

PROSPERITY NOW COMMUNITY

TAXPAYER OPPORTUNITY NETWORK

Module 4 Quiz

Adjustments to Income

1. Adjustments are deductions that increase a taxpayer's gross income.
 - a) True
 - b) False
2. Adjustments lower other taxes, such as self-employment tax.
 - a) True
 - b) False
3. Homeschooling expenses are considered qualified expenses for eligible educators.
 - a) True
 - b) False
4. Expenses do not have to be required in order for eligible educators to claim them as necessary expenses.
 - a) True
 - b) False
5. Alimony paid to a divorced spouse is deductible as an adjustment to income that reduces AGI.
 - a) True
 - b) False
6. What is the effect of an increase to adjustments?
 - a) Increase income tax
 - b) Decrease income tax
 - c) No effect on income tax
 - d) Unknown effect on income
7. If filing as Single, how much may an eligible educator deduct?
 - a) \$50
 - b) \$100
 - c) \$250
 - d) \$500
8. If there is a discrepancy between what a taxpayer states as deductible income and what their Form shows, what is the course of action?
 - a) The tax return cannot be complete
 - b) The taxpayer must use their deductible income from the prior year
 - c) Use the taxpayer's deductible income
 - d) Use the deductible income on the Form
9. What must the taxpayer have in order to report alimony paid?
 - a) Birth date of the ex-spouse
 - b) Full name of the ex-spouse
 - c) Tax return of the ex-spouse
 - d) Social security number of the ex-spouse
10. How much can taxpayers deduct from qualified student loans?
 - a) \$500
 - b) \$1,000
 - c) \$2,500
 - d) \$5,000