



Principles of Federal Taxation

Assignment: Tax Return #3

Learning Objectives

- Calculate the amount of gain or loss recognized on the disposition of capital assets.
- Identify and apply limits on deducting business expenses.
- Apply cash methods to determine business income and expense deductions.
- Determine taxpayer's regular tax liability.

Assignment Overview

You will need to prepare Farrah Kim's 2023 Federal income return, including calculating her tax payable (or refund due).

Important: For this project, you may ignore AMT, NIIT, and any loss limitation rules. For tax credits, you will only need to consider the Child Tax Credit – for simplifying purposes, **assume the entire Child Tax Credit is non-refundable.**

Farrah Kim is 35 years old and unmarried. Her address is 1400 **your last name** Street, Atlanta, GA 30303, and her social security number is 100-20-3000. She has a daughter, Cally Brown (SSN 400-50-6000), from a previous marriage who is now 9 years old. Cally lives with Farrah the entire year and Farrah provides all of Cally's support. Cally's father, from whom Farrah divorced on June 19, 2016, pays her \$1,000 a month in alimony. Farrah's mother, Linda Kim, lives in Athens, GA (SSN 700-80-9000). Linda is retired and does not have any income besides \$200 in municipal bond interest and \$5,500 in tax-free social security benefits. Farrah provides all of her mother's support and pays for maintaining Linda's home in Athens.

During 2023, Farrah inherited cash of \$20,000 and an antique wardrobe worth \$6,000 from her grandfather, who passed away in February. Her best friend, Amanda, gave her \$350 in cash to celebrate her 35th birthday. Farrah also received \$30,000 of loan proceeds from First Atlanta Bank to buy a new car. She paid \$1,150 in interest expense on the auto loan. When she registered her car, she paid \$100 in ad valorem tax on the vehicle.

For her home in Atlanta, Farrah paid \$4,370 in property taxes in 2023. Her mortgage interest payments on the home totaled \$14,300 (the principal of her home loan was \$500,000). Farrah also paid \$320 in credit card interest.

Farrah works part-time in the youth outreach program at Children's Hospital. Her W-2 from her job is attached. Pay close attention to what information is provided on Form W-2.

Farrah owns and operates a fitness studio, Old Fourth Ward Studio, where she teaches yoga (address is 745 Ralph McGill Boulevard, Atlanta, GA 30303). Because she is self-employed and is not eligible for health insurance through her part-time job, she pays \$3,700 for health insurance premiums out-of-pocket.

She has owned the business (a sole proprietorship) for many years and has been successful and profitable for the last 7 years. Her yoga business is run on the cash basis. She provides documentation of the following items:

- Received cash of \$95,000 from clients, \$30,000 of which relates to pre-bookings for 2024 classes
- Paid speeding ticket on the way to the studio: \$100
- In June, paid \$24,000 to cover 12 months of rent starting July 2023
- In October, paid \$1,200 for 6 months of interest on business loans starting November 2023
- In November, paid \$1,800 for 18 months of advertising starting December 2023
- Legal and accounting fees: \$2,250
- Insurance (for business): \$3,000
- Utilities for studio: \$4,900
- Supplies: \$2,200

In her personal home, Farrah maintains a space exclusively for private meditation sessions with her yoga clients. The room is 250 sqft (home is 2700 sqft in total) and Farrah uses the simplified method of calculating any potential home office deduction.

Related to her business, Farrah attended a 3-day yoga conference in Sedona in May 2023. She spent 1 extra day in Sedona to go hiking. She incurred the following costs for the entire 4-day trip:

- Conference registration fees (this expense can be grouped with travel costs): \$500
- Airfare to Sedona: \$650
- Hotel costs: \$1,100 total
- Meals at restaurants: \$240 total

You **should** consider the qualified business income deduction. You may simply include any QBI deduction on the 1040 without filling out additional forms.

