YOU ARE THE TAX PREPARER!

SpongeBob SquarePants needs your help. While cartoon characters don’t make a huge amount of money, the government decided they had to start taxing them to reduce the huge debt America is in. Please do SpongeBob SquarePants’s taxes for him.

SpongeBob SquarePants does not have a spouse. He lives with his mom in a pineapple under the sea. He does not own his own phone. Much like your own life and taxes will be when you first get a job, SpongeBob SquarePants keeps his life very simple. He does not get unemployment compensation, does not give to the Alaska Permanent Fund, and has no Earned Income Credit (EIC), and never received combat pay.

He has one job…acting. He saves his money in two separate banks because he is nervous about one getting robbed by an evil shark. The banks pay him taxable interest for keeping his money. If he gets a refund, he would like the money sent to his house and not the bank. He did mention that he would like to contribute to the Presidential Election Campaign.

Note: The government only writes checks in whole dollars. You must round your final answer.

Give a try at figuring out his taxes. You have all the information you need in front of you. If you have questions…

(1) Look at the example you did with your own taxes

(2) Ask the teacher. You must be specific in your question.

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| 1 Wages, tips, other**25,125.68** | 2. Federal income tax withheld**2951.10** |
| 3 Social Security Wages**25,125.68** | 4 Social security tax withheld**907.85** |
| 5 Medicare wages and tips**25,125.68** | 6 Medicare tax withheld**312.98** |
| a. Control Number**148083** |  |
| c. Employer’s name, address**Warner Brothers****510 Cartoon Way** **Caribbean, SE 54321** |
| b. Employer’s FED ID number**987654321** | d. Employee’s SSA number (Social Security)**123-45-6789** |
| 7 Social security tips | 8 Allocated tips |
| 9 Advance EIC payment | 10 Dependent Care benefits |
| 11 Nonqualified plans | 12a  |
| 12b |
| 12c |
| 12d |
| e/f Employee name, address and ZIP code **SpongeBob SquarePants****123 Pineapple** **Caribbean, SE 54321** |
| 15 State**SE** | 16. State wages, tips, etc**25,125.68** |
| 17 State income tax**885.09** | 18 Local wages, tips, etc |
| **Wage and Tax Statement****W-2 2010****IRS copy** |

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| Payer’s Name, address, city, state and zip**Starfish Bank****1234 Lotsa Arms Dr.****Caspian, SE 49038** |  | 20**10****Form 1099-INT** |
| Payer’s Federal Identification Number**38-53624** | Recipient’s Identification Number**123-45-6789** | 1. Taxable Interest Income**67.51** |
| Recipients’ Address**SpongeBob SquarePants****123 Pineapple** **Caribbean, SE 54321** | 2 Early Withdrawal Penalty**0.00** | 3. Interest on U.S. Savings Bonds**0.00** |
| 4. Federal Income Tax Withheld**0.00** | 5. Investment expenses**0.00** |
| 6. Foreign Tax Paid**0.00** | 7. Foreign Country or U.S. possession |

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| Payer’s Name, address, city, state and zip**Bank of the Sea****42276 Walk the Plank****Caribbean, SE 48038** |  | 20**10****Form 1099-INT** |
| Payer’s Federal Identification Number**38-53637** | Recipient’s Identification Number**123-45-6789** | 1. Taxable Interest Income**42.39** |
| Recipients’ Address**SpongeBob SquarePants****123 Pineapple** **Caribbean, SE 54321** | 2 Early Withdrawal Penalty**0.00** | 3. Interest on U.S. Savings Bonds**0.00** |
| 4. Federal Income Tax Withheld**0.00** | 5. Investment expenses**0.00** |
| 6. Foreign Tax Paid**0.00** | 7. Foreign Country or U.S. possession |