

Paying Your Taxes

GOAL: Your goal is to correctly fill out a 1040EZ federal tax return and collect your refund.

YOUR SITUATION: It's the last day of December. You've got an apartment, a checking account and a savings account, and have been working at two jobs for the year.

GOOD NEWS: You have plenty of food. Your rent and electric bills will be automatically paid.

- 1) Review the **Pay & Tax Records, Taxes,** and **Deposit Funds** sections of the tutorial.
- 2) Open the **Paying Your Taxes** lesson.
- 3) Run the simulation forward one day to January 1, 2011. In the message center, scroll up past the message about your raise (lucky you!), and note the message about taxes.
- 4) Click **Reports->Pay & Tax Records** and choose to **Show W2s**. You will have to click back one year to see 2010. Print out both of your W2s. Choose to **Show 1099s** and view your 1099 Int form for 2010. Print it out.

Pay & Tax Records

a. Control Number 123456789	d. Emp. Social Sec. No. XXX-XX-1028	1. Wages,tips, other 2,109.75	2. Fed income tax withheld 0.00
c. Employer's name Mario's Restaurant		3. Social Sec. Wages 2,109.75	4. Social Sec. tax withheld 130.80
		5. Medicare Wages 2,109.75	6. Medicare tax withheld 30.59
e. Employee's name John Doe		13. Retirement plan <input type="checkbox"/>	
		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable & you fail to report it.	
		FORM W-2 2010 Wage and Tax Statement Copy C for EMPLOYEE'S RECORDS	
15. State XY	16. State wages, etc. 2,109.75	17. State income tax 0.00	

Show
 Pay Stubs
 W-2s
 1099s

Year: **2010**

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Print Close Help

← Your W2 contains important information such as your wages and withholding for the year. You will need this information to fill out your taxes.

- 5) Click **Actions->Income->Taxes**. Fill out your 1040EZ:

- Add up the amounts in Box 1 on your two W2s. Round the answer to the nearest dollar. Enter this on Line 1 of the 1040EZ. NOTE: Do not use commas to separate thousands.

Continued

- Enter the amount from Box 1 on your 1099Int (rounded to the nearest dollar) on Line 2 of your 1040EZ.
- Add Lines 1 and 2 on the 1040EZ and enter the result on Line 4.
- Enter \$8,450 on Line 5 of the 1040EZ.
- Subtract Line 5 from Line 4 on the 1040EZ and enter the result on Line 6.
- Add up the amounts in Box 2 on your two W2s. Round the answer to the nearest dollar. Enter this on Line 7 of the 1040EZ.
- Click Tax Table on Line 11 and figure your tax based on the amount on Line 6. Enter the result on Line 11.
- Subtract the amount on Line 11 from the amount on Line 7 and enter the result on Line 12. This is the amount of your refund.
- What is the amount of your refund?
- Print your tax return.
- Click File Tax Return.

6) Run the sim for several months until you get a message on May 1st From the Internal Revenue Service about your tax refund.

QUESTION 1: Was your refund what you expected?

7) Find the check on your desk, click it and deposit it to your savings account!