Farrah also provides the following information:

- In addition to her withholdings, she paid estimated tax payments totaling \$12,500 for federal and \$500 for Georgia.
- She won \$925 playing the slot machines at a casino in New Orleans
- Interest income of \$2,840 from two savings account at First Atlanta Bank
- Dividend income of \$4,000 from her holdings in Whole Foods stock. All of the dividends are qualified.
- Sold stock during the year:
 - 250 shares of Bulldog Inc.: sold for \$7,500 on 4/12/2023; purchased for \$5,200 on 1/14/2005
 - 100 shares of R&B Corporation: sold for \$1,050 on 5/4/2023; purchased for \$3,000 on 12/2/2015
 - 200 shares of Sanford Inc.: sold for \$6,800 on 6/6/2023; purchased for \$3,500 on 10/13/2010

Farrah made several cash donations to charities: \$2,450 to Habitat for Humanity, \$2,000 to East Atlanta Youth Programs, and \$1,600 to St. Paul's Church. She also donated clothing to Goodwill (basis of \$590, FMV of \$250)

and stocks to the Woodruff Performing Arts Center (basis of \$1,500 purchased in 2009, FMV of \$2,100). She donated \$500 to the election campaign for a candidate running for the state legislature. For her charitable involvement in the community, Farrah won an award that included a \$1,500 cash prize, which she accepted.


Farrah had back surgery after a hiking accident, which cost her \$9,000 out-of-pocket. She also receives monthly physical therapy with a licensed medical professional that costs \$75 each visit (she went all 12 months this year). She spent \$150 for prescription antibiotics for Cally and \$200 on daily vitamins and over-the-counter medicines.

Form W-2

a Employee's social security number 100-20-3000		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 and you fail to report it.					
b Employer identification number (EIN) 14-1111111		1 Wages, tips, other compensation 45,000		2 Federal income tax withheld 4,200			
c Employer's name, address, and ZIP code Children's Hospital 1405 Clifton Rd. Atlanta, GA 30322		3 Social security wages 45,000		4 Social security tax withheld 2,790			
		5 Medicare wages and tips 45,000		6 Medicare tax withheld 653			
		7 Social security tips		8 Allocated tips			
d Control number		9		10 Dependent care benefits			
e Employee's first name and initial Last name Suff. Farrah Kim 1400 _____ Street Atlanta, GA 30303		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other		12c			
				12d			
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
GA	14-1111111	45,000	1,700				

Form **W-2** Wage and Tax Statement
Copy C—For EMPLOYEE'S RECORDS
(See Notice to Employee on the back of Copy B.)

2023

Department of the Treasury—Internal Revenue Service
Safe, accurate, FAST! Use 

Prepare Farrah Kim's 2023 Federal income return, including calculating her tax payable (or refund due). You will need to complete **Form 1040, Schedule 1, Schedule 2, Schedule A, Schedule B, Schedule C, Schedule D, and Schedule SE**. As always, all tax forms are located in the **Table of Contents -> Tax Forms** area of D2L.

For this project, you may ignore AMT, NIIT, and any loss limitation rules. For tax credits, you will only need to consider the Child Tax Credit – for simplifying purposes, **assume the entire Child Tax Credit is non-refundable**.

Be sure to write **your full name** on the top of the tax return.

You will scan your handwritten or fillable form solutions into a .pdf file. The file **MUST** be one PDF / file for grading. It is your responsibility to ensure there are no formatting issues with your file, no pages left off, etc. **Important:** From what I've seen on past projects, merging the original IRS PDFs together does **NOT** work. This

Form **1040**

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return

2023

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2023, or other tax year beginning _____, 2023, ending _____, 2023. See separate instructions.

Your first name and middle initial Farah	Last name Kim	Your social security number 1 0 0 2 0 3 0 0 0
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. 1400 Shah Street		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below. Atlanta		
State GA	ZIP code 30303	
Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status

Single Head of household (HOH)
 Married filing jointly (even if only one had income)
 Married filing separately (MFS) Qualifying surviving spouse (QSS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

Digital Assets At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1959 Are blind Spouse: Was born before January 2, 1959 Is blind

Dependents (see instructions):

If more than four dependents, see instructions and check here <input type="checkbox"/>	(1) First name Last name		(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	
					Child tax credit	Credit for other dependents
	Cally	Brown	4 0 0 5 0 6 0 0 0	Daughter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

