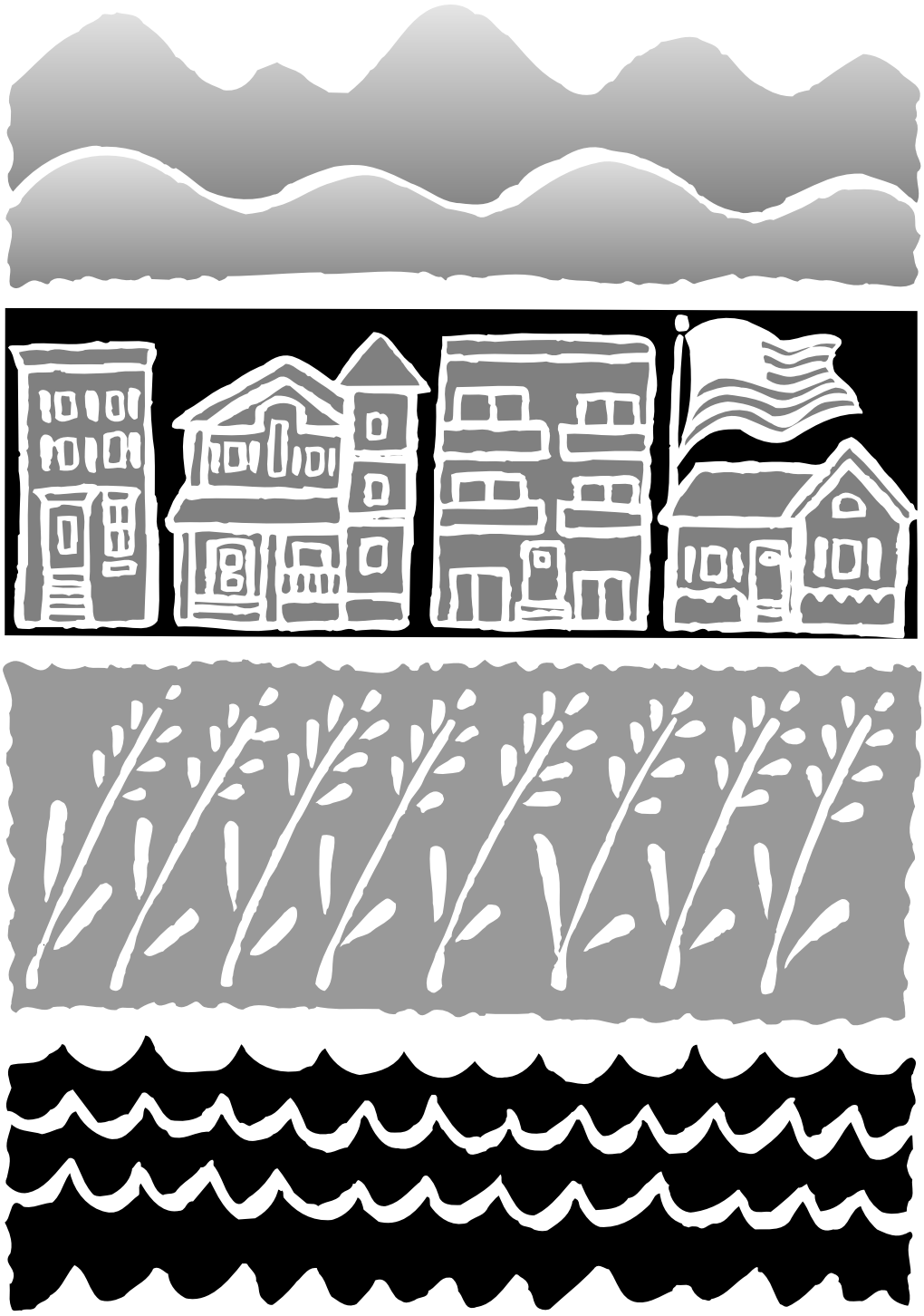
Department of the Treasury—**Internal Revenue Service**

1996 1040 Instructions



Note: *This booklet does not contain tax forms.*

Cat. No. 11325E

Check Your Social Security Numbers (SSNs)!

Incorrect or missing SSNs may increase your tax or reduce your refund. See page 6.

Do You Owe Money With Your Return?

Please use **Form 1040-V.** See the instructions for line 62 on page 30.

Receiving a Refund?

Have it sent directly to your bank account. See the instructions for lines 60b–60d on page 30.

Quick and Easy Access to Tax Help and Forms:

COMPUTER

World Wide Web—
http://www.irs.ustreas.gov

Telnet—
iris.irs.ustreas.gov

File Transfer Protocol—
ftp.irs.ustreas.gov

IRIS at FedWorld—
703-321-8020

FAX

From your fax machine's telephone dial—
703-487-4160

See Page 5!

Tax Return Page Reference

Questions about what to put on a line? Help is on the page number in the circle.

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** **1996** (99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 1996, or other tax year beginning , 1996, ending , 19 OMB No. 1545-0074

Label (See page 11.)

(11)

LABEL HERE

Your first name and initial	Last name	Your social security number (11)
If a joint return, spouse's first name and initial	Last name	Spouse's social security number (11)
Home address (number and street). If you have a P.O. box, see page 11.	Apt. no.	For help finding line instructions, see pages 2 and 3 in the booklet.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 11.		

Use the IRS label. Otherwise, please print or type.

Presidential Election Campaign (See page 11.) (11) Do you want $3 to go to this fund? . . . . . Yes ☐ No ☐
If a joint return, does your spouse want $3 to go to this fund? . . . . . Yes ☐ No ☐

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Filing Status

(11)

Check only one box.

1 ☐ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See instructions.)

Exemptions (12)

6a ☐ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a . . . . . No. of boxes checked on lines 6a and 6b
b ☐ **Spouse** . . . . . No. of your children on line 6c who:
• lived with you
• did not live with you due to divorce or separation (see instructions) (13)

c **Dependents:**

(1) First name / Last name	(2) Dependent's social security number. If born in Dec. 1996, see inst. (13)	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1996 (13)

If more than six dependents, see the instructions for line 6c. (12)

Dependents on 6c not entered above
Add numbers entered on lines above ▶

d Total number of exemptions claimed . . . . . (13)

Income (31)

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see the instructions for line 7. (14)

Enclose, but do not attach, any payment. Also, please enclose **Form 1040-V** (see the instructions for line 62). (30)

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	(14)
8a	**Taxable** interest. Attach Schedule B if over $400		8a	(14)
b	**Tax-exempt** interest. DO NOT include on line 8a (B-1)	8b (14)		
9	Dividend income. Attach Schedule B if over $400 (B-1)		9	(14)
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)		10	(14)
11	Alimony received		11	(14)
12	Business income or (loss). Attach Schedule C or C-EZ		12	(15)
13	Capital gain or (loss). If required, attach Schedule D		13	(15)
14	Other gains or (losses). Attach Form 4797		14	(15)
15a	Total IRA distributions (15) 15a	b Taxable amount (see inst.)	15b	(15)
16a	Total pensions and annuities (15) 16a	b Taxable amount (see inst.)	16b	(15)
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	(16)
20a	Social security benefits (17) 20a	b Taxable amount (see inst.)	20b	(17)
21	Other income. List type and amount—see instructions		21	(17)
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22	

Adjusted Gross Income

If line 31 is under $28,495 (under $9,500 if a child did not live with you), see the instructions for line 54. (25)

23a	Your IRA deduction (see instructions)	23a (18)	
b	Spouse's IRA deduction (see instructions)	23b (18)	
24	Moving expenses. Attach Form 3903 or 3903-F	24 (20)	
25	One-half of self-employment tax. Attach Schedule SE	25 (20)	
26	Self-employed health insurance deduction (see inst.)	26 (20)	
27	Keogh & self-employed SEP plans. If SEP, check ▶ ☐	27 (20)	
28	Penalty on early withdrawal of savings	28 (20)	
29	Alimony paid. Recipient's SSN ▶	29 (20)	
30	Add lines 23a through 29		30 (20)
31	Subtract line 30 from line 22. This is your **adjusted gross income** ▶		31 (21)

Tax Return Page Reference

Questions about what to put on a line? Help is on the page number in the circle.

Tax Computation

32 Amount from line 31 (adjusted gross income) 32

33a Check if: ☐ **You** were 65 or older, ☐ Blind; ☐ **Spouse** was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here . . . . ▶ 33a

b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see instructions and check here (A-1) . . . . ▶ 33b ☐

34 Enter the **larger** of your: **Itemized deductions** from Schedule A, line 28, **OR** **Standard deduction** shown below for your filing status. **But** see the instructions if you checked any box on line 33a or b **or** someone can claim you as a dependent.
- Single—$4,000 • Married filing jointly or Qualifying widow(er)—$6,700
- Head of household—$5,900 • Married filing separately—$3,350

34

35 Subtract line 34 from line 32 35

36 If line 32 is $88,475 or less, multiply $2,550 by the total number of exemptions claimed on line 6d. If line 32 is over $88,475, see the worksheet in the inst. for the amount to enter 36

37 **Taxable income.** Subtract line 36 from line 35. If line 36 is more than line 35, enter -0- 37

If you want the IRS to figure your tax, see the instructions for line 37.

38 **Tax.** See instructions. Check if total includes any tax from **a** ☐ Form(s) 8814 **b** ☐ Form 4972 . . . . ▶ 38

Credits

39 Credit for child and dependent care expenses. Attach Form 2441 39

40 Credit for the elderly or the disabled. Attach Schedule R 40

41 Foreign tax credit. Attach Form 1116 41

42 Other. Check if from **a** ☐ Form 3800 **b** ☐ Form 8396 **c** ☐ Form 8801 **d** ☐ Form (specify) _____ 42

43 Add lines 39 through 42 43

44 Subtract line 43 from line 38. If line 43 is more than line 38, enter -0- ▶ 44

Other Taxes

45 Self-employment tax. Attach Schedule SE 45

46 Alternative minimum tax. Attach Form 6251 46

47 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 47

48 Tax on qualified retirement plans, including IRAs. If required, attach Form 5329 48

49 Advance earned income credit payments from Form(s) W-2 49

50 Household employment taxes. Attach Schedule H 50

51 Add lines 44 through 50. This is your **total tax** ▶ 51

Payments

Attach Forms W-2, W-2G, and 1099-R on the front.

52 Federal income tax withheld from Forms W-2 and 1099 52

53 1996 estimated tax payments and amount applied from 1995 return 53

54 **Earned income credit.** Attach Schedule EIC if you have a qualifying child. Nontaxable earned income: amount ▶ _____ and type ▶ _____ 54

55 Amount paid with Form 4868 (request for extension) 55

56 Excess social security and RRTA tax withheld (see inst.) 56

57 Other payments. Check if from **a** ☐ Form 2439 **b** ☐ Form 4136 57

58 Add lines 52 through 57. These are your **total payments** ▶ 58

Refund

Have it sent directly to your bank account! See inst. and fill in 60b, c, and d.

59 If line 58 is more than line 51, subtract line 51 from line 58. This is the amount you **OVERPAID** 59

60a Amount of line 59 you want **REFUNDED TO YOU** ▶ 60a

▶ b Routing number _____ c Type: ☐ Checking ☐ Savings

▶ d Account number _____

61 Amount of line 59 you want **APPLIED TO YOUR 1997 ESTIMATED TAX** ▶ 61

Amount You Owe

62 If line 51 is more than line 58, subtract line 58 from line 51. This is the **AMOUNT YOU OWE**. For details on how to pay and use **Form 1040-V,** see instructions ▶ 62

63 Estimated tax penalty. Also include on line 62 63

Sign Here

Keep a copy of this return for your records.

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 taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address		EIN	
		ZIP code	

A Message From the Commissioner

Dear Taxpayer:

Each year the IRS tries to make it easier for you at tax time. This year you will find many new ways to help you prepare your return. At the beginning of this booklet, a sample Form 1040 shows you where to find the help you need, line by line. Many of you have let us know how helpful this format was last year, and we have incorporated many of your suggestions to make it even better.

Many of you may have heard about the many tax law changes that took place over the last year. Most of these changes will not affect your 1996 tax return. The instructions included in this booklet incorporate any changes that are effective for 1996. See **What's New** on page 6 for more details.

This year it is more important than ever that you put the correct Social Security Number on your return for yourself, your spouse, and your children. This year, if you have a missing or incorrect Social Security Number on your return, your refund may be decreased or the amount of tax you owe may be increased at the time we process your return. Check page 11 of this booklet for information on how to get a Social Security Number.

You should find the answers to most of your questions in this booklet. You can get forms and other information quickly and easily through our Internet Home Page (http://www.irs.ustreas.gov). Or you can use your fax machine to get over 100 forms and answers to many of your tax law questions. You can also call our Tele-Tax automated phone service and get answers to frequently asked tax questions. Check page 5 for details on all of these services.

This year you can choose to have your refund directly deposited into your bank account by filling out the information on lines 60b through 60d of your Form 1040. You do not have to fill out any other paperwork to take advantage of this safe, quick and easy way to get your refund.

I hope you will take advantage of the services we offer to make filing your 1996 tax return easier. We welcome your suggestions on how we can improve our services to you. You can e-mail us through our Internet Home Page (http://www.irs.ustreas.gov).

Margaret Milner Richardson

Margaret Milner Richardson

IRS Customer Service Standards—1996 Progress Report

NATIONAL PERFORMANCE REVIEW

Easier Filing. To make it easier for you to meet your tax obligations, we have expanded opportunities for simplified return filing and payment of taxes through our electronic filing, joint Federal-state filing, TeleFile, and electronic payment programs. **In 1996,** IRS received 14.9 million electronically filed individual returns and schedules compared to 11.8 million in 1995. This included 2.8 million returns through TeleFile, the first totally paperless way for you to file a Federal income tax return. We expanded the number of states participating in the Federal-state electronic filing program from 29 to 31. IRS also received over $374 billion in electronic payments.

Access to Information. You will have convenient access to tax law and account information. Tax information will be available by fax and through the Internet. Our pre-recorded tax information will be available 24 hours a day, 7 days a week, and access to refund status information will be available 16 hours each business day. Telephone assistance provided by our representatives will be available 10 hours each business day. **During 1996,** we assisted over 104 million taxpayers by providing pre-recorded tax information, refund status information, and telephone assistance from our representatives. In addition, taxpayers had 24 hour access to over 600 forms and publications and over 148 tax topics on the Internet. Taxpayers downloaded almost 3 million of these products using the Internet and over 300,000 using the IRS electronic bulletin board. Over 100,000 information orders have been filled by fax. There were over 80 million accesses on the IRS Home Page on the Internet.

Accuracy. Our goal is to answer your questions and process your tax returns accurately. **In 1996,** we achieved an accuracy rate of 93% in answering tax law and account questions. Our accuracy rate for processing tax refunds was 99.6%.

Prompt Refunds. If you file a complete and accurate tax return and you are due a refund, your refund will be issued within 21 days, if you file electronically and if you file a paper return, within 40 days. (Your refund may be delayed if your return is selected for further review.) **In 1996,** refunds were issued on time for all complete and accurate returns. Refunds based on electronically filed returns were issued, on average, within 16 days and for paper returns, the average was 38 days.

Initial Contact Resolution. Our goal is to satisfactorily resolve all your issues the first time you contact the IRS. **In 1996,** we met that goal 80% of the time. We will continue our efforts to address all of your issues and improve the level of our service in 1997.

Canceling Penalties. If you provide sufficient and accurate information to our tax assisters but are given and reasonably rely on an incorrect answer, we will cancel related penalties.

Resolving Problems. If you have a problem that has not been resolved through normal processes, you may contact our Problem Resolution Office. A caseworker will contact you within 1 week and will work with you to resolve the issue. **During 1996,** over 355,000 cases were referred and taxpayers were contacted within 1 week of referral 89.5% of the time.

Simpler Forms. We will make tax forms and instructions simpler and easier for you to use. We made some changes this year but we want your ideas for improvements. Please e-mail, call, or write to us (see page 7). **For 1996,** you will be able to request direct deposit of your refund on your tax return rather than on a separate form. More sole proprietors will be eligible to file the Schedule C-EZ. In addition, several items which appeared on the 1995 Forms 1040 and 1040A have been eliminated.

Quick and Easy Access to Tax Help and Forms:

PERSONAL COMPUTER

Why not use a personal computer and modem to get the forms and information you need?

Here is a sample of what you will find when you visit the IRS's Internet Web Site at — http://www.irs.ustreas.gov

- Forms and Instructions
- Publications
- Educational Materials
- IRS Press Releases and Fact Sheets
- Tele-Tax Topics on About 150 Tax Topics
- Answers to Frequently Asked Questions

You can also reach us using:

- Telnet at **iris.irs.ustreas.gov**
- File Transfer Protocol at **ftp.irs.ustreas.gov**
- Direct Dial (by modem)—You can also dial direct to the Internal Revenue Information Services (IRIS) by calling **703-321-8020** using your modem. IRIS is an on-line information service on FedWorld. FedWorld's help desk (703-487-4608) offers technical assistance on accessing IRIS (not tax help) during normal business hours.

PHONE

You can also get information and forms by phone.

Forms and Publications

You can order forms, instructions, and publications by phone. Just call 1-800-TAX-FORM (1-800-829-3676) between 7:30 a.m. and 5:30 p.m. on weekdays. The best time to call is before 9 a.m. or after 2 p.m. Thursdays and Fridays are the best days to contact us. (The hours are Pacific time in Alaska and Hawaii, Eastern time in Puerto Rico.) You should receive your order or notification of its status within 7 to 15 workdays.

Tele-Tax Topics

You can listen to pre-recorded messages covering about 150 tax topics. *(See pages 34 and 35 for the number to call and a list of the topics.)*

FAX

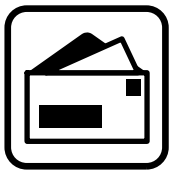
*Just call **703-487-4160** from the telephone connected to your fax machine to get the following:*

Forms and Instructions

We can fax you over 100 of the most requested forms and instructions. *(See page 36 for a list of the items.)*

Tele-Tax Topics

We can also fax you Tele-Tax topics covering about 150 tax topics. *(See pages 34 and 35 for a list of the topics.)*

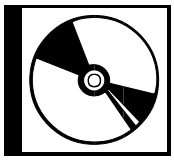


MAIL

You can order forms, instructions, and publications by completing the order blank on page 39.

WALK-IN

You can pick up certain forms, instructions, and publications at many post offices, libraries, and IRS offices. See page 40 for a partial listing of products. You can also photocopy, or print out from a CD-ROM or the Internet, many other products at participating libraries.



CD-ROM

To order the CD-ROM, contact Supt. Docs. at 202-512-1800 (select Option #1), or by computer through GPO's Internet Web Site (http://www.access.gpo.gov/su_docs).

For small businesses, return preparers, or others who may frequently need tax forms or publications, a CD-ROM containing over 2,000 products can be purchased for $25 from the Government Printing Office (GPO), Superintendent of Documents (Supt. Docs.). Current tax year materials, and tax forms from 1991 and publications from 1994, are included on the disc.

You can also get help in other ways—See page 33 for information.

Section 1.

Before You Fill In Form 1040

If you were a participant in Operation Joint Endeavor or you were in the Persian Gulf area combat zone, see ***Pub. 3,*** *Armed Forces Tax Guide.*

What's New for 1996?

Tax Law Changes

The 1996 tax forms and instructions reflect changes resulting from the legislation enacted in 1996. However, you will find that your tax forms this year are very similar to those you filed in the past. This is because most of the new tax changes do not take effect until after 1996. For more details on 1996 and 1997 tax changes, see **Pub. 553,** Highlights of 1996 Tax Changes.

Social Security Numbers (SSNs)

You must include on your return the SSN of each person, other than a child born in December 1996, you claim as a—

- Dependent on Form 1040 (for example, your child).
- Qualifying person for the credit on **Form 2441,** Child and Dependent Care Expenses.
- Qualifying child on **Schedule EIC,** Earned Income Credit.

Please be sure to include the correct SSN for that person. If you do not, at the time we process your return, we may disallow that person as a dependent and reduce or disallow any other tax benefits (such as the credits listed above) based on that person.

Also, please be sure to include the correct SSN for you and your spouse. If you do not, at the time we process your return, we may disallow the exemption(s) and any earned income credit you claim.

To find out how to get an SSN, see page 11.

IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get a social security number (SSN). **To apply for an ITIN,** file **Form W-7** with the IRS. See page 5 to find out how to get the form. It usually takes about 30 days to get an ITIN. **Enter your ITIN wherever your SSN is requested on your tax return.** If you are required to include another person's SSN on your return and that person does not have and cannot get an SSN, enter that person's ITIN. **An incorrect or missing taxpayer identification number may increase your tax or reduce your refund.**

Note: *An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.*

Direct Deposit of Refund

This year you do not have to file an extra form to have your refund sent directly to your bank account. See the instructions for lines 60b–60d on page 30.

Standard Mileage Rates

The rate for business use has increased to 31 cents a mile. For medical and moving expenses, the rate has increased to 10 cents a mile.

Private Delivery Services

In addition to the United States Postal Service, private delivery services (to be designated by the IRS) can be used to meet the timely mailing as timely filing and paying rule (for example, to send your tax return to the IRS). When these instructions were printed, no private delivery services had been designated. When they are, the IRS will make every effort to publicize the information.

Gifts From Foreign Persons

If you received over $10,000 of gifts (or bequests) after August 20, 1996, from foreign persons, you may have to provide information about the gifts. Foreign persons include nonresident aliens and foreign partnerships, corporations, estates, trusts, etc. For details, see Pub. 553.

Earned Income Credit (EIC)

You may be able to take this credit if you earned less than $28,495 (less than $9,500 if you do not have any qualifying children). See the instructions for line 54 that begin on page 25.

EIC With Your Pay. If you expect to be able to claim the EIC for 1997 and a child lives with you, you may be able to get part of the credit in your paycheck instead of waiting until you file your 1997 return. For details, use Tele-Tax topic 604 (see page 34) or get **Form W-5,** Earned Income Credit Advance Payment Certificate, from your employer.

Alternative Ways of Filing

The IRS offers several alternatives to make filing tax returns easier. They are more convenient and accurate and result in faster processing of your tax return. For details, see page 33.

How To Avoid Common Mistakes

Mistakes may delay your refund or result in notices being sent to you.

1. Check your math, especially when figuring your taxable social security benefits, deduction for exemptions, taxable income, total income, total tax, Federal income tax withheld, and your refund or amount you owe.

2. Remember to **sign** and date Form 1040 and enter your occupation.

3. Make sure your name, address, and social security number (SSN) are correct on the peel-off label. If not, enter the correct information.

4. If you are taking the standard deduction and you checked any box on line 33a or you (or your spouse if filing jointly) can be claimed as a dependent on someone's return, be sure to see page 21 to find the correct amount to enter on line 34.

5. If you (or your spouse if you check the box on line 6b) were age 65 or older or blind, be sure to check the appropriate boxes on line 33a.

6. If you are married filing jointly and did not get a peel-off label, or you are married filing separately, enter your spouse's SSN in the space provided on page 1 of Form 1040. Also, enter your SSN in the space provided next to your name.

7. Attach your W-2 form(s) and other required forms and schedules. Do not forget to put all forms and schedules in the proper order. See **Assemble Your Return** on page 31.

8. Be sure to include your SSN on your payment.

Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 and its regulations say that you must show your social security number on what you file. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you. But you do not have to check the boxes for the Presidential Election Campaign Fund.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.

We may give the information to the Department of Justice and to other Federal agencies, as provided by law. We may also give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. And we may give it to foreign governments because of tax treaties they have with the United States.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, you may be charged penalties and be subject to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

The Time It Takes To Prepare Your Return

We try to create forms and instructions that can be easily understood. Often this is difficult to do because our tax laws are very complex. For some people with income mostly from wages, filling in the forms is easy. For others who have businesses, pensions, stocks, rental income, or other investments, it is more difficult.

We Welcome Comments on Forms

If you have comments concerning the accuracy of the time estimates shown below or suggestions for making these forms simpler, we would be happy to hear from you. You can e-mail us your suggestions and comments through the IRS Internet Home Page (http://www.irs.ustreas.gov) or write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. You can also leave a recorded message 24 hours a day, 7 days a week, at 1-800-829-9043.

DO NOT send your return to this address. Instead, see **Where Do I File?** on the back cover.

Estimated Preparation Time

The time needed to complete and file Form 1040 and its schedules will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS	Totals
Form 1040	3 hr., 8 min.	2 hr., 32 min.	4 hr., 33 min.	40 min.	10 hr., 53 min.
Sch. A	2 hr., 32 min.	26 min.	1 hr., 10 min.	27 min.	4 hr., 35 min.
Sch. B	33 min.	8 min.	17 min.	20 min.	1 hr., 18 min.
Sch. C	6 hr., 26 min.	1 hr., 10 min.	2 hr., 5 min.	35 min.	10 hr., 16 min.
Sch. C-EZ	46 min.	4 min.	32 min.	20 min.	1 hr., 42 min.
Sch. D	51 min.	1 hr., 8 min.	1 hr., 1 min.	41 min.	3 hr., 41 min.
Sch. E	2 hr., 52 min.	1 hr., 7 min.	1 hr., 16 min.	35 min.	5 hr., 50 min.
Sch. EIC	- - - - -	2 min.	4 min.	20 min.	26 min.
Sch. F:					
Cash Method	4 hr., 2 min.	35 min.	1 hr., 14 min.	20 min.	6 hr., 11 min.
Accrual Method	4 hr., 22 min.	25 min.	1 hr., 19 min.	20 min.	6 hr., 26 min.
Sch. H	46 min.	29 min.	48 min.	35 min.	2 hr., 38 min.
Sch. R	20 min.	15 min.	22 min.	35 min.	1 hr., 32 min.
Sch. SE:					
Short	20 min.	13 min.	11 min.	14 min.	58 min.
Long	26 min.	22 min.	34 min.	20 min.	1 hr., 42 min.

Section 2.

Filing Requirements

Note: *These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.*

Do I Have To File?

Use **Chart A, B,** or **C** to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see **Pub. 570,** Tax Guide for Individuals With Income From U.S. Possessions. Residents of Puerto Rico can use Tele-Tax topic 901 (see page 34) to see if they must file.

TIP *Even if you do not otherwise have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file if you are eligible for the earned income credit.*

Exception for Children Under Age 14

If you are planning to file a return for your child who was under age 14 on January 1, 1997, and certain other conditions apply, you may elect to report your child's income on your return. But you must use **Form 8814,** Parents' Election To Report Child's Interest and Dividends, to do so. If you make this election, your child does not have to file a return. For details, use Tele-Tax topic 553 (see page 34) or see Form 8814.

Nonresident Aliens and Dual-Status Aliens

These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1996 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file **Form 1040NR,** U.S. Nonresident Alien Income Tax Return, or **Form 1040NR-EZ,** U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents. Specific rules apply to determine if you are a resident or nonresident alien. See **Pub. 519,** U.S. Tax Guide for Aliens, for details, including the rules for students and scholars who are aliens.

When Should I File?

Not later than **April 15, 1997.** If you file after this date, you may have to pay penalties and interest. See page 33.

Chart A—For Most People

To use this chart, first find your filing status. Then, read across to find your age at the end of 1996. You must file a return if your **gross income**** was at least the amount shown in the last column.

Filing status	Age*	Gross income**
Single	under 65	$6,550
	65 or older	7,550
Married, filing jointly***	under 65 (both spouses)	$11,800
	65 or older (one spouse)	12,600
	65 or older (both spouses)	13,400
Married, filing separately	any age	$2,550
Head of household (see page 11)	under 65	$8,450
	65 or older	9,450
Qualifying widow(er) with dependent child (see page 12)	under 65	$9,250
	65 or older	10,050

* *If you turned age 65 on January 1, 1997, you are considered to be age 65 at the end of 1996.*

** ***Gross income*** *means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain).* ***Do not*** *include social security benefits unless you are married filing a separate return and you lived with your spouse at anytime in 1996.*

*** *If you did not live with your spouse at the end of 1996 (or on the date your spouse died) and your gross income was at least $2,550, you must file a return regardless of your age.*

What if I Cannot File on Time?

If you know that you cannot file your return by the due date, you should file **Form 4868,** Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, by April 15, 1997.

Caution: *Form 4868 does not extend the time to pay your income tax. See Form 4868.*

But if you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868, if, on the due date of your return, you meet one of the following conditions:

- You live outside the United States and Puerto Rico, AND your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

Where Do I File?

See the back cover of this booklet.

Chart B—For Children and Other Dependents (See the instructions for line 6c that begin on page 12 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest and dividends. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants.

Caution: *If your gross income was $2,550 or more, you usually cannot be claimed as a dependent unless you were under age 19* ***or*** *a student under age 24. For details, see* ***Test 4—Income*** *on page 12.*

Single dependents. Were you **either** age 65 or older **or** blind?

☐ **No.** You must file a return if—

Your unearned income was:	**AND**	**The total of that income plus your earned income was:**
$1 or more		over $650
$0		over $4,000

☐ **Yes.** You must file a return if **any** of the following apply.

- Your earned income was over $5,000 ($6,000 if 65 or older **and** blind).
- Your unearned income was over $1,650 ($2,650 if 65 or older **and** blind).
- Your gross income was more than—

The larger of:	**PLUS**	**This amount:**
$650 or your earned income (up to $4,000)		$1,000 ($2,000 if 65 or older **and** blind)

Married dependents. Were you **either** age 65 or older **or** blind?

☐ **No.** You must file a return if **either** of the following apply.

- Your gross income was at least $5 and your spouse files a separate return and itemizes deductions.
- **Your unearned income was:** **AND** **The total of that income plus your earned income was:**

$1 or more		over $650
$0		over $3,350

☐ **Yes.** You must file a return if **any** of the following apply.

- Your earned income was over $4,150 ($4,950 if 65 or older **and** blind).
- Your unearned income was over $1,450 ($2,250 if 65 or older **and** blind).
- Your gross income was at least $5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than—

The larger of:	**PLUS**	**This amount:**
$650 or your earned income (up to $3,350)		$800 ($1,600 if 65 or older **and** blind)

Chart C—Other Situations When You Must File

If any of the four conditions below applied to you for 1996, you must file a return.

1. You owe any special taxes, such as:

- Social security and Medicare tax on tips you did not report to your employer,
- Uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance,
- Alternative minimum tax,
- Tax on a qualified retirement plan, including an individual retirement arrangement (IRA), or
- Recapture taxes. (See the instructions for line 51 on page 24.)

2. You received any advance earned income credit (EIC) payments from your employer. These payments should be shown in box 9 of your W-2 form.

