

## 2015 Test Case 19

**Taxpayer:** Test Cardinal 400-00-5419  
6204 S Highland Ave, Madison WI 53705

**Scenario:** Taxpayer is a single resident under age 65 and is claiming a homestead credit greater than \$300. She operated a business, rolled over a distribution from her IRA, incurred a rental loss, reported a net operating loss carryover from 2014 and contributed to her IRA during the year.

The test return should also include the following conditions:

- The Schedule C should include vehicle expenses computed using actual expenses as well as deductions for depreciation, depletion, amortization and business use of home expenses. The business use of home expense should be computed using Form 8829.
- The IRA distribution should be a regular distribution (code 7) that she subsequently rolled over during the allowable time period.
- The Schedule E should include three rental properties, each with a depreciation deduction, and should result in a net loss.
- The Form 8829 should include a depreciation deduction that is included in the allowable expense.

The taxpayer purchased a new home and sold her existing home a month later. She was a 50% owner of the home she sold. The other owner resided in the home with her and each paid ½ the taxes allocated to them on the closing statement. She is 100% owner of the new home. Section 3 of the 2015 Property Tax Bill/Closing Statement and Sale of Home Information should show a selling price, expense of sale and adjusted basis of home sold that results in a gain (excluded from taxable income under Sec. 121, IRC.)

**Forms:** Resident WI return (Form 1), Schedule H, Homestead Notes, Property Tax Bill, Form 1040, Schedule C, Schedule E, Schedule SE, Form 1099-R (optional), Form 4562, Form 8829