

**Question 1**

Ms. Taxpayer1 is 57 years old and in 2015 she retired after 30 years of service at GE. She presents you with a federal Form 1099-R showing \$30,000 of pension income for 2015. The \$30,000 pension income was included in her federal adjusted gross income (FAGI).

Ms. Taxpayer1 tells you it's her understanding she can claim a \$20,000 pension exclusion for NYS.

You reply:

- a.) Yes, you meet all of the requirements for this exclusion.
- b.) No, you need to be 59½ or older to claim the pension exclusion.
- c.) Yes, all pension income is eligible for the pension exclusion.
- d.) No, total pension income received has to be less than \$20,000 to be eligible for exclusion.

Question 2

Mr. Taxpayer2 is 58 years old, provides you with a federal Form1099-R, and informs you the distributions totaling \$23,000 are pension income from his ex-wife's NYS pension. He tells you he received this distribution pursuant to a domestic relations order.

Mr. Taxpayer2 asks you if he is eligible for the NYS pension exclusion.

You reply:

- a.) No, you are not over the age requirement of 59½ years of age.
- b.) Yes, you can exclude 100% of this pension income since NYS pensions maintain their character in a divorce and a NYS pension is fully excludable for NYS.
- c.) No, you are not eligible for pension exclusion on this amount as this pension is not attributable to your employment.
- d.) No, only your ex-wife can claim the pension exclusion for her pension.

Question 3

Mr. and Mrs. Taxpayer3 were full- year NYS residents, have a combined adjusted NYS income of \$225,000, and have a NYS tax liability after credits that is greater than zero. They have two children: Ben who is 17 as of 12/31/15 and Nichole who is 13 as of 12/31/15.

Mr. and Mrs. Taxpayer3 ask you if they are eligible to receive the family tax relief credit (Form IT-114).

You reply:

- a.) No, both children need to be under the age of 17 as of 12/31/15 so you are not eligible for the family tax relief credit this year.
- b.) No, your combined adjusted NYS income is over the limit.
- c.) No, the family tax relief credit is only for part-year residents.
- d.) Yes, you meet all of the requirements to be eligible for the family tax relief credit; you need to submit Form IT-114 with your NYS income tax return to claim the credit for 2015.

Question 4

Ms. Taxpayer4 comes to you to prepare her taxes for free. Along with all of her tax documents, she brings her heating fuel invoices. She tells you she uses the bioheat fuel for space heating.

Ms. Taxpayer4 asks you if she is eligible for the clean heating fuel credit (Form IT-241).

You reply:

- a.) No, only businesses can apply for the clean heating fuel credit.
- b.) No, the bioheat fuel must be used for home heating.
- c.) Yes, since the bioheat is used for space heating, you are eligible for the credit.
- d.) No, bioheat fuel is not eligible for the clean heating fuel credit.

Question 5

Mr. Taxpayer5 is divorced with two children, ages 5 and 6. His ex-wife will claim their two children this tax year so Mr. Taxpayer5 will be filing his tax returns with a single filing status. Mr. Taxpayer5 has a statement showing he contributed \$6,000 into a tuition savings account established under NY's 529 college savings program.

Mr. Taxpayer5 asks you if he can claim the 529 subtraction from NY income.

You reply:

- a.) Yes, you can claim the total \$6,000 contributed into the tuition savings account.
- b.) Yes, however, you can only claim \$5,000 as you filed with a single filing status.
- c.) No, you can only claim the 529 subtraction if you claim the children.
- d.) No, you have to file a joint tax return with your ex-wife to be eligible for the 529 subtraction.

Question 6

Ms. Taxpayer6 is single and works for the Albany County school district. She earned \$45,603 in wages, and on her federal Form W-2, box 14 shows employee contributions to the NYS retirement system of \$1,605. Ms. Taxpayer6 is completing Form TP- 301 and is on Question # 12.

Ms. Taxpayer6 asks you what is done with the amount of money shown in box 14 on her federal Form W-2.

You reply:

- a.) The amount in box 14 is your contribution to the NYS retirement system and can be claimed as a miscellaneous itemized deduction.
- b.) The amount in box 14 is taxable for both the federal and NYS income tax returns.
- c.) The amount in box 14 will be a NYS addition to your FAGI as the amount in box 14 is taxable for NYS.
- d.) The amount in box 14 is included in your wages, tips, and other compensation and can be subtracted from your FAGI on the NYS income tax return.

Question 7

Mr. and Mrs. Taxpayer7 claimed four exemptions and the standard deduction on their federal return. They have a five-year-old son and a two-year-old daughter. Both Mr. and Mrs. Taxpayer7 were out of work and their only income came from unemployment benefits. Mr. Taxpayer7 received \$13,000 and Mrs. Taxpayer7 received \$2,000. Mr. Taxpayer7 received Form 1099-G that shows NYS withholding of \$130. They do not own a home; they rent a flat from Mrs. Taxpayer7's mother who did not charge them any rent since they were both unemployed.

