her Form W-2 to the front of Form 1040.

**Line 63.** Mr. Rosso is a qualified farmer for purposes of the estimated tax rules because his income from farming was at least two-thirds of his and Mrs. Rosso's total income for 2010 or 2019. In accordance with the special estimated tax rules for farmers, Mr. Rosso did not have to make a 2011 estimated tax payment (which would have been due on January 15, 2012) because they intend to file their tax return and pay the tax in full by March 1, 2012.

**Line 63a.** The Rossos are not entitled to claim the earned income credit on line 64 because their adjusted gross income exceeds the maximum for claiming the credit.

**Line 70.** Mr. Rosso enters his credit for \$350 of federal excise tax on gasoline used in 2011. attaches Form 4136 to his return, showing how he figured the credit. He must report the credit as other income

on his Schedule F (Form 1040) for 2012 because his deduction for the total cost of gasoline (including the \$350 of excise taxes) as a farm business expense on Schedule F (Form 1040) reduced his 2011 taxes.

**Line 71.** He adds the amounts on lines 62 through 71 and enters the total, \$1,785, on line 72.

**Lines 76.** He subtracts the line 72 figure from the amount on line 61 and enters the balance, \$9,606, on line 76.



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