**Interview Notes**

**Young Married Couple (Ray and Mallory Caldwell)**

**The following information was revealed in the interview with the taxpayer. It is not necessarily accurately reflected on the Intake/Interview Sheet. Make any necessary corrections and annotations on the Intake Sheet to reflect this data.**

* The Caldwells brought their prior year return. You ask if things this year were pretty much the same as last year. They say that there were two changes. First, this is Jason’s first full year in college. Second, Mallory’s mother moved in with them in February. The Caldwell’s prior year’s return shows that they did not itemize.
* Mallory’s name is Caldwell on her driver’s license, but Hughes on her SS card. Mallory states that her name is now Caldwell. You ask Mallory if she ever reported her name change to the Social Security Administration, and, if so, did she obtain a new card. She says she never did. You look at the prior year return to confirm that you should use Mallory S. Hughes to e-file this year.
* On the Intake/Interview Sheet, you note that the Caldwells listed Jason as living with them for only four months. They tell you that they wrote that because Jason was away at school the rest of the time.
* When you ask the Caldwells about Jason’s income, they tell you he earned about $2,000 during the summer. You then ask if he had any unearned income, such as interest from a savings account, and they reply that he had none.
* Mallory tells you that her mother Nancy’s only income was a $2,500 withdrawal from her Traditional IRA. The Caldwells provide more than 50% of Nancy’s support. You advise them that they can claim Nancy as a dependent, but she will still have to file her own return because her unearned income is more than $1,050 ($1,100 for TY 2019).
* Ray’s W-2s are their only income from employers; there are no W-2s for Mallory.
* The Caldwell’s Intake Sheet says NO for scholarships, but the 1098-T from Oakland University shows a $6,700 scholarship. Ray says he forgot about that.
* You verify from last year’s return that the Caldwells did not receive a NJ refund; they owed a small balance.
* Ray took a $3,500 distribution from his IRA to pay for Jason’s college expenses.
* The Caldwells checked Unsure for Other Income. They tell you that there were two other sources of income that they didn’t know if they had to claim. The first was a $1,000 prize Ray received for being selected as the County’s Teacher of the Quarter. By probing, you determine that this was paid by his employer, and his end-of-year pay stub shows that it was included in his wages. The second was $300 for Ray’s jury duty pay. He had to repay half of it back to his school district.
* Ray confirms that the contributions to his 403(b) and 414(h) retirement accounts shown on his W-2 were their only contributions to retirement plans.
* Upon probing, you learn that Jason did not receive a 1098-T for the prior year, he is a full-time freshman, and he has never been convicted of a felony.
* The Caldwells’ doctor expenses were $1,700. Their charitable donations were $4,500 in cash.
* Ray’s W-2 shows that his NJ wages were higher than his Federal wages. Part of the difference was due to the 403(b) and 414(h) contributions he made. His end-of-year pay stub also shows that $1,500 was attributable to Sec 125 medical insurance premiums and $300 was for Sec 125 life insurance premiums.
* The Caldwells paid $2,100 per month rent for their apartment.
* Ray answered Unsure on the line on the Intake/Interview Sheet asking about supplies used as an eligible educator. Upon probing, you learn that he is a full-time 10th grade biology teacher. He spent over $700 out of pocket for supplies for his classroom and students.
* Ray marked Yes that they had adopted a child. When questioned, he says that they adopted Jason in 2005.
* Mallory made an estimated tax payment on June 11, 2018 of $700 to the IRS and $100 to NJ. The Caldwells did not apply any of their prior year Federal refund to their 2018 estimated taxes. They would like to make only NJ estimated payments this year of $25 per quarter.
* Everyone in the Caldwell household had health insurance coverage last year.
* Neither Ray nor Mallory wishes to contribute to the Presidential or Gubernatorial campaign funds.
* The Caldwells’ choices for direct deposit and direct debit for NJ are the same as their Federal choices.
* When you asked the Caldwells if they purchased anything out of state for use in NJ, they tell you that while in Delaware, they did purchase a laptop computer at Staples for $500. Delaware does not charge sales tax.

**REFUND MONITOR**

After you complete the Personal Information section, TaxSlayer will start a NJ return by asking you some NJ questions. At this point, answer “NO” to the “Do you meet Property Tax Credit or Deduction Eligibility Requirements?” Only answer the rest of the questions up to and including the municipal code. Then select “Continue.” Enter all the Federal data, completing the NJ Checklist as you do so. Then go back to the NJ State section to update the property tax question as needed and to enter all the other NJ items from the Checklist.

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| **Step** |  | **Federal AGI** | **Federal Refund** | **NJ Refund** |
| 1 | W-2 Carson County School District | 39,420 | 4,859 | 1,833 |
| 2 | W-2 Second Job Agency | 49,420 | 2,780 | 1,412 |
| 3 | Interest – ACME Financial Corporation | 49,420 | 2,780 | 1,367 |
| 4 | Dividends – Ace Financial Corp | 49,763 | 2,793 | 1,355 |
| 5 | IRA Distribution – Liberty Trust Corp  Including 10% early withdrawal penalty (after entering 1099-R)  After completing Form 5329 for exception to penalty | 53,263  53,263 | 1,823  2,173 | 1,269  1,269 |
| 6 | Jury Duty Pay | 53,563 | 2,137 | 1,262 |
| 7 | Self-Employment Income  After entry of 1099-MISC  After entry of cash payments  After entry of general expenses  After entry of car expenses | 55,793  60,904  58,456  58,284 | 1,582  312  925  963 | 1,203  1,069  1,134  1,138 |
| 8 | Form 1098-T Dependent’s Education Expenses | 58,284 | 3,407 | 1,138 |
| 9 | Educator Expense and Jury Duty Repayment Adjustments  After entry of educator expenses  After entry of jury duty repayment | 58,.034  57,884 | 3,437  3,455 | 1,138  1,138 |
| 10 | Schedule A – Itemized Deductions | 57,884 | 3,455 | 1,147 |
| 11 | Payments and Estimates – Estimated Tax Paid | 57,884 | 4,155 | 1,247 |
| 12 | Health Insurance | 57,884 | 4,155 | 1,247 |
| 13 | NJ State Section – from NJ Checklist  After entry of Basic Information  After entry of Income Subject to Tax  After entry of Subtractions to Income  After entry of Credits  After entry of Taxes  After entry of Miscellaneous Forms | 57,884  57,884  57,884  57,884  57,884  57,884 | 4,155  4,155  4,155  4,155  4,155  4,155 | 1,271  1,275  1,312  1,423  1,390  1,390 |
| 14 | E-file | 57,884 | 4,155 | 1,390 |