3. You had net earnings from self-employment of at least $400.

4. You had wages of $108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Where To Report Certain Items From 1996 Forms W-2, 1098, and 1099

Report any amounts shown on these forms as **Federal income tax withheld** on Form 1040, line 52. If you itemize your deductions, report any amounts shown on these forms as **state or local income tax withheld** on Schedule A, line 5.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
W-2	Wages, salaries, tips, etc. (box 1)	Form 1040, line 7
	Allocated tips (box 8)	See **Tip income** on page 14
	Advance EIC payments (box 9)	Form 1040, line 49
	Dependent care benefits (box 10)	Form 2441, line 11
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1) Points (box 2)	Schedule A, line 10*
	Refund of overpaid interest (box 3)	See the instructions for Form 1040, line 21, on page 17*
1099-A	Acquisition or abandonment of secured property	See Pub. 544
1099-B	Stocks, bonds, etc. (box 2)	Schedule D
	Bartering (box 3)	See Pub. 525
	Futures contracts (box 9)	Form 6781
1099-C	Canceled debt (box 2)	Form 1040, line 21, but first see the instructions on Form 1099-C*
1099-DIV	Ordinary dividends (box 1b)	Form 1040, line 9
	Capital gain distributions (box 1c)	See the instructions for Form 1040, line 13, on page 15
	Nontaxable distributions (box 1d)	See the instructions for Form 1040, line 9, on page 14
	Investment expenses (box 1e)	Form 1040, line 9, and Schedule A, line 22
	Foreign tax paid (box 3)	Schedule A, line 8 (or Form 1116)
1099-G	Unemployment compensation (box 1)	Form 1040, line 19. But if you repaid any unemployment compensation in 1996, see the instructions for line 19 on page 16
	State or local income tax refund (box 2)	See the instructions for Form 1040, line 10, on page 14*
	Taxable grants (box 6)	Form 1040, line 21*
	Agriculture payments (box 7)	See the Schedule F instructions or Pub. 225
1099-INT	Interest income (box 1)	Form 1040, line 8a
	Early withdrawal penalty (box 2)	Form 1040, line 28
	Interest on U.S. savings bonds and Treasury obligations (box 3)	See the instructions for Form 1040, line 8a, on page 14
	Foreign tax paid (box 5)	Schedule A, line 8 (or Form 1116)
1099-MISC	Rents (box 1)	See the instructions for Schedule E
	Royalties (box 2)	Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544)
	Other income (box 3)	Form 1040, line 21*
	Nonemployee compensation (box 7)	Schedule C, C-EZ, or F (Form 1040, line 7, if you were not self-employed)
	Other (boxes 5, 6, 8, 9, and 10)	See the instructions on Form 1099-MISC
1099-OID	Original issue discount (box 1) Other periodic interest (box 2)	See the instructions on Form 1099-OID
	Early withdrawal penalty (box 3)	Form 1040, line 28
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5)	Schedule C, Schedule C-EZ, Schedule F, or Form 4835, but first see the instructions on Form 1099-PATR
	Credits (boxes 7 and 8)	Form 3468 or Form 5884
1099-R	Distributions from IRAs	See the instructions for Form 1040, lines 15a and 15b, on page 15
	Distributions from pensions, annuities, etc.	See the instructions for Form 1040, lines 16a and 16b, on page 15
	Capital gain (box 3)	See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2)	Form 2119 (or Form 4797 or Schedule D if the property was not your home)
	Buyer's part of real estate tax (box 5)	See the instructions for Schedule A, line 6, on page A-2*

* If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F, or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.

Section 3.

Line Instructions For Form 1040

Name, Address, and Social Security Number (SSN)

Use the Label

Using the peel-off label in this booklet will speed the processing of your return. It also prevents common errors that can delay refunds or result in unnecessary notices. Attach the label **after** you have finished your return. Cross out any errors and print the correct information. Add any missing items such as your apartment number.

Caution: *If the label is for a joint return and the SSNs are not listed in the same order as the first names, please show the SSNs in the correct order.*

Address Change

If the address on your peel-off label is not your current address, cross out your old address and print your new address. If you plan to move after filing your return, see page 32.

Name Change

If you changed your name, be sure to report the change to your local Social Security Administration office **before** filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. If you received a peel-off label, cross out your former name and print your new name.

What If I Do Not Have a Label?

Print or type the information, including your SSN(s), in the spaces provided. If you are married filing a separate return, enter your husband's or wife's name on line 3 instead of below your name.

Social Security Number (SSN)

An incorrect or missing SSN may increase your tax or reduce your refund. **To apply for an SSN,** get **Form SS-5** from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA. It usually takes about 2 weeks to get an SSN. Check that your SSN is correct on your Forms W-2 and 1099. See page 32 for more details.

Nonresident Alien Spouse

If your spouse is a nonresident alien and you file a joint or separate return, your spouse must have either an SSN or an Individual Taxpayer Identification Number (ITIN). If your spouse is not eligible to obtain an SSN, he or she can file **Form W-7** with the IRS to apply for an ITIN. See page 6.

P.O. Box

Enter your box number **only** if your post office does not deliver mail to your home.

Foreign Address

Enter the information in the following order: city, province or state, postal code, and the name of the country. Please **do not** abbreviate the country name.

Death of a Taxpayer

See page 32.

Presidential Election Campaign Fund

This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. If you want $3 to go to this fund, check the "Yes" box. If you are filing a joint return, your spouse may also have $3 go to the fund. If you check "Yes," your tax or refund will not change.

Filing Status

Check **only** the filing status that applies to you. The ones that will usually give you the lowest tax are listed last.

- Married filing separately
- Single
- Head of household
- Married filing jointly or Qualifying widow(er) with dependent child

TIP *More than one filing status may apply to you. Choose the one that will give you the lowest tax.*

Line 1

Single

You may check the box on line 1 if **any** of the following was true on December 31, 1996:

- You were never married, or
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance, or
- You were widowed before January 1, 1996, and did not remarry in 1996.

Line 2

Married Filing Jointly

You may check the box on line 2 if **any** of the following is true:

- You were married as of December 31, 1996, even if you did not live with your spouse at the end of 1996, or
- Your spouse died in 1996 and you did not remarry in 1996, or
- Your spouse died in 1997 before filing a 1996 return. For details on filing the joint return, see **Death of a Taxpayer** on page 32.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both must sign the return and both are responsible. This means that if one spouse does not pay the tax due, the other may have to. If you file a joint return for 1996, you may not, after the due date for filing that return, amend it to file as married filing separately.

Nonresident Aliens and Dual-Status Aliens. You may be able to file a joint return. See **Pub. 519,** U.S. Tax Guide for Aliens, for details.

Line 3

Married Filing Separately

If you are married and file a separate return, you will usually pay more tax. You may want to figure your tax both ways (married filing jointly and married filing separately) to see which filing status is best for you. Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people who live in community property states. See page 13.

TIP *You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 1996. See* ***Married Persons Who Live Apart*** *on the next page.*

Line 4

Head of Household

This filing status is for **unmarried** individuals who provide a home for certain other persons. (Some **married persons who live apart** may also qualify. See page 12.) You may check the box on line 4 **only if** you were unmarried or legally separated as of December 31, 1996, and **either 1** below or **2** on page 12 apply to you.

1. You paid over half the cost of keeping up a home that was the main home for all of

1996 of your **parent** whom you can claim as a dependent. Your parent did not have to live with you in your home; **or**

2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see the **Exception** at the end of the line 4 instructions).

- Your **unmarried** child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child does not have to be your dependent. But in this case, enter the child's name in the space provided on line 4. If you do not enter the name, it will take us longer to process your return.
- Your **married** child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for **Children of Divorced or Separated Parents** on the next page, this child does not have to be your dependent. Enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.
- Your **foster** child, who must be your dependent.
- Any other relative you can claim as a dependent. For the definition of a relative, see **Test 1** on this page. But for this purpose, the **Exception** at the end of that test does not apply.

Note: *You **cannot** file as head of household if your child, parent, or relative described above is your dependent under the rules on the next page for **Person Supported by Two or More Taxpayers.***

Married Persons Who Live Apart

Even if you were not divorced or legally separated in 1996, you may be able to file as head of household. You may check the box on line 4 if **all five** of the following apply.

1. You **must** have lived apart from your spouse for the **last 6 months** of 1996.

2. You file a separate return from your spouse.

3. You paid over half the cost of keeping up your home for 1996.

4. Your home was the main home of your child, adopted child, stepchild, or foster child for more than half of 1996 (if half or less, see the **Exception** at the end of the line 4 instructions).

5. You claim this child as your dependent or the child's other parent claims him or her under the rules for **Children of Divorced or Separated Parents** on the next page. If this child is not your dependent, be sure to enter the child's name on line 4. If you do not enter the name, it will take us longer to process your return.

TIP *If all five apply, you may also be able to take the credit for child and dependent care expenses and the earned income credit. You can also take the standard deduction even if your spouse itemizes deductions. For more details, see the instructions for these topics.*

Keeping Up a Home

To find out what is included in the cost of keeping up a home, see **Pub. 501,** Exemptions, Standard Deduction, and Filing Information.

If you used payments you received under the **Aid to Families With Dependent Children (AFDC)** program or **other public assistance** programs to pay part of the cost of keeping up your home, you **cannot** count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half of the cost.

Dependents

To find out if someone is your dependent, see the instructions for line 6c.

Exception

You can count temporary absences such as for school, vacation, or medical care as time lived in the home. If the person for whom you kept up a home was born or died in 1996, you may still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

Line 5

Qualifying Widow(er) With Dependent Child

You may check the box on line 5 and use joint return tax rates for 1996 if **all five** of the following apply.

1. Your spouse died in 1994 or 1995 and you did not remarry in 1996.

2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.

3. This child lived in your home for all of 1996. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.

4. You paid over half the cost of keeping up your home.

5. You could have filed a joint return with your spouse the year he or she died, even if you did not actually do so.

If your spouse died in 1996, you may not file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2.

Exemptions

For each exemption you can take, you generally can deduct $2,550 on line 36.

Line 6b

Spouse

Check the box on line 6b if you file either **(1)** a joint return, or **(2)** a separate return and your spouse had no income and is not filing a return. However, **do not** check the box if your spouse can be claimed as a dependent on another person's return.

Line 6c

Dependents

You can take an exemption for each of your dependents who was alive during some part of 1996. This includes a baby **born** in 1996 or a person who **died** in 1996. See **Pub. 501,** Exemptions, Standard Deduction, and Filing Information, for more details. Any person who meets **all five** of the following tests qualifies as your dependent.

If you have **more than six** dependents, attach a statement to your return with the required information.

Test 1—Relationship

The person must be your relative. But see **Exception** at the end of **Test 1.** The following people are considered your relatives:

- Your child, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; or a foster child (any child who lived in your home as a family member for the whole year).
- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, stepparent, parent-in-law.
- Your grandparent, great-grandparent, etc.
- Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law.
- Your aunt, uncle, nephew, niece, if they are related by blood.

Any relationships established by marriage are not treated as ended by divorce or death.

Exception. A person who lived in your home as a family member for the entire year can also be considered a dependent. However, the relationship must not violate local law.

Test 2—Married Person

If the person is married and files a joint return, you cannot take an exemption for the person.

TIP *If the person and the person's spouse file a joint return only to get a refund of all tax withheld, you may be able to claim him or her if the other four tests are met. See Pub. 501 for details.*

Test 3—Citizen or Resident

The person must be **one** of the following:

- A U.S. citizen or resident alien, or
- A resident of Canada or Mexico, or
- Your adopted child who is not a U.S. citizen but who lived with you all year in a foreign country.

Test 4—Income

Generally, the person's gross income must be less than $2,550. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

Income earned by a permanently and totally disabled person for services performed at a sheltered workshop school is generally not included for purposes of the income test. See Pub. 501 for details.

Exception for Your Child. Your child can have gross income of $2,550 or more if:

1. Your child was **under age 19** at the end of 1996, **or**

2. Your child was **under age 24** at the end of 1996 **and** was a **student.**

Your child was a **student** if he or she—

- Was enrolled as a full-time student at a school during any 5 months of 1996, or

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

● Took a full-time, on-farm training course during any 5 months of 1996. The course had to be given by a school or a state, county, or local government agency.

A **school** includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Test 5—Support

The general rule is that you had to provide over half the person's total support in 1996. If you file a joint return, support can come from either spouse. If you remarried, the support provided by your new spouse is treated as support coming from you. For exceptions to the support test, see **Children of Divorced or Separated Parents** and **Person Supported by Two or More Taxpayers** on this page.

Support includes food, a place to live, clothing, medical and dental care, and education. It also includes items such as a car and furniture, but only if they are for the person's own use or benefit. In figuring total support:

● Use the actual cost of these items, but figure the cost of a place to live at its fair rental value.

● Include money the person used for his or her own support, even if this money was not taxable. Examples are gifts, savings, social security and welfare benefits, and other public assistance payments. This support is treated as **not** coming from you.

Total support **does not** include items such as income tax, social security and Medicare tax, life insurance premiums, scholarship grants, or funeral expenses.

If you care for a foster child, see Pub. 501 for special rules that apply.

Children of Divorced or Separated Parents

Special rules apply to determine if the support test is met for children of divorced or separated parents. The rules also apply to children of parents who lived apart during the last 6 months of the year, even if they do not have a separation agreement. For these rules, a **custodial parent** is the parent who had custody of the child for most of the year. A **noncustodial parent** is the parent who had custody for the shorter period of time or who did not have custody at all. See Pub. 501 for the definition of custody.

The general rule is that the custodial parent is treated as having provided over half of the child's total support if both parents together paid over half of the child's support. This means that the custodial parent can claim the child as a dependent if the other dependency tests are also met.

But if you are the noncustodial parent, you are treated as having provided over half of the child's support and can claim the child as a dependent if both parents together paid over half of the child's support, the other dependency tests are met, and **either 1** or **2** below applies:

1. The custodial parent agrees not to claim the child's exemption for 1996 by signing **Form 8332** or a similar statement. But you (as the noncustodial parent) **must** attach this signed Form 8332 or similar statement to your return. Instead of attaching Form 8332, you can attach a copy of certain pages of your divorce decree or separation agreement if it went into effect after 1984 (see **Children Who Did Not Live With You Due to Divorce or Separation** on this page), **or**

2. Your divorce decree or written separation agreement went into effect before 1985 and it states that you (the noncustodial parent) can claim the child as a dependent. But you must have given at least $600 for the child's support in 1996. This rule does not apply if your decree or agreement was changed after 1984 to say that you cannot claim the child as your dependent.

Person Supported by Two or More Taxpayers

Even if you did not pay over half of another person's support, you might still be able to claim him or her as a dependent if **all five** of the following apply.

1. You and one or more other eligible person(s) (see below) together paid over half of another person's support.

2. You paid over 10% of that person's support.

3. No one alone paid over half of that person's support.

4. Tests 1 through 4 on page 12 are met.

5. Each other eligible person who paid over 10% of support completes **Form 2120,** Multiple Support Declaration, and you attach these forms to your return. The form states that only you will claim the person as a dependent for 1996.

An **eligible person** is someone who could have claimed another person as a dependent except that he or she did not pay over half of that person's support.

Line 6c, Column (2)

You must enter each dependent's social security number (SSN) unless he or she was born in December 1996 or was born and died in 1996. If you do not enter the correct SSN, at the time we process your return, we may disallow the exemption claimed for the dependent. If your dependent was born in December 1996 and does not have an SSN, enter "12/96" in column (2). If your dependent was born and died in 1996 and did not have an SSN, enter "Died" in column (2).

Your dependent can get an SSN by filing **Form SS-5** with your local Social Security Administration office. It usually takes about 2 weeks to get an SSN. If your dependent will not have an SSN by April 15, 1997, see **What if I Cannot File on Time?** on page 8.

Line 6c, Column (4)

Enter the number of months your dependent lived with you in 1996. Count temporary absences such as for school or vacation as time lived in your home. If your dependent was born or died in 1996, enter "12" in this column. If your dependent lived in Canada or Mexico during 1996, do not enter a number. Instead, enter "CN" or "MX," whichever applies.

Children Who Did Not Live With You Due to Divorce or Separation

If you are claiming a child who did not live with you under the rules on this page for **Children of Divorced or Separated Parents,** attach **Form 8332** or similar statement to your return. But see **Exception** below. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of the following pages from the decree or agreement instead.

1. Cover page (put the other parent's SSN on that page),

2. The page that states you can claim the child as your dependent, and

3. Signature page with the other parent's signature and date of agreement.

Note: *You must attach the required information even if you filed it in an earlier year.*

Exception. You do not have to attach Form 8332 or similar statement if your divorce decree or written separation agreement went into effect before 1985 and it states that you can claim the child as your dependent.

Other Dependent Children

Enter the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 6c not entered above." Include dependent children who lived in Canada or Mexico during 1996.

Income

Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States.

If you worked abroad, you may be able to exclude part or all of your earned income. For details, see **Pub. 54,** Tax Guide for U.S. Citizens and Resident Aliens Abroad, and **Form 2555,** Foreign Earned Income, or **Form 2555-EZ,** Foreign Earned Income Exclusion.

Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. If you and your spouse lived in a community property state, you must usually follow state law to determine what is community income and what is separate income. For details, see **Pub. 555,** Community Property.

Rounding Off to Whole Dollars

To round off cents to the nearest whole dollar on your forms and schedules, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you do round off, do so for all amounts. But if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse's income. For most people, the amount to enter on this line should be shown in box 1 of their **Forms W-2.** But the following types of income must also be included in the total on line 7.

- **Tip income** you did not report to your employer. Also include **allocated tips** shown on your W-2 form(s) unless you can prove that you received less. Allocated tips should be shown in box 8 of your W-2 form(s). They are not included in box 1. See **Pub. 531,** Reporting Tip Income, for more details.

Caution: *You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 47.*

- **Dependent care benefits,** which should be shown in box 10 of your W-2 form(s). But first complete **Form 2441,** Child and Dependent Care Expenses, to see if you may exclude part or all of the benefits.

- **Scholarship and fellowship grants** not reported on a W-2 form. Also, enter "SCH" and the amount on the dotted line next to line 7. **Exception.** If you were a degree candidate, include on line 7 **only** the amounts you used for expenses other than tuition and course-related expenses. For example, amounts used for room, board, and travel must be reported on line 7.

- **Excess salary deferrals.** The amount deferred should be shown in box 13 of your W-2 form and the "Deferred compensation" box in box 15 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 1996 under **all** plans was more than $9,500, include the excess on line 7. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. See **Pub. 575,** Pension and Annuity Income, for details.

Caution: *You may **not** deduct the amount deferred. It is not included as income in box 1 of your W-2 form.*

- **Disability pensions** shown on **Form 1099-R** if you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on Form 1099-R (other than payments from an IRA) are reported on lines 16a and 16b.

- **Corrective distributions** shown on **Form 1099-R** of **(1)** excess salary deferrals and **(2)** excess contributions to a retirement plan. But do not include distributions from an IRA on line 7. Instead, report them on lines 15a and 15b.

Were You a Statutory Employee?

If you were, the "statutory employee" box in box 15 of your W-2 form should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers. If you have related business expenses to deduct, report the amount shown in box 1 of your W-2 form on Schedule C or C-EZ along with your expenses.

Missing or Incorrect Form W-2?

If you do not get a W-2 form from your employer by January 31, 1997, use Tele-Tax topic 154 (see page 34) to find out what to do. Even if you do not get a W-2, you must still report your earnings. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

Line 8a

Taxable Interest Income

Each payer should send you a **Form 1099-INT** or **Form 1099-OID.** Report **all** of your taxable interest income on line 8a even if it is $400 or less. If the total is over $400 or any of the other conditions listed at the beginning of the Schedule B instructions (see page B-1) apply to you, fill in Schedule B first.

Interest credited in 1996 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 1996 income. For details, see **Pub. 550,** Investment Income and Expenses.

TIP *If you get a 1996 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 1996, see Pub. 550.*

Line 8b

Tax-Exempt Interest

If you received any tax-exempt interest income, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA.

Line 9

Dividend Income

Each payer should send you a **Form 1099-DIV.** If your total gross dividends are over $400, first fill in Schedule B (see page B-1). Also, fill in Schedule B if you received, as a nominee, dividends that actually belong to someone else. If you do not have to fill in Schedule B, include on line 9 only ordinary dividends and any investment expenses. If you received capital gain distributions, see the instructions for line 13.

Nontaxable Distributions

Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains. For details, see **Pub. 550,** Investment Income and Expenses.

TIP *Dividends on insurance policies are a partial return of the premiums you paid. **Do not** report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.*

Line 10

Taxable Refunds, Credits, or Offsets of State and Local Income Taxes

TIP *None of your refund is taxable if, in the year you paid the tax, you **did not** itemize deductions.*

If you received a refund, credit, or offset of state or local income taxes in 1996, you may receive a **Form 1099-G.** If you chose to apply part or all of the refund to your 1996 estimated state or local income tax, the amount applied is treated as received in 1996. If the refund was for a tax you paid in 1995 and you itemized deductions for 1995, use the worksheet on the next page to see if any of your refund is taxable.

Exceptions

See **Recoveries** in **Pub. 525,** Taxable and Nontaxable Income, instead of using the worksheet if **any** of the following apply:

- You received a refund in 1996 that is for a tax year other than 1995.
- You received a refund other than an income tax refund, such as a real property tax refund, in 1996 of an amount deducted or credit claimed in an earlier year.
- Your 1995 taxable income was less than zero.
- You made your last payment of 1995 estimated state or local income tax in 1996.
- You owed alternative minimum tax in 1995.
- You could not deduct the full amount of credits you were entitled to in 1995 because the total credits exceeded the tax shown on your 1995 Form 1040, line 40 (or Form 1040-T, line 26).
- You could be claimed as a dependent by someone else in 1995.

Also, see **Tax Benefit Rule** in Pub. 525 instead of using the worksheet if **all three** of the following apply.

1. You had to use the Itemized Deductions Worksheet in the 1995 instruction booklet because your 1995 adjusted gross income was over $114,700 (over $57,350 if married filing separately).

2. You could not deduct all of the amount on line 1 of the 1995 Itemized Deductions Worksheet.

3. The amount on line 8 of that 1995 worksheet would be more than the amount on line 4 of that worksheet if the amount on line 4 were reduced by 80% of the refund you received in 1996.

Line 11

Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

State and Local Income Tax Refund Worksheet—Line 10
(keep for your records)

1.	Enter the income tax refund from **Form(s) 1099-G** (or similar statement)	**1.**	
2.	Enter your total allowable itemized deductions from your 1995 Form 1040, Schedule A, line 28 (or Form 1040-T, Section B, line t)	**2.**	
	Note: *If the filing status on your 1995 return was married filing separately and your spouse itemized deductions in 1995, skip lines 3, 4, and 5 and enter the amount from line 2 on line 6.*		
3.	Enter on line 3 the amount shown below for the filing status claimed on your **1995** return: • Single, enter $3,900 • Married filing jointly or Qualifying widow(er), enter $6,550 • Married filing separately, enter $3,275 • Head of household, enter $5,750	**3.**	
4.	Did you fill in line 33a on your 1995 Form 1040 (or line 19 on Form 1040-T)? **No.** Enter -0-. **Yes.** Multiply $750 ($950 if your 1995 filing status was single or head of household) by the number on line 33a of your 1995 Form 1040 (or by the number of circles filled in on line 19 of Form 1040-T)	**4.**	
5.	Add lines 3 and 4	**5.**	
6.	Subtract line 5 from line 2. If zero or less, enter -0-	**6.**	
7.	**Taxable part of your refund.** Enter the **smaller** of line 1 or line 6 here and on Form 1040, line 10	**7.**	

who made the payments know your social security number. If you do not, you may have to pay a $50 penalty. For more details, use Tele-Tax topic 406 (see page 34) or see **Pub. 504,** Divorced or Separated Individuals.

Line 12

Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on Schedule C or Schedule C-EZ.

Line 13

Capital Gain or (Loss)

Enter the gain or (loss) from Schedule D. But if you received **capital gain distributions** (reported to you on **Form 1099-DIV** or a substitute statement) and do not need Schedule D for other capital transactions, enter those distributions on line 13. Write **"CGD"** on the dotted line next to line 13.

TIP *Your tax may be less if you can use the **Capital Gain Tax Worksheet** on page 23. You can use it if your taxable income (Form 1040, line 37) is **more than** $96,900 ($58,150 if single; $83,050 if head of household; or $48,450 if married filing separately).*

Line 14

Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the instructions for **Form 4797.**

Lines 15a and 15b

IRA Distributions

You should receive a **Form 1099-R** showing the amount of the distribution from your individual retirement arrangement (IRA). Leave line 15a blank and enter the total distribution on line 15b.

Exception. Do not enter your total IRA distribution on line 15b if **either 1** or **2** below applies.

1. You made nondeductible contributions to any of your IRAs for 1996 or an earlier year. Instead, use **Form 8606** to figure the amount to enter on line 15b; enter the total distribution on line 15a. If you made nondeductible contributions for 1996, also see **Pub. 590,** Individual Retirement Arrangements (IRAs).

2. You rolled your IRA distribution over into another IRA. Enter the total distribution on line 15a. If the total on line 15a was rolled over, enter zero on line 15b. If the total was not rolled over, enter the part not rolled over on line 15b. But if **1** above also applies, use Form 8606 to figure the taxable part.

Caution: *You may have to pay an additional tax if **(1)** you received an early distribution from your IRA and the total distribution was not rolled over, **(2)** you received a distribution in excess of $155,000, or **(3)** you were born before July 1, 1925, and received less than the minimum required distribution. See the instructions for line 48 for details.*

Lines 16a and 16b

Pensions and Annuities

You should receive a **Form 1099-R** showing the amount of your pension and annuity payments. See the next page for details on rollovers and lump-sum distributions. **Do not** include the following payments on lines 16a and 16b. Instead, report them on line 7.

- Disability pensions received before you reach the minimum retirement age set by your employer.
- Corrective distributions of excess salary deferrals or excess contributions to retirement plans.

TIP *Attach Form 1099-R to Form 1040 if any Federal income tax was withheld.*

Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b; **do not** make an entry on line 16a. Your payments are fully taxable if **either** of the following applies:

1. You did not contribute to the cost of your pension or annuity, or

2. You got your entire cost back tax free before 1996.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, see **Pub. 525,** Taxable and Nontaxable Income. If you received a **Form RRB-1099-R,** see **Pub. 575,** Pension and Annuity Income, to find out how to report your benefits.

Partially Taxable Pensions and Annuities

If your pension or annuity is partially taxable and your Form 1099-R does not show the taxable part, you must use the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939,** Pension General Rule. However, if your annuity starting date (defined on page 16) was **after** July 1, 1986, and **before** November 19, 1996, you may be able to use the Simplified General Rule explained on page 16. If your annuity starting date was **after** November 18, 1996, **do not** use these instructions to figure the taxable part of your pension or annuity. Instead, see Pub. 575 or **Pub. 721,** Tax Guide to U.S. Civil Service Retirement Benefits.

You can ask the IRS to figure the taxable part for you for a $50 fee. For details, see Pub. 939.

(Continues on next page.)

If your Form 1099-R shows a taxable amount, you may report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or, if you qualify, the Simplified General Rule.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 16b and the total on line 16a.

Annuity Starting Date

Your annuity starting date is the later of the first day of the first period for which you received a payment, or the date the plan's obligations became fixed.

Simplified General Rule

This method will usually give you the same amount or more of the pension or annuity tax free each year as the General Rule or as figured by the IRS. You can use this simpler method if **all four** of the following apply.

1. Your annuity starting date (defined above) was **after** July 1, 1986, and **before** November 19, 1996.

2. The payments are for **(a)** your life or **(b)** your life and that of your beneficiary.

3. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

4. At the time the pension or annuity payments began, either you were under age 75 or the number of years of guaranteed payments was fewer than 5.

If all four apply, use the worksheet on this page to figure the taxable part of your pension or annuity. For more details on the Simplified General Rule, see Pub. 575 or Pub. 721.

Caution: *If you received U.S. Civil Service retirement benefits and you chose the lump-sum credit option, use the worksheet in Pub. 721.* ***Do not*** *use the worksheet on this page.*

Age at Annuity Starting Date

If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or her annuity starting date. If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

Changing Methods

If your annuity starting date was **after** July 1, 1986, you may be able to change from the General Rule to the Simplified General Rule (or the other way around). For details, see Pub. 575 or Pub. 721.

Death Benefit Exclusion

If you are the beneficiary of a deceased employee or former employee, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to $5,000. If you are entitled to this exclusion, add it to the amount you enter on line 2 of the worksheet on this page. Do this even if the Form 1099-R shows a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount.

Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see Pub. 575.

Caution: *The death benefit exclusion was repealed for individuals who died* ***after*** *August 20, 1996.*

Rollovers

A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 16a and 16b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA.

Enter on line 16a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of **Form 1099-R.** From the total on line 16a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over either directly or within 60 days of receiving the distribution. Enter the remaining amount, even if zero, on line 16b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you **(1)** received an early distribution from a qualified retirement plan and the total amount was not rolled over, or **(2)** received a distribution in excess of $155,000 from a qualified retirement plan. For details, see the instructions for line 48.

Enter the total distribution on line 16a and the taxable part on line 16b.

TIP *You may be able to pay less tax on the distribution if you were at least age 59½ on the date of the distribution, you meet certain other conditions, and you choose to use* ***Form 4972,*** *Tax on Lump-Sum Distributions, to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was either age 59½ or older on the date of death or was born before 1936. For details, see Form 4972.*

Line 19

Unemployment Compensation

You should receive a **Form 1099-G** showing the total unemployment compensation paid to you in 1996.

Simplified General Rule Worksheet—Lines 16a and 16b
(keep for your records)

Note: *Do not use this worksheet if your annuity starting date (see this page) was* ***after*** *November 18, 1996. Instead, see* ***Pub. 575*** *(****Pub. 721*** *for U.S. Civil Service retirement).*

1.	Enter the total pension or annuity payments received this year. Also, enter this amount on Form 1040, line 16a . .		**1.** _____
2.	Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see this page) . .		**2.** _____
3.	Age at annuity starting date (see this page):	Enter:	
	55 and under	300	
	56–60	260	
	61–65	240	**3.** _____
	66–70	170	
	71 and older	120	
4.	Divide line 2 by the number on line 3		**4.** _____
5.	Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before** 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6		**5.** _____
6.	Enter the amount, if any, recovered tax free in years after 1986		**6.** _____
7.	Subtract line 6 from line 2		**7.** _____
8.	Enter the **smaller** of line 5 or line 7		**8.** _____
9.	**Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R		**9.** _____

Note: *If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 1996 on Form 1040, line 16a.*

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

If you received an overpayment of unemployment compensation in 1996 and you repaid any of it in 1996, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 1996, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A, line 22. But if the amount repaid was more than $3,000, see **Repayments** in **Pub. 525,** Taxable and Nontaxable Income, for details on how to report the repayment.

TIP *If you expect to receive unemployment compensation in 1997, you may ask the state unemployment office to withhold Federal income tax from those payments.*

Lines 20a and 20b

Social Security Benefits

You should receive a **Form SSA-1099** showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you repaid in 1996. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1099.**

To find out if any of your benefits are taxable, first complete Form 1040, lines 21 and 23a through 30 if they apply to you. Then, complete the worksheet on this page. However, **do not** use the worksheet if any of the following apply.

- You made IRA contributions for 1996 and you were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in **Pub. 590** to see if any of your social security benefits are taxable and to figure your IRA deduction.
- You repaid any benefits in 1996 and your total repayments (box 4) were more than your total benefits for 1996 (box 3). **None** of your benefits are taxable for 1996. In addition, you may be able to take an itemized deduction for part of the excess repayments if they were for benefits you included in gross income in an earlier year. For more details, see **Pub. 915.**
- You file **Form 2555** or **2555-EZ,** relating to foreign earned income, **Form 4563,** Exclusion of Income for Bona Fide Residents of American Samoa, **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, or you exclude income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.

TIP *If you expect to receive taxable social security benefits in 1997, you may ask the payer to withhold Federal income tax from your payments.*

Social Security Benefits Worksheet—Lines 20a and 20b
(keep for your records)

If you are married filing separately and you **lived apart** from your spouse for all of 1996, enter "D" to the left of line 20a.

1. Enter the total amount from **box 5** of **all** your **Forms SSA-1099** and **RRB-1099** . . . . . **1.** _____		
Note: *If line 1 is zero or less, stop; none of your social security benefits are taxable. Otherwise, go to line 2.*		
2. Enter one-half of line 1	**2.**	_____
3. Add the amounts on Form 1040, lines 7, 8a, 9 through 14, 15b, 16b, 17 through 19, and 21. Do not include amounts from box 5 of Forms SSA-1099 or RRB-1099	**3.**	_____
4. Enter the amount, if any, from Form 1040, line 8b . .	**4.**	_____
5. Add lines 2, 3, and 4	**5.**	_____
6. Enter the amount from Form 1040, line 30	**6.**	_____
7. Subtract line 6 from line 5	**7.**	_____
8. Enter $25,000 ($32,000 if married filing jointly; $0 if married filing separately and you lived with your spouse at any time in 1996)	**8.**	_____
9. Subtract line 8 from line 7. If zero or less, enter -0- . .	**9.**	_____
Is line 9 more than zero?		
No. Stop; none of your social security benefits are taxable. Do not enter any amounts on lines 20a or 20b of Form 1040. **But** if you are married filing separately and you **lived apart** from your spouse for all of 1996, enter -0- on line 20b. Be sure to enter "D" to the left of line 20a.		
Yes. Go to line 10.		
10. Enter $9,000 ($12,000 if married filing jointly; $0 if married filing separately and you lived with your spouse at any time in 1996)	**10.**	_____
11. Subtract line 10 from line 9. If zero or less, enter -0- .	**11.**	_____
12. Enter the **smaller** of line 9 or line 10	**12.**	_____
13. Enter one-half of line 12	**13.**	_____
14. Enter the **smaller** of line 2 or line 13	**14.**	_____
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0-	**15.**	_____
16. Add lines 14 and 15	**16.**	_____
17. Multiply line 1 by 85% (.85)	**17.**	_____
18. Taxable social security benefits. Enter the **smaller** of line 16 or line 17	**18.**	_____

- Enter the amount from line 1 on Form 1040, line 20a.
- Enter the amount from line 18 on Form 1040, line 20b.

