

**1.9-80**

George Large (SSN 000-11-1111) and his wife Marge Large (SSN 000-22-2222) live at 2000 Lakeview Drive, Cleveland, OH 49001 and want you to prepare their 2012 income tax return based on the information below:

George Large worked as a salesman for Toyboat, Inc. He received a salary of \$80,000 (\$8,500 of federal income taxes withheld and \$1,800 of state income taxes withheld) plus an expense reimbursement from Toyboat of \$5,000 to cover his employee business expenses. George must make an adequate accounting to his employer and return any excess reimbursement, none of the reimbursement was related to the meals and entertainment. Additionally, Toyboat provides George with medical insurance worth \$7,200 per year. George drove his car a total of 24,000 miles during the year, and he placed the car in service on June 1, 2010. His log indicates that 18,000 miles were for sales calls to customers at the customers' offices and the remainder was personal mileage. George uses the standard mileage rate method. Assume his business miles were driven evenly during the year. George is a college basketball fan. He purchased two season tickets for a total of \$4,000. He takes a customer to every game, and they discuss some business before, during, and after the games. George also takes clients to business lunches. His log indicates that he spent \$1,500 on these business meals. George also took a five-day trip to the Toyboat headquarters in Musty, Ohio. He was so well-prepared that he finished his business in three days, so he spent the other two days sightseeing. He had the following expenses during each of the five days of his trip:

Airfare	\$200
Lodging	\$85/day
Meals	\$50/day
Taxis	\$20/day

Marge Large is self-employed. She repairs rubber toy boats in the basement of their home, which is 25% of the house's square footage. The business code is 811490. She had the following income and expenses:

Income from rubber toy boat repairs	\$15,000
Cost of supplies	5,000
Contract labor	3,500
Long-distance phone calls (business)	500

The Large's home cost a total of \$150,000, of which the cost of the land was \$20,000. The FMV of the house is \$225,000. The house is depreciable over a 39-year recovery period. The Larges incurred the following total other expenses:

Utility bills for the house	\$2,000
Real estate taxes	2,500
Mortgage interest	4,500
Cash charitable contributions	3,500

Prepare Form 1040, Schedules A, C, and SE for Form 1040, and Forms 2106 and 8829 for the 2012 year. (Assume no depreciation for this problem and that no estimated taxes were paid by the Larges.)