

ATS Test Scenario 8
Taxpayer: Lucas Diaz
SSN: 400-00-1041

Test Scenario 8 includes the following forms:

- Form 1040-SS
- Form 499R-2/W-2PR
- Schedule C
- Schedule SE

Additional Information:

- Taxpayer's Date of Birth is February 7, 1987.
- Taxpayer is a U.S citizen.
- 1st Dependent's Date of Birth is April 16, 2016.
- 2nd Dependent's Date of Birth is August 19, 2017.
- 3rd Dependent's is September 13, 2018.
- Taxpayer paid \$3,000.00 in estimated tax payments in 2025 (applied from 2025 return).

Form **1040-SS****U.S. Self-Employment Tax Return**

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service**(Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)**

U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or Puerto Rico

For the year Jan. 1–Dec. 31, 2026, or other tax year beginning , 2026, and ending , 20

2026☐ Filed pursuant to section 301.9100-2☐ Deceased MM / DD / YYYY

Spouse MM / DD / YYYY

☐ Other

Your first name and middle initial

Lucas

Last name

Diaz

Your social security number

400 00 1041

If a joint return, spouse's first name and middle initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

2119 URB Los Olmos

Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below.

Ponce

Commonwealth or territory

PR

ZIP code

00731-1235

Foreign country name

Foreign province/state/county

Foreign postal code

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):At any time during 2026, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☒ No**Part I Total Tax and Credits** (see instructions)**1 Filing status.**☒ Single☐ Married filing jointly☐ Married filing separately (MFS). Enter spouse's SSN above and full name here:☐ Head of household (HOH)☐ Qualifying surviving spouse (QSS)If you checked the HOH box, and will **not** complete line 2, enter the child's name:**2 Qualifying children.** Complete **only** if you are a bona fide resident of Puerto Rico and you are claiming the additional child tax credit (ACTC). If more than four qualifying children, see instructions and check here ☐

	Qualifying child 1	Qualifying child 2	Qualifying child 3	Qualifying child 4
(a) First name	Lucas	Julissa	Dylan	
(b) Last name	Diaz Jr	Diaz	Diaz	
(c) SSN	400 00 1074	400 00 1072	400 00 1073	
(d) Relationship	Son	Daughter	Son	

3 Self-employment tax from Schedule SE (Form 1040), line 12. Attach Schedule SE (Form 1040) and applicable schedules**3****4** Household employment taxes. Attach Schedule H (Form 1040)**4****5a** Additional Medicare Tax on self-employment income. Attach Form 8959**5a**

0

5b Additional Medicare Tax on Medicare wages and RRTA compensation. Attach Form 8959**5b**

0

6a Social security and Medicare tax on unreported tip income. Attach Form 4137**6a****6b** Uncollected social security and Medicare tax on tips**6b****6c** Uncollected social security and Medicare tax on wages. Attach Form 8919**6c****6d** Uncollected social security and Medicare tax on group-term life insurance**6d****6e** Total additional employment and other taxes. Add lines 4, 5b, and 6a through 6d**6e**

0

7 Total tax. Add lines 3, 5a, and 6e**7****8** 2026 estimated tax payments and amount applied from 2025 return**8**

If you made estimated tax payments with your former spouse in 2026, enter their SSN (see instructions):

9 Amount paid with request for extension of time to file**9****10** Additional child tax credit from Part II, line 19**10****11a** Additional Medicare Tax withheld. Attach Form 8959**11a**

0

11b Excess social security tax withheld**11b**

Part I **Total Tax and Credits** (see instructions) *(continued)*

12a	Add lines 8 through 11b	12a		
12b	Enter the amount from Schedule 3-A (Form 1040). Attach Schedule 3-A (Form 1040)	12b		
12c	These are your total payments and credits . Subtract line 12b from line 12a	12c		
13	If line 12c is more than line 7, subtract line 7 from line 12c. This is the amount you overpaid	13		
14a	Amount of line 13 you want refunded to you . If Form 8888 is attached, check here ☐	14a		
14b	Routing number	14c	Type: ☐ Checking ☐ Savings	
14d	Account number			
15	Amount of line 13 you want applied to 2027 estimated tax	15		
16	If line 7 is more than line 12c, subtract line 12c from line 7. This is the amount you owe (see www.irs.gov/ModernPayments)	16		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions. ☐ **Yes.** Complete below. ☐ **No**

Designee's name	Phone no.	Personal identification number (PIN)	
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**Sign
Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Joint return?
See instructions.
Keep a copy
for your records.