TIP *If part of your benefits are taxable for 1996* ***and*** *they include benefits paid in 1996 that were for an earlier year, you may be able to reduce the taxable amount shown on the worksheet. See Pub. 915 for details.*

Line 21

Other Income

Use this line to report any other income not reported on your return or other schedules.

See examples on page 18. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income** in **Pub. 525,** Taxable and Nontaxable Income.

Do not report any nontaxable income on line 21, including the following:

- Child support.
- Money or property that was inherited, willed to you, or received as a gift.
- Life insurance proceeds received because of a person's death.

Do not report on this line any income from **self-employment** or fees received as a notary public. Instead, you **must** use Schedule C, C-EZ, or F, even if you do not have any business expenses.

(Continues on next page.)

Examples of **income to report** on line 21 are:

- Prizes and awards. But if you are self-employed, report prizes and awards received in connection with your trade or business on Schedule C, line 6, or Schedule C-EZ, line 1. If you have a job, report prizes and awards received in connection with your employment on Form 1040, line 7.
- Gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on line 21. You cannot offset losses against winnings and report the difference. If you had any gambling losses, you may take them as an itemized deduction on Schedule A. But you cannot deduct more than the winnings you report.
- Reimbursements or other amounts received for medical expenses or other items, such as real estate taxes, that you deducted in an earlier year if they reduced your tax. See **Recoveries** in Pub. 525 for details on how to figure the amount to report.
- Fees received for jury duty or precinct election board duty. You may be able to deduct part or all of your jury duty pay. See the instructions for line 30.
- Fees received as a nonprofessional fiduciary, such as an executor or administrator of the estate of a deceased friend or relative.
- Alaska Permanent Fund dividends.
- Refund of overpaid mortgage interest if you deducted the interest in an earlier year and it reduced your tax. To figure the amount to report, see Pub. 525.
- Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. See the instructions for line 30 to report your related expenses.
- Income from an activity not engaged in for profit. Report expenses related to this activity on Schedule A. See **Pub. 535,** Business Expenses, for details.
- Loss on a corrective distribution made in 1996 of an excess deferral, but only if you reported the full excess deferral as income in an earlier year. Enter the loss as a negative amount. See **Pub. 575,** Pension and Annuity Income, for details.
- Recapture of clean-fuel vehicle deduction. See Pub. 535.

Net Operating Loss. If you had a net operating loss in an earlier year to carry forward to 1996, include it as a negative amount on line 21. Attach a statement showing how you figured the amount. See **Pub. 536,** Net Operating Losses, for more details.

Adjusted Gross Income

Lines 23a and 23b

IRA Deduction

Note: *If you file **Form 2555** or **2555-EZ,** relating to foreign earned income, see **Pub. 590** to figure your IRA deduction.*

If you made contributions to an individual retirement arrangement (IRA) for 1996, you may be able to take an IRA deduction. Read the following instructions to see if you can take this deduction and, if you can, which worksheet to use to figure it. Enter your IRA deduction on line 23a. If you file a joint return, enter your spouse's deduction on line 23b. You should receive a statement by June 2, 1997, that shows all contributions to your IRA for 1996.

Caution: *You **may not** deduct contributions to a 401(k) plan or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your W-2 form.*

If you were age 70½ or older at the end of 1996, you cannot deduct any contributions made to your IRA for 1996 or treat them as nondeductible contributions.

TIP *By April 1 of the year after the year in which you turn age 70½, you must start taking minimum required distributions from your IRA. If you do not, you may have to pay a 50% additional tax on the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590.*

Chart for People Covered by a Retirement Plan*—Lines 23a and 23b

In this chart, **modified AGI** (adjusted gross income) is the amount on Form 1040, line 22, minus the total of any deductions claimed on Form 1040, lines 24 through 29 and any amount you entered on the dotted line next to line 30.

If you (or your spouse if filing jointly) **were covered by a retirement plan and—**

Your filing status is:	And your modified AGI is:	You can take:
Single, Head of household, or Married filing separately and **lived apart** from your spouse for all of 1996	$25,000 or less	Full IRA deduction (use **Worksheet 1** on this page)
	Over $25,000 but less than $35,000	Partial IRA deduction (use **Worksheet 2** on the next page)
	$35,000 or more	No IRA deduction (but see the **TIP** on the next page)
Married filing jointly or Qualifying widow(er)	$40,000 or less	Full IRA deduction (use **Worksheet 1** on this page)
	Over $40,000 but less than $50,000	Partial IRA deduction (use **Worksheet 2** on the next page)
	$50,000 or more	No IRA deduction (but see the **TIP** on the next page)
Married filing separately and lived with your spouse at any time during 1996	Over $0 but less than $10,000	Partial IRA deduction (use **Worksheet 2** on the next page)
	$10,000 or more	No IRA deduction (but see the **TIP** on the next page)

* If married filing separately and you were not covered by a plan but your spouse was, **you** are considered covered by a plan unless you **lived apart** from your spouse for all of 1996.

IRA Worksheet 1—Lines 23a and 23b
(keep for your records)

Note: *Read the list at the bottom of page 19 before completing.*		(a) Your IRA	(b) Your working spouse's IRA
1. Enter IRA contributions you made, or will make by April 15, 1997, for 1996. But **do not** enter more than $2,000 in either column	**1.**		
2. For each person, enter wages and other earned income from Form 1040, minus any deductions on Form 1040, lines 25 and 27. Do not reduce wages by any loss from self-employment	**2.**		
3. Enter the **smaller** of line 1 or line 2. Enter on Form 1040, line 23a, the part of line 3, column (a), you choose to deduct. Enter on Form 1040, line 23b, the part, if any, of line 3, column (b), you choose to deduct. If filing a joint return and contributions were made to your nonworking spouse's IRA, go to line 4	**3.**		
			Nonworking spouse's IRA
4. Enter the **smaller** of line 2, column (a), or $2,250	**4.**		
5. Enter the amount from line 3, column (a)	**5.**		
6. Subtract line 5 from line 4	**6.**		
7. Enter IRA contributions made, or that will be made by April 15, 1997, for 1996 for your nonworking spouse. But **do not** enter more than $2,000	**7.**		
8. Enter the **smaller** of line 6 or line 7. Enter on Form 1040, line 23b, the part of line 8 you choose to deduct	**8.**		

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

IRA Worksheet 2—Lines 23a and 23b
(keep for your records)

Note: *Read the list that begins on this page before completing.*

1.	If you checked Filing Status box:	1 or 4, enter $35,000 2 or 5, enter $50,000 3, enter $10,000 ($35,000 if you **lived apart** from your spouse for all of 1996)	**1.**
2.	Enter the amount from Form 1040, line 22		**2.**
3.	Add amounts on Form 1040, lines 24 through 29, and any amount you entered on the dotted line next to line 30		**3.**
4.	Subtract line 3 from line 2. If the result is equal to or more than the amount on line 1, none of your IRA contributions are deductible. Stop here. If you want to make a nondeductible IRA contribution, see Form 8606		**4.**
5.	Subtract line 4 from line 1. **If the result is $10,000 or more, stop here and use Worksheet 1**		**5.**
6.	Multiply line 5 by 20% (.20). If the result is not a multiple of $10, round it up to the next multiple of $10 (for example, round $490.30 to $500). If the result is $200 or more, enter the result. But if it is less than $200, enter $200. Go to line 7		**6.**

	Deductible IRA contributions	**(a) Your IRA**	**(b) Your working spouse's IRA**
7.	For each person, enter wages and other earned income from Form 1040, minus any deductions on Form 1040, lines 25 and 27. Do not reduce wages by any loss from self-employment	**7.**	
8.	Enter IRA contributions you made, or will make by April 15, 1997, for 1996. But **do not** enter more than $2,000 in either column	**8.**	
9.	Enter the **smallest** of line 6, 7, or 8. This is the most you can deduct. Enter on Form 1040, line 23a, the part of line 9, column (a), you choose to deduct. Enter on Form 1040, line 23b, the part, if any, of line 9, column (b), you choose to deduct. If line 8 is more than line 9, go to line 10	**9.**	
	Nondeductible IRA contributions		
10.	Subtract line 9 from the **smaller** of line 7 or line 8. Enter on line 1 of your Form 8606 the part of line 10 you choose to make nondeductible	**10.**	

If filing a joint return and contributions were made to your nonworking spouse's IRA, go to line 11.

	Deductible IRA contributions for nonworking spouse	
11.	Enter the **smaller** of line 7, column (a), or $2,250	**11.**
12.	Add the amount on line 9, column (a), to the part of line 10, column (a), that you choose to make nondeductible	**12.**
13.	Subtract line 12 from line 11. If the result is zero or less, stop here. You cannot make deductible or nondeductible IRA contributions for your nonworking spouse	**13.**
14.	Enter the **smallest** of **(a)** IRA contributions made, or that will be made by April 15, 1997, for 1996 for your nonworking spouse; **(b)** $2,000; or **(c)** the amount on line 13	**14.**
15.	Multiply line 5 by 22.5% (.225). If the result is not a multiple of $10, round it up to the next multiple of $10. If the result is $200 or more, enter the result. But if it is less than $200, enter $200	**15.**
16.	Enter the amount from line 9, column (a)	**16.**
17.	Subtract line 16 from line 15	**17.**
18.	Enter the **smallest** of line 6, 7, 14, or 17. This is the most you can deduct. Enter on Form 1040, line 23b, the part of line 18 you choose to deduct. If line 14 is more than line 18, go to line 19	**18.**
	Nondeductible IRA contributions for nonworking spouse	
19.	Subtract line 18 from line 14. Enter on line 1 of your spouse's Form 8606 the part of line 19 you choose to make nondeductible	**19.**

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, Keogh, SEP, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The "Pension plan" box in box 15 of your W-2 form should be checked if you were covered by a plan at work even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a Keogh or SEP retirement plan.

If you were covered by a retirement plan and you file **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Special Rule for Married Individuals Who File Separate Returns

If you were not covered by a retirement plan but your spouse was, **you** are considered covered by a plan unless you **lived apart** from your spouse for all of 1996. See the chart on page 18. It will tell you if you can take the deduction and, if you can, which worksheet to use.

Not Covered by a Retirement Plan

If you (and your spouse if filing a joint return) were not covered by a plan, use **Worksheet 1** on page 18 to figure your deduction.

Covered by a Retirement Plan

If you (or your spouse if filing a joint return) were covered by a plan, see the chart on page 18. It will tell you if you can take the deduction and, if you can, which worksheet to use.

TIP *You can make contributions to your IRA even if you cannot deduct them. But you must use **Form 8606,** Nondeductible IRAs, to report these nondeductible contributions.*

Read the following list before you fill in your IRA worksheet

- You will first need to complete Form 1040 lines 24 through 29 and figure any amount to be entered on the dotted line next to line 30.
- If you made contributions to your IRA in 1996 that you deducted for 1995, **do not** include them in the worksheet.
- If you received a distribution from a nonqualified deferred compensation plan or section 457 plan that was included in box 1 of your W-2 form, do not include that distribution on line 2 of IRA Worksheet 1 or line 7 of IRA Worksheet 2. The distribution should be shown in box 11 of your W-2 form.

(Continues on next page.)

- For IRA purposes, alimony payments received under certain divorce or separation instruments are considered earned income. For details, see Pub. 590.
- If the total of your IRA deduction on Form 1040 plus any nondeductible contribution on your Form 8606 is less than your total IRA contributions for 1996, see Pub. 590 for special rules.
- You must file a joint return to deduct contributions to your nonworking spouse's IRA. A **nonworking spouse** is one who had no wages or other earned income in 1996, or a working spouse who chooses to be treated as having no earned income for figuring the deduction.
- Do not include rollover contributions in figuring your deduction. Instead, see the instructions for lines 15a and 15b on page 15.
- Do not include trustee's fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.

Line 24

Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses. You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. If you meet these requirements, use Tele-Tax topic 455 (see page 34) or see **Pub. 521,** Moving Expenses. Use **Form 3903,** Moving Expenses, to figure the amount to enter on this line. If you began work outside the United States and its possessions, use **Form 3903-F,** Foreign Moving Expenses.

Line 25

One-Half of Self-Employment Tax

If you were self-employed and owe self-employment tax, fill in Schedule SE to figure the amount of your deduction.

Line 26

Self-Employed Health Insurance Deduction

If you were self-employed and had a net profit for the year, or if you received wages in 1996 from an S corporation in which you were a more than 2% shareholder, you may be able to deduct part of the amount paid for health insurance on behalf of yourself, your spouse, and dependents. But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 1996, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction. For more details, see **Pub. 535,** Business Expenses.

If you qualify to take the deduction, use the worksheet on this page to figure the amount you can deduct. But if either of the following applies, **do not** use the worksheet. Instead, see Pub. 535 to find out how to figure your deduction.

- You had more than one source of income subject to self-employment tax.
- You file **Form 2555,** Foreign Earned Income, or **Form 2555-EZ,** Foreign Earned Income Exclusion.

Line 27

Keogh Retirement Plan and Self-Employed SEP Deduction

If you are self-employed or a partner, deduct payments to your Keogh (HR 10) plan or simplified employee pension (SEP) plan on line 27. Deduct payments for your employees on Schedule C or F. See **Pub. 560,** Retirement Plans for the Self-Employed, for more details, including limits on the amount you can deduct.

If you are deducting payments to a SEP, be sure to check the box on line 27.

Self-Employed Health Insurance Deduction Worksheet—Line 26
(keep for your records)

1. Enter the total amount paid in 1996 for health insurance coverage for 1996 for you, your spouse, and dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan	**1.**	_____
2. Multiply line 1 by 30% (.30)	**2.**	_____
3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, lines 25 and 27 . .	**3.**	_____
4. Self-employed health insurance deduction. Enter the **smaller** of line 2 or line 3 here and on Form 1040, line 26. DO NOT include this amount in figuring any medical expense deduction on Schedule A (Form 1040)	**4.**	_____

* ***Earned income*** *includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more than 2% shareholder in an S corporation, earned income is your wages from that corporation.*

Line 28

Penalty on Early Withdrawal of Savings

The **Form 1099-INT** or **Form 1099-OID** you received will show the amount of any penalty you were charged.

Line 29

Alimony Paid

Generally, you may deduct any payment made in cash to or for your spouse or former spouse under a divorce or separation instrument executed after 1984 if **all four** of the following apply.

1. The instrument does not prevent the payment from qualifying as alimony.

2. You and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance.

3. You are not required to make any payment after the death of your spouse or former spouse.

4. The payment is not treated as child support.

These rules also apply to certain instruments modified after 1984. Other rules apply if your annual payments decreased by more than $15,000 or the instrument was executed before 1985. For details, see **Pub. 504,** Divorced or Separated Individuals.

Caution: *You must enter the recipient's SSN in the space provided on line 29. If you do not, you may have to pay a $50 penalty and your deduction may be disallowed.*

If you paid alimony to more than one person, enter the SSN of one of the recipients. Show the SSN(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 29.

Line 30

Include in the total on line 30 any of the following adjustments. On the dotted line next to line 30, enter the amount of your deduction and identify it as indicated.

Qualified Performing Artists. Include on line 30 your performing-arts-related expenses from line 10 of **Form 2106,** Employee Business Expenses, or line 6 of **Form 2106-EZ,** Unreimbursed Employee Business Expenses. Identify as "QPA."

Jury Duty Pay Given to Employer. If you reported jury duty pay on line 21 and you were required to give your employer any part of that pay because your employer continued to pay your salary while you served on the jury, include the amount you gave your employer on line 30. Identify as "Jury pay."

Reforestation Amortization. If you can claim this deduction and you do not have to file Schedule C, C-EZ, or F for this activity, include your deduction on line 30. Identify as "RFST."

Repayment of Sub-Pay Under the Trade Act of 1974. If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, include on line 30 the

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

amount you repaid in 1996. Identify as "Subpay TRA." Or, you may be able to claim a credit against your tax instead. See **Pub. 525,** Taxable and Nontaxable Income, for more details.

Contributions to Section 501(c)(18) Pension Plans. The amount you contributed should be identified with code **H** in box 13 of your W-2 form. You may deduct this amount subject to the limits explained on page 14 for **excess salary deferrals.** Identify as "501(c)(18)."

Deduction for Clean-Fuel Vehicles. If you placed a vehicle in service in 1996 that uses a clean-burning fuel, you may be able to take this deduction. For details, see **Pub. 535,** Business Expenses. But if part of your deduction is claimed on Schedule C, C-EZ, E, or F, subtract that part from your total deduction and include only the balance on line 30. Identify as "Clean-Fuel."

Expenses From the Rental of Personal Property. If you reported income on line 21 from the rental of personal property engaged in for profit, include the total of your deductible expenses related to that income on line 30. Identify as "PPR."

Line 31

If line 31 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see **Form 1045,** Application for Tentative Refund. For more details, see **Pub. 536,** Net Operating Losses.

Tax Computation

Line 33a

If you were age 65 or older or blind, check the appropriate boxes on line 33a. If you were married and checked the box on line 6b on page 1 of Form 1040 and your spouse was age 65 or older or blind, also check the appropriate boxes for your spouse. Be sure to enter the total number of boxes checked.

Age. If you were age 65 or older on January 1, 1997, check the "65 or older" box on your 1996 return.

Blindness. If you were completely blind as of December 31, 1996, attach a statement to your return describing this condition. If you were partially blind, you must attach a statement certified by your eye doctor or registered optometrist that:

- You cannot see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, attach a statement certified by your eye doctor or registered optometrist to this effect. Keep a copy of this statement for your records. If you attached this statement in a prior year, you do not have to file another one. But you must attach a note saying that you have already filed a statement.

Line 33b

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 33b. But if you were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of 1996 and you and your spouse agree to be taxed on your combined worldwide income, **do not** check the box.

Line 34

Itemized Deductions or Standard Deduction

Your Federal income tax will be less if you take the **larger** of:

- Your itemized deductions, or
- Your standard deduction.

Caution: *If you checked the box on* ***line 33b,*** *your standard deduction is zero.*

(Continued on next page.)

Standard Deduction Chart for People Age 65 or Older or Blind—Line 34

If someone can claim you (or your spouse if married filing jointly) as a dependent, use the worksheet below instead.

Enter the number from the box on line 33a of Form 1040 . . ▶ ☐ **Caution:** *Do not use the number of exemptions from line 6d.*

If your filing status is:	And the number in the box above is:	Your standard deduction is:
Single	1	$5,000
	2	6,000
Married filing jointly or Qualifying widow(er)	1	$7,500
	2	8,300
	3	9,100
	4	9,900
Married filing separately	1	$4,150
	2	4,950
	3	5,750
	4	6,550
Head of household	1	$6,900
	2	7,900

Standard Deduction Worksheet for Dependents—Line 34
(keep for your records)

Use this worksheet **only** if someone can claim you (or your spouse if married filing jointly) as a dependent.

1.	Enter your **earned income** (defined below). If none, enter -0-	**1.**	
2.	Minimum amount	**2.**	**650.00**
3.	Enter the **larger** of line 1 or line 2	**3.**	
4.	Enter $4,000 ($3,350 if married filing separately; $6,700 if married filing jointly or qualifying widow(er); $5,900 if head of household)	**4.**	
5.	**Standard deduction.**		
a.	Enter the **smaller** of line 3 or line 4. If under 65 and not blind, stop here and enter this amount on Form 1040, line 34. Otherwise, go to line 5b	**5a.**	
b.	If 65 or older or blind, multiply $1,000 ($800 if married filing jointly or separately, or qualifying widow(er)) by the number on Form 1040, line 33a	**5b.**	
c.	Add lines 5a and 5b. Enter the total here and on Form 1040, line 34	**5c.**	

Earned income *includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 25.*

Deduction for Exemptions Worksheet—Line 36
(keep for your records)

1. Is the amount on Form 1040, line 32, more than the amount shown on line 4 below for your filing status?

No. Stop. Multiply $2,550 by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 36.

Yes. Go to line 2.

2. Multiply $2,550 by the total number of exemptions claimed on Form 1040, line 6d . . . . . **2.** _____

3. Enter the amount from Form 1040, line 32 . . **3.** _____

4. Enter the amount shown below for your filing status:

- Married filing separately, enter $88,475
- Single, enter $117,950
- Head of household, enter $147,450
- Married filing jointly or Qualifying widow(er), enter $176,950

4. _____

5. Subtract line 4 from line 3. If zero or less, **stop;** enter the amount from line 2 above on Form 1040, line 36 . . . . . **5.** _____

Note: *If line 5 is more than $122,500 (more than $61,250 if married filing separately),* ***stop;*** *you* ***cannot*** *take a deduction for exemptions. Enter -0- on Form 1040, line 36.*

6. Divide line 5 by $2,500 ($1,250 if married filing separately). If the result is not a whole number, round it up to the next higher whole number (for example, round 0.0004 to 1) . . . . . **6.** _____

7. Multiply line 6 by 2% (.02) and enter the result as a decimal amount . . . . . **7.** _____ .

8. Multiply line 2 by line 7 . . . . . **8.** _____

9. Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Form 1040, line 36 . . . . . **9.** _____

Itemized Deductions

To figure your itemized deductions, fill in **Schedule A.**

Standard Deduction

Most people can find their standard deduction by looking at line 34 of Form 1040. But if you checked **any** box on **line 33a OR** you (or your spouse if filing a joint return) can be claimed as a dependent, use the chart or worksheet on page 21 that applies to you to figure your standard deduction. Also, if you checked the box on **line 33b,** your standard deduction is zero, even if you were age 65 or older or blind.

If your standard deduction is larger than your itemized deductions, enter your standard deduction on line 34.

Itemizing for State Tax or Other Purposes

If you itemize even though your itemized deductions are less than your standard deduction, enter "IE" (itemized elected) next to line 34.

Line 37

Taxable Income

Subtract line 36 from line 35. If zero or less, enter -0-.

If You Want, the IRS Will Figure Your Tax and Some of Your Credits

Tax. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill. For details, including who is eligible and what to do, see **Pub. 967.**

Credit for the Elderly or the Disabled. If you can take this credit and you want us to figure it for you, see the instructions for **Schedule R.**

Earned Income Credit (EIC). Answer the questions on page 25 to see if you can take this credit. If you can take the EIC and you want us to figure it for you, follow the instructions for question 4 or 9, whichever applies.

Line 38

Tax

Use one of the following methods to figure your tax. Also include in the total on line 38 any tax from **Form 4972,** Tax on Lump-Sum Distributions, and **Form 8814,** Parents' Election To Report Child's Interest and Dividends. Be sure to check the appropriate box.

Tax Table

If your taxable income is less than $100,000, you **must** use the Tax Table to find your tax unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet** (see this page). The Tax Table starts on page 41. Be sure you use the correct column.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 53 to figure your tax if your taxable income is $100,000 or more unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet.**

Capital Gain Tax Worksheet

If you had a net capital gain on Schedule D or you reported capital gain distributions on Form 1040, line 13, your tax may be less if you figure it using the worksheet on the next page.

Form 8615

Form 8615 must generally be used to figure the tax for any child who was under age 14 on January 1, 1997, and who had more than $1,300 of investment income, such as taxable interest or dividends. But if neither of the child's parents was alive on December 31, 1996, do not use Form 8615 to figure the child's tax.

Credits

Line 39

Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for your child **under age 13** or your dependent or spouse who could not care for himself or herself. But to do so, the care must have been provided so that you (and your spouse if you were married) could work or look for work and you must have had income from a job or through self-employment. For details, see the Instructions for **Form 2441.**

Line 40

Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 1996 **(1)** you were age 65 or older, or **(2)** you retired on **permanent and total disability** and you had taxable disability income. But you usually **cannot** take the credit if the amount on Form 1040, line 32, is $17,500 or more ($20,000 if married filing jointly and only one spouse is eligible for the credit; $25,000 if married filing jointly and both spouses are eligible; $12,500 if married filing separately). See **Schedule R.**

Line 41

Foreign Tax Credit

Form 1116 explains when you can take this credit for payment of income tax to a foreign country. Also, see **Pub. 514,** Foreign Tax Credit for Individuals.

Line 42

Other Credits

Include in the total on line 42 any of the following credits and check the appropriate box. If box **d** is checked, also enter the form

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

Capital Gain Tax Worksheet—Line 38
(keep for your records)

Use this worksheet to figure your tax **only** if **(a)** you are filing Schedule D and both lines 17 and 18 of Schedule D are gains, or **(b)** you reported capital gain distributions directly on Form 1040, line 13, **and:**

Your filing status is:	AND	Form 1040, line 37, is over:	Your filing status is:	AND	Form 1040, line 37, is over:
Single		$58,150	Head of household		$83,050
Married filing jointly or Qualifying widow(er)		$96,900	Married filing separately		$48,450

1.	Enter the amount from Form 1040, line 37		**1.**
2.	If you are filing Schedule D, enter the **smaller** of Schedule D, line 17 or line 18. Otherwise, enter the capital gain distributions reported on Form 1040, line 13	**2.**	
3.	If you are filing Form 4952, enter the amount from Form 4952, line 4e	**3.**	
4.	Subtract line 3 from line 2. If zero or less, **stop;** you **cannot** use this worksheet to figure your tax. Instead, use the Tax Table or Tax Rate Schedules, whichever applies		**4.**
5.	Subtract line 4 from line 1		**5.**
6.	Enter $40,100 ($24,000 if single; $20,050 if married filing separately; $32,150 if head of household)		**6.**
7.	Enter the **larger** of line 5 or line 6		**7.**
8.	Subtract line 7 from line 1		**8.**
9.	Figure the tax on the amount on line 7. Use the Tax Table or Tax Rate Schedules, whichever applies		**9.**
10.	Multiply line 8 by 28% (.28)		**10.**
11.	Add lines 9 and 10		**11.**
12.	Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies		**12.**
13.	**Tax.** Enter the **smaller** of line 11 or line 12 here and on Form 1040, line 38		**13.**

number. To find out if you can take the credit, see the form or publication indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see **Form 8396.**
- Credit for prior year minimum tax. If you paid alternative minimum tax in a prior year, see **Form 8801.**
- Qualified electric vehicle credit. If you placed a new electric vehicle in service in 1996, see **Form 8834.**
- General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, shareholders in an S corporation, self-employed, or who have rental property. See **Form 3800** or **Pub. 334,** Tax Guide for Small Business.
- Empowerment zone employment credit. See **Form 8844.**

Line 43

If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take the **nonconventional source fuel credit.** If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 43. Enter the amount and "FNS" on the dotted line next to line 43.

Other Taxes

Line 46

Alternative Minimum Tax

Use the worksheet on the next page to see if you should complete **Form 6251,** Alternative Minimum Tax—Individuals.

Exception. If you claimed or received any of the following items, **do not** use the worksheet on the next page. Instead, fill in Form 6251.

1. Accelerated depreciation.

2. Income from incentive stock options.

3. Tax-exempt interest from private activity bonds.

4. Intangible drilling, circulation, research, experimental, or mining exploration/development costs.

5. Amortization of pollution-control facilities or depletion.

6. Income or (loss) from tax-shelter farm activities or passive activities.

7. Percentage-of-completion income from long-term contracts.

8. Installment sale income.

9. Interest paid on a home mortgage **not** used to buy, build, or substantially improve your home.

10. Investment interest expense reported on **Form 4952.**

11. Foreign tax credit.

12. Net operating loss deduction.

Caution: *Form 6251 should be filled in for a child under age 14 if the total of the child's adjusted gross income from Form 1040, line 32, exceeds the child's earned income by more than $1,300.*

Line 47

Social Security and Medicare Tax on Tip Income Not Reported to Employer

If you received tips of $20 or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your W-2 form(s) shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the tax, use **Form 4137,** Social Security and Medicare Tax on Unreported Tip Income. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.

Caution: *You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.*

Line 48

Tax on Qualified Retirement Plans, Including IRAs

If **any** of the following apply, see **Form 5329** and its instructions to find out if you owe this tax and if you must file Form 5329.

1. You received any early distributions from **(a)** a qualified retirement plan (including your IRA), **(b)** an annuity, or **(c)** a modified endowment contract entered into after June 20, 1988.

2. You made excess contributions to your IRA.

3. You were born before July 1, 1925, and did not take the minimum required distribution from your qualified retirement plan.

4. You received a distribution in excess of $155,000 from a qualified retirement plan.

Exception. If **only** item 1 above applies to you **and** distribution code 1 is shown in box 7 of your **Form 1099-R,** you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 48. The taxable amount of the distribution is the part of the distribution you reported on line 15b or line 16b of Form 1040 or on Form 4972. Also, enter "No" on the dotted line next to line 48 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

Worksheet To See If You Should Fill In Form 6251—Line 46
(keep for your records)

1.	Enter the amount from Form 1040, line 35	**1.**
2.	If you itemized deductions on Schedule A, go to line 3. Otherwise, enter your standard deduction from Form 1040, line 34, and go to line 5	**2.**
3.	Enter the **smaller** of the amount on Schedule A, line 4, or 2.5% (.025) of the amount on Form 1040, line 32	**3.**
4.	Add lines 9 and 26 of Schedule A and enter the total	**4.**
5.	Add lines 1 through 4 above	**5.**
6.	Enter $45,000 ($22,500 if married filing separately; $33,750 if single or head of household)	**6.**
7.	Subtract line 6 from line 5. If zero or less, **stop;** you do not need to fill in Form 6251	**7.**
8.	Enter $150,000 ($75,000 if married filing separately; $112,500 if single or head of household)	**8.**
9.	Subtract line 8 from line 5. If zero or less, enter -0- here and on line 10 and go to line 11	**9.**
10.	Multiply line 9 by 25% (.25) and enter the result but do not enter more than line 6 above	**10.**
11.	Add lines 7 and 10. If the total is over $175,000 (over $87,500 if married filing separately), **stop** and fill in Form 6251 to see if you owe the alternative minimum tax	**11.**
12.	Multiply line 11 by 26% (.26)	**12.**

Next: If line 12 is more than the amount on Form 1040, line 38 (excluding any amount from Form 4972), fill in Form 6251 to see if you owe the alternative minimum tax. If line 12 is equal to or less than that amount, **do not** fill in Form 6251.

Line 49

Advance Earned Income Credit Payments

Enter the total amount of advance earned income credit (EIC) payments you received. These payments should be shown in box 9 of your W-2 form(s).

Line 50

Household Employment Taxes

If **any** of the following apply, see **Schedule H** and its instructions to find out if you owe these taxes.

1. You paid **any one** household employee (defined below) cash wages of $1,000 or more in 1996.

2. You withheld Federal income tax during 1996 at the request of any household employee.

3. You paid **total** cash wages of $1,000 or more in **any** calendar **quarter** of 1995 or 1996 to household employees.

TIP *For purposes of item **1,** do not count amounts paid to an employee who was under age 18 at any time in 1996 and was a student.*

Household Employee. Any person who does household work is a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers.

Line 51

Total Tax

Include in the total on line 51 any of the following taxes. To find out if you owe the tax, see the form or publication indicated. On the dotted line next to line 51, enter the amount of the tax and identify it as indicated.

Recapture of the following credits.

- Investment credit (see **Form 4255**). Identify as "ICR."
- Low-income housing credit (see **Form 8611**). Identify as "LIHCR."
- Qualified electric vehicle credit (see **Pub. 535**). Identify as "QEVCR."
- Indian employment credit. Identify as "IECR."

Recapture of Federal Mortgage Subsidy. If you sold your home in 1996 and it was financed (in whole or in part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, see **Form 8828.** Identify as "FMSR."