After you calculate the return, Mrs. Taxpayer7 asks you how much of a refund, if any, they can expect to receive.

You reply:

- a.) \$ 130
- b.) \$ 330
- c.) \$ 230
- d.) \$ 133

Question 8

Mr. Taxpayer8 has an adjusted gross income of \$38,000. He is recently divorced, has two children, and shares joint custody of them with his ex-spouse. A mutually agreed upon child support payment of \$175 a week is paid through his personal bank account and electronically submitted to the custodial parent. It is stated in the divorce decree that he may claim his children as dependents bi-annually. For 2015, his ex-spouse is entitled to claim the children and is refusing to give him the social security number for each child. He is not eligible to claim the federal EITC.

Mr. Taxpayer8 asks what amount he would receive for the NYS noncustodial EIC.

You reply:

- a.) 20% of the federal EIC that you would have been eligible to claim if the noncustodial child met the qualifying child definition.
- b.) 30% of the federal EIC that you would have been eligible to claim if the noncustodial child met the qualifying child definition.
- c.) You are not eligible for the credit as the child support is not paid through a support collection unit.
- d.) You are not eligible for the credit as you do not have social security numbers for any of your children and are unable to obtain them.

Question 9

Mr. Taxpayer9 moved from California to NYS in June of 2015. He was an active volunteer firefighter in California and has joined the local fire department and is an active full-time volunteer firefighter in his new NYS hometown.

Mr. Taxpayer9 asks you if he is eligible for the NYS volunteer firefighters' and ambulance workers' credit (Form IT-245).

You reply:

- a.) Yes, you are eligible for a credit of \$200.
- b.) Yes, since you were a volunteer firefighter in two states, you will receive \$400.
- c.) No, you are not eligible for the credit as you were not a NYS resident for the entire year.
- d.) Yes, since you were a NYS resident for half of the year you would receive half of the credit: \$100 credit.

Question 10

Mr. and Mrs. Taxpayer10 come to your site to have their taxes prepared. Their total household income is \$256,000 and their home located in Broome County does qualify for the STAR exemption. Mr. and Mrs. Taxpayer10 own two parcels of property, their primary residence located in Broome county, and a condominium in Manhattan.

At the end of the session, Mr. and Mrs. Taxpayer10 ask you why they didn't receive two property tax freeze credit checks for the residential properties they own.

You reply:

- a.) You should have received a check for both properties. You should visit www.tax.ny.gov to determine what you should do.
- b.) The property tax freeze credit is allowed **only** on the taxpayer's primary residence.
- c.) Properties located in the New York City area are also eligible for the property tax freeze credit. You should visit www.tax.ny.gov to determine what you should do.
- d.) Your income is over the threshold so you aren't eligible for the property tax freeze credit.

Question 11

Mr. and Mrs. Taxpayer11 have two children: John age 12, and Mary age 8. Mr. and Mrs. Taxpayer11 are filing as married filing separately. They will each claim one of their children. Mr. Taxpayer11's FAGI is \$58,000 and Mrs. Taxpayer11's FAGI is \$45,000. Mr. Taxpayer11 did not claim the federal additional child tax credit but Mrs. Taxpayer11 did claim the additional child tax credit.

Mr. and Mrs. Taxpayer11 ask you if they are eligible to claim the NYS Empire State child credit (Form IT-213).

You reply:

- a.) No, you can only claim the NYS Empire State child credit if you file as married filing jointly.
- b.) No, you both must claim the federal additional child tax credit. Since Mr. Taxpayer11 didn't claim the federal credit, neither of you can claim the NYS credit.
- c.) Yes, you both can claim the NYS Empire State child credit.
- d.) Only Mrs. Taxpayer11 can claim the NYS Empire State child credit. Mr. Taxpayer11's income is over the married filing separately income threshold.

Question 12

Mr. Taxpayer12 comes to your site to have his federal and state returns prepared and e-filed. The interview process is completed and the returns are e-filed. After the NYS return has been e-filed, you receive an error message stating "return already filed under this social security number."

You inform Mr. Taxpayer12 of the issue, and tell him:

- a.) You don't need to do anything. NYS will send you a letter explaining what you should do next.
- b.) You should paper file your NYS tax return.
- c.) You need to notify the IRS, and the IRS will notify NYS.
- d.) Send a completed Form DTF-275, *Identity Theft Disclosure*, and all required documentation to NYS. You should also contact the IRS section for Identity Theft since they are two separate taxing agencies.