Your signature	Date	Daytime phone number	If the IRS sent you an Identity Protection PIN, enter it here (see instructions)
Spouse's signature. If a joint return, both must sign.		Date	If the IRS sent your spouse an Identity Protection PIN, enter it here (see instructions)

**Paid
Preparer
Use Only**

Preparer's name	Preparer's signature	Date	PTIN	Check if: ☐ Self-employed
Firm's name			Phone no.	
Firm's address			Firm's EIN	

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Form **1040-SS** (2026)

DRAFT – DO NOT FILE

DRAFT – DO NOT FILE

Part II Bona Fide Residents of Puerto Rico Claiming Additional Child Tax Credit (see instructions)

1	Do you have one or more qualifying children under age 17 with the required social security number? ☐ No. Stop. You can't claim the credit. ☒ Yes. Go to line 2.		
2	Number of qualifying children under age 17 with the required social security number: 3 x \$1,700		2
3	Enter your modified adjusted gross income	3	
4	Enter the amount shown below for your filing status • Married filing jointly—\$400,000 • All other filing statuses—\$200,000	4	
5	Is the amount on line 3 more than the amount on line 4? ☒ No. Leave line 5 blank. Enter the amount from line 2 on line 11, and go to line 12. ☐ Yes. Subtract line 4 from line 3. If the result isn't a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.)	5	
6	Multiply the amount on line 5 by 5% (0.05)		6
7	Number of qualifying children from line 2 x \$2,200	7	
8	Number of other dependents, including children who are not under age 17: x \$500. See instructions	8	
9	Add lines 7 and 8	9	
10	Is the amount on line 9 more than the amount on line 6? ☐ No. Stop. You can't claim the credit. ☐ Yes. Subtract line 6 from line 9		10
11	Enter the smaller of line 2 or line 10		11
12a	Enter one-half of self-employment tax from Part I, line 3	12a	
12b	Enter one-half of the Additional Medicare Tax on self-employment income from Form 8959, line 18	12b	
12c	Add lines 12a and 12b.	12c	
13a	Enter the amount, if any, of withheld social security, Medicare, and Additional Medicare taxes from Puerto Rico Form(s) 499R-2/W-2PR (attach copy of form(s)). If married filing jointly, include your spouse's amounts with yours	13a	
13b	Enter the amount reported on Part I, line 6a, if any, of social security and Medicare tax on unreported tip income from Form 4137	13b	
13c	Enter the amount reported on Part I, line 6c, if any, of uncollected social security and Medicare tax on wages from Form 8919	13c	
13d	Enter the amounts reported on Part I, lines 6b and 6d, if any, of uncollected social security tax and Medicare tax on tips and group-term life insurance	13d	
13e	Enter the amount, if any, of Additional Medicare Tax on Medicare wages from Form 8959, line 7	13e	
13f	Add lines 13a through 13e	13f	
14	Add lines 12c and 13f	14	
15	Enter the amount, if any, of Additional Medicare Tax withheld from Form 8959, line 22	15	
16	Subtract line 15 from line 14	16	
17	Enter the amount, if any, from Part I, line 11b	17	
18	Is the amount on line 16 more than the amount on line 17? ☐ No. Stop. You can't claim the credit. ☒ Yes. Subtract line 17 from line 16		18
19	Additional child tax credit. Enter the smaller of line 11 or line 18 here and on Part I, line 10		19