Section 72(m)(5) Excess Benefits Tax (see **Pub. 560**). Identify as "Sec. 72(m)(5)."

Uncollected Social Security and Medicare or RRTA Tax on Tips or Group-Term Life Insurance. This tax should be shown in box 13 of your Form W-2 with codes **A** and **B** or **M** and **N.** Identify as "UT."

Golden Parachute Payments. If you received an excess parachute payment (EPP), you must pay a 20% tax on it. This tax should be shown in box 13 of your W-2 form with code **K.** If you received a **Form 1099-MISC,** the tax is 20% of the EPP shown on that form. Identify as "EPP."

Tax on Accumulation Distribution of Trusts. Enter the amount from **Form 4970** and identify as "ADT."

Payments

Line 52

Federal Income Tax Withheld

Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G,** and **1099-R.** Enter the total on line 52. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 52 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R.

If you received a 1996 Form 1099 showing Federal income tax withheld on dividends, interest income, or other income you received, include the amount withheld in the total on line 52. This should be shown in box 2 of Form 1099-DIV and box 4 of the other 1099 forms.

Line 53

1996 Estimated Tax Payments

Enter any payments you made on your estimated Federal income tax **(Form 1040-ES)** for 1996. Include any overpayment from your 1995 return that you applied to your 1996 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim part of it. See **Pub. 505,** Tax Withholding and Estimated Tax, for details on how to report your payments. Be sure to show both social security numbers (SSNs) in the space provided on the separate returns. If you or your spouse paid separate estimated tax but you are now filing a joint return, add the amounts you each paid. Follow these instructions even if your spouse died in 1996 or in 1997 before filing a 1996 return.

Divorced Taxpayers

If you got divorced in 1996 and you made joint estimated tax payments with your former spouse, enter your former spouse's SSN in the space provided on the front of Form 1040. If you were divorced and remarried in 1996, enter your present spouse's SSN in the space provided on the front of Form 1040. Also, under the heading "Payments" to the left of line 53, enter your former spouse's SSN, followed by "DIV."

Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040 explaining all the payments you and your spouse made in 1996, where you made the payments, and the name(s) and SSN(s) under which you made the payments.

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

Line 54

Earned Income Credit (EIC)

The EIC reduces tax you owe and may give you a refund even if you do not owe any tax. To see if you can take this credit, answer the questions on this page. **But** you **cannot** take the credit if your filing status is married filing separately or you are filing **Form 2555** or **2555-EZ** relating to foreign earned income. If you were a nonresident alien for any part of 1996, you **cannot** take the credit unless you are married to a U.S. citizen or resident and elect to be taxed as a resident for all of 1996.

You also **cannot** take the credit if you, or your spouse if filing a joint return, **(1)** were the qualifying child of another person in 1996, or **(2)** do not have a social security number (defined below). If you cannot take the credit for either of these reasons, enter "No" next to line 54.

Caution: *If you include self-employment income in your earned income for purposes of figuring the credit, but you have not paid the self-employment tax on that income, we may reduce your credit by the amount of the self-employment tax not paid.*

The credit can be as much as $323 if you do not have a qualifying child (defined below). If you have one qualifying child, the credit can be as much as $2,152. If you have more than one qualifying child, it can be as much as $3,556.

Social Security Number (SSN). For purposes of the EIC, an SSN means a number issued by the Social Security Administration to a U.S. citizen or to a person who has permission from the Immigration and Naturalization Service to work in the United States.

Qualifying Child

A qualifying child is a child who:

1. Is your son, daughter, adopted child, grandchild, stepchild, or foster child, **and**

2. Was (at the end of 1996)—

- under age 19, or
- under age 24 and a student (see the next page), or
- any age and permanently and totally disabled (see the next page), **and**

3. Lived with you in the United States for more than half of 1996 (for all of 1996 if a foster child). If the child did not live with you for the required time, see the **Exception** on the next page.

Caution: *The child must have an SSN (defined above) unless the child was born in December 1996 or was born and died in 1996.*

A child does not always have to be your dependent to qualify. But if the child was married or is also a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. See **Married Child** and **Qualifying Child of More Than One Person** on the next page.

Example. You are divorced and have a 7-year-old son. Although you had custody of your son, he is claimed as a dependent on his other parent's 1996 tax return. Your son is **your** qualifying child because he meets each of the three requirements listed earlier. Your son is not a qualifying child of his other parent because he did not live with the other parent for more than half of 1996 and the **Exception** on the next page does not apply.

The following explains some of the terms used earlier.

- A **foster child** is any child you cared for as your own child. For example, if you acted

(Continued on next page.)

Questions To See if You Can Take the Earned Income Credit

If you were in the military stationed outside the United States, see **Special Rules** on page 27 before you begin.

Caution: *If you received advance EIC payments, **do not** use these questions or the EIC worksheet on page 26. Instead, use **Pub. 596,** Earned Income Credit.*

All filers:

1. Is your **investment income** (see page 26) more than $2,200?
- ☐ **No.** Go to question 2.
- ☐ **Yes. Stop.** You **cannot** take the credit.

2. Do you have at least one qualifying child (defined on this page)?
- ☐ **No.** Skip to question 5.
- ☐ **Yes.** Go to question 3.

If you have at least one qualifying child:

3. Is the total of your **taxable and nontaxable earned income** (see pages 26 and 27) less than $25,078 (less than $28,495 if you have more than one qualifying child)? (Nontaxable earned income includes military housing and subsistence, and contributions to a 401(k) plan.)
- ☐ **No. Stop.** You **cannot** take the credit. Enter "No" next to line 54.
- ☐ **Yes.** Go to question 4.

4. Is your **modified AGI** (see page 27) less than $25,078 (less than $28,495 if you have more than one qualifying child)?
- ☐ **No. Stop.** You **cannot** take the credit.
- ☐ **Yes.** You can take the credit. **If you want the IRS to figure it for you, stop.** Enter "EIC" next to line 54 and attach Schedule EIC to your return. Also, enter the amount and type of any nontaxable earned income in the spaces provided on line 54. **If you want to figure the credit yourself, stop** and complete the worksheet on page 26 now.

If you do not have a qualifying child:

5. Were you (or your spouse if filing a joint return) at least age 25 but under age 65 at the end of 1996?
- ☐ **No. Stop.** You **cannot** take the credit. Enter "No" next to line 54.
- ☐ **Yes.** Go to question 6.

6. Can you (or your spouse if filing a joint return) be claimed as a dependent on someone else's 1996 tax return?
- ☐ **Yes. Stop.** You **cannot** take the credit.
- ☐ **No.** Go to question 7.

7. Was your home (and your spouse's if filing a joint return) in the United States for more than half of 1996?
- ☐ **No. Stop.** You **cannot** take the credit. Enter "No" next to line 54.
- ☐ **Yes.** Go to question 8.

8. Is the total of your **taxable and nontaxable earned income** (see pages 26 and 27) less than $9,500? (Nontaxable earned income includes military housing and subsistence, and contributions to a 401(k) plan.)
- ☐ **No. Stop.** You **cannot** take the credit. Enter "No" next to line 54.
- ☐ **Yes.** Go to question 9.

9. Is your **modified AGI** (see page 27) less than $9,500?
- ☐ **No. Stop.** You **cannot** take the credit.
- ☐ **Yes.** You can take the credit. **If you want the IRS to figure it for you,** enter "EIC" next to line 54. Also, enter the amount and type of any nontaxable earned income in the spaces provided on line 54. **If you want to figure the credit yourself,** complete the worksheet on page 26.

Earned Income Credit Worksheet—Line 54
(keep for your records)

Caution: *If you were a household employee who did not receive a Form W-2 because your employer paid you less than $1,000 in 1996* ***or*** *you were a minister or member of a religious order, see* ***Special Rules*** *on page 27 before completing this worksheet. Also, see* ***Special Rules*** *if Form 1040, line 7, includes any amount paid to an inmate in a penal institution.*

1.	Enter the amount from Form 1040, line 7	**1.**
2.	If you received a taxable scholarship or fellowship grant that was not reported on a W-2 form, enter that amount here	**2.**
3.	Subtract line 2 from line 1	**3.**
4.	Enter any **nontaxable earned income** (see the next page). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form	**4.**
5.	If you were self-employed **or** used Schedule C or C-EZ as a statutory employee, enter the amount from the worksheet on page 27	**5.**
6.	Add lines 3, 4, and 5	**6.**
7.	Look up the amount on **line 6** above in the **EIC Table** on pages **28–29** to find your credit. Enter the credit here	**7.**
	If line 7 is zero, **stop.** You **cannot** take the credit. Enter "No" next to Form 1040, line 54.	
8.	Enter your **modified AGI** (see page 27)	**8.**
9.	**Is line 8 less than—**	
	• $5,300 if you do not have a qualifying child?	
	• $11,650 if you have at least one qualifying child?	
	☐ **Yes.** Go to line 10 now.	
	☐ **No.** Look up the amount on **line 8** above in the **EIC Table** on pages **28–29** to find your credit. Enter the credit here	**9.**
10.	**Earned income credit.**	
	• If you checked "Yes" on line 9, enter the amount from line 7.	
	• If you checked "No" on line 9, enter the **smaller** of line 7 or line 9	**10.**
	Next: Take the amount from line 10 above and enter it on Form 1040, line 54.	
	AND	
	If you had any nontaxable earned income (see line 4 above), enter the amount and type of that income in the spaces provided on line 54.	
	AND	
	Complete **Schedule EIC** and attach it to your return ONLY if you have a qualifying child.	

Note: *If you owe the alternative minimum tax (Form 1040, line 46), subtract it from the amount on line 10 above. Then, enter the result (if more than zero) on Form 1040, line 54. Also, replace the amount on line 10 above with the amount entered on Form 1040, line 54.*

as the parent of your niece or nephew, this child is considered your foster child.

• A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption is not final.

• A **grandchild** is any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

• A **student** is a child who—

1. Was enrolled as a full-time student at a school during any 5 months of 1996, or

2. Took a full-time, on-farm training course during any 5 months of 1996. The course had to be given by a school or a state, county, or local government agency.

A **school** includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

• A child is **permanently and totally disabled** if **both** of the following apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.

2. A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Exception. The child, including a foster child, is considered to have lived with you for all of 1996 if **both** of the following apply.

1. The child was born or died in 1996.

2. Your home was the child's home for the entire time he or she was alive during 1996.

Temporary absences, such as for school, vacation, or medical care, count as time lived at home.

Married Child

If your child was married at the end of 1996, that child is a qualifying child only if you can claim him or her as your dependent on Form 1040, line 6c. But if this child's other parent claimed him or her as a dependent under the rules on page 13 for **Children of Divorced or Separated Parents,** this child is your qualifying child.

Qualifying Child of More Than One Person

If a child meets the conditions to be a qualifying child of more than one person, only the person who had the **highest** modified AGI (adjusted gross income) for 1996 may treat that child as a qualifying child. The other person(s) **cannot** claim the credit for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule does not apply. If you cannot take the credit because of this rule, enter "No" next to line 54.

Example. You and your 5-year-old daughter moved in with your mother in April 1996. You are not a qualifying child of your mother. Your daughter meets the conditions to be a qualifying child for both you and your mother. Your modified AGI for 1996 was $8,000 and your mother's was $14,000. Because your mother's modified AGI was higher, your daughter is your mother's qualifying child. You **cannot** take any EIC, even if your mother does not claim the credit.

Investment Income

For most people, investment income is the total of the amounts on Form 1040, lines 8a, 8b, 9, and, if more than zero, line 13. But see **Pub. 596** to figure your investment income if you are filing **Schedule E,** Supplemental Income and Loss, or you are reporting income from the rental of personal property on Form 1040, line 21.

Taxable Earned Income

This is usually the amount reported on Form 1040, line 7, plus your earnings from self-employment. (Use the worksheet on page 27 to figure your earnings from self-employment.) But if line 7 of Form 1040 includes an amount for a taxable scholarship or fellowship grant that was not reported on a W-2 form or an amount paid to an inmate in a penal institution, subtract that amount from the total on line 7. The result plus your earnings from self-employment is your taxable earned income for purposes of the EIC. If you subtracted income paid to an inmate, also enter "PRI" and the amount subtracted on the dotted line next to line 7 of Form 1040.

Also, if line 7 of Form 1040 includes any amount paid to a household employee who did not receive a W-2 form, see **Special Rules** on page 27.

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

Nontaxable Earned Income

Certain earned income is not taxable, but it must be included to see if you can take the earned income credit. It is also used to figure the credit. It includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Some examples are listed below.

- Basic quarters and subsistence allowances, the value of in-kind quarters and subsistence, and combat zone excluded pay received from the U.S. military. These amounts should be shown in box 13 of your 1996 W-2 form with code **"Q."**
- Housing allowances or rental value of a parsonage for clergy members. But if you are filing **Schedule SE,** Self-Employment Tax, see **Clergy** below.
- Meals and lodging provided for the convenience of your employer.
- Voluntary salary deferrals. If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) plan or the Federal Thrift Savings Plan) instead of having it paid to you, the "Deferred compensation" box in box 15 of your W-2 form should be checked. The amount deferred should be shown in box 13 of your W-2 form.
- Excludable dependent care benefits from Form 2441, line 19.
- Voluntary salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form(s). For details, see **Pub. 596.**

TIP *Nontaxable earned income does not include welfare benefits.*

Modified AGI (Adjusted Gross Income)

Modified AGI is the amount on Form 1040, line 31, increased by the amount of **(1)** any loss claimed on Form 1040, line 13, and **(2)** one-half of any losses on Form 1040, lines 12 and 18. But see **Pub. 596** to figure your modified AGI if you are filing **Schedule E,** or you are claiming a loss from the rental of personal property not used in a trade or business.

Effect of Credit on Certain Welfare Benefits

Any refund you receive as the result of claiming the earned income credit will not be used to determine if you are eligible for the following benefit programs, or how much you can receive from them.

- Aid to Families With Dependent Children (AFDC).
- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Line 5 of EIC Worksheet on Page 26
(keep for your records)

If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing Schedule SE:

a.	Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies	**1a.**	
b.	Enter the amount, if any, from Schedule SE, Section B, line 4b	**1b.**	
c.	Add lines 1a and 1b	**1c.**	
d.	Enter the amount from Form 1040, line 25 .	**1d.**	
e.	Subtract line 1d from line 1c		**1e.**

2. If you are NOT required to file Schedule SE (for example, because your net earnings from self-employment were less than $400), complete lines 2a through 2c. But **do not** include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **Form 4029** or **Form 4361.**

a.	Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a . .	**2a.**	
b.	Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, and Schedule K-1 (Form 1065), line 15a (other than farming)	**2b.**	
c.	Add lines 2a and 2b. Enter the total even if a loss		**2c.**

3. If you are filing Schedule C or C-EZ as a statutory employee, enter the amount from line 1 of that Schedule C or C-EZ . . **3.**

4. Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the worksheet on page 26 even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below . . . **4.**

Caution: *If line 5 of the **Earned Income Credit Worksheet** is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that worksheet. If the result is zero or less, you **cannot** take the earned income credit.*

Special Rules

Members of the Military

If you were on extended active duty outside the United States, your home is considered to be in the United States during that duty period. See **Pub. 596** for the definition of extended active duty.

Clergy

If you are filing **Schedule SE** and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7, follow these special rules. First, write "Clergy" to the right of line 54. If you received a housing allowance or were provided housing, **do not** include the allowance or rental value of the parsonage as nontaxable earned income on line 4 of the worksheet on page 26 (or in the space provided on line 54 of Form 1040) if it is required to be included on Schedule SE, line 2.

Then, if you are figuring the earned income credit yourself, determine how much of the income reported on Form 1040, line 7, was also reported on Schedule SE, line 2. Next, subtract that income from the amount on Form 1040, line 7. Then, enter only the result on line 1 of the worksheet on page 26. Last, be sure to complete the worksheet on this page.

Household Employees

If you were a household employee who did not receive a W-2 form because your employer paid you less than $1,000 in 1996, be sure to include the amount you were paid on Form 1040, line 7. Enter "HSH" and the amount not reported on a W-2 form on the dotted line next to line 7.

Inmates

Amounts paid to inmates in penal institutions for their work are not earned income for purposes of the EIC. If the total on Form 1040, line 7, includes such income, subtract that income from the amount on line 7. Enter the result on line 1 of the worksheet on page 26. Also, enter "PRI" and the amount subtracted on the dotted line next to line 7.

1996 Earned Income Credit (EIC) Table

Caution: *This is **not** a tax table.*

To find your credit: First, read down the "At least — But less than" columns and find the line that includes the amount you entered on line 6 or line 8 of the **Earned Income Credit Worksheet** on page 26. Next, read across to the column that includes the number of qualifying children you have. Then, enter the credit from that column on line 7 or line 9 of that worksheet, whichever applies.

If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—		
At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children
		Your credit is—					Your credit is—					Your credit is—					Your credit is—		
$1	**$50**	$2	$9	$10	**3,200**	**3,250**	247	1,097	1,290	**6,400**	**6,450**	235	2,152	2,570	**11,700**	**11,750**	0	2,134	3,532
50	**100**	6	26	30	**3,250**	**3,300**	251	1,114	1,310	**6,450**	**6,500**	231	2,152	2,590	**11,750**	**11,800**	0	2,126	3,521
100	**150**	10	43	50	**3,300**	**3,350**	254	1,131	1,330	**6,500**	**6,550**	228	2,152	2,610	**11,800**	**11,850**	0	2,118	3,511
150	**200**	13	60	70	**3,350**	**3,400**	258	1,148	1,350	**6,550**	**6,600**	224	2,152	2,630	**11,850**	**11,900**	0	2,110	3,500
200	**250**	17	77	90	**3,400**	**3,450**	262	1,165	1,370	**6,600**	**6,650**	220	2,152	2,650	**11,900**	**11,950**	0	2,102	3,490
250	**300**	21	94	110	**3,450**	**3,500**	266	1,182	1,390	**6,650**	**6,700**	216	2,152	2,670	**11,950**	**12,000**	0	2,094	3,479
300	**350**	25	111	130	**3,500**	**3,550**	270	1,199	1,410	**6,700**	**6,750**	212	2,152	2,690	**12,000**	**12,050**	0	2,086	3,469
350	**400**	29	128	150	**3,550**	**3,600**	273	1,216	1,430	**6,750**	**6,800**	208	2,152	2,710	**12,050**	**12,100**	0	2,078	3,458
400	**450**	33	145	170	**3,600**	**3,650**	277	1,233	1,450	**6,800**	**6,850**	205	2,152	2,730	**12,100**	**12,150**	0	2,070	3,448
450	**500**	36	162	190	**3,650**	**3,700**	281	1,250	1,470	**6,850**	**6,900**	201	2,152	2,750	**12,150**	**12,200**	0	2,062	3,437
500	**550**	40	179	210	**3,700**	**3,750**	285	1,267	1,490	**6,900**	**6,950**	197	2,152	2,770	**12,200**	**12,250**	0	2,054	3,426
550	**600**	44	196	230	**3,750**	**3,800**	289	1,284	1,510	**6,950**	**7,000**	193	2,152	2,790	**12,250**	**12,300**	0	2,046	3,416
600	**650**	48	213	250	**3,800**	**3,850**	293	1,301	1,530	**7,000**	**7,050**	189	2,152	2,810	**12,300**	**12,350**	0	2,038	3,405
650	**700**	52	230	270	**3,850**	**3,900**	296	1,318	1,550	**7,050**	**7,100**	186	2,152	2,830	**12,350**	**12,400**	0	2,030	3,395
700	**750**	55	247	290	**3,900**	**3,950**	300	1,335	1,570	**7,100**	**7,150**	182	2,152	2,850	**12,400**	**12,450**	0	2,022	3,384
750	**800**	59	264	310	**3,950**	**4,000**	304	1,352	1,590	**7,150**	**7,200**	178	2,152	2,870	**12,450**	**12,500**	0	2,014	3,374
800	**850**	63	281	330	**4,000**	**4,050**	308	1,369	1,610	**7,200**	**7,250**	174	2,152	2,890	**12,500**	**12,550**	0	2,006	3,363
850	**900**	67	298	350	**4,050**	**4,100**	312	1,386	1,630	**7,250**	**7,300**	170	2,152	2,910	**12,550**	**12,600**	0	1,998	3,353
900	**950**	71	315	370	**4,100**	**4,150**	316	1,403	1,650	**7,300**	**7,350**	166	2,152	2,930	**12,600**	**12,650**	0	1,990	3,342
950	**1,000**	75	332	390	**4,150**	**4,200**	319	1,420	1,670	**7,350**	**7,400**	163	2,152	2,950	**12,650**	**12,700**	0	1,982	3,332
1,000	**1,050**	78	349	410	**4,200**	**4,250**	323	1,437	1,690	**7,400**	**7,450**	159	2,152	2,970	**12,700**	**12,750**	0	1,974	3,321
1,050	**1,100**	82	366	430	**4,250**	**4,300**	323	1,454	1,710	**7,450**	**7,500**	155	2,152	2,990	**12,750**	**12,800**	0	1,966	3,311
1,100	**1,150**	86	383	450	**4,300**	**4,350**	323	1,471	1,730	**7,500**	**7,550**	151	2,152	3,010	**12,800**	**12,850**	0	1,958	3,300
1,150	**1,200**	90	400	470	**4,350**	**4,400**	323	1,488	1,750	**7,550**	**7,600**	147	2,152	3,030	**12,850**	**12,900**	0	1,950	3,290
1,200	**1,250**	94	417	490	**4,400**	**4,450**	323	1,505	1,770	**7,600**	**7,650**	143	2,152	3,050	**12,900**	**12,950**	0	1,942	3,279
1,250	**1,300**	98	434	510	**4,450**	**4,500**	323	1,522	1,790	**7,650**	**7,700**	140	2,152	3,070	**12,950**	**13,000**	0	1,934	3,269
1,300	**1,350**	101	451	530	**4,500**	**4,550**	323	1,539	1,810	**7,700**	**7,750**	136	2,152	3,090	**13,000**	**13,050**	0	1,926	3,258
1,350	**1,400**	105	468	550	**4,550**	**4,600**	323	1,556	1,830	**7,750**	**7,800**	132	2,152	3,110	**13,050**	**13,100**	0	1,918	3,247
1,400	**1,450**	109	485	570	**4,600**	**4,650**	323	1,573	1,850	**7,800**	**7,850**	128	2,152	3,130	**13,100**	**13,150**	0	1,910	3,237
1,450	**1,500**	113	502	590	**4,650**	**4,700**	323	1,590	1,870	**7,850**	**7,900**	124	2,152	3,150	**13,150**	**13,200**	0	1,902	3,226
1,500	**1,550**	117	519	610	**4,700**	**4,750**	323	1,607	1,890	**7,900**	**7,950**	120	2,152	3,170	**13,200**	**13,250**	0	1,894	3,216
1,550	**1,600**	120	536	630	**4,750**	**4,800**	323	1,624	1,910	**7,950**	**8,000**	117	2,152	3,190	**13,250**	**13,300**	0	1,886	3,205
1,600	**1,650**	124	553	650	**4,800**	**4,850**	323	1,641	1,930	**8,000**	**8,050**	113	2,152	3,210	**13,300**	**13,350**	0	1,878	3,195
1,650	**1,700**	128	570	670	**4,850**	**4,900**	323	1,658	1,950	**8,050**	**8,100**	109	2,152	3,230	**13,350**	**13,400**	0	1,870	3,184
1,700	**1,750**	132	587	690	**4,900**	**4,950**	323	1,675	1,970	**8,100**	**8,150**	105	2,152	3,250	**13,400**	**13,450**	0	1,862	3,174
1,750	**1,800**	136	604	710	**4,950**	**5,000**	323	1,692	1,990	**8,150**	**8,200**	101	2,152	3,270	**13,450**	**13,500**	0	1,854	3,163
1,800	**1,850**	140	621	730	**5,000**	**5,050**	323	1,709	2,010	**8,200**	**8,250**	98	2,152	3,290	**13,500**	**13,550**	0	1,846	3,153
1,850	**1,900**	143	638	750	**5,050**	**5,100**	323	1,726	2,030	**8,250**	**8,300**	94	2,152	3,310	**13,550**	**13,600**	0	1,838	3,142
1,900	**1,950**	147	655	770	**5,100**	**5,150**	323	1,743	2,050	**8,300**	**8,350**	90	2,152	3,330	**13,600**	**13,650**	0	1,830	3,132
1,950	**2,000**	151	672	790	**5,150**	**5,200**	323	1,760	2,070	**8,350**	**8,400**	86	2,152	3,350	**13,650**	**13,700**	0	1,822	3,121
2,000	**2,050**	155	689	810	**5,200**	**5,250**	323	1,777	2,090	**8,400**	**8,450**	82	2,152	3,370	**13,700**	**13,750**	0	1,814	3,111
2,050	**2,100**	159	706	830	**5,250**	**5,300**	323	1,794	2,110	**8,450**	**8,500**	78	2,152	3,390	**13,750**	**13,800**	0	1,806	3,100
2,100	**2,150**	163	723	850	**5,300**	**5,350**	319	1,811	2,130	**8,500**	**8,550**	75	2,152	3,410	**13,800**	**13,850**	0	1,798	3,090
2,150	**2,200**	166	740	870	**5,350**	**5,400**	316	1,828	2,150	**8,550**	**8,600**	71	2,152	3,430	**13,850**	**13,900**	0	1,790	3,079
2,200	**2,250**	170	757	890	**5,400**	**5,450**	312	1,845	2,170	**8,600**	**8,650**	67	2,152	3,450	**13,900**	**13,950**	0	1,782	3,068
2,250	**2,300**	174	774	910	**5,450**	**5,500**	308	1,862	2,190	**8,650**	**8,700**	63	2,152	3,470	**13,950**	**14,000**	0	1,774	3,058
2,300	**2,350**	178	791	930	**5,500**	**5,550**	304	1,879	2,210	**8,700**	**8,750**	59	2,152	3,490	**14,000**	**14,050**	0	1,766	3,047
2,350	**2,400**	182	808	950	**5,550**	**5,600**	300	1,896	2,230	**8,750**	**8,800**	55	2,152	3,510	**14,050**	**14,100**	0	1,758	3,037
2,400	**2,450**	186	825	970	**5,600**	**5,650**	296	1,913	2,250	**8,800**	**8,850**	52	2,152	3,530	**14,100**	**14,150**	0	1,750	3,026
2,450	**2,500**	189	842	990	**5,650**	**5,700**	293	1,930	2,270	**8,850**	**8,900**	48	2,152	3,556	**14,150**	**14,200**	0	1,742	3,016
2,500	**2,550**	193	859	1,010	**5,700**	**5,750**	289	1,947	2,290	**8,900**	**8,950**	44	2,152	3,556	**14,200**	**14,250**	0	1,734	3,005
2,550	**2,600**	197	876	1,030	**5,750**	**5,800**	285	1,964	2,310	**8,950**	**9,000**	40	2,152	3,556	**14,250**	**14,300**	0	1,726	2,995
2,600	**2,650**	201	893	1,050	**5,800**	**5,850**	281	1,981	2,330	**9,000**	**9,050**	36	2,152	3,556	**14,300**	**14,350**	0	1,718	2,984
2,650	**2,700**	205	910	1,070	**5,850**	**5,900**	277	1,998	2,350	**9,050**	**9,100**	33	2,152	3,556	**14,350**	**14,400**	0	1,710	2,974
2,700	**2,750**	208	927	1,090	**5,900**	**5,950**	273	2,015	2,370	**9,100**	**9,150**	29	2,152	3,556	**14,400**	**14,450**	0	1,702	2,963
2,750	**2,800**	212	944	1,110	**5,950**	**6,000**	270	2,032	2,390	**9,150**	**9,200**	25	2,152	3,556	**14,450**	**14,500**	0	1,694	2,953
2,800	**2,850**	216	961	1,130	**6,000**	**6,050**	266	2,049	2,410	**9,200**	**9,250**	21	2,152	3,556	**14,500**	**14,550**	0	1,686	2,942
2,850	**2,900**	220	978	1,150	**6,050**	**6,100**	262	2,066	2,430	**9,250**	**9,300**	17	2,152	3,556	**14,550**	**14,600**	0	1,678	2,932
2,900	**2,950**	224	995	1,170	**6,100**	**6,150**	258	2,083	2,450	**9,300**	**9,350**	13	2,152	3,556	**14,600**	**14,650**	0	1,670	2,921
2,950	**3,000**	228	1,012	1,190	**6,150**	**6,200**	254	2,100	2,470	**9,350**	**9,400**	10	2,152	3,556	**14,650**	**14,700**	0	1,662	2,911
3,000	**3,050**	231	1,029	1,210	**6,200**	**6,250**	251	2,117	2,490	**9,400**	**9,450**	6	2,152	3,556	**14,700**	**14,750**	0	1,654	2,900
3,050	**3,100**	235	1,046	1,230	**6,250**	**6,300**	247	2,134	2,510	**9,450**	**9,500**	2	2,152	3,556	**14,750**	**14,800**	0	1,646	2,889
3,100	**3,150**	239	1,063	1,250	**6,300**	**6,350**	243	2,152	2,530	**9,500**	**11,650**	0	2,152	3,556	**14,800**	**14,850**	0	1,638	2,879
3,150	**3,200**	243	1,080	1,270	**6,350**	**6,400**	239	2,152	2,550	**11,650**	**11,700**	0	2,142	3,542	**14,850**	**14,900**	0	1,630	2,868

