

CHECK FIGURES

- 21.a. \$1,849.
 21.b. \$1,923.
 22.a. \$7,000.
 22.b. \$6,000.
 22.c. \$7,000.
 22.d. \$18,000.
 23.a. \$600.
 23.b. \$450.
 23.c. \$40,000.
 23.d. \$0.
 23.e. \$900.
 23.f. \$0.
 24.a. No gain or loss.
 24.b. \$7,500 deduction.
 24.c. \$7,500 income.
 24.d. \$15,000 gain.
 25.a. \$0.
 25.b. \$0.
 25.c. \$2,625.
 26. 66.77%; \$1,196.
 27.a. \$10,540.
 27.b. \$0.
 27.c. \$12,750.
 28.a. \$500,000.
 28.b. \$5,000.
 28.c. \$100,000.
 28.d. \$749,995 and \$750,000.
 28.e. \$0 for tax purposes.
 28.f. \$0 for tax purposes.
 29. Land needs to increase in value by more than \$2,549.
 30.a. \$300 interest income and \$1,700 gain.
 30.b. Gross income \$0.
 30.c. Gross income \$600.
 31.a. Gross income \$0.
 31.b. Gross income \$50,000.
 31.c. Gross income \$0.
 32.a. Cash basis income \$292,000.
 32.b. Accrual basis income \$300,000.
 32.c. Cash method.
 33.a. Gross receipts \$1,350,000.
 33.b. Gross income \$200,000.
 34. Accrual method increases gross income by \$75,000.
 35. Trip should report in 2020.
 36.a. Include \$1,500 in 2019.
 36.b. Include \$1,500 in 2020.
 36.c. Include \$1,500 in 2019.
 37.a. \$2,910.
 37.b. 2018 \$200; 2019 \$408.
 37.c. \$0 in 2019, \$300 in 2020.
- 38.a. Gross income of \$1,200 may be deferred until 2019.
 38.b. Gross income of \$120 ($\$240 \times 3/6$) in 2019 for 6-month contract. For 36-month contract, include \$210 in 2019 gross income.
 38.c. Gross income \$450 ($\$1,200 - \750).
 39.a. Constructively received \$0.
 39.b. She may be in a lower tax bracket in 2021.
 39.c. Constructively received in 2020.
 40.a. Report in the year of receipt \$0 under option 1, \$500 under option 2, and \$1,000 under option 3.
 40.b. First option.
 41. \$126,000 for Rusty.
 42.a. Corporation recognizes \$10,000 in 2019; Troy recognizes \$0.
 42.b. Same as part a.
 42.c. Corporation recognizes \$0 in 2019; Troy recognizes \$0 in 2019.
 43. \$90,800 for each partner.
 44.a. \$25,100 ($\$12,300 + \$12,800$).
 44.b. \$0 tax liability.
 44.c. Stock is better.
 44.d. Bond is better.
 45.a. Doug \$51,100; Liz \$57,200.
 45.b. Doug \$54,150; Liz \$54,150.
 46.a. No recognition tax consequences; \$50,000 cash might be alimony.
 46.b. \$0 alimony.
 46.c. \$300 is alimony.
 47. Goal is to receive equal value on an after-tax basis.
 48. Roy should borrow from Hal.
 49.a. \$0.
 49.b. \$0.
 49.c. \$220.
 49.d. \$1,125.
 50.a. \$0 imputed interest.
 50.b. \$0 imputed interest.
 50.c. Imputed interest \$125.
 50.d. Imputed interest \$1,500.
 51.a. Compensation income and interest expense to Vito \$360; compensation expense and interest income to Vito, Inc., \$360.
 51.b. Interest income and dividends paid to the corporation in 2019 \$160; interest expense and dividend income to Vito in 2019 \$160; amount in 2020 is \$529.
 52.a. Gross income \$16,800.

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| 52.b. | Gross income \$36,000. | 56.c. | \$35,700. |
| 52.c. | \$22,400. | 57.b. | \$10,200. |
| 53.a. | \$60,000. | 58.a. | The \$150,000 is taxable. |
| 53.b. | \$0. | 58.b. | \$7,140 is taxable. |
| 53.c. | \$4,000. | 58.c. | \$1,200 is taxable. |
| 54.a. | Alice \$38.40; Kay \$270. | 58.d. | Donna must include one-half of husband's winnings. |
| 54.b. | \$180. | 59. | Refund due \$7,995. |
| 55. | \$100,910. | 60. | Net tax payable \$1,443. |
| 56.a. | \$39,500. | | |
| 56.b. | No. | | |