

Lou and Joann Girardi are married and file a joint return. They recently bought a new home on 21680 Skyline Drive, Henderson, NV 89077. Their son, Stuart, attends the University of Pennsylvania full-time on a full scholarship. Stuart is claimed as a dependent on the Girardis' tax return. Their SSNs are Lou, 412-34-5670; Joann, 412-34-5671; and Stuart, 412-34-5672. Their birth dates are as follows: Lou, May 18, 1964; Joann, December 24, 1964; and Stuart, May 9, 1997. Their relevant tax information follows:

Lou is an attorney and owns his law firm, which is operating as an S corporation. His W-2 information and Schedule K-1 from his law firm are as follows:

Wages (box 1) = \$114,800.50  
Federal W/H (box 2) = \$ 15,000.14  
Social security wages (box 3) = \$114,800.50  
Social security W/H (box 4) = \$ 7,117.63  
Medicare wages (box 5) = \$114,800.50  
Medicare W/H (box 6) = \$ 1,664.61

Schedule K-1 from the law offices of Lou Girardi - Attorney at Law ID # 12-3456789 100% Owner Material participation:

Line 1 = \$22,582.00 (ordinary business income)

Line 11 = \$22,582.00 (\$ 179 deduction)

Joann is a full-time lecturer at Arizona State University. Her W-2 information from ASU is as follows:

Wages (box 1) = \$65,000.00  
Federal W/H (box 2) = \$ 9,950.25  
Social security wages (box 3) = \$65,000.00  
Social security W/H (box 4) = \$ 4,030.00  
Medicare wages (box 5) = \$65,000.00  
Medicare W/H (box 6) = \$ 942.50

The following are other income and expenses they received and incurred during the year:

Income	
Dividend (qualified)	\$ 666
Interest	765
Expenses	
Real estate taxes	7,836
State sales tax	1,629
Mortgage interest	32,562
Charitable contribution	2,598

Prepare the Girardis' federal tax return for 2016. Use Form 1040, and Schedules A, B, and E. Assume that the Girardis do not qualify for any credits (although they may). For any missing information, make reasonable assumptions. The taxpayers had qualifying health care coverage at all times during the tax year. (Assume no AMT although it may apply; Form 6251 or the AMT calculation is not required.) **(List the names of the taxpayers in the order in which they appear in the problem. Do not round intermediate computations. Input all the values as positive numbers.)**

Use the appropriate [Tax Tables](#) or [Tax Rate Schedules](#).