1996 Earned Income Credit (EIC) Table *Continued* (Not a tax table.)

If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 26 is—		And you have—		
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children			No children	One child	Two children
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—		
14,900	**14,950**	0	1,622	2,858	**18,500**	**18,550**	0	1,047	2,100	**22,100**	**22,150**	0	472	1,342	**25,700**	**25,750**	0	0	583
14,950	**15,000**	0	1,614	2,847	**18,550**	**18,600**	0	1,039	2,089	**22,150**	**22,200**	0	464	1,331	**25,750**	**25,800**	0	0	573
15,000	**15,050**	0	1,606	2,837	**18,600**	**18,650**	0	1,031	2,079	**22,200**	**22,250**	0	456	1,320	**25,800**	**25,850**	0	0	562
15,050	**15,100**	0	1,598	2,826	**18,650**	**18,700**	0	1,023	2,068	**22,250**	**22,300**	0	448	1,310	**25,850**	**25,900**	0	0	552
15,100	**15,150**	0	1,591	2,816	**18,700**	**18,750**	0	1,015	2,058	**22,300**	**22,350**	0	440	1,299	**25,900**	**25,950**	0	0	541
15,150	**15,200**	0	1,583	2,805	**18,750**	**18,800**	0	1,007	2,047	**22,350**	**22,400**	0	432	1,289	**25,950**	**26,000**	0	0	531
15,200	**15,250**	0	1,575	2,795	**18,800**	**18,850**	0	999	2,037	**22,400**	**22,450**	0	424	1,278	**26,000**	**26,050**	0	0	520
15,250	**15,300**	0	1,567	2,784	**18,850**	**18,900**	0	991	2,026	**22,450**	**22,500**	0	416	1,268	**26,050**	**26,100**	0	0	510
15,300	**15,350**	0	1,559	2,774	**18,900**	**18,950**	0	983	2,015	**22,500**	**22,550**	0	408	1,257	**26,100**	**26,150**	0	0	499
15,350	**15,400**	0	1,551	2,763	**18,950**	**19,000**	0	975	2,005	**22,550**	**22,600**	0	400	1,247	**26,150**	**26,200**	0	0	489
15,400	**15,450**	0	1,543	2,753	**19,000**	**19,050**	0	967	1,994	**22,600**	**22,650**	0	392	1,236	**26,200**	**26,250**	0	0	478
15,450	**15,500**	0	1,535	2,742	**19,050**	**19,100**	0	959	1,984	**22,650**	**22,700**	0	384	1,226	**26,250**	**26,300**	0	0	468
15,500	**15,550**	0	1,527	2,732	**19,100**	**19,150**	0	951	1,973	**22,700**	**22,750**	0	376	1,215	**26,300**	**26,350**	0	0	457
15,550	**15,600**	0	1,519	2,721	**19,150**	**19,200**	0	943	1,963	**22,750**	**22,800**	0	368	1,205	**26,350**	**26,400**	0	0	446
15,600	**15,650**	0	1,511	2,710	**19,200**	**19,250**	0	935	1,952	**22,800**	**22,850**	0	360	1,194	**26,400**	**26,450**	0	0	436
15,650	**15,700**	0	1,503	2,700	**19,250**	**19,300**	0	927	1,942	**22,850**	**22,900**	0	352	1,184	**26,450**	**26,500**	0	0	425
15,700	**15,750**	0	1,495	2,689	**19,300**	**19,350**	0	919	1,931	**22,900**	**22,950**	0	344	1,173	**26,500**	**26,550**	0	0	415
15,750	**15,800**	0	1,487	2,679	**19,350**	**19,400**	0	911	1,921	**22,950**	**23,000**	0	336	1,163	**26,550**	**26,600**	0	0	404
15,800	**15,850**	0	1,479	2,668	**19,400**	**19,450**	0	903	1,910	**23,000**	**23,050**	0	328	1,152	**26,600**	**26,650**	0	0	394
15,850	**15,900**	0	1,471	2,658	**19,450**	**19,500**	0	895	1,900	**23,050**	**23,100**	0	320	1,141	**26,650**	**26,700**	0	0	383
15,900	**15,950**	0	1,463	2,647	**19,500**	**19,550**	0	887	1,889	**23,100**	**23,150**	0	312	1,131	**26,700**	**26,750**	0	0	373
15,950	**16,000**	0	1,455	2,637	**19,550**	**19,600**	0	879	1,879	**23,150**	**23,200**	0	304	1,120	**26,750**	**26,800**	0	0	362
16,000	**16,050**	0	1,447	2,626	**19,600**	**19,650**	0	871	1,868	**23,200**	**23,250**	0	296	1,110	**26,800**	**26,850**	0	0	352
16,050	**16,100**	0	1,439	2,616	**19,650**	**19,700**	0	863	1,858	**23,250**	**23,300**	0	288	1,099	**26,850**	**26,900**	0	0	341
16,100	**16,150**	0	1,431	2,605	**19,700**	**19,750**	0	855	1,847	**23,300**	**23,350**	0	280	1,089	**26,900**	**26,950**	0	0	331
16,150	**16,200**	0	1,423	2,595	**19,750**	**19,800**	0	847	1,836	**23,350**	**23,400**	0	272	1,078	**26,950**	**27,000**	0	0	320
16,200	**16,250**	0	1,415	2,584	**19,800**	**19,850**	0	839	1,826	**23,400**	**23,450**	0	264	1,068	**27,000**	**27,050**	0	0	310
16,250	**16,300**	0	1,407	2,574	**19,850**	**19,900**	0	831	1,815	**23,450**	**23,500**	0	256	1,057	**27,050**	**27,100**	0	0	299
16,300	**16,350**	0	1,399	2,563	**19,900**	**19,950**	0	823	1,805	**23,500**	**23,550**	0	248	1,047	**27,100**	**27,150**	0	0	289
16,350	**16,400**	0	1,391	2,552	**19,950**	**20,000**	0	815	1,794	**23,550**	**23,600**	0	240	1,036	**27,150**	**27,200**	0	0	278
16,400	**16,450**	0	1,383	2,542	**20,000**	**20,050**	0	807	1,784	**23,600**	**23,650**	0	232	1,026	**27,200**	**27,250**	0	0	267
16,450	**16,500**	0	1,375	2,531	**20,050**	**20,100**	0	799	1,773	**23,650**	**23,700**	0	224	1,015	**27,250**	**27,300**	0	0	257
16,500	**16,550**	0	1,367	2,521	**20,100**	**20,150**	0	792	1,763	**23,700**	**23,750**	0	216	1,005	**27,300**	**27,350**	0	0	246
16,550	**16,600**	0	1,359	2,510	**20,150**	**20,200**	0	784	1,752	**23,750**	**23,800**	0	208	994	**27,350**	**27,400**	0	0	236
16,600	**16,650**	0	1,351	2,500	**20,200**	**20,250**	0	776	1,742	**23,800**	**23,850**	0	200	984	**27,400**	**27,450**	0	0	225
16,650	**16,700**	0	1,343	2,489	**20,250**	**20,300**	0	768	1,731	**23,850**	**23,900**	0	192	973	**27,450**	**27,500**	0	0	215
16,700	**16,750**	0	1,335	2,479	**20,300**	**20,350**	0	760	1,721	**23,900**	**23,950**	0	184	962	**27,500**	**27,550**	0	0	204
16,750	**16,800**	0	1,327	2,468	**20,350**	**20,400**	0	752	1,710	**23,950**	**24,000**	0	176	952	**27,550**	**27,600**	0	0	194
16,800	**16,850**	0	1,319	2,458	**20,400**	**20,450**	0	744	1,700	**24,000**	**24,050**	0	168	941	**27,600**	**27,650**	0	0	183
16,850	**16,900**	0	1,311	2,447	**20,450**	**20,500**	0	736	1,689	**24,050**	**24,100**	0	160	931	**27,650**	**27,700**	0	0	173
16,900	**16,950**	0	1,303	2,437	**20,500**	**20,550**	0	728	1,679	**24,100**	**24,150**	0	152	920	**27,700**	**27,750**	0	0	162
16,950	**17,000**	0	1,295	2,426	**20,550**	**20,600**	0	720	1,668	**24,150**	**24,200**	0	144	910	**27,750**	**27,800**	0	0	152
17,000	**17,050**	0	1,287	2,416	**20,600**	**20,650**	0	712	1,657	**24,200**	**24,250**	0	136	899	**27,800**	**27,850**	0	0	141
17,050	**17,100**	0	1,279	2,405	**20,650**	**20,700**	0	704	1,647	**24,250**	**24,300**	0	128	889	**27,850**	**27,900**	0	0	131
17,100	**17,150**	0	1,271	2,395	**20,700**	**20,750**	0	696	1,636	**24,300**	**24,350**	0	120	878	**27,900**	**27,950**	0	0	120
17,150	**17,200**	0	1,263	2,384	**20,750**	**20,800**	0	688	1,626	**24,350**	**24,400**	0	112	868	**27,950**	**28,000**	0	0	110
17,200	**17,250**	0	1,255	2,373	**20,800**	**20,850**	0	680	1,615	**24,400**	**24,450**	0	104	857	**28,000**	**28,050**	0	0	99
17,250	**17,300**	0	1,247	2,363	**20,850**	**20,900**	0	672	1,605	**24,450**	**24,500**	0	96	847	**28,050**	**28,100**	0	0	88
17,300	**17,350**	0	1,239	2,352	**20,900**	**20,950**	0	664	1,594	**24,500**	**24,550**	0	88	836	**28,100**	**28,150**	0	0	78
17,350	**17,400**	0	1,231	2,342	**20,950**	**21,000**	0	656	1,584	**24,550**	**24,600**	0	80	826	**28,150**	**28,200**	0	0	67
17,400	**17,450**	0	1,223	2,331	**21,000**	**21,050**	0	648	1,573	**24,600**	**24,650**	0	72	815	**28,200**	**28,250**	0	0	57
17,450	**17,500**	0	1,215	2,321	**21,050**	**21,100**	0	640	1,563	**24,650**	**24,700**	0	64	805	**28,250**	**28,300**	0	0	46
17,500	**17,550**	0	1,207	2,310	**21,100**	**21,150**	0	632	1,552	**24,700**	**24,750**	0	56	794	**28,300**	**28,350**	0	0	36
17,550	**17,600**	0	1,199	2,300	**21,150**	**21,200**	0	624	1,542	**24,750**	**24,800**	0	48	783	**28,350**	**28,400**	0	0	25
17,600	**17,650**	0	1,191	2,289	**21,200**	**21,250**	0	616	1,531	**24,800**	**24,850**	0	40	773	**28,400**	**28,450**	0	0	15
17,650	**17,700**	0	1,183	2,279	**21,250**	**21,300**	0	608	1,521	**24,850**	**24,900**	0	32	762	**28,450**	**28,495**	0	0	5
17,700	**17,750**	0	1,175	2,268	**21,300**	**21,350**	0	600	1,510	**24,900**	**24,950**	0	24	752	**28,495 or more**		0	0	0
17,750	**17,800**	0	1,167	2,258	**21,350**	**21,400**	0	592	1,499	**24,950**	**25,000**	0	16	741					
17,800	**17,850**	0	1,159	2,247	**21,400**	**21,450**	0	584	1,489	**25,000**	**25,050**	0	8	731					
17,850	**17,900**	0	1,151	2,237	**21,450**	**21,500**	0	576	1,478	**25,050**	**25,100**	0	*	720					
17,900	**17,950**	0	1,143	2,226	**21,500**	**21,550**	0	568	1,468	**25,100**	**25,150**	0	0	710					
17,950	**18,000**	0	1,135	2,216	**21,550**	**21,600**	0	560	1,457	**25,150**	**25,200**	0	0	699					
18,000	**18,050**	0	1,127	2,205	**21,600**	**21,650**	0	552	1,447	**25,200**	**25,250**	0	0	689					
18,050	**18,100**	0	1,119	2,194	**21,650**	**21,700**	0	544	1,436	**25,250**	**25,300**	0	0	678					
18,100	**18,150**	0	1,111	2,184	**21,700**	**21,750**	0	536	1,426	**25,300**	**25,350**	0	0	668					
18,150	**18,200**	0	1,103	2,173	**21,750**	**21,800**	0	528	1,415	**25,350**	**25,400**	0	0	657					
18,200	**18,250**	0	1,095	2,163	**21,800**	**21,850**	0	520	1,405	**25,400**	**25,450**	0	0	647					
18,250	**18,300**	0	1,087	2,152	**21,850**	**21,900**	0	512	1,394	**25,450**	**25,500**	0	0	636					
18,300	**18,350**	0	1,079	2,142	**21,900**	**21,950**	0	504	1,384	**25,500**	**25,550**	0	0	626					
18,350	**18,400**	0	1,071	2,131	**21,950**	**22,000**	0	496	1,373	**25,550**	**25,600**	0	0	615					
18,400	**18,450**	0	1,063	2,121	**22,000**	**22,050**	0	488	1,363	**25,600**	**25,650**	0	0	604					
18,450	**18,500**	0	1,055	2,110	**22,050**	**22,100**	0	480	1,352	**25,650**	**25,700**	0	0	594					

* If the amount on line 6 or line 8 of the worksheet is at least $25,050 **but** less than $25,078, your credit is $2. Otherwise, you **cannot** take the credit.

Line 55

Amount Paid With Form 4868 (Request for Extension)

If you filed **Form 4868** to get an automatic extension of time to file Form 1040, enter the amount, if any, you paid with that form. Also, include any amounts paid with **Form 2688** or **Form 2350.**

Line 56

Excess Social Security and RRTA Tax Withheld

If you had more than one employer for 1996 and your total wages were over $62,700, too much social security tax may have been withheld. If you had more than one railroad employer for 1996 and your total compensation was over $46,500, too much railroad retirement (RRTA) tax may have been withheld. For details, including how to figure the amount to enter on line 56, see **Pub. 505,** Tax Withholding and Estimated Tax.

Line 57

Other Payments

Check the box(es) on line 57 to report any credit from **Form 2439,** Notice to Shareholder of Undistributed Long-Term Capital Gains, or **Form 4136,** Credit for Federal Tax Paid on Fuels.

Refund

Line 59

Amount Overpaid

If line 59 is under $1, we will send a refund only on written request.

TIP *If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay. See* ***Income Tax Withholding and Estimated Tax Payments for 1997*** *on page 32.*

Injured Spouse Claim

If you file a joint return and your spouse has not paid child or spousal support payments or certain Federal debts such as student loans, all or part of the overpayment on line 59 may be used to pay the past-due amount. But **your** part of the overpayment may be refunded to you if certain conditions apply and you complete and attach **Form 8379,** Injured Spouse Claim and Allocation. For details, use Tele-Tax topic 203 (see page 34) or see Form 8379. If you file Form 8379, you **cannot** request direct deposit.

Lines 60b Through 60d

Direct Deposit of Refund

Complete lines 60b through 60d if you want us to directly deposit the amount shown on line 60a into your account at a bank or other financial institution instead of sending you a check.

Why Use Direct Deposit?

- You get your refund faster.
- Payment is more secure—there is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

TIP *You can check with your financial institution to get the correct routing number and account number.*

Line 60b

The routing number **must** be **nine** digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. Using the sample check on this page, the routing number is 250250025.

Your check may state that it is payable through a bank different from the financial institution at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

Line 60d

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check on this page, the account number is 20202086.

Caution: *Some financial institutions will not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a direct deposit.*

Line 61

Applied to 1997 Estimated Tax

Enter on line 61 the amount, if any, of the overpayment on line 59 you want applied to your 1997 estimated tax. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse's account. Include your spouse's social security number. This election to apply part or all of the amount overpaid to your 1997 estimated tax cannot be changed later.

Amount You Owe

Line 62

Amount You Owe

TIP *You do not have to pay if line 62 is under $1.*

Include any estimated tax penalty from line 63 in the amount you enter on line 62.

Make your check or money order payable to the Internal Revenue Service for the full amount due. **Do not send cash.** Write "1996 Form 1040," and your name, address, daytime phone number, and social security number (SSN) on your payment. If you are filing a joint return, enter the SSN shown first on your tax return.

Then, please complete **Form 1040-V,** Payment Voucher, following the instructions on that form and enclose it in the envelope with your payment.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in an envelope separate from the one you use to pay the tax due on Form 1040.

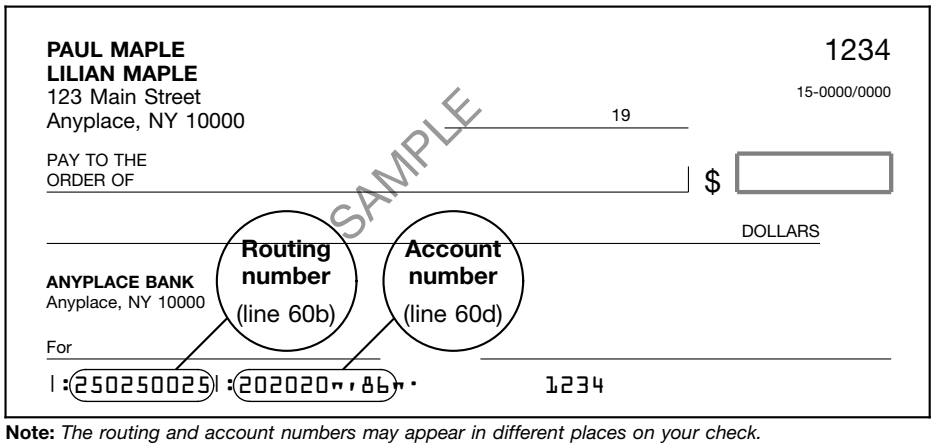
TIP *You may need to* ***(a)*** *increase the amount of income tax withheld from your pay or* ***(b)*** *make estimated tax payments for 1997. See* ***Income Tax Withholding and Estimated Tax Payments for 1997*** *on page 32.*

Paying Electronically

If you want, you can use the Electronic Federal Tax Payment System (EFTPS) to pay the amount you owe. For EFTPS information, call 1-800-945-8400 or 1-800-555-4477.

Installment Payments

If you cannot pay the full amount shown on line 62 when you file, you may ask to make monthly installment payments. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 15, 1997, even if your request to pay in installments is granted. You must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan.



Note: *The routing and account numbers may appear in different places on your check.*

Need More Information or Forms? You can use a personal computer, fax, or phone to get what you need. See page 5.

To ask for an installment agreement, use **Form 9465,** Installment Agreement Request. You should receive a response to your request for installments within 30 days. But if you file your return after March 31, it may take us longer to reply.

Line 63

Estimated Tax Penalty

You may owe this penalty if:

- Line 62 (minus line 50) is at least $500 and it is more than 10% of the tax shown on your return, or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

For most people, the "tax shown on your return" is the amount on line 51 minus the total of any amounts shown on lines 50 and 54 and Forms 8828, 4137, 4136, and 5329 (Parts II, III, and IV only).

Exceptions to the Penalty

You will not owe the penalty if your 1995 tax return was for a tax year of 12 full months AND **either** of the following applies:

1. You had no tax liability for 1995 and you were a U.S. citizen or resident for all of 1995, or

2. The total of lines 52, 53, and 56 on your 1996 return is at least as much as the tax liability shown on your 1995 return. Your estimated tax payments for 1996 must have been made on time and for the required amount.

Caution: *If your 1995 adjusted gross income was over $150,000 (over $75,000 if your 1996 filing status is married filing separately), item **2** above applies only if the total of lines 52, 53, and 56 on your 1996 return is at least 110% of the tax liability shown on your 1995 return. This rule does not apply to farmers and fishermen.*

Figuring the Penalty

If the **Exceptions** above do not apply and you choose to figure the penalty yourself, see **Form 2210** (or **2210-F** for farmers and fishermen) to find out if you owe the penalty. If so, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F). Enter the penalty on Form 1040, line 63. Add the penalty to any tax due and enter the total on line 62. If you are due a refund, subtract the penalty from the overpayment you show on line 59. **Do not** file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

TIP *Because Form 2210 is complicated, if you want you can leave line 63 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.*

Sign Your Return

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If you have someone prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as a surviving spouse, see **Death of a Taxpayer** on page 32.

Child's Return

If your child cannot sign the return, either parent may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Paid Preparers Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the "Attachment Sequence No." shown in the upper right corner of the schedule or form. (For example, the attachment sequence no. for Schedule A is 07.) Put any forms without an attachment sequence number next. If you have supporting statements, arrange them in the same order as the forms or schedules they support and attach them last. **Do not** attach items unless required to do so. Attach the first copy or Copy B of Form(s) W-2 to the front of Form 1040.

Section 4.

General Information

What Are My Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and courteously by IRS employees. Our goal at the IRS is to protect your rights so that you will have the highest confidence in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, see **Pub. 1,** Your Rights as a Taxpayer.

Income Tax Withholding and Estimated Tax Payments for 1997

If the amount you owe or the amount you overpaid is large, you may want to file a new **Form W-4,** Employee's Withholding Allowance Certificate, with your employer to change the amount of income tax withheld from your 1997 pay. In general, you do not have to make estimated tax payments if you expect that your 1997 Form 1040 will show a tax refund or a tax balance due the IRS of less than $500. If your total estimated tax (including any alternative minimum tax) for 1997 is $500 or more, see **Form 1040-ES,** Estimated Tax for Individuals. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see **Pub. 505,** Tax Withholding and Estimated Tax.

Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, your refund may be delayed or you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect SSN or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

How Do I Make a Gift To Reduce the Public Debt?

If you wish to do so, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, Washington, DC 20239-0601. Or, you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. If you owe tax, make a separate check for that amount payable to "Internal Revenue Service."

TIP *If you itemize your deductions for 1997, you may be able to deduct this gift.*

Address Change

If you move after you file, always notify in writing the Internal Revenue Service Center where you filed your last return, or the Chief, Taxpayer Service Division, at your local IRS district office. You can use **Form 8822,** Change of Address, to notify us of your new address. If you are expecting a refund, also notify the post office serving your old address. This will help forward your check to your new address.

How Long Should Records Be Kept?

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as W-2 and 1099 forms) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property. For more details, see **Pub. 552,** Recordkeeping for Individuals.

Amended Return

File **Form 1040X,** Amended U.S. Individual Income Tax Return, to change a return you already filed. Generally, Form 1040X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later.

Need a Copy of Your Tax Return?

If you need a copy of your tax return, use **Form 4506.** If you have questions about your account, call or write your local IRS office. If you want a printed copy of your account, it will be mailed to you free of charge.

Death of a Taxpayer

If a taxpayer died before filing a return for 1996, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return should write **"DECEASED,"** the deceased taxpayer's name, and the date of death across the top of the return.

If your spouse died in 1996 and you did not remarry in 1996, you can file a joint return. You can also file a joint return if your spouse died in 1997 before filing a 1996 return. A joint return should show your spouse's 1996 income before death and your income for all of 1996. Write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should promptly notify all payers of income, including financial institutions, of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heirs. A deceased taxpayer's social security number should not be used for tax years after the year of death, except for estate tax return purposes.

Claiming a Refund for a Deceased Taxpayer

If you are filing a joint return as a surviving spouse, you only need to file the tax return to claim the refund. If you are a court-appointed representative, file the return **and** attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach **Form 1310.**

For more details, use Tele-Tax topic 356 (see page 34) or see **Pub. 559,** Survivors, Executors, and Administrators.

Alternative Ways of Filing

Filing From Home

TeleFile. Most taxpayers who filed Form 1040EZ last year will receive a special TeleFile tax package that allows them to file their 1996 tax returns by phone. TeleFile is a great way to file because it is easy, fast, free, and available 24 hours a day. If you have children who received a TeleFile package, please encourage them to use TeleFile.

On-Line Filing. You can file your tax return using a personal computer, a modem, and IRS-accepted tax software. Software for completing your return is available at retail stores and from on-line filing companies. The software allows you to file your return electronically, for a fee, through the software company or on-line filing company.

1040PC Format. Most tax software packages also allow you to print your return in 1040PC format. The 1040PC is shorter than the regular tax return, which means faster and more accurate processing when you mail it in and less paper for you to keep for your records.

Other Ways To File Electronically

Last year, millions of taxpayers sent their tax returns to the IRS electronically, because it is fast, accurate, and convenient.

Electronic Filing Companies. Electronic filing is available through many paid tax return preparers when they prepare your return for you. It is also available if you prepare your own return, but you usually must go through a tax return preparer or other company that provides, for a fee, IRS-accepted electronic filing services.

Electronic Filing Through the IRS. The IRS's free Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs may also be able to help you file your return electronically. See this page for details on these programs.

Federal/State Electronic Filing. Many of the electronic filing methods listed above may also allow you to file your state tax return electronically with your Federal return.

For more details on your choices, use Tele-Tax topic 252 (see page 34).

Other Ways To Get Help

Send Your Written Questions to the IRS

You may send your written tax questions to your IRS District Director. You should get an answer in about 30 days. If you do not have the address, call us. See page 38.

Assistance With Your Return

Many IRS offices can help you prepare your return. An assister will explain a Form 1040EZ, 1040A, or 1040 with Schedules A and B to you and other taxpayers in a group setting. You may also be able to file your return electronically by computer free of charge at many IRS offices. To find the IRS office nearest you, look in the phone book under "United States Government, Internal Revenue Service" or call us. See page 38 for the number.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)

These programs help older, disabled, low-income, and non-English-speaking people fill in their returns. For details, call us. See page 38 for the number. If you received a Federal income tax package in the mail, take it with you when you go for help. Also take a copy of your 1995 tax return if you have it.

On-Line Services

You can file your return and get tax information from many on-line services. If you subscribe to an on-line service, ask if on-line filing or tax information is available.

Videotape

Videotaped instructions for completing your return are available in English and Spanish at many libraries.

Large-Print Forms and Instructions

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, EIC, and R, and Form 1040-V, and their instructions. You can use the large-print forms and schedules as worksheets to figure your tax, but you cannot file on them. You can order Pub. 1614 by phone or mail. See page 5.

Help for People With Disabilities

Telephone help is available using TTY/TDD equipment. See page 38 for the number to call. Braille materials are available at libraries that have special services for people with disabilities.

Help With Unresolved Tax Issues

The **Problem Resolution Program** is for people who have been unable to resolve their problems with the IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. People who have access to TTY/TDD equipment may call 1-800-829-4059 to ask for help from Problem Resolution. This office cannot change the tax law or technical decisions. But it can help you clear up problems that resulted from previous contacts. For more details, use Tele-Tax topic 104 (see page 34) or see **Pub. 1546.**

Interest and Penalties

TIP *You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.*

If you include interest or penalties with your payment, identify and enter the amount in the bottom margin of Form 1040, page 2. Please **do not** include the amount in the **Amount You Owe** on line 62.

Interest

We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax. Interest is charged on the penalty from the due date of the return (including extensions).

Penalties

Late Filing. If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach it to your return. The penalty cannot usually be more than 25% of the tax due. If your return is more than 60 days late, the minimum penalty will be $100 or the amount of any tax you owe, whichever is smaller.

Late Payment of Tax. If you pay your taxes late, the penalty is usually ½ of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty cannot be more than 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

Frivolous Return. In addition to any other penalties, the law imposes a penalty of $500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax, because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign.

Other. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See **Pub. 17** for details on some of these penalties.

What Is Tele-Tax?

Tele-Tax allows you to get:

Refund Information. *Check the status of your 1996 refund.*

Recorded Tax Information. *There are about 150 topics that answer many Federal tax questions. You can listen to up to three topics on each call you make.*

How Do I Use Tele-Tax?

Refund Information

Be sure to have a copy of your 1996 tax return available because you will need to know the first social security number shown on your return, the filing status, and the exact whole-dollar amount of your refund. Then, call the appropriate phone number listed on this page and follow the recorded instructions.

TIP *The IRS updates refund information every 7 days. If you call to check the status of your refund and are not given the date it will be issued, please wait 7 days before calling back.*

Touch-tone service is generally available Monday through Friday from 7:00 a.m. to 11:30 p.m. Rotary or pulse service is generally available Monday through Friday from 7:30 a.m. to 5:30 p.m. (Hours may vary in your area.)

Recorded Tax Information

Touch-tone service is available 24 hours a day, 7 days a week. Rotary or pulse service is generally available Monday through Friday from 7:30 a.m. to 5:30 p.m. (Hours in Alaska and Hawaii may vary.)

Select the number of the topic you want to hear. Then, call the appropriate phone number listed on this page. Have paper and pencil handy to take notes.

Choosing the Right Number

- If a number is listed below that is a local call for you, please use that number.
- If a number is not listed below for your local calling area, please call **1-800-829-4477.**

Arizona
Phoenix, 602-640-3933

California
Oakland, 510-839-4245

Colorado
Denver, 303-592-1118

District of Columbia
202-628-2929

Florida
Jacksonville, 904-355-2000

Georgia
Atlanta, 404-331-6572

Illinois
Chicago, 312-886-9614

Indiana
Indianapolis, 317-377-0001

Maryland
Baltimore, 410-244-7306

Massachusetts
Boston, 617-536-0709

Missouri
St. Louis, 314-241-4700

New York
Buffalo, 716-685-5533

Ohio
Cincinnati, 513-421-0329
Cleveland, 216-522-3037

Oregon
Portland, 503-294-5363

Pennsylvania
Philadelphia, 215-627-1040
Pittsburgh, 412-261-1040

Tennessee
Nashville, 615-781-5040

Texas
Dallas, 214-767-1792
Houston, 713-541-3400

Virginia
Richmond, 804-783-1569

Washington
Seattle, 206-343-7221

Topics by Fax or Personal Computer

Tele-Tax topics are also available by a fax machine or a personal computer and modem. See page 5.

Tele-Tax Topics

Topic No. — **Subject**

IRS Help Available

101 IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs

102 Tax assistance for individuals with disabilities and the hearing impaired

103 Small Business Tax Education Program (STEP)—Tax help for small businesses

104 Problem Resolution Program—Help for problem situations

105 Public libraries—Tax information tapes and reproducible tax forms

IRS Procedures

151 Your appeal rights

152 Refunds—How long they should take

153 What to do if you haven't filed your tax return (Nonfilers)

154 Form W-2—What to do if not received

155 Forms and Publications—How to order

156 Copy of your tax return—How to get one

157 Change of address—How to notify the IRS

911 Hardship assistance applications

Collection

201 The collection process

202 What to do if you can't pay your tax

203 Failure to pay child support and other Federal obligations

204 Offers in compromise

Alternative Filing Methods

251 Form 1040PC tax return

252 Electronic filing

253 Substitute tax forms

254 How to choose a tax preparer

255 TeleFile

General Information

301 When, where, and how to file

302 Highlights of tax changes

303 Checklist of common errors when preparing your tax return

304 Extensions of time to file your tax return

305 Recordkeeping

306 Penalty for underpayment of estimated tax

307 Backup withholding

308 Amended returns

309 Tax fraud—How to report

310 Power of attorney information

999 Local information

Tele-Tax Topics

(Continued)

Topic No. — **Subject**

Filing Requirements, Filing Status, and Exemptions

351 Who must file?
352 Which form—1040, 1040A, or 1040EZ?
353 What is your filing status?
354 Dependents
355 Estimated tax
356 Decedents

Types of Income

401 Wages and salaries
402 Tips
403 Interest received
404 Dividends
405 Refunds of state and local taxes
406 Alimony received
407 Business income
408 Sole proprietorship
409 Capital gains and losses
410 Pensions and annuities
411 Pensions—The general rule and the simplified general rule
412 Lump-sum distributions
413 Rollovers from retirement plans
414 Rental income and expenses
415 Renting vacation property and renting to relatives
416 Farming and fishing income
417 Earnings for clergy
418 Unemployment compensation
419 Gambling income and expenses
420 Bartering income
421 Scholarship and fellowship grants
422 Nontaxable income
423 Social security and equivalent railroad retirement benefits
424 401(k) plans
425 Passive activities—Losses and credits

Adjustments to Income

451 Individual retirement arrangements (IRAs)
452 Alimony paid
453 Bad debt deduction
454 Tax shelters
455 Moving expenses

Itemized Deductions

501 Should I itemize?
502 Medical and dental expenses
503 Deductible taxes
504 Home mortgage points
505 Interest expense
506 Contributions
507 Casualty losses
508 Miscellaneous expenses
509 Business use of home
510 Business use of car
511 Business travel expenses
512 Business entertainment expenses
513 Educational expenses
514 Employee business expenses
515 Disaster area losses

Tax Computation

551 Standard deduction
552 Tax and credits figured by the IRS
553 Tax on a child's investment income
554 Self-employment tax
555 Five- or ten-year tax options for lump-sum distributions
556 Alternative minimum tax

Tax Credits

601 Earned income credit (EIC)
602 Child and dependent care credit
603 Credit for the elderly or the disabled
604 Advance earned income credit

IRS Notices and Letters

651 Notices—What to do
652 Notice of underreported income—CP 2000
653 IRS notices and bills and penalty and interest charges
654 Notice of change to return
655 We changed your account
656 CP11—Notice of change to return
657 We corrected your return—Amount due IRS
658 We changed your account (Refund)
659 CP12—We changed your return—You are due a refund
660 CP22A—We changed your account

Basis of Assets, Depreciation, and Sale of Assets

701 Sale of your home—General
702 Sale of your home—How to report gain
703 Sale of your home—Exclusion of gain, age 55 and over
704 Basis of assets
705 Depreciation
706 Installment sales

Employer Tax Information

751 Social security and Medicare withholding rates
752 Form W-2—Where, when, and how to file
753 Form W-4—Employee's Withholding Allowance Certificate
754 Form W-5—Advance earned income credit
755 Employer identification number (EIN)—How to apply
756 Employment taxes for household employees
757 Form 941—Deposit requirements
758 Form 941—Employer's Quarterly Federal Tax Return
759 Form 940/940-EZ—Deposit requirements
760 Form 940/940-EZ—Employer's Annual Federal Unemployment Tax Return
761 Form 945—Annual Return of Withheld Federal Income Tax
762 Tips—Withholding and reporting

Magnetic Media Filers—1099 Series and Related Information Returns (For electronic filing of individual returns, use topic 252.)

801 Who must file magnetically
802 Applications, forms, and information
803 Waivers and extensions
804 Test files and combined Federal and state filing
805 Electronic filing of information returns

Tax Information for Aliens and U.S. Citizens Living Abroad

851 Resident and nonresident aliens
852 Dual-status alien
853 Foreign earned income exclusion—General
854 Foreign earned income exclusion—Who qualifies?
855 Foreign earned income exclusion—What qualifies?
856 Foreign tax credit

Tax Information for Puerto Rico Residents (in Spanish)

901 Who must file a U.S. income tax return in Puerto Rico
902 Deductions and credits for Puerto Rico filers
903 Federal employment taxes in Puerto Rico
904 Tax assistance for Puerto Rico residents

Other Tele-Tax Topics in Spanish

951 IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs
952 Refunds—How long they should take
953 Forms and publications—How to order
954 Highlights of tax changes
955 Who must file?
956 Which form to use?
957 What is your filing status?
958 Social security and equivalent railroad retirement benefits
959 Earned income credit (EIC)
960 Advance earned income credit
961 Alien tax clearance

Topic numbers are effective January 1, 1997.