COMPROBANTE DE RETENCIÓN - WITHHOLDING STATEMENT

222	
1. Nombre - First Name Lucas	
Apellido(s) - Last Name(s)= Diaz	
Dirección Postal del Empleado - Employee's Mailing Address= 2119 URB Los Olmos Ponce PR 00731-1235	
Fecha de Nacimiento: Día = 7 Mes = 2 Año = 1987 Date of Birth: = Day Month Year	
2. Nombre y Dirección Postal del Patrono = Employer's Name and Mailing Address = Water Works Plumbing 4929 Paseo Villa Ponce, PR 00716-2279	
Número de Teléfono del Patrono = Employer's Telephone Number =	
Correo Electrónico del Patrono = Employer's E-mail =	
Fecha Cese de Operaciones: Día = Mes = Año = Cease of Operations Date: = Day Month Year	
Número Confirmación de Radicación Electrónica= Electronic Filing Confirmation Number = W1234567890	
Número Control - Control Number =	
Fecha de radicación: 31 de enero Filing date: January 31	
Año: 2026 Year: 2026	
3. Núm. Seguro Social= Social Security No.= 400-00-1041	
4. Núm. de Ident. Patronal= Employer Ident. No. (EIN)= 00-0000055	
5. Costo de cubierta de salud auspiciada = por el patrono - Cost of employer-sponsored health coverage= 0	
6. Donativos = Charitable Contributions 0	
Indique si la remuneración incluye pagos al empleado por: - Indicate if the remuneration includes payments to the employee for:= A- ☐ Médico cualificado (Ver instrucciones)= Qualified physician (See instructions)= B- ☐ Servicios domésticos= Domestic services= C- ☐ Trabajo agrícola= Agricultural labor= D- ☐ Ministro de una iglesia o miembro de una orden religiosa - Minister of a church or member of a religious order= E- ☐ Profesionales de la salud (Ver instrucciones)= Health professionals (See instructions)= F- ☐ Empleo directo (Ver instrucciones)= Direct employment (See instructions)= (i) Horas trabajadas= Hours worked (ii) EIN G- ☐ Otros - Others: =	
INFORMACIÓN PARA EL DEPARTAMENTO DE HACIENDA - DEPARTMENT OF THE TREASURY INFORMATION	
7. Sueldos - Wages= 43,113	
8. Comisiones - Commissions= 0	
9. Concesiones - Allowances= 0	
10. Propinas - Tips= 0	
11. Total = 7 + 8 + 9 + 10= 43,113	
12. Gastos Reemb. y Beneficios Marginales= Reimb. Expenses and Fringe Benefits= 0	
13. Cont. Retenida - Tax Withheld= 3,625	
14. Fondo de Retiro Gubernamental Governmental Retirement Fund= 0	
15. Aportaciones a Planes Calificados Contributions to CODA PLANS= 0	
Salarios Exentos (Ver instrucciones)= Exempt Salaries (See instructions)= Código/Code= 16. = Código/Code= 17. = Código/Code= 18. =	
19. Aportaciones al Programa Ahorra y Duplica tu Dinero - Contributions to the Save and Double your Money Program= 0	
INFORMACIÓN PARA EL SEGURO SOCIAL SOCIAL SECURITY INFORMATION	
20. Total Sueldos Seguro Social= Social Security Wages= 43,113	
21. Seguro Social Retenido Social Security Tax Withheld= 2,673	
22. Total Sueldos y Pro. Medicare= Medicare Wages and Tips= 43,113	
23. Contrib. Medicare Retenida Medicare Tax Withheld= 625	
24. Propinas Seguro Social= Social Security Tips= 0	
25. Seguro Social no Retenido en Propinas - Uncollected Social Security Tax on Tips= 0	
26. Contrib. Medicare no Retenida en Propinas - Uncollected Medicare Tax on Tips= 0	

SCHEDULE C
(Form 1040)Department of the Treasury
Internal Revenue Service**Profit or Loss From Business**

(Sole Proprietorship)

OMB No. 1545-0074

2026Attachment
Sequence No. **09****Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065.**
Go to www.irs.gov/ScheduleC for instructions and the latest information.

Name of proprietor

Lucas Diaz

Social security number (SSN)

400-00-1041

A Principal business or profession, including product or service (see instructions)

Plumber

B Enter code from instructions

2 | 3 | 8 | 2 | 2 | 0

C Business name. If no separate business name, leave blank.**D** Employer ID number (EIN) (see instr.)**E** Business address. Number and street. If you have a post office box, see instructions.

Apt. no.

City, town, or post office

State

ZIP code

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____**G** Did you "materially participate" in the operation of this business during 2026? If "No," see instructions for limit on losses . . . ☐ Yes ☐ No**H** If you started or acquired this business during 2026, check here . . . ☐**I** Did you make any payments in 2026 that would require you to file Form(s) 1099? See instructions . . . ☐ Yes ☐ No**J** If "Yes," did you or will you file required Form(s) 1099? . . . ☐ Yes ☐ No**Part I** **Income**

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . ☐	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42)	4	
5	Gross profit. Subtract line 4 from line 3	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross income. Add lines 5 and 6	7	

Part II **Expenses.** Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	2,380	18	Office expense (see instructions)	18	1,775
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11	3,650	20a	Vehicles, machinery, and equipment	20a	
12	Depletion	12		20b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	21	580
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
16a	Mortgage (paid to banks, etc.)	16a		24a	Travel	24a	
16b	Vehicle loan	16b		24b	Deductible meals (see instructions)	24b	
16c	Other	16c		25	Utilities	25	
17	Legal and professional services	17		26	Wages (less employment credits)	26	
				27a	Energy efficient commercial buildings deduction (attach Form 7205)	27a	
				27b	Other expenses (from line 48)	27b	
28	Total expenses before expenses for business use of home. Add lines 8 through 27b	28		28		28	
29	Tentative profit or (loss). Subtract line 28 from line 7	29		29		29	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		30		30	
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31		31		31	
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked box 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked box 32b, you must attach Form 6198 . Your loss may be limited.			32a	☐ All investment is at risk.	32a	
				32b	☐ Some investment is not at risk.	32b	

