

Corporation Practice Return Scenario 1

In this scenario, you will practice the following:

- Complete Form 1120C
- Complete Form 4562
- Complete Form 1125-E
- Enter estimated tax payments
- Calculate underestimated payment penalty

Information about the company:

Name: Simpson's Allergy Clinic
EIN: 71-1XXXXXX (use your company's EFIN in place of XXXXXX)
Formed: November 18, 1983

Address: 2 Field Place, Rome, GA 30165

Information about the officers:

Officer 1 Name: Robert Bonden
SSN: 306-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 25%

Officer 2 Name: Mary Rhine
SSN: 307-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 25%

Officer 3 Name: Joseph Wilson
SSN: 308-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 25%

Officer 4 Name: Mark White
SSN: 309-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 25%

Additional items to note:

- The corporation is exempt from alternative minimum tax but continues performing the calculations.
- All of the questions on Schedule K should be answered "no," except for question 4b.
- The corporation uses the cash method of accounting.
- Out of the unappropriated retained earnings, \$200,321 was distributed in cash, and \$48,891 was distributed in stock.
- Each officer devoted 100% of his or her time to the business and received \$283,291 during the year.
- The corporation made four timely estimated payments of \$24,000 each. Last year's tax was \$86,500.

Corporation Practice Return Scenario 1

Available documentation:

- Income and expenses
- Depreciable assets

Income:

- Gross receipts: \$4,276,569
- Taxable Interest: \$705

Expenses:

- Advertising: \$800,000
- Interest: \$6,174
- Pension plans: \$79,170
- Rent: \$325,743
- Repairs: \$21,743
- Salaries (Officers) \$1,133,164
- Other Salaries/Wages: \$1,336,517
- Other taxes: \$124,318
- State income tax: \$339

Depreciable assets:

Description	Placed in Service	Cost	Method	Convention	Recovery Period	Prior Depreciation	Prior AMT Depreciation	Prior Section 179
Computer	05/01/2017	\$8,583	MACRS/ 200DB	HY	5			\$8,583
Phone/Fax	08/01/2018	\$3,769	MACRS/ 200DB	HY	7			\$3,769
Computer Equipment	06/30/2019	\$18,494	MACRS/ 200DB	HY	5			\$18,494
Furniture	06/30/2021	\$15,071	MACRS/ 200DB	HY	7	\$8,480	\$8,480	
Table and chair	02/01/2024	\$675	MACRS/ 200DB	HY	7			
SINK	06/01/2024	\$1750	MACRS/ 200DB	HY	7			

* Company has opted to take Bonus Depreciation for assets purchased in current year.

Corporation Practice Return Scenario 1

Beginning of year:

- Cash: \$66,248
- Notes Receivables: \$7,360
- Depreciable assets: \$45,917
- Accumulated depreciation: \$39,327
- Common capital stock: \$1,000
- Additional paid-in capital: \$36,276
- Unappropriated retained earnings: \$42,922

End of year:

- Cash: \$172,436
- Accounts Receivable: \$78,123
- Inventory: \$ 57,625
- Notes Receivables: \$3,740
- Capital common stock: \$1,000
- Accounts Payable: \$18,498

Corporation Practice Return Scenario 2

In this scenario, you will practice the following:

- Complete Form 1120C
- Complete Form 4562

Information about the company:

Name: Creative Consulting, Inc.
EIN: 71-2XXXXXX (use your company's EFIN in place of XXXXXX)
Formed: January 1, 2006
Address: 1630 Wood Dr, Centre, AL 35960
Business Phone: (706) 555-7122
Principal activity: Consulting and Painting service

Information about the officers:

Officer 1 Name: Amanda Wilson
SSN: 311-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 50%
Compensation: \$51,250

Officer 2 Name: Harriett Potts
SSN: 312-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 50%
Compensation: \$57,450

Available documentation:

- Income and expenses
- Depreciable assets

Additional items to note:

- The corporation is exempt from alternative minimum tax but continues performing the calculations.
- The corporation uses a modified accrual method of accounting.
- The answers to all of the questions on Schedule K should be "no," except for question 4b.
- The acquisition cost of depreciable assets was \$14,891, and \$11,965 of that had been depreciated. Intangible assets of \$349 are fully amortized.
- The corporation made four timely estimated payments of \$2,500 each. Last year's tax was \$2,500.
- The company does not want to e-file the return.

Corporation Practice Return Scenario 2

Beginning of year:

- Cash: \$14,429
- Loans to stockholders: \$18,115
- Accounts payable: \$3,500
- Common capital stock: \$1,000
- Unappropriated retained earnings: \$30,218

End of year:

- Cash: \$33,612
- Accounts Receivable: \$ 21,248
- Loans to stockholders: \$18,115
- Capital common stock: \$1,000

Income:

- Gross receipts: \$340,102

Expenses:

- Advertising: \$9,120
- Auto expense: \$11,621
- Bank charges: \$218
- Charitable Contributions \$2,996
- Insurance: \$11,514
- Interest: \$9
- Legal fees: \$1,158
- Meals (subject to 50%): \$996
- Office expense: \$1,567
- Outside services: \$88,683
- Postage: \$147
- Printing: \$174
- Rents: \$1,296
- Repairs: \$738
- Salary or other Wages: \$5,000
- Salary (Officers): \$108,700
- Supplies: \$35,604
- Taxes and licenses: \$8,009
- Subscriptions: \$591
- Telephone: \$6,479
- Travel: \$55
- Utilities: \$744

Corporation Practice Return Scenario 2

Depreciable assets:

Description	Placed in Service	Cost	Method	Convention	Recovery Period	Prior Depreciation	Prior AMT Depreciation	Prior Section 179
Printing Equipment	02/24/2015	\$1,708	MACRS/SL	HY	5			\$1,708
Office Furniture	11/15/2015	\$650	MACRS/SL	HY	7			\$650
Color Printer	12/31/2015	\$483	MACRS/SL	HY	5			\$483
Laser Printer	01/12/2016	\$977	MACRS/SL	HY	5			\$977
Scan/Monitor	07/01/2019	\$837	MACRS/SL	HY	5	\$789	\$789	
Painting Equipment	01/20/2019	\$904	MACRS/200DB	HY	7	\$702	\$702	
5 Hub Network	05/17/2019	\$458	MACRS/SL	HY	5			\$458
Scan/Monitor	02/09/2019	\$565	MACRS/SL	HY	5			\$565

Corporation Practice Return Scenario 2

Description	Placed in Service	Cost	Method	Convention	Recovery Period	Prior Depreciation	Prior AMT Depreciation	Prior Section 179
Desktop Computer	01/01/2020	\$2,665	MACRS/200DB	HY	5	\$2,204	\$2,204	
E Machine	05/17/2020	\$899	MACRS/200DB	MQ	5			\$899
Paint Sprayer	02/17/2021	\$750	MACRS/200DB	MQ1	7	\$463	\$463	
Desktop Computer	11/20/2021	\$3,094	MACRS/200DB	MQ4	5	\$2,036	\$2,036	
Paint Sprayer	11/01/2023	\$901	MACRS/200DB	MQ4	7	\$32	\$32	

The company **does not** want to take any current year Section 179 or special depreciation deductions.

One item, organizational costs, has been amortized. The amortization began on January 1, 2006. Costs were \$349, amortized over 5 years. Prior amortization is \$349.

Corporation Practice Return Scenario 3

In this scenario, you will practice the following:

- Complete Form 1120C
- Complete Form 4562
- Enter estimated tax payments
- Calculate underestimated payment penalty

Information about the company:

Name: River Rentals, Inc.
EIN: 71-3XXXXXX (use your company's EFIN in place of XXXXXX)
Formed: January 1, 1977
Address: 16407 Willow Dr, Clarkdale, GA 30111
Business Phone: (706) 555-7133
Principal activity: Commercial Space Leasing

Information about the stockholder:

Stockholder Name: Harry Green
SSN: 313-XX-XXXX (use your company's EFIN in place of XX-XXXX)
Percent of stock: 85%
Salary: \$91,000

Additional items to note:

- The corporation uses the cash method of accounting.
- For Schedule K, the answer to question 4b is "Yes." If applicable, the corporation wants to make the election on Line 11. All of the other questions should be answered "No" except for question 13, which you will need to decide.
- The corporation made four timely estimated tax payments of \$2,000 each. Federal income tax in the amount of \$6,819 was paid last year.
- The corporation will mail this return.

Corporation Practice Return Scenario 3

Available documentation: Expenses:

- Income and expenses
- Depreciable assets

Beginning of year:

- Cash: \$47,708
- Note Receivables: \$1,000
- Depreciable assets: \$279,843
- Accumulated depreciation: \$208,639
- Land: \$125,060
- Accounts payable: \$51,000
- Capital common stock: \$10,326
- Additional paid-in capital: \$2,718
- Unappropriated retained earnings: \$186,948

End of year:

- Cash: \$38,123
- Accounts Receivable: \$63,477
- Land: \$125,060
- Loans to Shareholder: \$3,000
- Accounts payable: \$38,095
- Capital common stock: \$10,326
- Additional paid-in capital: \$4,718

Income:

- Rent received: \$299,768
- Taxable Interest: \$612

Expenses:

- Accounting: \$300
- Bank charges: \$2
- Director fees: \$11,000
- Health insurance: \$9,568
- Liability insurance: \$2,509
- Landscaping: \$1,162
- Miscellaneous: \$305
- Office expenses: \$149
- Postage: \$100
- Repairs: \$52,725
- Salaries (Officers): \$91,000
- Other taxes: \$59,987
- Payroll taxes: \$6,382
- Tax services: \$548
- Travel: \$481
- Utilities: \$685

Corporation Practice Return Scenario 3

Depreciable assets:

Description	Placed in Service	Cost	Method	Convention	Recovery Period	Prior Depreciation	Prior AMT Depreciation	Prior Section 179
Building	02/01/2002	\$177,655	MACRS/ SL	MM	27.5	\$141,315	\$99,176	
Building addition	06/01/2003	\$31,129	MACRS/ SL	MM	27.5	\$31,129	\$16,340	
Furniture	07/01/2015	\$34,725	MACRS/ 200DB	HY	5	\$34,725	\$34,725	
HVAC	06/12/2016	\$6,734	MACRS/ SL	MM	39	\$1,303	\$1,303	
Chair	07/01/2016	\$205	MACRS/ 200DB	HY	5			\$205
Roof	11/06/2017	\$17,375	MACRS/ SL	MM	27.5	\$3,870	\$3,870	
Computer	07/01/2020	\$3,243	MACRS/ 200DB	HY				\$3,243
Printer	12/11/2022	\$589	MACRS/ 200DB	MQ4	5			\$589
Electrical upgrade	07/03/2023	\$4,833	MACRS/ SL	MM	27.5	\$81	\$81	
Plumbing upgrade	07/25/2023	\$3,355	MACRS/ SL	MM	27.5	\$56	\$5638	
Floor Waxer	03/01/2024	\$1950	MACRS/ SL	HY	7			
TABLE	05/01/2024	\$750	MACRS/ SL	HY	5			

***Organization has elected to take Bonus Depreciation for assets purchased in the current year.**