Forms Available by Fax

*The following forms and instructions are available by fax by calling **703-487-4160** from the telephone connected to the fax machine. When you call, you will hear instructions on how to use the system. Select the option for getting forms. Then, enter the **Fax Order No.** shown below for each item you want. When you hang up the phone, the fax will begin.*

Name of Form or Instructions	Title of Form or Instructions	Fax Order No.	No. of Pages
Form SS-4	Application for Employer Identification Number	16055	4
Form SS-8	Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding	16106	4
Form W-2c	Statement of Corrected Wage and Tax Amounts	61437	8
Form W-3c	Transmittal of Corrected Wage and Tax Statements	10164	4
Form W-4	Employee's Withholding Allowance Certificate	10220	2
Form W-4P	Withholding Certificate for Pension or Annuity Payments	10225	3
Form W-5	Earned Income Credit Advance Payment Certificate	10227	2
Form W-7	Application for IRS Individual Taxpayer Identification Number	10229	3
Form W-9	Request for Taxpayer Identification Number and Certification	10231	2
Instr. W-9	Instructions for the Requester of Form W-9	20479	2
Form W-10	Dependent Care Provider's Identification and Certification	10437	1
Form 709	United States Gift (and Generation-Skipping Transfer) Tax Return	16783	4
Instr. 709	Instructions for Form 709	16784	8
Form 709A	United States Short Form Gift Tax Return	10171	2
Form 843	Claim for Refund and Request for Abatement	10180	1
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return	11234	4
Instr. 940	Instructions for Form 940	13660	4
Form 940-EZ	Employer's Annual Federal Unemployment (FUTA) Tax Return	10983	4
Form 941c	Supporting Statement To Correct Information	11242	4
Form 990	Return of Organization Exempt From Income Tax	11282	6
Schedule A (Form 990)	Organization Exempt Under Section 501(c)(3)	11285	6
Instr. Sch. A (Form 990)	Instructions for Schedule A (Form 990)	11294	8
Form 990EZ	Short Form Return of Organization Exempt From Income Tax	10642	2
Form 1040	U.S. Individual Income Tax Return	11320	2
Schedules A&B (Form 1040)	Itemized Deductions & Interest and Dividend Income	11330	2
Schedule C (Form 1040)	Profit or Loss From Business (Sole Proprietorship)	11334	2
Schedule C-EZ (Form 1040)	Net Profit From Business (Sole Proprietorship)	14374	2
Schedule D (Form 1040)	Capital Gains and Losses	11338	2
Schedule E (Form 1040)	Supplemental Income and Loss	11344	2
Schedule EIC (Form 1040A or 1040)	Earned Income Credit	13339	2
Schedule F (Form 1040)	Profit or Loss From Farming	11346	2
Schedule H (Form 1040)	Household Employment Taxes	12187	2
Instr. Sch. H (Form 1040)	Instructions for Schedule H (Form 1040)	21451	8
Schedule R (Form 1040)	Credit for the Elderly or the Disabled	11359	2
Instr. Sch. R (Form 1040)	Instructions for Schedule R (Form 1040)	11357	2
Schedule SE (Form 1040)	Self-Employment Tax	11358	2
Form 1040A	U.S. Individual Income Tax Return	11327	2
Schedule 1 (Form 1040A)	Interest and Dividend Income for Form 1040A Filers	12075	1
Schedule 2 (Form 1040A)	Child and Dependent Care Expenses for Form 1040A Filers	10749	2
Schedule 3 (Form 1040A)	Credit for the Elderly or the Disabled for Form 1040A Filers	12064	2
Instr. Sch. 3 (Form 1040A)	Instructions for Schedule 3 (Form 1040A)	12059	4
Form 1040-ES	Estimated Tax for Individuals	11340	6
Form 1040EZ	Income Tax Return for Single and Joint Filers With No Dependents	11329	2
Form 1040NR	U.S. Nonresident Alien Income Tax Return	11364	5
Form 1040X	Amended U.S. Individual Income Tax Return	11360	2
Instr. 1040X	Instructions for Form 1040X	11362	4
Form 1096	Annual Summary and Transmittal of U.S. Information Returns	14400	2

Name of Form or Instructions	Title of Form or Instructions	Fax Order No.	No. of Pages
Form 1116	Foreign Tax Credit	11440	2
Instr. 1116	Instructions for Form 1116	11441	8
Form 1310	Statement of Person Claiming Refund Due a Deceased Taxpayer	11566	2
Form 2106	Employee Business Expenses	11700	2
Instr. 2106	Instructions for Form 2106	64188	4
Form 2106-EZ	Unreimbursed Employee Business Expenses	20604	2
Form 2119	Sale of Your Home	11710	1
Instr. 2119	Instructions for Form 2119	18038	4
Form 2120	Multiple Support Declaration	11712	2
Form 2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts	11744	3
Instr. 2210	Instructions for Form 2210	63610	5
Form 2290	Heavy Vehicle Use Tax Return	11250	10
Form 2441	Child and Dependent Care Expenses	11862	2
Instr. 2441	Instructions for Form 2441	10842	3
Form 2553	Election by a Small Business Corporation	18629	2
Instr. 2553	Instructions for Form 2553	49978	2
Form 2555	Foreign Earned Income	11900	3
Instr. 2555	Instructions for Form 2555	11901	4
Form 2555-EZ	Foreign Earned Income Exclusion	13272	2
Instr. 2555-EZ	Instructions for Form 2555-EZ	14623	3
Form 2688	Application for Additional Extension of Time To File U.S. Individual Income Tax Return	11958	2
Form 2848	Power of Attorney and Declaration of Representative	11980	4
Form 3903	Moving Expenses	12490	2
Form 4136	Credit for Federal Tax Paid on Fuels	12625	4
Form 4137	Social Security and Medicare Tax on Unreported Tip Income	12626	2
Form 4506	Request for Copy or Transcript of Tax Form	41721	2
Form 4562	Depreciation and Amortization	12906	2
Instr. 4562	Instructions for Form 4562	12907	8
Form 4684	Casualties and Thefts	12997	2
Instr. 4684	Instructions for Form 4684	12998	4
Form 4797	Sales of Business Property	13086	2
Instr. 4797	Instructions for Form 4797	13087	4
Form 4835	Farm Rental Income and Expenses	13117	2
Form 4868	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return	13141	4
Form 4952	Investment Interest Expense Deduction	13177	2
Form 4972	Tax on Lump-Sum Distributions	13187	2
Instr. 4972	Instructions for Form 4972	13188	4
Form 5329	Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts	13329	2
Instr. 5329	Instructions for Form 5329	13330	5
Form 6198	At-Risk Limitations	50012	1
Instr. 6198	Instructions for Form 6198	50013	7
Form 6251	Alternative Minimum Tax—Individuals	13600	1
Instr. 6251	Instructions for Form 6251	64277	7
Form 6252	Installment Sale Income	13601	1
Instr. 6252	Instructions for Form 6252	64262	2
Form 6781	Gains and Losses From Section 1256 Contracts and Straddles	13715	2
Form 8271	Investor Reporting of Tax Shelter Registration Number	61924	2
Form 8283	Noncash Charitable Contributions	62299	2
Instr. 8283	Instructions for Form 8283	62730	4
Form 8300	Report of Cash Payments Over $10,000 Received in a Trade or Business	62133	4
Form 8332	Release of Claim to Exemption for Child of Divorced or Separated Parents	13910	1
Form 8379	Injured Spouse Claim and Allocation	62474	2
Form 8582	Passive Activity Loss Limitations	63704	3
Instr. 8582	Instructions for Form 8582	64294	12
Form 8586	Low-Income Housing Credit	63987	2
Form 8606	Nondeductible IRAs (Contributions, Distributions, and Basis)	63966	2
Form 8615	Tax for Children Under Age 14 Who Have Investment Income of More Than $1,300	64113	2
Form 8718	User Fee for Exempt Organization Determination Letter Request	64728	1
Form 8801	Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts	10002	2
Form 8809	Request for Extension of Time To File Information Returns	10322	2
Form 8814	Parents' Election To Report Child's Interest and Dividends	10750	2
Form 8815	Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989	10822	2
Form 8822	Change of Address	12081	2
Form 8824	Like-Kind Exchanges	12311	2
Instr. 8824	Instructions for Form 8824	12597	2
Form 8829	Expenses for Business Use of Your Home	13232	1
Instr. 8829	Instructions for Form 8829	15683	2
Form 9465	Installment Agreement Request	14842	2

Calling the IRS

If you cannot answer your question by using one of the methods listed on page 5, please call us for assistance. You will not be charged for the call unless your phone company charges you for local calls. This service is available Monday through Friday from 7:30 a.m. to 5:30 p.m. (hours in Alaska and Hawaii may vary).

*If you want to check on the status of your **1996 refund,** call **Tele-Tax.** See page 34 for the number.*

Before You Call

IRS representatives care about the quality of the service we provide to you, our customer. You can help us provide accurate, complete answers to your questions by having the following information available.

1. The tax form, schedule, or notice to which your question relates.

2. The facts about your particular situation. The answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.

3. The name of any IRS publication or other source of information that you used to look for the answer.

Making the Call

Find the correct number on the chart on the right. If you have a pulse or rotary dial phone, stay on the line and one of our assisters will answer your call.

If you have a touch-tone phone, press **1** to enter our automated system. Selecting the correct topic helps us serve you faster and more efficiently. The system allows you to select from the following topics. You can press the number for your topic as soon as you hear it.

- For questions about a notice, letter, or bill you received.
- For questions about your refund, a tax return you filed, or your tax records.
- To order tax forms or publications.
- For questions about your taxes, or preparing a return.
- For questions about business or employment taxes.

Before You Hang Up

If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, our representative needs to know this. The representative will be happy to take the additional time required to be sure he or she has answered your question fully so that it is most helpful to you.

By law, you are responsible for paying your share of Federal income tax. If we should make an error in answering your question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty. To make sure that IRS representatives give accurate and courteous answers, a second IRS representative sometimes listens in on telephone calls. No record is kept of any taxpayer's identity.

Choosing the Right Number

- If a number is listed below that is a local call for you, please use that number.
- If a number is not listed below for your local calling area, please call **1-800-829-1040.**

California
Oakland, 510-839-1040

Colorado
Denver, 303-825-7041

Florida
Jacksonville, 904-354-1760

Georgia
Atlanta, 404-522-0050

Maryland
Baltimore, 410-962-2590

Massachusetts
Boston, 617-536-1040

Missouri
St. Louis, 314-342-1040

New York
Buffalo, 716-685-5432

Ohio
Cincinnati, 513-621-6281
Cleveland, 216-522-3000

Oregon
Portland, 503-221-3960

Pennsylvania
Philadelphia, 215-574-9900
Pittsburgh, 412-281-0112

Puerto Rico
San Juan Metro Area, 809-766-5040

Tennessee
Nashville, 615-834-9005

Texas
Dallas, 214-742-2440
Houston, 713-541-0440

Virginia
Richmond, 804-698-5000

Washington
Seattle, 206-442-1040

TTY/TDD Help

All areas in U.S., including Alaska, Hawaii, Virgin Islands, and Puerto Rico: 1-800-829-4059

Note: *This number is answered by TTY/TDD equipment only.*

Hours of TTY/TDD Operation

8:00 a.m. to 6:30 p.m. EST (Jan. 1–April 5)

9:00 a.m. to 7:30 p.m. EDT (April 6–April 15)

9:00 a.m. to 5:30 p.m. EDT (April 16–Oct. 25)

8:00 a.m. to 4:30 p.m. EST (Oct. 26–Dec. 31)

Order Blank for Forms and Publications

The most frequently ordered forms and publications are listed on the next page. We will mail you two copies of each form and one copy of each publication or set of instructions you order. To help reduce waste, please order only the items you need to prepare your return.

For faster ways of getting the items you need, see page 5.

How To Use the Order Blank

Circle the items you need on the order blank below. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper.

Print or type your name and address accurately in the space provided below. Cut the order blank on the dotted line. Enclose the order blank in your own envelope and address it to the IRS address shown on this page that applies to you. You should receive your order or notification of its status within 7 to 15 workdays after we receive your request.

Do not send your tax return to any of the addresses listed on this page. Instead, see **Where Do I File?** on the back cover.

Where To Mail Your Order Blank for Free Forms and Publications

If you live in:	Mail to:
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, Guam, Northern Marianas, American Samoa	Western Area Distribution Center Rancho Cordova, CA 95743-0001
Alabama, Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin	Central Area Distribution Center P.O. Box 8903 Bloomington, IL 61702-8903
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Eastern Area Distribution Center P.O. Box 85074 Richmond, VA 23261-5074

Other locations:

Foreign Addresses— If your mailing address is in a foreign country, mail the order blank to either: Eastern Area Distribution Center (EADC), P.O. Box 25866, Richmond, VA 23286-8107; or Western Area Distribution Center, Rancho Cordova, CA 95743-0001, whichever is closer. Mail letter requests for other forms and publications to: EADC, P.O. Box 25866, Richmond, VA 23286-8107.

Puerto Rico—EADC, P.O. Box 25866, Richmond, VA 23286-8107

Virgin Islands—V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802

Detach at this line

Order Blank

Fill in your name and address

Name

Number, street, and apt. number

City, town or post office, state, and ZIP code

Circle the Forms, Instructions, and Publications You Need

The items in bold may be picked up at many post offices and libraries.

1040	Schedule F (1040)	Schedule 3 (1040A) & instructions	2119 & instructions	8582 & instructions	Pub. 501	Pub. 529	Pub. 929
Instructions for 1040 & Schedules	Schedule H (1040) & instructions	**1040EZ**	2210 & instructions	8606 & instructions	Pub. 502	Pub. 550	Pub. 936
Schedules A&B (1040)	Schedule R (1040) & instructions	**Instructions for 1040EZ**	2441 & instructions	8822 & instructions	Pub. 505	Pub. 554	
Schedule C (1040)	Schedule SE (1040)	1040-ES & instructions (1997)	3903 & instructions	8829 & instructions	Pub. 508	Pub. 575	
Schedule C-EZ (1040)	**1040A**	1040-V & instructions	4562 & instructions	Pub. 1	Pub. 521	Pub. 590	
Schedule D (1040)	**Instructions for 1040A & Schedules**	1040X & instructions	4868 & instructions	Pub. 17	Pub. 523	Pub. 596	
Schedule E (1040)	**Schedule 1 (1040A)**	2106 & instructions	5329 & instructions	Pub. 334	Pub. 525	Pub. 910	
Schedule EIC (1040A or 1040)	**Schedule 2 (1040A)**	2106-EZ & instructions	8283 & instructions	Pub. 463	Pub. 527	Pub. 926	

N

Forms

Form 1040

Instructions for Form 1040 and Schedules

Schedule A, Itemized Deductions

Schedule B, Interest and Dividend Income

Schedule C, Profit or Loss From Business

Schedule C-EZ, Net Profit From Business

Schedule D, Capital Gains and Losses

Schedule E, Supplemental Income and Loss

Schedule EIC, Earned Income Credit (Qualifying Child Information)

Schedule F, Profit or Loss From Farming

Schedule H, Household Employment Taxes

Schedule R, Credit for the Elderly or the Disabled

Schedule SE, Self-Employment Tax

Form 1040A

Instructions for Form 1040A and Schedules

Schedule 1, Interest and Dividend Income for Form 1040A Filers

Schedule 2, Child and Dependent Care Expenses for Form 1040A Filers

Schedule 3, Credit for the Elderly or the Disabled for Form 1040A Filers

Form 1040EZ

Instructions for Form 1040EZ

Form 1040-ES, Estimated Tax for Individuals

Form 1040-V, Payment Voucher

Form 1040X, Amended U.S. Individual Income Tax Return

Form 2106, Employee Business Expenses

Form 2106-EZ, Unreimbursed Employee Business Expenses

Form 2119, Sale of Your Home

Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts

Form 2441, Child and Dependent Care Expenses

Form 3903, Moving Expenses

Form 4562, Depreciation and Amortization

Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return

Form 5329, Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts

Form 8283, Noncash Charitable Contributions

Form 8582, Passive Activity Loss Limitations

Form 8606, Nondeductible IRAs (Contributions, Distributions, and Basis)

Form 8822, Change of Address

Form 8829, Expenses for Business Use of Your Home

Publications

See **Pub. 910** for a complete list of available publications.

1 Your Rights as a Taxpayer

17 Your Federal Income Tax

334 Tax Guide for Small Business

463 Travel, Entertainment, Gift, and Car Expenses

501 Exemptions, Standard Deduction, and Filing Information

502 Medical and Dental Expenses

505 Tax Withholding and Estimated Tax

508 Educational Expenses

521 Moving Expenses

523 Selling Your Home

525 Taxable and Nontaxable Income

527 Residential Rental Property (Including Rental of Vacation Homes)

529 Miscellaneous Deductions

550 Investment Income and Expenses

554 Older Americans' Tax Guide

575 Pension and Annuity Income

590 Individual Retirement Arrangements (IRAs)

596 Earned Income Credit

910 Guide to Free Tax Services

926 Household Employer's Tax Guide

929 Tax Rules for Children and Dependents

936 Home Mortgage Interest Deduction

Section 5.

1996 Tax Table

Use if your taxable income is less than $100,000. If $100,000 or more, use the Tax Rate Schedules.

Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 37 of Form 1040 is $25,300. First, they find the $25,300–25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is $3,799. This is the tax amount they should enter on line 38 of their Form 1040.

Sample Table

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
25,200	25,250	3,943	3,784	4,457	3,784
25,250	25,300	3,957	3,791	4,471	3,791
25,300	25,350	3,971	3,799	4,485	3,799
25,350	25,400	3,985	3,806	4,499	3,806

If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
0	5	0	0	0	0
5	15	2	2	2	2
15	25	3	3	3	3
25	50	6	6	6	6
50	75	9	9	9	9
75	100	13	13	13	13
100	125	17	17	17	17
125	150	21	21	21	21
150	175	24	24	24	24
175	200	28	28	28	28
200	225	32	32	32	32
225	250	36	36	36	36
250	275	39	39	39	39
275	300	43	43	43	43
300	325	47	47	47	47
325	350	51	51	51	51
350	375	54	54	54	54
375	400	58	58	58	58
400	425	62	62	62	62
425	450	66	66	66	66
450	475	69	69	69	69
475	500	73	73	73	73
500	525	77	77	77	77
525	550	81	81	81	81
550	575	84	84	84	84
575	600	88	88	88	88
600	625	92	92	92	92
625	650	96	96	96	96
650	675	99	99	99	99
675	700	103	103	103	103
700	725	107	107	107	107
725	750	111	111	111	111
750	775	114	114	114	114
775	800	118	118	118	118
800	825	122	122	122	122
825	850	126	126	126	126
850	875	129	129	129	129
875	900	133	133	133	133
900	925	137	137	137	137
925	950	141	141	141	141
950	975	144	144	144	144
975	1,000	148	148	148	148
1,000					
1,000	1,025	152	152	152	152
1,025	1,050	156	156	156	156
1,050	1,075	159	159	159	159
1,075	1,100	163	163	163	163
1,100	1,125	167	167	167	167
1,125	1,150	171	171	171	171
1,150	1,175	174	174	174	174
1,175	1,200	178	178	178	178
1,200	1,225	182	182	182	182
1,225	1,250	186	186	186	186
1,250	1,275	189	189	189	189
1,275	1,300	193	193	193	193
1,300	1,325	197	197	197	197
1,325	1,350	201	201	201	201
1,350	1,375	204	204	204	204
1,375	1,400	208	208	208	208
1,400	1,425	212	212	212	212
1,425	1,450	216	216	216	216
1,450	1,475	219	219	219	219
1,475	1,500	223	223	223	223
1,500	1,525	227	227	227	227
1,525	1,550	231	231	231	231
1,550	1,575	234	234	234	234
1,575	1,600	238	238	238	238
1,600	1,625	242	242	242	242
1,625	1,650	246	246	246	246
1,650	1,675	249	249	249	249
1,675	1,700	253	253	253	253
1,700	1,725	257	257	257	257
1,725	1,750	261	261	261	261
1,750	1,775	264	264	264	264
1,775	1,800	268	268	268	268
1,800	1,825	272	272	272	272
1,825	1,850	276	276	276	276
1,850	1,875	279	279	279	279
1,875	1,900	283	283	283	283
1,900	1,925	287	287	287	287
1,925	1,950	291	291	291	291
1,950	1,975	294	294	294	294
1,975	2,000	298	298	298	298
2,000					
2,000	2,025	302	302	302	302
2,025	2,050	306	306	306	306
2,050	2,075	309	309	309	309
2,075	2,100	313	313	313	313
2,100	2,125	317	317	317	317
2,125	2,150	321	321	321	321
2,150	2,175	324	324	324	324
2,175	2,200	328	328	328	328
2,200	2,225	332	332	332	332
2,225	2,250	336	336	336	336
2,250	2,275	339	339	339	339
2,275	2,300	343	343	343	343
2,300	2,325	347	347	347	347
2,325	2,350	351	351	351	351
2,350	2,375	354	354	354	354
2,375	2,400	358	358	358	358
2,400	2,425	362	362	362	362
2,425	2,450	366	366	366	366
2,450	2,475	369	369	369	369
2,475	2,500	373	373	373	373
2,500	2,525	377	377	377	377
2,525	2,550	381	381	381	381
2,550	2,575	384	384	384	384
2,575	2,600	388	388	388	388
2,600	2,625	392	392	392	392
2,625	2,650	396	396	396	396
2,650	2,675	399	399	399	399
2,675	2,700	403	403	403	403
2,700	2,725	407	407	407	407
2,725	2,750	411	411	411	411
2,750	2,775	414	414	414	414
2,775	2,800	418	418	418	418
2,800	2,825	422	422	422	422
2,825	2,850	426	426	426	426
2,850	2,875	429	429	429	429
2,875	2,900	433	433	433	433
2,900	2,925	437	437	437	437
2,925	2,950	441	441	441	441
2,950	2,975	444	444	444	444
2,975	3,000	448	448	448	448
3,000					
3,000	3,050	454	454	454	454
3,050	3,100	461	461	461	461
3,100	3,150	469	469	469	469
3,150	3,200	476	476	476	476
3,200	3,250	484	484	484	484
3,250	3,300	491	491	491	491
3,300	3,350	499	499	499	499
3,350	3,400	506	506	506	506
3,400	3,450	514	514	514	514
3,450	3,500	521	521	521	521
3,500	3,550	529	529	529	529
3,550	3,600	536	536	536	536
3,600	3,650	544	544	544	544
3,650	3,700	551	551	551	551
3,700	3,750	559	559	559	559
3,750	3,800	566	566	566	566
3,800	3,850	574	574	574	574
3,850	3,900	581	581	581	581
3,900	3,950	589	589	589	589
3,950	4,000	596	596	596	596
4,000					
4,000	4,050	604	604	604	604
4,050	4,100	611	611	611	611
4,100	4,150	619	619	619	619
4,150	4,200	626	626	626	626
4,200	4,250	634	634	634	634
4,250	4,300	641	641	641	641
4,300	4,350	649	649	649	649
4,350	4,400	656	656	656	656
4,400	4,450	664	664	664	664
4,450	4,500	671	671	671	671
4,500	4,550	679	679	679	679
4,550	4,600	686	686	686	686
4,600	4,650	694	694	694	694
4,650	4,700	701	701	701	701
4,700	4,750	709	709	709	709
4,750	4,800	716	716	716	716
4,800	4,850	724	724	724	724
4,850	4,900	731	731	731	731
4,900	4,950	739	739	739	739
4,950	5,000	746	746	746	746

Continued on next page

* This column must also be used by a qualifying widow(er).

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
5,000						**8,000**						**11,000**					
5,000	**5,050**	754	754	754	754	**8,000**	**8,050**	1,204	1,204	1,204	1,204	**11,000**	**11,050**	1,654	1,654	1,654	1,654
5,050	**5,100**	761	761	761	761	**8,050**	**8,100**	1,211	1,211	1,211	1,211	**11,050**	**11,100**	1,661	1,661	1,661	1,661
5,100	**5,150**	769	769	769	769	**8,100**	**8,150**	1,219	1,219	1,219	1,219	**11,100**	**11,150**	1,669	1,669	1,669	1,669
5,150	**5,200**	776	776	776	776	**8,150**	**8,200**	1,226	1,226	1,226	1,226	**11,150**	**11,200**	1,676	1,676	1,676	1,676
5,200	**5,250**	784	784	784	784	**8,200**	**8,250**	1,234	1,234	1,234	1,234	**11,200**	**11,250**	1,684	1,684	1,684	1,684
5,250	**5,300**	791	791	791	791	**8,250**	**8,300**	1,241	1,241	1,241	1,241	**11,250**	**11,300**	1,691	1,691	1,691	1,691
5,300	**5,350**	799	799	799	799	**8,300**	**8,350**	1,249	1,249	1,249	1,249	**11,300**	**11,350**	1,699	1,699	1,699	1,699
5,350	**5,400**	806	806	806	806	**8,350**	**8,400**	1,256	1,256	1,256	1,256	**11,350**	**11,400**	1,706	1,706	1,706	1,706
5,400	**5,450**	814	814	814	814	**8,400**	**8,450**	1,264	1,264	1,264	1,264	**11,400**	**11,450**	1,714	1,714	1,714	1,714
5,450	**5,500**	821	821	821	821	**8,450**	**8,500**	1,271	1,271	1,271	1,271	**11,450**	**11,500**	1,721	1,721	1,721	1,721
5,500	**5,550**	829	829	829	829	**8,500**	**8,550**	1,279	1,279	1,279	1,279	**11,500**	**11,550**	1,729	1,729	1,729	1,729
5,550	**5,600**	836	836	836	836	**8,550**	**8,600**	1,286	1,286	1,286	1,286	**11,550**	**11,600**	1,736	1,736	1,736	1,736
5,600	**5,650**	844	844	844	844	**8,600**	**8,650**	1,294	1,294	1,294	1,294	**11,600**	**11,650**	1,744	1,744	1,744	1,744
5,650	**5,700**	851	851	851	851	**8,650**	**8,700**	1,301	1,301	1,301	1,301	**11,650**	**11,700**	1,751	1,751	1,751	1,751
5,700	**5,750**	859	859	859	859	**8,700**	**8,750**	1,309	1,309	1,309	1,309	**11,700**	**11,750**	1,759	1,759	1,759	1,759
5,750	**5,800**	866	866	866	866	**8,750**	**8,800**	1,316	1,316	1,316	1,316	**11,750**	**11,800**	1,766	1,766	1,766	1,766
5,800	**5,850**	874	874	874	874	**8,800**	**8,850**	1,324	1,324	1,324	1,324	**11,800**	**11,850**	1,774	1,774	1,774	1,774
5,850	**5,900**	881	881	881	881	**8,850**	**8,900**	1,331	1,331	1,331	1,331	**11,850**	**11,900**	1,781	1,781	1,781	1,781
5,900	**5,950**	889	889	889	889	**8,900**	**8,950**	1,339	1,339	1,339	1,339	**11,900**	**11,950**	1,789	1,789	1,789	1,789
5,950	**6,000**	896	896	896	896	**8,950**	**9,000**	1,346	1,346	1,346	1,346	**11,950**	**12,000**	1,796	1,796	1,796	1,796
6,000						**9,000**						**12,000**					
6,000	**6,050**	904	904	904	904	**9,000**	**9,050**	1,354	1,354	1,354	1,354	**12,000**	**12,050**	1,804	1,804	1,804	1,804
6,050	**6,100**	911	911	911	911	**9,050**	**9,100**	1,361	1,361	1,361	1,361	**12,050**	**12,100**	1,811	1,811	1,811	1,811
6,100	**6,150**	919	919	919	919	**9,100**	**9,150**	1,369	1,369	1,369	1,369	**12,100**	**12,150**	1,819	1,819	1,819	1,819
6,150	**6,200**	926	926	926	926	**9,150**	**9,200**	1,376	1,376	1,376	1,376	**12,150**	**12,200**	1,826	1,826	1,826	1,826
6,200	**6,250**	934	934	934	934	**9,200**	**9,250**	1,384	1,384	1,384	1,384	**12,200**	**12,250**	1,834	1,834	1,834	1,834
6,250	**6,300**	941	941	941	941	**9,250**	**9,300**	1,391	1,391	1,391	1,391	**12,250**	**12,300**	1,841	1,841	1,841	1,841
6,300	**6,350**	949	949	949	949	**9,300**	**9,350**	1,399	1,399	1,399	1,399	**12,300**	**12,350**	1,849	1,849	1,849	1,849
6,350	**6,400**	956	956	956	956	**9,350**	**9,400**	1,406	1,406	1,406	1,406	**12,350**	**12,400**	1,856	1,856	1,856	1,856
6,400	**6,450**	964	964	964	964	**9,400**	**9,450**	1,414	1,414	1,414	1,414	**12,400**	**12,450**	1,864	1,864	1,864	1,864
6,450	**6,500**	971	971	971	971	**9,450**	**9,500**	1,421	1,421	1,421	1,421	**12,450**	**12,500**	1,871	1,871	1,871	1,871
6,500	**6,550**	979	979	979	979	**9,500**	**9,550**	1,429	1,429	1,429	1,429	**12,500**	**12,550**	1,879	1,879	1,879	1,879
6,550	**6,600**	986	986	986	986	**9,550**	**9,600**	1,436	1,436	1,436	1,436	**12,550**	**12,600**	1,886	1,886	1,886	1,886
6,600	**6,650**	994	994	994	994	**9,600**	**9,650**	1,444	1,444	1,444	1,444	**12,600**	**12,650**	1,894	1,894	1,894	1,894
6,650	**6,700**	1,001	1,001	1,001	1,001	**9,650**	**9,700**	1,451	1,451	1,451	1,451	**12,650**	**12,700**	1,901	1,901	1,901	1,901
6,700	**6,750**	1,009	1,009	1,009	1,009	**9,700**	**9,750**	1,459	1,459	1,459	1,459	**12,700**	**12,750**	1,909	1,909	1,909	1,909
6,750	**6,800**	1,016	1,016	1,016	1,016	**9,750**	**9,800**	1,466	1,466	1,466	1,466	**12,750**	**12,800**	1,916	1,916	1,916	1,916
6,800	**6,850**	1,024	1,024	1,024	1,024	**9,800**	**9,850**	1,474	1,474	1,474	1,474	**12,800**	**12,850**	1,924	1,924	1,924	1,924
6,850	**6,900**	1,031	1,031	1,031	1,031	**9,850**	**9,900**	1,481	1,481	1,481	1,481	**12,850**	**12,900**	1,931	1,931	1,931	1,931
6,900	**6,950**	1,039	1,039	1,039	1,039	**9,900**	**9,950**	1,489	1,489	1,489	1,489	**12,900**	**12,950**	1,939	1,939	1,939	1,939
6,950	**7,000**	1,046	1,046	1,046	1,046	**9,950**	**10,000**	1,496	1,496	1,496	1,496	**12,950**	**13,000**	1,946	1,946	1,946	1,946
7,000						**10,000**						**13,000**					
7,000	**7,050**	1,054	1,054	1,054	1,054	**10,000**	**10,050**	1,504	1,504	1,504	1,504	**13,000**	**13,050**	1,954	1,954	1,954	1,954
7,050	**7,100**	1,061	1,061	1,061	1,061	**10,050**	**10,100**	1,511	1,511	1,511	1,511	**13,050**	**13,100**	1,961	1,961	1,961	1,961
7,100	**7,150**	1,069	1,069	1,069	1,069	**10,100**	**10,150**	1,519	1,519	1,519	1,519	**13,100**	**13,150**	1,969	1,969	1,969	1,969
7,150	**7,200**	1,076	1,076	1,076	1,076	**10,150**	**10,200**	1,526	1,526	1,526	1,526	**13,150**	**13,200**	1,976	1,976	1,976	1,976
7,200	**7,250**	1,084	1,084	1,084	1,084	**10,200**	**10,250**	1,534	1,534	1,534	1,534	**13,200**	**13,250**	1,984	1,984	1,984	1,984
7,250	**7,300**	1,091	1,091	1,091	1,091	**10,250**	**10,300**	1,541	1,541	1,541	1,541	**13,250**	**13,300**	1,991	1,991	1,991	1,991
7,300	**7,350**	1,099	1,099	1,099	1,099	**10,300**	**10,350**	1,549	1,549	1,549	1,549	**13,300**	**13,350**	1,999	1,999	1,999	1,999
7,350	**7,400**	1,106	1,106	1,106	1,106	**10,350**	**10,400**	1,556	1,556	1,556	1,556	**13,350**	**13,400**	2,006	2,006	2,006	2,006
7,400	**7,450**	1,114	1,114	1,114	1,114	**10,400**	**10,450**	1,564	1,564	1,564	1,564	**13,400**	**13,450**	2,014	2,014	2,014	2,014
7,450	**7,500**	1,121	1,121	1,121	1,121	**10,450**	**10,500**	1,571	1,571	1,571	1,571	**13,450**	**13,500**	2,021	2,021	2,021	2,021
7,500	**7,550**	1,129	1,129	1,129	1,129	**10,500**	**10,550**	1,579	1,579	1,579	1,579	**13,500**	**13,550**	2,029	2,029	2,029	2,029
7,550	**7,600**	1,136	1,136	1,136	1,136	**10,550**	**10,600**	1,586	1,586	1,586	1,586	**13,550**	**13,600**	2,036	2,036	2,036	2,036
7,600	**7,650**	1,144	1,144	1,144	1,144	**10,600**	**10,650**	1,594	1,594	1,594	1,594	**13,600**	**13,650**	2,044	2,044	2,044	2,044
7,650	**7,700**	1,151	1,151	1,151	1,151	**10,650**	**10,700**	1,601	1,601	1,601	1,601	**13,650**	**13,700**	2,051	2,051	2,051	2,051
7,700	**7,750**	1,159	1,159	1,159	1,159	**10,700**	**10,750**	1,609	1,609	1,609	1,609	**13,700**	**13,750**	2,059	2,059	2,059	2,059
7,750	**7,800**	1,166	1,166	1,166	1,166	**10,750**	**10,800**	1,616	1,616	1,616	1,616	**13,750**	**13,800**	2,066	2,066	2,066	2,066
7,800	**7,850**	1,174	1,174	1,174	1,174	**10,800**	**10,850**	1,624	1,624	1,624	1,624	**13,800**	**13,850**	2,074	2,074	2,074	2,074
7,850	**7,900**	1,181	1,181	1,181	1,181	**10,850**	**10,900**	1,631	1,631	1,631	1,631	**13,850**	**13,900**	2,081	2,081	2,081	2,081
7,900	**7,950**	1,189	1,189	1,189	1,189	**10,900**	**10,950**	1,639	1,639	1,639	1,639	**13,900**	**13,950**	2,089	2,089	2,089	2,089
7,950	**8,000**	1,196	1,196	1,196	1,196	**10,950**	**11,000**	1,646	1,646	1,646	1,646	**13,950**	**14,000**	2,096	2,096	2,096	2,096