Income

1a Total amount from Form(s) W-2, box 1 (see instructions)	1a	45,000
b Household employee wages not reported on Form(s) W-2	1b	
c Tip income not reported on line 1a (see instructions)	1c	
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
e Taxable dependent care benefits from Form 2441, line 26	1e	
f Employer-provided adoption benefits from Form 8839, line 29	1f	
g Wages from Form 8919, line 6	1g	
h Other earned income (see instructions)	1h	
i Nontaxable combat pay election (see instructions)	1i	
z Add lines 1a through 1h	1z	45,000
2a Tax-exempt interest	2a	
3a Qualified dividends	3a	4,000
4a IRA distributions	4a	
5a Pensions and annuities	5a	
6a Social security benefits	6a	
c If you elect to use the lump-sum election method, check here (see instructions)		<input type="checkbox"/>
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	3,650
8 Additional income from Schedule 1, line 10	8	81,260
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	136,750
10 Adjustments to income from Schedule 1, line 26	10	8,422
11 Subtract line 10 from line 9. This is your adjusted gross income	11	128,328
12 Standard deduction or itemized deductions (from Schedule A)	12	29,295
13 Qualified business income deduction from Form 8995 or Form 8995-A	13	13,367
14 Add lines 12 and 13	14	42,662
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15	85,666

Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	12,548
	17	Amount from Schedule 2, line 3	17	0
	18	Add lines 16 and 17	18	12,548
	19	Child tax credit or credit for other dependents from Schedule 8812	19	2,000
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	2,000
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	10,548
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	9,444
	24	Add lines 22 and 23. This is your total tax	24	19,992

Payments	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	4,200
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	4,200
	26	2023 estimated tax payments and amount applied from 2022 return	26	12,500
If you have a qualifying child, attach Sch. EIC.	27	Earned income credit (EIC)	27	
	28	Additional child tax credit from Schedule 8812	28	
	29	American opportunity credit from Form 8863, line 8	29	
	30	Reserved for future use	30	
	31	Amount from Schedule 3, line 15	31	
	32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32	0
	33	Add lines 25d, 26, and 32. These are your total payments	33	16,700

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34																	
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a																	
Direct deposit? See instructions.	b	Routing number <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	x	x	x	x	x	x	x	x	x	x								
x	x	x	x	x	x	x	x	x	x											
	d	Account number <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		
x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x					
	36	Amount of line 34 you want applied to your 2024 estimated tax	36																	

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions.	37	3,292
	38	Estimated tax penalty (see instructions)	38	

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions Yes. Complete below. No

Designee's name _____ Phone no. _____ Personal identification number (PIN)

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Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature _____	Date _____	Your occupation _____	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>					
Spouse's signature. If a joint return, both must sign. _____	Date _____	Spouse's occupation _____	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) <table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>					
Phone no. _____	Email address _____							

Paid Preparer Use Only

Preparer's name Sameer Shah	Preparer's signature _____	Date _____	PTIN _____	Check if: <input type="checkbox"/> Self-employed
Firm's name ACCT 420 Principles of Federal Taxation			Phone no. _____	
Firm's address 1400 Shah Street, Atlanta, GA 30303			Firm's EIN _____	

SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2023

Attachment
Sequence No. **01**

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Farah Kim

100-20-3000

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes		1	
2a	Alimony received		2a	12,000
b	Date of original divorce or separation agreement (see instructions):	June 19, 2016		
3	Business income or (loss). Attach Schedule C		3	66,835
4	Other gains or (losses). Attach Form 4797		4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		5	
6	Farm income or (loss). Attach Schedule F		6	
7	Unemployment compensation		7	
8	Other income:			
a	Net operating loss	8a ()		
b	Gambling	8b 925		
c	Cancellation of debt	8c		
d	Foreign earned income exclusion from Form 2555	8d ()		
e	Income from Form 8853	8e		
f	Income from Form 8889	8f		
g	Alaska Permanent Fund dividends	8g		
h	Jury duty pay	8h		
i	Prizes and awards	8i		
j	Activity not engaged in for profit income	8j 1,500		
k	Stock options	8k		
l	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8l		
m	Olympic and Paralympic medals and USOC prize money (see instructions)	8m		
n	Section 951(a) inclusion (see instructions)	8n		
o	Section 951A(a) inclusion (see instructions)	8o		
p	Section 461(l) excess business loss adjustment	8p		
q	Taxable distributions from an ABL account (see instructions)	8q		
r	Scholarship and fellowship grants not reported on Form W-2	8r		
s	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d	8s ()		
t	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan	8t		
u	Wages earned while incarcerated	8u		
z	Other income. List type and amount:	8z		
9	Total other income. Add lines 8a through 8z		9	2,425
10	Combine lines 1 through 7 and 9. This is your additional income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8		10	81,260

Part II Adjustments to Income

11	Educator expenses		11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106		12	
13	Health savings account deduction. Attach Form 8889		13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903		14	
15	Deductible part of self-employment tax. Attach Schedule SE		15	4,722
16	Self-employed SEP, SIMPLE, and qualified plans		16	
17	Self-employed health insurance deduction		17	3,700
18	Penalty on early withdrawal of savings		18	
19a	Alimony paid		19a	
b	Recipient's SSN			
c	Date of original divorce or separation agreement (see instructions): _____			
20	IRA deduction		20	
21	Student loan interest deduction		21	
22	Reserved for future use		22	
23	Archer MSA deduction		23	
24	Other adjustments:			
a	Jury duty pay (see instructions)	24a		
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b		
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c		
d	Reforestation amortization and expenses	24d		
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e		
f	Contributions to section 501(c)(18)(D) pension plans	24f		
g	Contributions by certain chaplains to section 403(b) plans	24g		
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h		
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i		
j	Housing deduction from Form 2555	24j		
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k		
z	Other adjustments. List type and amount: _____	24z		
25	Total other adjustments. Add lines 24a through 24z		25	
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10		26	8,422

**SCHEDULE 2
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2023

Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Farah Kim

Your social security number

100-20-3000

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE	4	9,444
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required. If not required, check here <input type="checkbox"/>	8	
9	Household employment taxes. Attach Schedule H	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required	10	
11	Additional Medicare Tax. Attach Form 8959	11	
12	Net investment income tax. Attach Form 8960	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	15	
16	Recapture of low-income housing credit. Attach Form 8611	16	

(continued on page 2)

Part II Other Taxes (continued)

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount:		
	_____	17a	
b	Recapture of federal mortgage subsidy, if you sold your home see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 24	17q	
z	Any other taxes. List type and amount: _____	17z	
18	Total additional taxes. Add lines 17a through 17z		18
19	Reserved for future use		19
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, and 18. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b		21

9,444

**SCHEDULE A
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Itemized Deductions

Attach to Form 1040 or 1040-SR.

Go to www.irs.gov/ScheduleA for instructions and the latest information.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

OMB No. 1545-0074

2023

Attachment
Sequence No. **07**

Name(s) shown on Form 1040 or 1040-SR

Farah Kim

Your social security number

100-20-3000

Medical and Dental Expenses		Caution: Do not include expenses reimbursed or paid by others.	
1	Medical and dental expenses (see instructions)	10,050	
2	Enter amount from Form 1040 or 1040-SR, line 11	128,328	
3	Multiply line 2 by 7.5% (0.075)	9,625	
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		425
Taxes You Paid		5 State and local taxes.	
a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>		5a	1,700
b State and local real estate taxes (see instructions)		5b	4,370
c State and local personal property taxes		5c	100
d Add lines 5a through 5c		5d	6,170
e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)		5e	6,170
6	Other taxes. List type and amount: _____	6	
7	Add lines 5e and 6	7	6,170
Interest You Paid		8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/>	
Caution: Your mortgage interest deduction may be limited. See instructions.		a Home mortgage interest and points reported to you on Form 1098. See instructions if limited	
		8a	14,300
		b Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address _____	
		8b	
		c Points not reported to you on Form 1098. See instructions for special rules	
		8c	
		d Reserved for future use	
		8d	
		e Add lines 8a through 8c	
		8e	
9	Investment interest. Attach Form 4952 if required. See instructions	9	
10	Add lines 8e and 9	10	14,300
Gifts to Charity		11 Gifts by cash or check. If you made any gift of \$250 or more, see instructions	
Caution: If you made a gift and got a benefit for it, see instructions.		11	6,050
12 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500		12	2,350
13 Carryover from prior year		13	
14	Add lines 11 through 13	14	8,400
Casualty and Theft Losses		15 Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions	
		15	
Other Itemized Deductions		16 Other—from list in instructions. List type and amount: _____	
		16	
Total Itemized Deductions		17 Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12	
		17	29,295
Deductions		18 If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/>	

