













The Davenports have itemized their deductions in the past and though the standard deduction has increased, they believe because of substantial out-of-pocket medical expenses they may be able to itemize. They keep excellent records and provide the following summary:

**Medical and dental expenses**

Doctors: ....................................... $1,789.00 Ambulance ......................... $960.70
Dental insurance: ........................ $1,616.00 Hospital............................ $3,790.23

Dental crowns: ............................ $2,178.34 Insulin.................................. $980.00
Prescriptions: ............................... $1795.57 Hearing aids ..................... $3,195.90
Medical miles: ............................... 1,843

**Taxes paid**

Property tax on a parcel of land: $450.00

Personal Property tax on two vehicles (value based): $318

Use Zip Code 08752 for sales tax

In 2018, they received a Homestead Benefit credit from NJ of $425

In 2018 they received a PTR rebate of $1,150

The Davenport’s PTR base amount is $5,000. Block # 2345, Lot # 7

Michael is a Veteran and did receive the Annual Deduction for Veterans of $250 from his property tax.

**Interest Paid**



Reminder: Include the property tax/real estate tax when entering the mortgage interest.

**Gifts to Charity**
St Peter’s Church: ......................... $2,600.00 Chamber of Commerce..................... $75.00

Mayo Clinic: .................................. $1,000.00 Republican National Party ................$50.00

American Red Cross: ....................... $500.00 AARP Foundation............................ $100.00

Goodwill (clothing/household) ....... $418.00

**Miscellaneous Deductions**
Safe deposit box: ............................ $300.00

Investment fees: .......................... $1,978.00

Tax return preparation: .................. $675.00

**Prior Year Return**

1. The Davenports did bring their prior year return that was prepared by a paid preparer. From the prior year return you determine
	1. They did itemize and take a property tax deduction. After some discussion you determined that they have been itemizing and taking property tax deductions for the past 3 years
	2. Line 13 on page 1 of the 1040 is -3,000. Looking into the return you find a copy of a “Capital Loss Carryover Worksheet” and you see that line 8 (Short-term capital loss carryover) for 2017 is $1,309.
2. 1040 Values: Line 8b=100, Line 16a=53,300, Line 16b=47,295, Line 20a=21,300, Line 20b=18105, AGI=65,400, Line 41=48,200, Line 42=8,100
Sch A Values: Line 5a=975, Itemized Deductions = 17,200

**Supplement: Separate Lesson – Broker Statement | Capital Gains/Capital Losses – Davenport**

This supplement to the Senior Married Couple exercise is a separate lesson on broker statements and capital gains. The information provided is to be added to the existing Davenport tax return.



|  |  |
| --- | --- |
| **Secure Financial Services**2715 Financial CirBoston, MA 02110 | **2018 TAX REPORTING STATEMENT****Michael Davenport**167 Holland Ave, Seaside Park, NJ 08782Account 111-227RECIPIENT’S ID No: **014-00-XXXX**PAYER’S Federal ID No: **63-1XXXXXX** |

|  |
| --- |
| **Dividends and Distributions – 1099-DIV – Reported to IRS** |
| 1a | Total ordinary dividends (includes line 1b) | 12,485.32 |
| 1b | Qualified dividends | 11,352.65 |
| 2a | Total capital gain distributions (includes lines 2b, 2c, 2d) | 0.00 |
| 2b | Unrecaptured Section 1250 gain | 0.00 |
| 2c | Section 1202 gain | 0.00 |
| 2d | Collectibles (28%) gain | 0.00 |
| 3 | Nondividend distributions | 14.75 |
| 4 | Federal Income tax withheld | 0.00 |
| 5 | Investment expenses | 0.00 |
| 6 | Foreign tax paid | 0.00 |
| 7 | Foreign country or US possession |  |
| 8 | Cash liquidation distributions | 0.00 |
| 9 | Noncash liquidation distributions | 0.00 |
| 10 | Exempt-interest dividends (includes line 11) | 765.00 |
| 11 | Specified private activity bond interest dividends (AMT) | 125.00 |
| 12 | State |  |
| 13 | State ID number | NJ |
| 14 | State tax withheld | 0.00 |
|  | FATCA filing requirement | NO |

The tax-exempt interest on line 10 of the 1099-DIV is:

