

59. Cecil C. Seymour is a 64-year-old widower. He had income for 2014 as follows:

Tax Computation Problem

Pension from former employer	\$39,850	line 16a
Interest income from Alto National Bank	5,500	7a
Interest income on City of Alto bonds	4,500	7b
Dividends received from IBM	2,000	line 9a and 9b
Collections on annuity contract he purchased from Great Life Insurance	5,400	16a
Social Security benefits	4,000	20a
Rent income on townhouse	9,000	Sch E line 3

The cost of the annuity was \$46,800, and Cecil was expected to receive a total of 260 monthly payments of \$150. Cecil has received 22 payments through 2014.

Cecil's 40-year-old daughter, Sarah C. Seymour, borrowed \$60,000 from Cecil on January 2, 2014. She used the money to start a new business. Cecil does not charge her interest because she could not afford to pay it, but he does expect to eventually collect the principal. Sarah is living with Cecil until the business becomes profitable. Except for housing, Sarah provides her own support from her business and \$1,600 in dividends on stocks that she inherited from her mother.

Other relevant information is presented below:

- Cecil's Social Security number: 123-45-6785
- Address: 3840 Springfield Blvd., Alto, GA 30510
- Sarah's Social Security number: 123-45-6784
- Expenses on rental townhouse:

Utilities	\$2,800
Maintenance	1,000
Depreciation	2,000
Real estate taxes	750
Insurance	700

- State income taxes paid: \$3,500
- County personal property taxes paid: \$2,100
- Payments on estimated 2014 Federal income tax: \$5,900
- Charitable contributions of cash to Alto Baptist Church: \$6,400
- Federal interest rate: 6%
- Sales taxes paid: \$912

Compute Cecil's 2014 Federal income tax payable (or refund due).

report
imputed
interest
Patton
Sch B
line
with Sarah's
SS #

normally this amt will be sent on 1099 but you will have to calculate the taxable amt for line 16b

Sch E

assume no 1099 payments in 2014

Sch A = Real estate tax

Form 1040 line 63

Sch A - assume donated weekly 52 weeks

less than state income tax

you will have to use 2013 forms but 2014 rules