**SCHEDULE B
(Form 1040)**

Interest and Ordinary Dividends

OMB No. 1545-0074

2023

Attachment
Sequence No. **08**

Department of the Treasury
Internal Revenue Service

Attach to Form 1040 or 1040-SR.
Go to www.irs.gov/ScheduleB for instructions and the latest information.

Name(s) shown on return

Farah Kim

Your social security number

100-20-3000

**Part I
Interest**

(See instructions and the Instructions for Form 1040, line 2b.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

- 1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address:
First Atlanta Bank
- 2** Add the amounts on line 1
- 3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b

	Amount
1	2,840
2	2,840
3	
4	2,840

Note: If line 4 is over \$1,500, you must complete Part III.

**Part II
Ordinary Dividends**

(See instructions and the Instructions for Form 1040, line 3b.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

- 5** List name of payer: Whole Foods
- 6** Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b

	Amount
5	4,000
6	4,000

Note: If line 6 is over \$1,500, you must complete Part III.

**Part III
Foreign Accounts and Trusts**

Caution: If required, failure to file FinCEN Form 114 may result in substantial penalties. Additionally, you may be required to file Form 8938, Statement of Specified Foreign Financial Assets. See instructions.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a** At any time during 2023, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements
- b** If you are required to file FinCEN Form 114, list the name(s) of the foreign country(-ies) where the financial account(s) is (are) located: _____
- 8** During 2023, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2023

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.

Go to www.irs.gov/ScheduleC for instructions and the latest information.

Attachment
Sequence No. **09**

Name of proprietor Farah Kim		Social security number (SSN) 100-20-3000
A Principal business or profession, including product or service (see instructions) Fitness Studio	B Enter code from instructions	
C Business name. If no separate business name, leave blank. Old Fourth Ward Studio	D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) 745 Ralph McGill Boulevard City, town or post office, state, and ZIP code Atlanta, GA 30303		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify)		
G Did you "materially participate" in the operation of this business during 2023? If "No," see instructions for limit on losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2023, check here		<input type="checkbox"/>
I Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If "Yes," did you or will you file required Form(s) 1099?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	95,000
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	95,000
4 Cost of goods sold (from line 42)	4	
5 Gross profit. Subtract line 4 from line 3	5	95,000
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7 Gross income. Add lines 5 and 6	7	95,000

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8	100	18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9		19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	12,000
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	2,200
15 Insurance (other than health)	15	3,000	23 Taxes and licenses	23	
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	1,975
b Other	16b	400	b Deductible meals (see instructions)	24b	90
17 Legal and professional services	17	2,250	25 Utilities	25	4,900
28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28		26 Wages (less employment credits)	26	
29 Tentative profit or (loss). Subtract line 28 from line 7	29		27a Other expenses (from line 48)	27a	
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: <u>2,700</u> and (b) the part of your home used for business: <u>250</u> . Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		b Energy efficient commercial bldgs deduction (attach Form 7205)	27b	
31 Net profit or (loss). Subtract line 30 from line 29.			28 Total expenses before expenses for business use of home. Add lines 8 through 27b	28	26,915
• If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 .			29 Tentative profit or (loss). Subtract line 28 from line 7	29	68,085
• If a loss, you must go to line 32.			30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: <u>2,700</u> and (b) the part of your home used for business: <u>250</u> . Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	1,250
32 If you have a loss, check the box that describes your investment in this activity. See instructions.			31 Net profit or (loss). Subtract line 30 from line 29.	31	66,835
• If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 .					
• If you checked 32b, you must attach Form 6198 . Your loss may be limited.					