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
14,000						**17,000**						**20,000**					
14,000	**14,050**	2,104	2,104	2,104	2,104	**17,000**	**17,050**	2,554	2,554	2,554	2,554	**20,000**	**20,050**	3,004	3,004	3,004	3,004
14,050	**14,100**	2,111	2,111	2,111	2,111	**17,050**	**17,100**	2,561	2,561	2,561	2,561	**20,050**	**20,100**	3,011	3,011	3,015	3,011
14,100	**14,150**	2,119	2,119	2,119	2,119	**17,100**	**17,150**	2,569	2,569	2,569	2,569	**20,100**	**20,150**	3,019	3,019	3,029	3,019
14,150	**14,200**	2,126	2,126	2,126	2,126	**17,150**	**17,200**	2,576	2,576	2,576	2,576	**20,150**	**20,200**	3,026	3,026	3,043	3,026
14,200	**14,250**	2,134	2,134	2,134	2,134	**17,200**	**17,250**	2,584	2,584	2,584	2,584	**20,200**	**20,250**	3,034	3,034	3,057	3,034
14,250	**14,300**	2,141	2,141	2,141	2,141	**17,250**	**17,300**	2,591	2,591	2,591	2,591	**20,250**	**20,300**	3,041	3,041	3,071	3,041
14,300	**14,350**	2,149	2,149	2,149	2,149	**17,300**	**17,350**	2,599	2,599	2,599	2,599	**20,300**	**20,350**	3,049	3,049	3,085	3,049
14,350	**14,400**	2,156	2,156	2,156	2,156	**17,350**	**17,400**	2,606	2,606	2,606	2,606	**20,350**	**20,400**	3,056	3,056	3,099	3,056
14,400	**14,450**	2,164	2,164	2,164	2,164	**17,400**	**17,450**	2,614	2,614	2,614	2,614	**20,400**	**20,450**	3,064	3,064	3,113	3,064
14,450	**14,500**	2,171	2,171	2,171	2,171	**17,450**	**17,500**	2,621	2,621	2,621	2,621	**20,450**	**20,500**	3,071	3,071	3,127	3,071
14,500	**14,550**	2,179	2,179	2,179	2,179	**17,500**	**17,550**	2,629	2,629	2,629	2,629	**20,500**	**20,550**	3,079	3,079	3,141	3,079
14,550	**14,600**	2,186	2,186	2,186	2,186	**17,550**	**17,600**	2,636	2,636	2,636	2,636	**20,550**	**20,600**	3,086	3,086	3,155	3,086
14,600	**14,650**	2,194	2,194	2,194	2,194	**17,600**	**17,650**	2,644	2,644	2,644	2,644	**20,600**	**20,650**	3,094	3,094	3,169	3,094
14,650	**14,700**	2,201	2,201	2,201	2,201	**17,650**	**17,700**	2,651	2,651	2,651	2,651	**20,650**	**20,700**	3,101	3,101	3,183	3,101
14,700	**14,750**	2,209	2,209	2,209	2,209	**17,700**	**17,750**	2,659	2,659	2,659	2,659	**20,700**	**20,750**	3,109	3,109	3,197	3,109
14,750	**14,800**	2,216	2,216	2,216	2,216	**17,750**	**17,800**	2,666	2,666	2,666	2,666	**20,750**	**20,800**	3,116	3,116	3,211	3,116
14,800	**14,850**	2,224	2,224	2,224	2,224	**17,800**	**17,850**	2,674	2,674	2,674	2,674	**20,800**	**20,850**	3,124	3,124	3,225	3,124
14,850	**14,900**	2,231	2,231	2,231	2,231	**17,850**	**17,900**	2,681	2,681	2,681	2,681	**20,850**	**20,900**	3,131	3,131	3,239	3,131
14,900	**14,950**	2,239	2,239	2,239	2,239	**17,900**	**17,950**	2,689	2,689	2,689	2,689	**20,900**	**20,950**	3,139	3,139	3,253	3,139
14,950	**15,000**	2,246	2,246	2,246	2,246	**17,950**	**18,000**	2,696	2,696	2,696	2,696	**20,950**	**21,000**	3,146	3,146	3,267	3,146
15,000						**18,000**						**21,000**					
15,000	**15,050**	2,254	2,254	2,254	2,254	**18,000**	**18,050**	2,704	2,704	2,704	2,704	**21,000**	**21,050**	3,154	3,154	3,281	3,154
15,050	**15,100**	2,261	2,261	2,261	2,261	**18,050**	**18,100**	2,711	2,711	2,711	2,711	**21,050**	**21,100**	3,161	3,161	3,295	3,161
15,100	**15,150**	2,269	2,269	2,269	2,269	**18,100**	**18,150**	2,719	2,719	2,719	2,719	**21,100**	**21,150**	3,169	3,169	3,309	3,169
15,150	**15,200**	2,276	2,276	2,276	2,276	**18,150**	**18,200**	2,726	2,726	2,726	2,726	**21,150**	**21,200**	3,176	3,176	3,323	3,176
15,200	**15,250**	2,284	2,284	2,284	2,284	**18,200**	**18,250**	2,734	2,734	2,734	2,734	**21,200**	**21,250**	3,184	3,184	3,337	3,184
15,250	**15,300**	2,291	2,291	2,291	2,291	**18,250**	**18,300**	2,741	2,741	2,741	2,741	**21,250**	**21,300**	3,191	3,191	3,351	3,191
15,300	**15,350**	2,299	2,299	2,299	2,299	**18,300**	**18,350**	2,749	2,749	2,749	2,749	**21,300**	**21,350**	3,199	3,199	3,365	3,199
15,350	**15,400**	2,306	2,306	2,306	2,306	**18,350**	**18,400**	2,756	2,756	2,756	2,756	**21,350**	**21,400**	3,206	3,206	3,379	3,206
15,400	**15,450**	2,314	2,314	2,314	2,314	**18,400**	**18,450**	2,764	2,764	2,764	2,764	**21,400**	**21,450**	3,214	3,214	3,393	3,214
15,450	**15,500**	2,321	2,321	2,321	2,321	**18,450**	**18,500**	2,771	2,771	2,771	2,771	**21,450**	**21,500**	3,221	3,221	3,407	3,221
15,500	**15,550**	2,329	2,329	2,329	2,329	**18,500**	**18,550**	2,779	2,779	2,779	2,779	**21,500**	**21,550**	3,229	3,229	3,421	3,229
15,550	**15,600**	2,336	2,336	2,336	2,336	**18,550**	**18,600**	2,786	2,786	2,786	2,786	**21,550**	**21,600**	3,236	3,236	3,435	3,236
15,600	**15,650**	2,344	2,344	2,344	2,344	**18,600**	**18,650**	2,794	2,794	2,794	2,794	**21,600**	**21,650**	3,244	3,244	3,449	3,244
15,650	**15,700**	2,351	2,351	2,351	2,351	**18,650**	**18,700**	2,801	2,801	2,801	2,801	**21,650**	**21,700**	3,251	3,251	3,463	3,251
15,700	**15,750**	2,359	2,359	2,359	2,359	**18,700**	**18,750**	2,809	2,809	2,809	2,809	**21,700**	**21,750**	3,259	3,259	3,477	3,259
15,750	**15,800**	2,366	2,366	2,366	2,366	**18,750**	**18,800**	2,816	2,816	2,816	2,816	**21,750**	**21,800**	3,266	3,266	3,491	3,266
15,800	**15,850**	2,374	2,374	2,374	2,374	**18,800**	**18,850**	2,824	2,824	2,824	2,824	**21,800**	**21,850**	3,274	3,274	3,505	3,274
15,850	**15,900**	2,381	2,381	2,381	2,381	**18,850**	**18,900**	2,831	2,831	2,831	2,831	**21,850**	**21,900**	3,281	3,281	3,519	3,281
15,900	**15,950**	2,389	2,389	2,389	2,389	**18,900**	**18,950**	2,839	2,839	2,839	2,839	**21,900**	**21,950**	3,289	3,289	3,533	3,289
15,950	**16,000**	2,396	2,396	2,396	2,396	**18,950**	**19,000**	2,846	2,846	2,846	2,846	**21,950**	**22,000**	3,296	3,296	3,547	3,296
16,000						**19,000**						**22,000**					
16,000	**16,050**	2,404	2,404	2,404	2,404	**19,000**	**19,050**	2,854	2,854	2,854	2,854	**22,000**	**22,050**	3,304	3,304	3,561	3,304
16,050	**16,100**	2,411	2,411	2,411	2,411	**19,050**	**19,100**	2,861	2,861	2,861	2,861	**22,050**	**22,100**	3,311	3,311	3,575	3,311
16,100	**16,150**	2,419	2,419	2,419	2,419	**19,100**	**19,150**	2,869	2,869	2,869	2,869	**22,100**	**22,150**	3,319	3,319	3,589	3,319
16,150	**16,200**	2,426	2,426	2,426	2,426	**19,150**	**19,200**	2,876	2,876	2,876	2,876	**22,150**	**22,200**	3,326	3,326	3,603	3,326
16,200	**16,250**	2,434	2,434	2,434	2,434	**19,200**	**19,250**	2,884	2,884	2,884	2,884	**22,200**	**22,250**	3,334	3,334	3,617	3,334
16,250	**16,300**	2,441	2,441	2,441	2,441	**19,250**	**19,300**	2,891	2,891	2,891	2,891	**22,250**	**22,300**	3,341	3,341	3,631	3,341
16,300	**16,350**	2,449	2,449	2,449	2,449	**19,300**	**19,350**	2,899	2,899	2,899	2,899	**22,300**	**22,350**	3,349	3,349	3,645	3,349
16,350	**16,400**	2,456	2,456	2,456	2,456	**19,350**	**19,400**	2,906	2,906	2,906	2,906	**22,350**	**22,400**	3,356	3,356	3,659	3,356
16,400	**16,450**	2,464	2,464	2,464	2,464	**19,400**	**19,450**	2,914	2,914	2,914	2,914	**22,400**	**22,450**	3,364	3,364	3,673	3,364
16,450	**16,500**	2,471	2,471	2,471	2,471	**19,450**	**19,500**	2,921	2,921	2,921	2,921	**22,450**	**22,500**	3,371	3,371	3,687	3,371
16,500	**16,550**	2,479	2,479	2,479	2,479	**19,500**	**19,550**	2,929	2,929	2,929	2,929	**22,500**	**22,550**	3,379	3,379	3,701	3,379
16,550	**16,600**	2,486	2,486	2,486	2,486	**19,550**	**19,600**	2,936	2,936	2,936	2,936	**22,550**	**22,600**	3,386	3,386	3,715	3,386
16,600	**16,650**	2,494	2,494	2,494	2,494	**19,600**	**19,650**	2,944	2,944	2,944	2,944	**22,600**	**22,650**	3,394	3,394	3,729	3,394
16,650	**16,700**	2,501	2,501	2,501	2,501	**19,650**	**19,700**	2,951	2,951	2,951	2,951	**22,650**	**22,700**	3,401	3,401	3,743	3,401
16,700	**16,750**	2,509	2,509	2,509	2,509	**19,700**	**19,750**	2,959	2,959	2,959	2,959	**22,700**	**22,750**	3,409	3,409	3,757	3,409
16,750	**16,800**	2,516	2,516	2,516	2,516	**19,750**	**19,800**	2,966	2,966	2,966	2,966	**22,750**	**22,800**	3,416	3,416	3,771	3,416
16,800	**16,850**	2,524	2,524	2,524	2,524	**19,800**	**19,850**	2,974	2,974	2,974	2,974	**22,800**	**22,850**	3,424	3,424	3,785	3,424
16,850	**16,900**	2,531	2,531	2,531	2,531	**19,850**	**19,900**	2,981	2,981	2,981	2,981	**22,850**	**22,900**	3,431	3,431	3,799	3,431
16,900	**16,950**	2,539	2,539	2,539	2,539	**19,900**	**19,950**	2,989	2,989	2,989	2,989	**22,900**	**22,950**	3,439	3,439	3,813	3,439
16,950	**17,000**	2,546	2,546	2,546	2,546	**19,950**	**20,000**	2,996	2,996	2,996	2,996	**22,950**	**23,000**	3,446	3,446	3,827	3,446

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
23,000						**26,000**						**29,000**					
23,000	**23,050**	3,454	3,454	3,841	3,454	**26,000**	**26,050**	4,167	3,904	4,681	3,904	**29,000**	**29,050**	5,007	4,354	5,521	4,354
23,050	**23,100**	3,461	3,461	3,855	3,461	**26,050**	**26,100**	4,181	3,911	4,695	3,911	**29,050**	**29,100**	5,021	4,361	5,535	4,361
23,100	**23,150**	3,469	3,469	3,869	3,469	**26,100**	**26,150**	4,195	3,919	4,709	3,919	**29,100**	**29,150**	5,035	4,369	5,549	4,369
23,150	**23,200**	3,476	3,476	3,883	3,476	**26,150**	**26,200**	4,209	3,926	4,723	3,926	**29,150**	**29,200**	5,049	4,376	5,563	4,376
23,200	**23,250**	3,484	3,484	3,897	3,484	**26,200**	**26,250**	4,223	3,934	4,737	3,934	**29,200**	**29,250**	5,063	4,384	5,577	4,384
23,250	**23,300**	3,491	3,491	3,911	3,491	**26,250**	**26,300**	4,237	3,941	4,751	3,941	**29,250**	**29,300**	5,077	4,391	5,591	4,391
23,300	**23,350**	3,499	3,499	3,925	3,499	**26,300**	**26,350**	4,251	3,949	4,765	3,949	**29,300**	**29,350**	5,091	4,399	5,605	4,399
23,350	**23,400**	3,506	3,506	3,939	3,506	**26,350**	**26,400**	4,265	3,956	4,779	3,956	**29,350**	**29,400**	5,105	4,406	5,619	4,406
23,400	**23,450**	3,514	3,514	3,953	3,514	**26,400**	**26,450**	4,279	3,964	4,793	3,964	**29,400**	**29,450**	5,119	4,414	5,633	4,414
23,450	**23,500**	3,521	3,521	3,967	3,521	**26,450**	**26,500**	4,293	3,971	4,807	3,971	**29,450**	**29,500**	5,133	4,421	5,647	4,421
23,500	**23,550**	3,529	3,529	3,981	3,529	**26,500**	**26,550**	4,307	3,979	4,821	3,979	**29,500**	**29,550**	5,147	4,429	5,661	4,429
23,550	**23,600**	3,536	3,536	3,995	3,536	**26,550**	**26,600**	4,321	3,986	4,835	3,986	**29,550**	**29,600**	5,161	4,436	5,675	4,436
23,600	**23,650**	3,544	3,544	4,009	3,544	**26,600**	**26,650**	4,335	3,994	4,849	3,994	**29,600**	**29,650**	5,175	4,444	5,689	4,444
23,650	**23,700**	3,551	3,551	4,023	3,551	**26,650**	**26,700**	4,349	4,001	4,863	4,001	**29,650**	**29,700**	5,189	4,451	5,703	4,451
23,700	**23,750**	3,559	3,559	4,037	3,559	**26,700**	**26,750**	4,363	4,009	4,877	4,009	**29,700**	**29,750**	5,203	4,459	5,717	4,459
23,750	**23,800**	3,566	3,566	4,051	3,566	**26,750**	**26,800**	4,377	4,016	4,891	4,016	**29,750**	**29,800**	5,217	4,466	5,731	4,466
23,800	**23,850**	3,574	3,574	4,065	3,574	**26,800**	**26,850**	4,391	4,024	4,905	4,024	**29,800**	**29,850**	5,231	4,474	5,745	4,474
23,850	**23,900**	3,581	3,581	4,079	3,581	**26,850**	**26,900**	4,405	4,031	4,919	4,031	**29,850**	**29,900**	5,245	4,481	5,759	4,481
23,900	**23,950**	3,589	3,589	4,093	3,589	**26,900**	**26,950**	4,419	4,039	4,933	4,039	**29,900**	**29,950**	5,259	4,489	5,773	4,489
23,950	**24,000**	3,596	3,596	4,107	3,596	**26,950**	**27,000**	4,433	4,046	4,947	4,046	**29,950**	**30,000**	5,273	4,496	5,787	4,496
24,000						**27,000**						**30,000**					
24,000	**24,050**	3,607	3,604	4,121	3,604	**27,000**	**27,050**	4,447	4,054	4,961	4,054	**30,000**	**30,050**	5,287	4,504	5,801	4,504
24,050	**24,100**	3,621	3,611	4,135	3,611	**27,050**	**27,100**	4,461	4,061	4,975	4,061	**30,050**	**30,100**	5,301	4,511	5,815	4,511
24,100	**24,150**	3,635	3,619	4,149	3,619	**27,100**	**27,150**	4,475	4,069	4,989	4,069	**30,100**	**30,150**	5,315	4,519	5,829	4,519
24,150	**24,200**	3,649	3,626	4,163	3,626	**27,150**	**27,200**	4,489	4,076	5,003	4,076	**30,150**	**30,200**	5,329	4,526	5,843	4,526
24,200	**24,250**	3,663	3,634	4,177	3,634	**27,200**	**27,250**	4,503	4,084	5,017	4,084	**30,200**	**30,250**	5,343	4,534	5,857	4,534
24,250	**24,300**	3,677	3,641	4,191	3,641	**27,250**	**27,300**	4,517	4,091	5,031	4,091	**30,250**	**30,300**	5,357	4,541	5,871	4,541
24,300	**24,350**	3,691	3,649	4,205	3,649	**27,300**	**27,350**	4,531	4,099	5,045	4,099	**30,300**	**30,350**	5,371	4,549	5,885	4,549
24,350	**24,400**	3,705	3,656	4,219	3,656	**27,350**	**27,400**	4,545	4,106	5,059	4,106	**30,350**	**30,400**	5,385	4,556	5,899	4,556
24,400	**24,450**	3,719	3,664	4,233	3,664	**27,400**	**27,450**	4,559	4,114	5,073	4,114	**30,400**	**30,450**	5,399	4,564	5,913	4,564
24,450	**24,500**	3,733	3,671	4,247	3,671	**27,450**	**27,500**	4,573	4,121	5,087	4,121	**30,450**	**30,500**	5,413	4,571	5,927	4,571
24,500	**24,550**	3,747	3,679	4,261	3,679	**27,500**	**27,550**	4,587	4,129	5,101	4,129	**30,500**	**30,550**	5,427	4,579	5,941	4,579
24,550	**24,600**	3,761	3,686	4,275	3,686	**27,550**	**27,600**	4,601	4,136	5,115	4,136	**30,550**	**30,600**	5,441	4,586	5,955	4,586
24,600	**24,650**	3,775	3,694	4,289	3,694	**27,600**	**27,650**	4,615	4,144	5,129	4,144	**30,600**	**30,650**	5,455	4,594	5,969	4,594
24,650	**24,700**	3,789	3,701	4,303	3,701	**27,650**	**27,700**	4,629	4,151	5,143	4,151	**30,650**	**30,700**	5,469	4,601	5,983	4,601
24,700	**24,750**	3,803	3,709	4,317	3,709	**27,700**	**27,750**	4,643	4,159	5,157	4,159	**30,700**	**30,750**	5,483	4,609	5,997	4,609
24,750	**24,800**	3,817	3,716	4,331	3,716	**27,750**	**27,800**	4,657	4,166	5,171	4,166	**30,750**	**30,800**	5,497	4,616	6,011	4,616
24,800	**24,850**	3,831	3,724	4,345	3,724	**27,800**	**27,850**	4,671	4,174	5,185	4,174	**30,800**	**30,850**	5,511	4,624	6,025	4,624
24,850	**24,900**	3,845	3,731	4,359	3,731	**27,850**	**27,900**	4,685	4,181	5,199	4,181	**30,850**	**30,900**	5,525	4,631	6,039	4,631
24,900	**24,950**	3,859	3,739	4,373	3,739	**27,900**	**27,950**	4,699	4,189	5,213	4,189	**30,900**	**30,950**	5,539	4,639	6,053	4,639
24,950	**25,000**	3,873	3,746	4,387	3,746	**27,950**	**28,000**	4,713	4,196	5,227	4,196	**30,950**	**31,000**	5,553	4,646	6,067	4,646
25,000						**28,000**						**31,000**					
25,000	**25,050**	3,887	3,754	4,401	3,754	**28,000**	**28,050**	4,727	4,204	5,241	4,204	**31,000**	**31,050**	5,567	4,654	6,081	4,654
25,050	**25,100**	3,901	3,761	4,415	3,761	**28,050**	**28,100**	4,741	4,211	5,255	4,211	**31,050**	**31,100**	5,581	4,661	6,095	4,661
25,100	**25,150**	3,915	3,769	4,429	3,769	**28,100**	**28,150**	4,755	4,219	5,269	4,219	**31,100**	**31,150**	5,595	4,669	6,109	4,669
25,150	**25,200**	3,929	3,776	4,443	3,776	**28,150**	**28,200**	4,769	4,226	5,283	4,226	**31,150**	**31,200**	5,609	4,676	6,123	4,676
25,200	**25,250**	3,943	3,784	4,457	3,784	**28,200**	**28,250**	4,783	4,234	5,297	4,234	**31,200**	**31,250**	5,623	4,684	6,137	4,684
25,250	**25,300**	3,957	3,791	4,471	3,791	**28,250**	**28,300**	4,797	4,241	5,311	4,241	**31,250**	**31,300**	5,637	4,691	6,151	4,691
25,300	**25,350**	3,971	3,799	4,485	3,799	**28,300**	**28,350**	4,811	4,249	5,325	4,249	**31,300**	**31,350**	5,651	4,699	6,165	4,699
25,350	**25,400**	3,985	3,806	4,499	3,806	**28,350**	**28,400**	4,825	4,256	5,339	4,256	**31,350**	**31,400**	5,665	4,706	6,179	4,706
25,400	**25,450**	3,999	3,814	4,513	3,814	**28,400**	**28,450**	4,839	4,264	5,353	4,264	**31,400**	**31,450**	5,679	4,714	6,193	4,714
25,450	**25,500**	4,013	3,821	4,527	3,821	**28,450**	**28,500**	4,853	4,271	5,367	4,271	**31,450**	**31,500**	5,693	4,721	6,207	4,721
25,500	**25,550**	4,027	3,829	4,541	3,829	**28,500**	**28,550**	4,867	4,279	5,381	4,279	**31,500**	**31,550**	5,707	4,729	6,221	4,729
25,550	**25,600**	4,041	3,836	4,555	3,836	**28,550**	**28,600**	4,881	4,286	5,395	4,286	**31,550**	**31,600**	5,721	4,736	6,235	4,736
25,600	**25,650**	4,055	3,844	4,569	3,844	**28,600**	**28,650**	4,895	4,294	5,409	4,294	**31,600**	**31,650**	5,735	4,744	6,249	4,744
25,650	**25,700**	4,069	3,851	4,583	3,851	**28,650**	**28,700**	4,909	4,301	5,423	4,301	**31,650**	**31,700**	5,749	4,751	6,263	4,751
25,700	**25,750**	4,083	3,859	4,597	3,859	**28,700**	**28,750**	4,923	4,309	5,437	4,309	**31,700**	**31,750**	5,763	4,759	6,277	4,759
25,750	**25,800**	4,097	3,866	4,611	3,866	**28,750**	**28,800**	4,937	4,316	5,451	4,316	**31,750**	**31,800**	5,777	4,766	6,291	4,766
25,800	**25,850**	4,111	3,874	4,625	3,874	**28,800**	**28,850**	4,951	4,324	5,465	4,324	**31,800**	**31,850**	5,791	4,774	6,305	4,774
25,850	**25,900**	4,125	3,881	4,639	3,881	**28,850**	**28,900**	4,965	4,331	5,479	4,331	**31,850**	**31,900**	5,805	4,781	6,319	4,781
25,900	**25,950**	4,139	3,889	4,653	3,889	**28,900**	**28,950**	4,979	4,339	5,493	4,339	**31,900**	**31,950**	5,819	4,789	6,333	4,789
25,950	**26,000**	4,153	3,896	4,667	3,896	**28,950**	**29,000**	4,993	4,346	5,507	4,346	**31,950**	**32,000**	5,833	4,796	6,347	4,796