Question 13

Mr. Taxpayer13 is a 66-year-old, full-time resident in NYS, and cannot be claimed as a dependent on someone else's return. For 2015 he received \$3,000 in social security payments and \$6,000 in wages from a part-time job. He was informed he did not have to file a federal tax return.

Mr. Taxpayer13 asks you if he needs to file a NYS tax return.

You reply:

- a.) No, since you are not required to file a federal return, you are not required to file a NYS return.
- b.) Yes, since your FAGI is more than the federal standard deduction.
- c.) Yes, since your FAGI is more than the NYS standard deduction.
- d.) Yes, even though you are not required to file a federal return, your FAGI plus NY additions is more than \$4,000, so you are required to file a NYS return.

Question 14

Mr. and Mrs. Taxpayer14 are full-year NYS residents and are filing as married filing jointly. Mrs. Taxpayer14 is 23 years old and attended Bryant and Stratton College. She is a part-time student and took two classes toward obtaining a paralegal degree. The cost of the two classes was \$1,100.

Mr. and Mrs. Taxpayer14 ask you if they are eligible for the college tuition credit (Form IT-272).

You reply:

- a.) No, you are only eligible for the credit if your college tuition cost is over \$10,000.
- b.) No, you have to be registered as a full-time student.
- c.) Yes, you are eligible for the credit as you do not have to be a registered full-time student to be eligible.
- d.) No, the college tuition credit is only for dependents of a taxpayer.

Question 15

Mr. and Mrs. Taxpayer15 filed a federal return as married filing jointly. They tell you they got married in July 2015. Mrs. Taxpayer15 worked and lived the entire year in NYS. Prior to July, Mr. Taxpayer15 lived and worked in New Jersey; beginning in July he lived and worked in NYS.

Mr. and Mrs. Taxpayer15 ask what returns they should file.

You reply:

- a.) You can both file as nonresidents (Form IT-203) since Mr. Taxpayer15 was a nonresident for part of the year.
- b.) Only Mrs. Taxpayer15 needs to file as Mr. Taxpayer15 wasn't a NYS resident for the entire year.
- c.) Mrs. Taxpayer15 should file as a NYS resident (Form IT-201) and Mr. Taxpayer15 should file as a part-year resident (Form IT-203).
- d.) Since they filed their federal return as married filing jointly and both of them were not full-year residents of NYS, they don't need to file a tax return with NYS.

Question 16

Ms. Taxpayer16 is a single 23-year-old who is enlisted in the U.S. Armed Forces. She presents the following information to you to prepare her NYS income tax return:

Wages	\$34,500
Form W-2, Box 14	\$ 1,300
Interest income on NYS bonds	\$ 250
Military combat pay	\$ 3,500

Ms. Taxpayer16 asks you what her New York adjusted gross income (NYAGI) will be.

You reply:

- a.) \$34,500 (wages only)
- b.) \$35,800 (wages + box 14)
- c.) \$36,050 (wages + box 14 + interest income on NYS bonds)
- d.) \$39,300 (wages + box 14 + military combat pay)

Question 17

Mr. and Mrs. Taxpayer17 both reside in Vermont. Mr. Taxpayer17 started working in NYS in July 2015. Mr. Taxpayer17 asks you what, if any, tax return he needs to file for NYS.

You reply:

- a.) None. Since you did not live in NYS, you do not need to file an income tax return.
- b.) None. Since you did not work in NYS for the full year, you have no reporting obligations.
- c.) Form IT-201, since your earnings occurred in NYS.
- d.) Form IT-203, since you must report your NYS income as a nonresident.

Question 18

Mr. Taxpayer18 lived all year in his home which is valued at \$68,000, and the property is not completely exempt from real property taxes. He collects an annual pension of \$10,500 and had taxable SSI income of \$6,500. Mr. Taxpayer18 received a \$2,200 federal grant to repair his vehicle.

Which income should you include to determine the real property tax credit (Form IT-214) calculation rate and credit limit?

- a.) Pension and SSI income
- b.) Pension, SSI, and grant income
- c.) SSI and grant income
- d.) Pension and grant income

Question 19

Mr. and Mrs. Taxpayer19 are filing as married filing jointly. They have FAGI of \$53,500. They claim their daughter Jane who is 19, and attended Niagara University in 2015 pursuing an undergraduate degree. They contributed \$7,500 to a college 529 plan which they put toward the 2015 school year. Jane took out a student loan in the amount of \$15,000.

Total costs for Jane to attend school were \$42,000: tuition expenses \$21,000, room and board \$17,900, books \$600, and meal plan \$2,500.

Funds are as follows:

Scholarship received	\$ 7,500
Financial aid (does not need to be repaid)	\$12,000
Student loan	\$15,000
Money from 529 plan	<u>\$ 7,500</u>
Total	\$42,000

Mr. and Mrs. Taxpayer19 ask you how much, if any, of the amounts above can be claimed as qualified tuition expenses for the college tuition credit (Form IT-272).

