1. Brad and Kate received $9,500 for rent from Mike and Janet, who are renting their home in California. Brad and Kate did not use this property for personal use. The rent covers eight months from August 1 of the current year to March 31 of the following year. The amount also includes a security deposit of $1,500. How much should Brad and Kate report as rental income in the current year?

2. In the current year, Maria rented her vacation home for 75 days, used it for personal reasons for 22 days, and left it vacant for the remainder of the year. Her income and expenses are as follows:

Rental income $18,000.00

Property taxes $2,500.00

Mortgage interest $3,500.00

Utilities $1,100.00

Repairs and maintenance $1,000.00

Depreciation $5,200.00

3. A taxpayer with an AGI of $146,000 for 2011 pays estimated taxes. The taxpayer can avoid an underpayment penalty by paying:

a. at least 90% of the 2011 tax liability ratably over four quarterly payments.

b. at least 100% of the 2011 tax liability ratably over four quarterly payments.

c. at least 110% of the 2010 tax liability ratably over four quarterly payments.

d. at least 90% of the 2010 tax liability if 2010 adjusted gross income was less than $100,000, regardless of filing status.

4. Sammy exchanges a warehouse he uses in his rental business for a building owned by Shawn which he will use in his rental business. The adjusted basis of Sammy’s building is $320,000 and the fair market value is $500,000. The adjusted basis of Shawn’s warehouse is $160,000 and the fair market value is $500,000. Which of the following statements is correct?

a. Sammy’s recognized gain is $0 and his basis for the warehouse received is $500,00

b. Sammy’s recognized gain is $180,000 and his basis for the warehouse received is $320,000

c. Sammy’s recognized gain is $0 and his basis for the warehouse received is $320,000

d. Sammy’s recognized gain is $180,000 and his basis for the warehouse received is $500,000

5. Beth contributes a building to a partnership with a basis of $120,000 and a FMV of $200,000. Beth’s basis in her partnership interest would:

a. not increase at all

b. increase by $80,000

c. increase by $120,000

d. increase by $200,000

6. Which of the following is reported as ordinary income or expense from a partnership?

a. depreciation expense

b. section 179 expense

c. gain on the sale of a section 1231 asset

d. dividend income