32a All investment is at risk.
32b Some investment is not at risk.

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

2023

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, or 1040-NR.
Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
Go to www.irs.gov/ScheduleD for instructions and the latest information.

Attachment
Sequence No. **12**

Name(s) shown on return

Farah Kim

Your social security number

100-20-3000

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? Yes No
If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss) . Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 0

Part II Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b .	15,350	11,700		3,650
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss) . Combine lines 8a through 14 in column (h). Then, go to Part III on the back				15 3,650

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	3,650
	<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then, go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, 1040-SR, or 1040-NR, line 7. Then, go to line 22. 		
17	Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input checked="" type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	If you are required to complete the 28% Rate Gain Worksheet (see instructions), enter the amount, if any, from line 7 of that worksheet	18	
19	If you are required to complete the Unrecaptured Section 1250 Gain Worksheet (see instructions), enter the amount, if any, from line 18 of that worksheet	19	
20	Are lines 18 and 19 both zero or blank and you are not filing Form 4952? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 16. Don't complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Don't complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, 1040-SR, or 1040-NR, line 7, the smaller of: <ul style="list-style-type: none"> • The loss on line 16; or • (\$3,000), or if married filing separately, (\$1,500) } <p>Note: When figuring which amount is smaller, treat both amounts as positive numbers.</p>	21	()
22	Do you have qualified dividends on Form 1040, 1040-SR, or 1040-NR, line 3a? <input checked="" type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 16. <input type="checkbox"/> No. Complete the rest of Form 1040, 1040-SR, or 1040-NR.		

**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

2023

Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-SS, or 1040-NR.

Go to www.irs.gov/ScheduleSE for instructions and the latest information.

Name of person with self-employment income (as shown on Form 1040, 1040-SR, 1040-SS, or 1040-NR)

Social security number of person
with self-employment income

100-20-3000

Farah Kim

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is church employee income, see instructions for how to report your income and the definition of church employee income.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A **1a**

b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AQ **1b** ()

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2 Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order **2** 66,835

3 Combine lines 1a, 1b, and 2 **3** 66,835

4a If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3 **4a** 61,722

Note: If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.

b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here **4b**

c Combine lines 4a and 4b. If less than \$400, stop; you don't owe self-employment tax. **Exception:** If less than \$400 and you had church employee income, enter -0- and continue **4c** 61,722

5a Enter your church employee income from Form W-2. See instructions for definition of church employee income **5a**

b Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0- **5b**

6 Add lines 4c and 5b **6** 61,722

7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2023 **7** 160,200

8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$160,200 or more, skip lines 8b through 10, and go to line 11 **8a** 45,000

b Unreported tips subject to social security tax from Form 4137, line 10 **8b**

c Wages subject to social security tax from Form 8919, line 10 **8c**

d Add lines 8a, 8b, and 8c **8d** 45,000

9 Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 **9** 115,200

10 Multiply the smaller of line 6 or line 9 by 12.4% (0.124) **10** 7,654

11 Multiply line 6 by 2.9% (0.029) **11** 1,790

12 Self-employment tax. Add lines 10 and 11. Enter here and on Schedule 2 (Form 1040), line 4, or Form 1040-SS, Part I, line 3 **12** 9,444

13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (0.50). Enter here and on Schedule 1 (Form 1040), line 15 **13** 4,722

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method **only** if **(a)** your gross farm income¹ wasn't more than \$9,840, or **(b)** your net farm profits² were less than \$7,103.

14 Maximum income for optional methods	14	6,560
15 Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross farm income ¹ (not less than zero) or \$6,560. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if **(a)** your net nonfarm profits³ were less than \$7,103 and also less than 72.189% of your gross nonfarm income,⁴ and **(b)** you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution:** You may use this method no more than five times.

16 Subtract line 15 from line 14	16	
17 Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17	

¹ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code B.

² From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method.

³ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.

⁴ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.