You reply:

- a.) \$21,600. The amount paid for tuition (\$21,000) and books (\$600).
- b.) \$7,500. The amount you paid out of pocket with funds from the 529 plan.
- c.) \$0. The credit is not allowed for undergraduate degrees.
- d.) \$10,000. The maximum itemized deduction allowed per eligible student is \$10,000.

Question 20

Ms. Taxpayer20 is 62 years old and is single. She received \$31,500 pension income from the New York State Department of Transportation. Ms. Taxpayer20 informs you she spent 1/1/2015 – 3/31/2015 in Florida. Ms. Taxpayer20's NYAGI is \$0 as her NYS pension is fully excludable from NYS income. Ms. Taxpayer20 also provides you with a statement showing she has paid \$1,950 in long term care insurance. Ms. Taxpayer20 asks you if she is eligible for the long-term care insurance credit.

You reply:

- a.) Yes, you are eligible for the long-term care insurance credit and will receive a refund for the full amount of \$1,950.
- b.) No, you are not eligible to receive the credit as you did not live in New York State the entire year.
- c.) No, the credit is allowed only if the amount you paid in premiums is above your NYAGI. Since you have zero NYAGI, you cannot claim the credit.
- d.) Yes, you are eligible for the credit. Since you have \$0 NYAGI, and the credit is not refundable, the credit will carry over to future tax years.

Question 21

Mr. Taxpayer21 comes to your site to prepare his federal and NYS tax returns. He tells you he moved from Yonkers to New York City in May 2015. He worked in Manhattan the entire year of 2015. Mr. Taxpayer21 asks you if he needs to do anything special due to his move.

You reply:

- a.) File Forms IT-201 and IT-360.1
- b.) File Form IT-201
- c.) File Forms IT-201 and Y-203
- d.) File Forms IT-203 and Y-203

Question 22

Mr. and Mrs. Taxpayer22 lived 7 months in Staten Island and 5 months in Brooklyn. Their total income for 2015 was \$56,000. They have two children ages 15 and 13. They own their own home for which they paid \$2,300 in property tax and received the basic STAR rebate in 2015. Mr. and Mrs. Taxpayer22 ask you if they are eligible for the NYC enhanced real property tax credit for homeowners and renters.

You reply:

- a.) No, you have to maintain the same residence for the entire year.
- b.) No, since you received the STAR exemption you are not eligible for this credit.
- c.) Yes, you meet the income and residence requirements for this credit.
- d.) No, this credit is only available to renters.

Question 23

Ms. Taxpayer23 filed her federal return as head of household. She has two children, ages 5 and 7. She had wages of \$21,000. She lived in Bronx, NY for 6 months of 2015. Ms. Taxpayer23 asks you if she is eligible for the NYC household credit.

You reply:

- a) Yes, you meet all of the requirements for this credit.
- b) No, the household credit is only available to full-year residents of NYC.
- c) No, your income is over the threshold for this credit.
- d) No, you are only eligible for this credit if you can be claimed as a dependent on someone else's return.

Question 24

Ms. Taxpayer24 is 19 years old and was claimed as a dependent on her parents' federal return. In 2015, Ms. Taxpayer24 attended college and lived in New York City for 10 months of 2015. She earned \$7,000 in wages.

Ms. Taxpayer24 asks you if she is entitled to the NYC school tax credit (Form NYC-210).

You reply:

- a.) No, you cannot claim the credit if you can be claimed as a dependent on another taxpayer's federal return.
- b.) Yes, your credit will be prorated based on the number of months you lived in NYC.
- c.) No, you must be a resident of NYC for the entire year to claim the credit.
- d.) Yes, since part of your income was earned during your NYC residence, you're entitled to the full credit.

Question 25

Mrs. Taxpayer25 filed as head of household and claimed her 9-year-old daughter as a dependent on her federal return. In 2015, she worked full time and earned wages of \$29,900. Her daughter attended an after-school program while Mrs. Taxpayer25 was still at work. The total cost of child care was \$2,500, which she paid out of pocket (and she has receipts). Mrs. Taxpayer25 lived in the Bronx for the entire year. She meets all the qualifications to claim the federal child and dependent care credit.

Mrs. Taxpayer25 asks you if she is entitled to the claim both the NYS and NYC child and dependent care credits (Form IT-216).

You reply:

- a.) Yes, you qualify for both the NYS and NYC credits.
- b.) No, you only qualify for the NYS credit. You do not qualify for the NYC credit because your child was not under the age of four at the end of the year.
- c.) No, you may only claim either the NYS credit or the NYC credit, whichever is greater.
- d.) No, you may not claim either credit because the child care expenses must be paid through an employer-sponsored plan.