Part III Cost of Goods Sold (see instructions)

33	Method(s) used to value closing inventory: 33a ☐ Cost 33b ☐ Lower of cost or market 33c ☐ Other (attach explanation)	
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation	☐ Yes ☐ No
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35 7,755
36	Purchases less cost of items withdrawn for personal use	36 8,560
37	Cost of labor. Do not include any amounts paid to yourself	37 12,113
38	Materials and supplies	38 15,550
39	Other costs	39
40	Add lines 35 through 39	40
41	Inventory at end of year	41 21,600
42	Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43	When did you place your vehicle in service for business purposes? (month/day/year) / /	
44	Of the total number of miles you drove your vehicle during 2026, enter the number of miles you used your vehicle for:	
44a	Business _____	44b Commuting (see instructions) _____
		44c Other _____
45	Was your vehicle available for personal use during off-duty hours?	☐ Yes ☐ No
46	Do you (or your spouse) have another vehicle available for personal use?	☐ Yes ☐ No
47a	Do you have evidence to support your deduction?	☐ Yes ☐ No
47b	If "Yes," is the evidence written?	☐ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8–27a, or line 30.

48	Total other expenses. Enter here and on line 27b 48

SCHEDULE SE
(Form 1040)Department of the Treasury
Internal Revenue Service**Self-Employment Tax**Attach to Form 1040, 1040-SR, 1040-SS, or 1040-NR.
Go to www.irs.gov/ScheduleSE for instructions and the latest information.

OMB No. 1545-0074

2026
Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040, 1040-SR, 1040-SS, or 1040-NR)

Lucas Diaz

Social security number of person
with **self-employment** income

400-00-1041

Part I Self-Employment Tax**Note:** If your only income subject to self-employment tax is **church employee income**, see instructions for how to report your income and the definition of church employee income.**A** If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had \$400 or more of **other** net earnings from self-employment, check here and continue with Part I ☐

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1a Net farm profit or (loss) from Schedule F, line 34; and farm partnerships, Schedule K-1 (Form 1065), box 14, code A**1a****1b** If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AQ**1b** ()

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2 Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order**2****3** Combine lines 1a, 1b, and 2**3****4a** If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3**4a****Note:** If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.**4b** If you elect one or both of the optional methods, enter the total of lines 15 and 17 here**4b****4c** Combine lines 4a and 4b. If less than \$400, **stop**; you don't owe self-employment tax. **Exception:** If less than \$400 and you had **church employee income**, enter -0- and continue**4c****5a** Enter your **church employee income** from Form W-2. See instructions for definition of church employee income**5a****5b** Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-**5b**

0

6 Add lines 4c and 5b**6****7** Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2026**7**

\$184,500

8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$184,500 or more, skip lines 8b through 10, and go to line 11**8a****8b** Unreported tips subject to social security tax from Form 4137, line 10**8b****8c** Wages subject to social security tax from Form 8919, line 10**8c****8d** Add lines 8a, 8b, and 8c**8d****9** Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11**9****10** Multiply the **smaller** of line 6 or line 9 by 12.4% (0.124)**10****11** Multiply line 6 by 2.9% (0.029)**11****12 Self-employment tax.** Add lines 10 and 11. Enter here and on **Schedule 2 (Form 1040), line 4**, or **Form 1040-SS, Part I, line 3****12****13 Deduction for one-half of self-employment tax.**Multiply line 12 by 50% (0.50). Enter here and on **Schedule 1 (Form 1040), line 15****13**

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 11358Z

Schedule SE (Form 1040) 2026 Created 4/27/26

DRAFT — DO NOT FILE

DRAFT — DO NOT FILE

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm optional method. You may use this method **only** if (a) your gross farm income¹ wasn't more than \$11,340, **or** (b) your net farm profits² were less than \$8,186.

14	Maximum income for optional methods	14	\$7,560
15	Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross farm income ¹ (not less than zero) or \$7,560. Also, include this amount on line 4b above	15	

Nonfarm optional method. You may use this method **only** if (a) your net nonfarm profits³ were less than \$8,186 and also less than 72.189% of your gross nonfarm income,⁴ **and** (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution:** You may use this method no more than five times.

16	Subtract line 15 from line 14	16	
17	Enter the smaller of: two-thirds ($\frac{2}{3}$) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17	

¹ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code B.

² From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method.

³ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.

⁴ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.