

Tom and Katie Speed came to your office today to discuss their 2009 tax return. They have given you the information below. Please complete their **2009** Form 1040 and any required schedules. You may complete by using a commercial software product. If you choose to prepare with a commercial software product tax act is available for free. <http://www.taxact.com/>

Note: I have tried to give you all required information to complete the return, however, if you feel you do not have enough information for a particular area, please make an assumption and attach that assumption to your forms.

### Tom and Katie Speed

Tom and Katie Speed  
1234 Dawson's Creek Drive  
Dallas, Tx 78945  
214-222-2222

Tom and Katie Speed came to your office today to complete their 2009 tax return. Due to the birth of their daughter earlier this year, they were unable to complete their return by the required due date. However, they filed a properly completed extension.

Tom and Katie were married June 7, 2009. They have one child together, Suri Speed. Tom has two children from his previous marriage to Nicole Adultman (444-44-4444), Isabella and Connor. Tom is a former Navel Pilot. He was discharged from the Navy, without benefits, many years ago after a scandal. He is now a flight instructor for a local flight school. Katie is a Nurse. Tom earns \$85,000 per year and Katie earns \$35,000 per year. They earned \$868.42 from their savings account and \$452 from a municipal bond.

Name	Date of Birth	Social Security Number
Tom Speed	July 3, 1963	464-99-9999
Katie Speed	December 18, 1979	464-88-8888
Isabella Jane Speed	December 22, 1999	464-77-7777
Connor A. Speed	January 17, 2001	464-66-6666
Suri Speed	April 18, 2010	464-55-5555

Both Katie and Tom are in good health and neither of them is blind. Tom claims Isabella as a dependent and Nicole claims Connor as a dependent as part of their divorce decree. Isabella lives with Tom and Katie and Connor lives with Nicole. Both Katie and Tom have declined any contributions to the Presidential Election Fund.

Tom's employer provides a group term life insurance policy equal to 1x his salary. The insurance premium is paid for by the employer. Katie's employer does not provide life insurance. Both Katie and Tom are covered under Tom's Health Insurance. Tom and Katie do not pay any part of the life insurance premium. Any taxable portion (if any) has not been included in the W2s.

Tom and Katie’s W2s gave you the following information:

	<b>Tom</b>	<b>Katie</b>
Wages	\$115,000	\$35,000
Federal Tax Withheld	\$15,500	\$3,500
Social Security Withheld	\$6,622	\$2,170
Medicare Withheld	\$1,668	\$508

Katie and Tom sold 100 share of XYZ stock in 2009. The stock was a gift from Tom’s Uncle Bob. Uncle Bob paid \$500 for the stock when he purchased it on Jan. 1, 2001. At the date of transfer (Jan. 1, 2008) the stock was worth \$1,000 and Uncle Bob paid \$460 in gift tax. Tom sold the stock on Oct 1, 2009 for \$1,500.

Tom sold his personal residence on Nov. 1, 2009. Tom owned and lived in the home for 5 years (the home was acquired on Nov. 1, 2004). Katie moved in Nov 1, 2008. The home was located in Houston. The Speed’s moved to Dallas because due to a job change. The house was purchased for \$98,000. Due to high development in the area, the house was sold for \$486,000. Deductible expenses for the sale were \$10,000. Tom and Katie paid the following moving expenses: \$6,000 for movers, \$3,000 for travel, \$200 for meals and \$500 for lodging during the drive to the new home. They expect to stay in Dallas for at least 5 years.

Katie has \$10,000 in unused long-term capital loss carryovers from a poor investment in a movie production company that went bust. Both Tom and Katie contributed \$2,000 each to Roth IRAs. Neither is covered under an employer retirement plan. Katie paid \$5,000 in student loan interest. Tom attended a course at SMU to improve his business skills. He paid \$2,000 in tuition and \$100 for textbooks to SMU. Tom already has a Bachelor’s degree from SMU. Tom and Katie paid \$10,000 in property tax and \$5,000 in mortgage interest. They paid \$4,000 in medical and dental expenses. Tom gave \$4,000 to the Church of Scientology of Texas.

Tom pays Nicole alimony and child support. Tom has made the following payments to Nicole, per the divorce decree.

<b>Year</b>	<b>Alimony</b>	<b>Child Support</b>
2006	\$20,000	\$5,000
2007	\$16,000	\$5,000
2008	\$500	\$5,000
2009	\$5000	\$5,000