* $300 from Dreyfuss NJ Tax-Exempt Fund
* $465 from Fidelity Municipal Tax-Exempt Fund
* The following table is found in the brokerage statement

|  |  |  |
| --- | --- | --- |
|  | Dreyfus New Jersey Tax-Exempt Fund | Fidelity Municipal Tax-Exempt Fund |
| Puerto Rico Recovery Bonds | 5% | 9% |
| Federal Treasury Bonds | 4% | 1% |
| New York Thruway Bonds | 8% | 40% |
| New Jersey Turnpike Bonds | 81% | 45% |
| Misc | 2% | 5% |

|  |
| --- |
| **Interest Income – 1099-INT – Reported to IRS** |
| 1 | Interest Income  | 850.00 |
| 2 | Early withdrawal penalty | 0.00 |
| 3 | Interest on US Savings Bonds & Treasury obligations | 0.00 |
| 4 | Federal Income tax withheld | 0.00 |
| 5 | Investment expenses | 0.00 |
| 6 | Foreign tax paid | 6.97 |
| 7 | Foreign country or US possession |  |
| 8 | Tax-exempt interest | 975.00 |
| 9 | Specified private activity bond interest | 0.00 |
| 10 | Market Discount | 0.00 |
| 11 | Bond Premium | 0.00 |
| 13 | Bond Premium on Tax-Exempt Bond | 0.00 |
| 14 | Tax Exempt and Tax Credit Bond CUSIP No |  |
| 15 | State | NJ |
| 16 | State Identification No |  |
| 17 | State Tax Withheld | 0.00 |
|  | FATCA filing requirement |  |

The tax-exempt interest on line 8 of the 1099-INT is:

* $400 from NJ Turnpike Bond
* $575 from Florida Municipal Bond.

**FORM 1099-B 2018 Proceeds from Broker and Barter Exchange Transactions**

**Short-term transactions for which basis is reported to the IRS**

Report on form 8949 with Box A checked and/or Schedule D, Part 1

(This label is a Substitute for Boxes 1 & 3) (IRS Form 1099-B box numbers are shown below in bold type)

**1a** Description, **2** Short-term, **3** Basis reported to IRS, **6** Net Proceeds and Stock or Other Symbol CUSIP

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Quantity | **1b** Date Acquired | **1c** Date Sold | **1d** Proceeds | **1e** Cost or other Basis | **1f** Code | **1g** Adj | Gain / Loss (-) | **4** Federal Tax Withheld |
| **Hillford Investment Fund** |
| 16.52300 | 09/23/2017 | 08/26/2018 | 169.36 | 142.58 |  |  | 26.78 | 0.00 |
| 15.87500 | 12/23/2017 | 08/26/2018 | 162.72 | 132.75 |  |  | 29.97 | 0.00 |
|  |  |  | 332.08 |  |  | 0.00 | 56.75 |  |
|  |  |  |  |  |  |  |  |  |
| **Yuma Bond Fund** |
| 175.000 | 10/15/2017 | 02/26/2018 | 2,368.15 | 2,632.75 | W | 226.80 | -37.80 | 0.00 |
| **Totals** |  |  | **2,700.23** | **2,908.08** |  | **226.80** | **18.95** | **0.00** |

**FORM 1099-B 2017 Proceeds from Broker and Barter Exchange Transactions**

**Long-term transactions for which basis is reported to the IRS**

Report on form 8949 with Box D checked and/or Schedule D, Part 1

(This label is a Substitute for Boxes 1 & 3) (IRS Form 1099-B box numbers are shown below in bold type)

**1a** Description, **2** Long-term, **3** Basis reported to IRS, **6** Net Proceeds and Stock or Other Symbol CUSIP

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Quantity | **1b** Date Acquired | **1c** Date Sold | **1d** Proceeds | **1e** Cost or other Basis | **1f** Code | **1g** Adj | Gain / Loss (-) | **4** Federal Tax Withheld |
| **Hillford Investment Fund** |
| 18.85400 | 03/26/2011 | 08/26/2018 | 193.25 | 159.45 |  |  | 33.80 | 0.00 |
| 17.76900 | 06/23/2011 | 08/26/2018 | 182.13 | 158.36 |  |  | 23.77 | 0.00 |
| 17.64500 | 09/23/2011 | 08/26/2018 | 180.87 | 162.74 |  |  | 18.13 | 0.00 |
| 17.52300 | 12/23/2011 | 08/26/2018 | 179.61 | 156.87 |  |  | 22.74 | 0.00 |
| 17.40000 | 03/23/2011 | 08/26/2018 | 178.35 | 150.74 |  |  | 27.61 | 0.00 |
| 17.27700 | 06/23/2012 | 08/26/2018 | 177.09 | 146.35 |  |  | 30.74 | 0.00 |
| 17.15400 | 09/23/2012 | 08/26/2018 | 175.83 | 142.58 |  |  | 33.25 | 0.00 |
| 17.03100 | 12/23/2012 | 08/26/2018 | 174.57 | 139.86 |  |  | 34.71 | 0.00 |
| 16.90800 | 03/23/2013 | 08/26/2018 | 173.31 | 140.85 |  |  | 32.46 | 0.00 |
| 16.78500 | 06/23/2013 | 08/26/2018 | 172.05 | 142.65 |  |  | 29.40 | 0.00 |
| **Totals** |  |  | **1,787.05** | **1,500.45** |  | **0.00** | **286.61** | **0.00** |