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
32,000						**35,000**						**38,000**					
32,000	**32,050**	5,847	4,804	6,361	4,804	**35,000**	**35,050**	6,687	5,254	7,201	5,628	**38,000**	**38,050**	7,527	5,704	8,041	6,468
32,050	**32,100**	5,861	4,811	6,375	4,811	**35,050**	**35,100**	6,701	5,261	7,215	5,642	**38,050**	**38,100**	7,541	5,711	8,055	6,482
32,100	**32,150**	5,875	4,819	6,389	4,819	**35,100**	**35,150**	6,715	5,269	7,229	5,656	**38,100**	**38,150**	7,555	5,719	8,069	6,496
32,150	**32,200**	5,889	4,826	6,403	4,830	**35,150**	**35,200**	6,729	5,276	7,243	5,670	**38,150**	**38,200**	7,569	5,726	8,083	6,510
32,200	**32,250**	5,903	4,834	6,417	4,844	**35,200**	**35,250**	6,743	5,284	7,257	5,684	**38,200**	**38,250**	7,583	5,734	8,097	6,524
32,250	**32,300**	5,917	4,841	6,431	4,858	**35,250**	**35,300**	6,757	5,291	7,271	5,698	**38,250**	**38,300**	7,597	5,741	8,111	6,538
32,300	**32,350**	5,931	4,849	6,445	4,872	**35,300**	**35,350**	6,771	5,299	7,285	5,712	**38,300**	**38,350**	7,611	5,749	8,125	6,552
32,350	**32,400**	5,945	4,856	6,459	4,886	**35,350**	**35,400**	6,785	5,306	7,299	5,726	**38,350**	**38,400**	7,625	5,756	8,139	6,566
32,400	**32,450**	5,959	4,864	6,473	4,900	**35,400**	**35,450**	6,799	5,314	7,313	5,740	**38,400**	**38,450**	7,639	5,764	8,153	6,580
32,450	**32,500**	5,973	4,871	6,487	4,914	**35,450**	**35,500**	6,813	5,321	7,327	5,754	**38,450**	**38,500**	7,653	5,771	8,167	6,594
32,500	**32,550**	5,987	4,879	6,501	4,928	**35,500**	**35,550**	6,827	5,329	7,341	5,768	**38,500**	**38,550**	7,667	5,779	8,181	6,608
32,550	**32,600**	6,001	4,886	6,515	4,942	**35,550**	**35,600**	6,841	5,336	7,355	5,782	**38,550**	**38,600**	7,681	5,786	8,195	6,622
32,600	**32,650**	6,015	4,894	6,529	4,956	**35,600**	**35,650**	6,855	5,344	7,369	5,796	**38,600**	**38,650**	7,695	5,794	8,209	6,636
32,650	**32,700**	6,029	4,901	6,543	4,970	**35,650**	**35,700**	6,869	5,351	7,383	5,810	**38,650**	**38,700**	7,709	5,801	8,223	6,650
32,700	**32,750**	6,043	4,909	6,557	4,984	**35,700**	**35,750**	6,883	5,359	7,397	5,824	**38,700**	**38,750**	7,723	5,809	8,237	6,664
32,750	**32,800**	6,057	4,916	6,571	4,998	**35,750**	**35,800**	6,897	5,366	7,411	5,838	**38,750**	**38,800**	7,737	5,816	8,251	6,678
32,800	**32,850**	6,071	4,924	6,585	5,012	**35,800**	**35,850**	6,911	5,374	7,425	5,852	**38,800**	**38,850**	7,751	5,824	8,265	6,692
32,850	**32,900**	6,085	4,931	6,599	5,026	**35,850**	**35,900**	6,925	5,381	7,439	5,866	**38,850**	**38,900**	7,765	5,831	8,279	6,706
32,900	**32,950**	6,099	4,939	6,613	5,040	**35,900**	**35,950**	6,939	5,389	7,453	5,880	**38,900**	**38,950**	7,779	5,839	8,293	6,720
32,950	**33,000**	6,113	4,946	6,627	5,054	**35,950**	**36,000**	6,953	5,396	7,467	5,894	**38,950**	**39,000**	7,793	5,846	8,307	6,734
33,000						**36,000**						**39,000**					
33,000	**33,050**	6,127	4,954	6,641	5,068	**36,000**	**36,050**	6,967	5,404	7,481	5,908	**39,000**	**39,050**	7,807	5,854	8,321	6,748
33,050	**33,100**	6,141	4,961	6,655	5,082	**36,050**	**36,100**	6,981	5,411	7,495	5,922	**39,050**	**39,100**	7,821	5,861	8,335	6,762
33,100	**33,150**	6,155	4,969	6,669	5,096	**36,100**	**36,150**	6,995	5,419	7,509	5,936	**39,100**	**39,150**	7,835	5,869	8,349	6,776
33,150	**33,200**	6,169	4,976	6,683	5,110	**36,150**	**36,200**	7,009	5,426	7,523	5,950	**39,150**	**39,200**	7,849	5,876	8,363	6,790
33,200	**33,250**	6,183	4,984	6,697	5,124	**36,200**	**36,250**	7,023	5,434	7,537	5,964	**39,200**	**39,250**	7,863	5,884	8,377	6,804
33,250	**33,300**	6,197	4,991	6,711	5,138	**36,250**	**36,300**	7,037	5,441	7,551	5,978	**39,250**	**39,300**	7,877	5,891	8,391	6,818
33,300	**33,350**	6,211	4,999	6,725	5,152	**36,300**	**36,350**	7,051	5,449	7,565	5,992	**39,300**	**39,350**	7,891	5,899	8,405	6,832
33,350	**33,400**	6,225	5,006	6,739	5,166	**36,350**	**36,400**	7,065	5,456	7,579	6,006	**39,350**	**39,400**	7,905	5,906	8,419	6,846
33,400	**33,450**	6,239	5,014	6,753	5,180	**36,400**	**36,450**	7,079	5,464	7,593	6,020	**39,400**	**39,450**	7,919	5,914	8,433	6,860
33,450	**33,500**	6,253	5,021	6,767	5,194	**36,450**	**36,500**	7,093	5,471	7,607	6,034	**39,450**	**39,500**	7,933	5,921	8,447	6,874
33,500	**33,550**	6,267	5,029	6,781	5,208	**36,500**	**36,550**	7,107	5,479	7,621	6,048	**39,500**	**39,550**	7,947	5,929	8,461	6,888
33,550	**33,600**	6,281	5,036	6,795	5,222	**36,550**	**36,600**	7,121	5,486	7,635	6,062	**39,550**	**39,600**	7,961	5,936	8,475	6,902
33,600	**33,650**	6,295	5,044	6,809	5,236	**36,600**	**36,650**	7,135	5,494	7,649	6,076	**39,600**	**39,650**	7,975	5,944	8,489	6,916
33,650	**33,700**	6,309	5,051	6,823	5,250	**36,650**	**36,700**	7,149	5,501	7,663	6,090	**39,650**	**39,700**	7,989	5,951	8,503	6,930
33,700	**33,750**	6,323	5,059	6,837	5,264	**36,700**	**36,750**	7,163	5,509	7,677	6,104	**39,700**	**39,750**	8,003	5,959	8,517	6,944
33,750	**33,800**	6,337	5,066	6,851	5,278	**36,750**	**36,800**	7,177	5,516	7,691	6,118	**39,750**	**39,800**	8,017	5,966	8,531	6,958
33,800	**33,850**	6,351	5,074	6,865	5,292	**36,800**	**36,850**	7,191	5,524	7,705	6,132	**39,800**	**39,850**	8,031	5,974	8,545	6,972
33,850	**33,900**	6,365	5,081	6,879	5,306	**36,850**	**36,900**	7,205	5,531	7,719	6,146	**39,850**	**39,900**	8,045	5,981	8,559	6,986
33,900	**33,950**	6,379	5,089	6,893	5,320	**36,900**	**36,950**	7,219	5,539	7,733	6,160	**39,900**	**39,950**	8,059	5,989	8,573	7,000
33,950	**34,000**	6,393	5,096	6,907	5,334	**36,950**	**37,000**	7,233	5,546	7,747	6,174	**39,950**	**40,000**	8,073	5,996	8,587	7,014
34,000						**37,000**						**40,000**					
34,000	**34,050**	6,407	5,104	6,921	5,348	**37,000**	**37,050**	7,247	5,554	7,761	6,188	**40,000**	**40,050**	8,087	6,004	8,601	7,028
34,050	**34,100**	6,421	5,111	6,935	5,362	**37,050**	**37,100**	7,261	5,561	7,775	6,202	**40,050**	**40,100**	8,101	6,011	8,615	7,042
34,100	**34,150**	6,435	5,119	6,949	5,376	**37,100**	**37,150**	7,275	5,569	7,789	6,216	**40,100**	**40,150**	8,115	6,022	8,629	7,056
34,150	**34,200**	6,449	5,126	6,963	5,390	**37,150**	**37,200**	7,289	5,576	7,803	6,230	**40,150**	**40,200**	8,129	6,036	8,643	7,070
34,200	**34,250**	6,463	5,134	6,977	5,404	**37,200**	**37,250**	7,303	5,584	7,817	6,244	**40,200**	**40,250**	8,143	6,050	8,657	7,084
34,250	**34,300**	6,477	5,141	6,991	5,418	**37,250**	**37,300**	7,317	5,591	7,831	6,258	**40,250**	**40,300**	8,157	6,064	8,671	7,098
34,300	**34,350**	6,491	5,149	7,005	5,432	**37,300**	**37,350**	7,331	5,599	7,845	6,272	**40,300**	**40,350**	8,171	6,078	8,685	7,112
34,350	**34,400**	6,505	5,156	7,019	5,446	**37,350**	**37,400**	7,345	5,606	7,859	6,286	**40,350**	**40,400**	8,185	6,092	8,699	7,126
34,400	**34,450**	6,519	5,164	7,033	5,460	**37,400**	**37,450**	7,359	5,614	7,873	6,300	**40,400**	**40,450**	8,199	6,106	8,713	7,140
34,450	**34,500**	6,533	5,171	7,047	5,474	**37,450**	**37,500**	7,373	5,621	7,887	6,314	**40,450**	**40,500**	8,213	6,120	8,727	7,154
34,500	**34,550**	6,547	5,179	7,061	5,488	**37,500**	**37,550**	7,387	5,629	7,901	6,328	**40,500**	**40,550**	8,227	6,134	8,741	7,168
34,550	**34,600**	6,561	5,186	7,075	5,502	**37,550**	**37,600**	7,401	5,636	7,915	6,342	**40,550**	**40,600**	8,241	6,148	8,755	7,182
34,600	**34,650**	6,575	5,194	7,089	5,516	**37,600**	**37,650**	7,415	5,644	7,929	6,356	**40,600**	**40,650**	8,255	6,162	8,769	7,196
34,650	**34,700**	6,589	5,201	7,103	5,530	**37,650**	**37,700**	7,429	5,651	7,943	6,370	**40,650**	**40,700**	8,269	6,176	8,783	7,210
34,700	**34,750**	6,603	5,209	7,117	5,544	**37,700**	**37,750**	7,443	5,659	7,957	6,384	**40,700**	**40,750**	8,283	6,190	8,797	7,224
34,750	**34,800**	6,617	5,216	7,131	5,558	**37,750**	**37,800**	7,457	5,666	7,971	6,398	**40,750**	**40,800**	8,297	6,204	8,811	7,238
34,800	**34,850**	6,631	5,224	7,145	5,572	**37,800**	**37,850**	7,471	5,674	7,985	6,412	**40,800**	**40,850**	8,311	6,218	8,825	7,252
34,850	**34,900**	6,645	5,231	7,159	5,586	**37,850**	**37,900**	7,485	5,681	7,999	6,426	**40,850**	**40,900**	8,325	6,232	8,839	7,266
34,900	**34,950**	6,659	5,239	7,173	5,600	**37,900**	**37,950**	7,499	5,689	8,013	6,440	**40,900**	**40,950**	8,339	6,246	8,853	7,280
34,950	**35,000**	6,673	5,246	7,187	5,614	**37,950**	**38,000**	7,513	5,696	8,027	6,454	**40,950**	**41,000**	8,353	6,260	8,867	7,294

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
41,000						**44,000**						**47,000**					
41,000	**41,050**	8,367	6,274	8,881	7,308	**44,000**	**44,050**	9,207	7,114	9,721	8,148	**47,000**	**47,050**	10,047	7,954	10,561	8,988
41,050	**41,100**	8,381	6,288	8,895	7,322	**44,050**	**44,100**	9,221	7,128	9,735	8,162	**47,050**	**47,100**	10,061	7,968	10,575	9,002
41,100	**41,150**	8,395	6,302	8,909	7,336	**44,100**	**44,150**	9,235	7,142	9,749	8,176	**47,100**	**47,150**	10,075	7,982	10,589	9,016
41,150	**41,200**	8,409	6,316	8,923	7,350	**44,150**	**44,200**	9,249	7,156	9,763	8,190	**47,150**	**47,200**	10,089	7,996	10,603	9,030
41,200	**41,250**	8,423	6,330	8,937	7,364	**44,200**	**44,250**	9,263	7,170	9,777	8,204	**47,200**	**47,250**	10,103	8,010	10,617	9,044
41,250	**41,300**	8,437	6,344	8,951	7,378	**44,250**	**44,300**	9,277	7,184	9,791	8,218	**47,250**	**47,300**	10,117	8,024	10,631	9,058
41,300	**41,350**	8,451	6,358	8,965	7,392	**44,300**	**44,350**	9,291	7,198	9,805	8,232	**47,300**	**47,350**	10,131	8,038	10,645	9,072
41,350	**41,400**	8,465	6,372	8,979	7,406	**44,350**	**44,400**	9,305	7,212	9,819	8,246	**47,350**	**47,400**	10,145	8,052	10,659	9,086
41,400	**41,450**	8,479	6,386	8,993	7,420	**44,400**	**44,450**	9,319	7,226	9,833	8,260	**47,400**	**47,450**	10,159	8,066	10,673	9,100
41,450	**41,500**	8,493	6,400	9,007	7,434	**44,450**	**44,500**	9,333	7,240	9,847	8,274	**47,450**	**47,500**	10,173	8,080	10,687	9,114
41,500	**41,550**	8,507	6,414	9,021	7,448	**44,500**	**44,550**	9,347	7,254	9,861	8,288	**47,500**	**47,550**	10,187	8,094	10,701	9,128
41,550	**41,600**	8,521	6,428	9,035	7,462	**44,550**	**44,600**	9,361	7,268	9,875	8,302	**47,550**	**47,600**	10,201	8,108	10,715	9,142
41,600	**41,650**	8,535	6,442	9,049	7,476	**44,600**	**44,650**	9,375	7,282	9,889	8,316	**47,600**	**47,650**	10,215	8,122	10,729	9,156
41,650	**41,700**	8,549	6,456	9,063	7,490	**44,650**	**44,700**	9,389	7,296	9,903	8,330	**47,650**	**47,700**	10,229	8,136	10,743	9,170
41,700	**41,750**	8,563	6,470	9,077	7,504	**44,700**	**44,750**	9,403	7,310	9,917	8,344	**47,700**	**47,750**	10,243	8,150	10,757	9,184
41,750	**41,800**	8,577	6,484	9,091	7,518	**44,750**	**44,800**	9,417	7,324	9,931	8,358	**47,750**	**47,800**	10,257	8,164	10,771	9,198
41,800	**41,850**	8,591	6,498	9,105	7,532	**44,800**	**44,850**	9,431	7,338	9,945	8,372	**47,800**	**47,850**	10,271	8,178	10,785	9,212
41,850	**41,900**	8,605	6,512	9,119	7,546	**44,850**	**44,900**	9,445	7,352	9,959	8,386	**47,850**	**47,900**	10,285	8,192	10,799	9,226
41,900	**41,950**	8,619	6,526	9,133	7,560	**44,900**	**44,950**	9,459	7,366	9,973	8,400	**47,900**	**47,950**	10,299	8,206	10,813	9,240
41,950	**42,000**	8,633	6,540	9,147	7,574	**44,950**	**45,000**	9,473	7,380	9,987	8,414	**47,950**	**48,000**	10,313	8,220	10,827	9,254
42,000						**45,000**						**48,000**					
42,000	**42,050**	8,647	6,554	9,161	7,588	**45,000**	**45,050**	9,487	7,394	10,001	8,428	**48,000**	**48,050**	10,327	8,234	10,841	9,268
42,050	**42,100**	8,661	6,568	9,175	7,602	**45,050**	**45,100**	9,501	7,408	10,015	8,442	**48,050**	**48,100**	10,341	8,248	10,855	9,282
42,100	**42,150**	8,675	6,582	9,189	7,616	**45,100**	**45,150**	9,515	7,422	10,029	8,456	**48,100**	**48,150**	10,355	8,262	10,869	9,296
42,150	**42,200**	8,689	6,596	9,203	7,630	**45,150**	**45,200**	9,529	7,436	10,043	8,470	**48,150**	**48,200**	10,369	8,276	10,883	9,310
42,200	**42,250**	8,703	6,610	9,217	7,644	**45,200**	**45,250**	9,543	7,450	10,057	8,484	**48,200**	**48,250**	10,383	8,290	10,897	9,324
42,250	**42,300**	8,717	6,624	9,231	7,658	**45,250**	**45,300**	9,557	7,464	10,071	8,498	**48,250**	**48,300**	10,397	8,304	10,911	9,338
42,300	**42,350**	8,731	6,638	9,245	7,672	**45,300**	**45,350**	9,571	7,478	10,085	8,512	**48,300**	**48,350**	10,411	8,318	10,925	9,352
42,350	**42,400**	8,745	6,652	9,259	7,686	**45,350**	**45,400**	9,585	7,492	10,099	8,526	**48,350**	**48,400**	10,425	8,332	10,939	9,366
42,400	**42,450**	8,759	6,666	9,273	7,700	**45,400**	**45,450**	9,599	7,506	10,113	8,540	**48,400**	**48,450**	10,439	8,346	10,953	9,380
42,450	**42,500**	8,773	6,680	9,287	7,714	**45,450**	**45,500**	9,613	7,520	10,127	8,554	**48,450**	**48,500**	10,453	8,360	10,967	9,394
42,500	**42,550**	8,787	6,694	9,301	7,728	**45,500**	**45,550**	9,627	7,534	10,141	8,568	**48,500**	**48,550**	10,467	8,374	10,983	9,408
42,550	**42,600**	8,801	6,708	9,315	7,742	**45,550**	**45,600**	9,641	7,548	10,155	8,582	**48,550**	**48,600**	10,481	8,388	10,998	9,422
42,600	**42,650**	8,815	6,722	9,329	7,756	**45,600**	**45,650**	9,655	7,562	10,169	8,596	**48,600**	**48,650**	10,495	8,402	11,014	9,436
42,650	**42,700**	8,829	6,736	9,343	7,770	**45,650**	**45,700**	9,669	7,576	10,183	8,610	**48,650**	**48,700**	10,509	8,416	11,029	9,450
42,700	**42,750**	8,843	6,750	9,357	7,784	**45,700**	**45,750**	9,683	7,590	10,197	8,624	**48,700**	**48,750**	10,523	8,430	11,045	9,464
42,750	**42,800**	8,857	6,764	9,371	7,798	**45,750**	**45,800**	9,697	7,604	10,211	8,638	**48,750**	**48,800**	10,537	8,444	11,060	9,478
42,800	**42,850**	8,871	6,778	9,385	7,812	**45,800**	**45,850**	9,711	7,618	10,225	8,652	**48,800**	**48,850**	10,551	8,458	11,076	9,492
42,850	**42,900**	8,885	6,792	9,399	7,826	**45,850**	**45,900**	9,725	7,632	10,239	8,666	**48,850**	**48,900**	10,565	8,472	11,091	9,506
42,900	**42,950**	8,899	6,806	9,413	7,840	**45,900**	**45,950**	9,739	7,646	10,253	8,680	**48,900**	**48,950**	10,579	8,486	11,107	9,520
42,950	**43,000**	8,913	6,820	9,427	7,854	**45,950**	**46,000**	9,753	7,660	10,267	8,694	**48,950**	**49,000**	10,593	8,500	11,122	9,534
43,000						**46,000**						**49,000**					
43,000	**43,050**	8,927	6,834	9,441	7,868	**46,000**	**46,050**	9,767	7,674	10,281	8,708	**49,000**	**49,050**	10,607	8,514	11,138	9,548
43,050	**43,100**	8,941	6,848	9,455	7,882	**46,050**	**46,100**	9,781	7,688	10,295	8,722	**49,050**	**49,100**	10,621	8,528	11,153	9,562
43,100	**43,150**	8,955	6,862	9,469	7,896	**46,100**	**46,150**	9,795	7,702	10,309	8,736	**49,100**	**49,150**	10,635	8,542	11,169	9,576
43,150	**43,200**	8,969	6,876	9,483	7,910	**46,150**	**46,200**	9,809	7,716	10,323	8,750	**49,150**	**49,200**	10,649	8,556	11,184	9,590
43,200	**43,250**	8,983	6,890	9,497	7,924	**46,200**	**46,250**	9,823	7,730	10,337	8,764	**49,200**	**49,250**	10,663	8,570	11,200	9,604
43,250	**43,300**	8,997	6,904	9,511	7,938	**46,250**	**46,300**	9,837	7,744	10,351	8,778	**49,250**	**49,300**	10,677	8,584	11,215	9,618
43,300	**43,350**	9,011	6,918	9,525	7,952	**46,300**	**46,350**	9,851	7,758	10,365	8,792	**49,300**	**49,350**	10,691	8,598	11,231	9,632
43,350	**43,400**	9,025	6,932	9,539	7,966	**46,350**	**46,400**	9,865	7,772	10,379	8,806	**49,350**	**49,400**	10,705	8,612	11,246	9,646
43,400	**43,450**	9,039	6,946	9,553	7,980	**46,400**	**46,450**	9,879	7,786	10,393	8,820	**49,400**	**49,450**	10,719	8,626	11,262	9,660
43,450	**43,500**	9,053	6,960	9,567	7,994	**46,450**	**46,500**	9,893	7,800	10,407	8,834	**49,450**	**49,500**	10,733	8,640	11,277	9,674
43,500	**43,550**	9,067	6,974	9,581	8,008	**46,500**	**46,550**	9,907	7,814	10,421	8,848	**49,500**	**49,550**	10,747	8,654	11,293	9,688
43,550	**43,600**	9,081	6,988	9,595	8,022	**46,550**	**46,600**	9,921	7,828	10,435	8,862	**49,550**	**49,600**	10,761	8,668	11,308	9,702
43,600	**43,650**	9,095	7,002	9,609	8,036	**46,600**	**46,650**	9,935	7,842	10,449	8,876	**49,600**	**49,650**	10,775	8,682	11,324	9,716
43,650	**43,700**	9,109	7,016	9,623	8,050	**46,650**	**46,700**	9,949	7,856	10,463	8,890	**49,650**	**49,700**	10,789	8,696	11,339	9,730
43,700	**43,750**	9,123	7,030	9,637	8,064	**46,700**	**46,750**	9,963	7,870	10,477	8,904	**49,700**	**49,750**	10,803	8,710	11,355	9,744
43,750	**43,800**	9,137	7,044	9,651	8,078	**46,750**	**46,800**	9,977	7,884	10,491	8,918	**49,750**	**49,800**	10,817	8,724	11,370	9,758
43,800	**43,850**	9,151	7,058	9,665	8,092	**46,800**	**46,850**	9,991	7,898	10,505	8,932	**49,800**	**49,850**	10,831	8,738	11,386	9,772
43,850	**43,900**	9,165	7,072	9,679	8,106	**46,850**	**46,900**	10,005	7,912	10,519	8,946	**49,850**	**49,900**	10,845	8,752	11,401	9,786
43,900	**43,950**	9,179	7,086	9,693	8,120	**46,900**	**46,950**	10,019	7,926	10,533	8,960	**49,900**	**49,950**	10,859	8,766	11,417	9,800
43,950	**44,000**	9,193	7,100	9,707	8,134	**46,950**	**47,000**	10,033	7,940	10,547	8,974	**49,950**	**50,000**	10,873	8,780	11,432	9,814

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
50,000						**53,000**						**56,000**					
50,000	**50,050**	10,887	8,794	11,448	9,828	**53,000**	**53,050**	11,727	9,634	12,378	10,668	**56,000**	**56,050**	12,567	10,474	13,308	11,508
50,050	**50,100**	10,901	8,808	11,463	9,842	**53,050**	**53,100**	11,741	9,648	12,393	10,682	**56,050**	**56,100**	12,581	10,488	13,323	11,522
50,100	**50,150**	10,915	8,822	11,479	9,856	**53,100**	**53,150**	11,755	9,662	12,409	10,696	**56,100**	**56,150**	12,595	10,502	13,339	11,536
50,150	**50,200**	10,929	8,836	11,494	9,870	**53,150**	**53,200**	11,769	9,676	12,424	10,710	**56,150**	**56,200**	12,609	10,516	13,354	11,550
50,200	**50,250**	10,943	8,850	11,510	9,884	**53,200**	**53,250**	11,783	9,690	12,440	10,724	**56,200**	**56,250**	12,623	10,530	13,370	11,564
50,250	**50,300**	10,957	8,864	11,525	9,898	**53,250**	**53,300**	11,797	9,704	12,455	10,738	**56,250**	**56,300**	12,637	10,544	13,385	11,578
50,300	**50,350**	10,971	8,878	11,541	9,912	**53,300**	**53,350**	11,811	9,718	12,471	10,752	**56,300**	**56,350**	12,651	10,558	13,401	11,592
50,350	**50,400**	10,985	8,892	11,556	9,926	**53,350**	**53,400**	11,825	9,732	12,486	10,766	**56,350**	**56,400**	12,665	10,572	13,416	11,606
50,400	**50,450**	10,999	8,906	11,572	9,940	**53,400**	**53,450**	11,839	9,746	12,502	10,780	**56,400**	**56,450**	12,679	10,586	13,432	11,620
50,450	**50,500**	11,013	8,920	11,587	9,954	**53,450**	**53,500**	11,853	9,760	12,517	10,794	**56,450**	**56,500**	12,693	10,600	13,447	11,634
50,500	**50,550**	11,027	8,934	11,603	9,968	**53,500**	**53,550**	11,867	9,774	12,533	10,808	**56,500**	**56,550**	12,707	10,614	13,463	11,648
50,550	**50,600**	11,041	8,948	11,618	9,982	**53,550**	**53,600**	11,881	9,788	12,548	10,822	**56,550**	**56,600**	12,721	10,628	13,478	11,662
50,600	**50,650**	11,055	8,962	11,634	9,996	**53,600**	**53,650**	11,895	9,802	12,564	10,836	**56,600**	**56,650**	12,735	10,642	13,494	11,676
50,650	**50,700**	11,069	8,976	11,649	10,010	**53,650**	**53,700**	11,909	9,816	12,579	10,850	**56,650**	**56,700**	12,749	10,656	13,509	11,690
50,700	**50,750**	11,083	8,990	11,665	10,024	**53,700**	**53,750**	11,923	9,830	12,595	10,864	**56,700**	**56,750**	12,763	10,670	13,525	11,704
50,750	**50,800**	11,097	9,004	11,680	10,038	**53,750**	**53,800**	11,937	9,844	12,610	10,878	**56,750**	**56,800**	12,777	10,684	13,540	11,718
50,800	**50,850**	11,111	9,018	11,696	10,052	**53,800**	**53,850**	11,951	9,858	12,626	10,892	**56,800**	**56,850**	12,791	10,698	13,556	11,732
50,850	**50,900**	11,125	9,032	11,711	10,066	**53,850**	**53,900**	11,965	9,872	12,641	10,906	**56,850**	**56,900**	12,805	10,712	13,571	11,746
50,900	**50,950**	11,139	9,046	11,727	10,080	**53,900**	**53,950**	11,979	9,886	12,657	10,920	**56,900**	**56,950**	12,819	10,726	13,587	11,760
50,950	**51,000**	11,153	9,060	11,742	10,094	**53,950**	**54,000**	11,993	9,900	12,672	10,934	**56,950**	**57,000**	12,833	10,740	13,602	11,774
51,000						**54,000**						**57,000**					
51,000	**51,050**	11,167	9,074	11,758	10,108	**54,000**	**54,050**	12,007	9,914	12,688	10,948	**57,000**	**57,050**	12,847	10,754	13,618	11,788
51,050	**51,100**	11,181	9,088	11,773	10,122	**54,050**	**54,100**	12,021	9,928	12,703	10,962	**57,050**	**57,100**	12,861	10,768	13,633	11,802
51,100	**51,150**	11,195	9,102	11,789	10,136	**54,100**	**54,150**	12,035	9,942	12,719	10,976	**57,100**	**57,150**	12,875	10,782	13,649	11,816
51,150	**51,200**	11,209	9,116	11,804	10,150	**54,150**	**54,200**	12,049	9,956	12,734	10,990	**57,150**	**57,200**	12,889	10,796	13,664	11,830
51,200	**51,250**	11,223	9,130	11,820	10,164	**54,200**	**54,250**	12,063	9,970	12,750	11,004	**57,200**	**57,250**	12,903	10,810	13,680	11,844
51,250	**51,300**	11,237	9,144	11,835	10,178	**54,250**	**54,300**	12,077	9,984	12,765	11,018	**57,250**	**57,300**	12,917	10,824	13,695	11,858
51,300	**51,350**	11,251	9,158	11,851	10,192	**54,300**	**54,350**	12,091	9,998	12,781	11,032	**57,300**	**57,350**	12,931	10,838	13,711	11,872
51,350	**51,400**	11,265	9,172	11,866	10,206	**54,350**	**54,400**	12,105	10,012	12,796	11,046	**57,350**	**57,400**	12,945	10,852	13,726	11,886
51,400	**51,450**	11,279	9,186	11,882	10,220	**54,400**	**54,450**	12,119	10,026	12,812	11,060	**57,400**	**57,450**	12,959	10,866	13,742	11,900
51,450	**51,500**	11,293	9,200	11,897	10,234	**54,450**	**54,500**	12,133	10,040	12,827	11,074	**57,450**	**57,500**	12,973	10,880	13,757	11,914
51,500	**51,550**	11,307	9,214	11,913	10,248	**54,500**	**54,550**	12,147	10,054	12,843	11,088	**57,500**	**57,550**	12,987	10,894	13,773	11,928
51,550	**51,600**	11,321	9,228	11,928	10,262	**54,550**	**54,600**	12,161	10,068	12,858	11,102	**57,550**	**57,600**	13,001	10,908	13,788	11,942
51,600	**51,650**	11,335	9,242	11,944	10,276	**54,600**	**54,650**	12,175	10,082	12,874	11,116	**57,600**	**57,650**	13,015	10,922	13,804	11,956
51,650	**51,700**	11,349	9,256	11,959	10,290	**54,650**	**54,700**	12,189	10,096	12,889	11,130	**57,650**	**57,700**	13,029	10,936	13,819	11,970
51,700	**51,750**	11,363	9,270	11,975	10,304	**54,700**	**54,750**	12,203	10,110	12,905	11,144	**57,700**	**57,750**	13,043	10,950	13,835	11,984
51,750	**51,800**	11,377	9,284	11,990	10,318	**54,750**	**54,800**	12,217	10,124	12,920	11,158	**57,750**	**57,800**	13,057	10,964	13,850	11,998
51,800	**51,850**	11,391	9,298	12,006	10,332	**54,800**	**54,850**	12,231	10,138	12,936	11,172	**57,800**	**57,850**	13,071	10,978	13,866	12,012
51,850	**51,900**	11,405	9,312	12,021	10,346	**54,850**	**54,900**	12,245	10,152	12,951	11,186	**57,850**	**57,900**	13,085	10,992	13,881	12,026
51,900	**51,950**	11,419	9,326	12,037	10,360	**54,900**	**54,950**	12,259	10,166	12,967	11,200	**57,900**	**57,950**	13,099	11,006	13,897	12,040
51,950	**52,000**	11,433	9,340	12,052	10,374	**54,950**	**55,000**	12,273	10,180	12,982	11,214	**57,950**	**58,000**	13,113	11,020	13,912	12,054
52,000						**55,000**						**58,000**					
52,000	**52,050**	11,447	9,354	12,068	10,388	**55,000**	**55,050**	12,287	10,194	12,998	11,228	**58,000**	**58,050**	13,127	11,034	13,928	12,068
52,050	**52,100**	11,461	9,368	12,083	10,402	**55,050**	**55,100**	12,301	10,208	13,013	11,242	**58,050**	**58,100**	13,141	11,048	13,943	12,082
52,100	**52,150**	11,475	9,382	12,099	10,416	**55,100**	**55,150**	12,315	10,222	13,029	11,256	**58,100**	**58,150**	13,155	11,062	13,959	12,096
52,150	**52,200**	11,489	9,396	12,114	10,430	**55,150**	**55,200**	12,329	10,236	13,044	11,270	**58,150**	**58,200**	13,170	11,076	13,974	12,110
52,200	**52,250**	11,503	9,410	12,130	10,444	**55,200**	**55,250**	12,343	10,250	13,060	11,284	**58,200**	**58,250**	13,185	11,090	13,990	12,124
52,250	**52,300**	11,517	9,424	12,145	10,458	**55,250**	**55,300**	12,357	10,264	13,075	11,298	**58,250**	**58,300**	13,201	11,104	14,005	12,138
52,300	**52,350**	11,531	9,438	12,161	10,472	**55,300**	**55,350**	12,371	10,278	13,091	11,312	**58,300**	**58,350**	13,216	11,118	14,021	12,152
52,350	**52,400**	11,545	9,452	12,176	10,486	**55,350**	**55,400**	12,385	10,292	13,106	11,326	**58,350**	**58,400**	13,232	11,132	14,036	12,166
52,400	**52,450**	11,559	9,466	12,192	10,500	**55,400**	**55,450**	12,399	10,306	13,122	11,340	**58,400**	**58,450**	13,247	11,146	14,052	12,180
52,450	**52,500**	11,573	9,480	12,207	10,514	**55,450**	**55,500**	12,413	10,320	13,137	11,354	**58,450**	**58,500**	13,263	11,160	14,067	12,194
52,500	**52,550**	11,587	9,494	12,223	10,528	**55,500**	**55,550**	12,427	10,334	13,153	11,368	**58,500**	**58,550**	13,278	11,174	14,083	12,208
52,550	**52,600**	11,601	9,508	12,238	10,542	**55,550**	**55,600**	12,441	10,348	13,168	11,382	**58,550**	**58,600**	13,294	11,188	14,098	12,222
52,600	**52,650**	11,615	9,522	12,254	10,556	**55,600**	**55,650**	12,455	10,362	13,184	11,396	**58,600**	**58,650**	13,309	11,202	14,114	12,236
52,650	**52,700**	11,629	9,536	12,269	10,570	**55,650**	**55,700**	12,469	10,376	13,199	11,410	**58,650**	**58,700**	13,325	11,216	14,129	12,250
52,700	**52,750**	11,643	9,550	12,285	10,584	**55,700**	**55,750**	12,483	10,390	13,215	11,424	**58,700**	**58,750**	13,340	11,230	14,145	12,264
52,750	**52,800**	11,657	9,564	12,300	10,598	**55,750**	**55,800**	12,497	10,404	13,230	11,438	**58,750**	**58,800**	13,356	11,244	14,160	12,278
52,800	**52,850**	11,671	9,578	12,316	10,612	**55,800**	**55,850**	12,511	10,418	13,246	11,452	**58,800**	**58,850**	13,371	11,258	14,176	12,292
52,850	**52,900**	11,685	9,592	12,331	10,626	**55,850**	**55,900**	12,525	10,432	13,261	11,466	**58,850**	**58,900**	13,387	11,272	14,191	12,306
52,900	**52,950**	11,699	9,606	12,347	10,640	**55,900**	**55,950**	12,539	10,446	13,277	11,480	**58,900**	**58,950**	13,402	11,286	14,207	12,320
52,950	**53,000**	11,713	9,620	12,362	10,654	**55,950**	**56,000**	12,553	10,460	13,292	11,494	**58,950**	**59,000**	13,418	11,300	14,222	12,334

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
59,000						**62,000**						**65,000**					
59,000	**59,050**	13,433	11,314	14,238	12,348	**62,000**	**62,050**	14,363	12,154	15,168	13,188	**65,000**	**65,050**	15,293	12,994	16,098	14,028
59,050	**59,100**	13,449	11,328	14,253	12,362	**62,050**	**62,100**	14,379	12,168	15,183	13,202	**65,050**	**65,100**	15,309	13,008	16,113	14,042
59,100	**59,150**	13,464	11,342	14,269	12,376	**62,100**	**62,150**	14,394	12,182	15,199	13,216	**65,100**	**65,150**	15,324	13,022	16,129	14,056
59,150	**59,200**	13,480	11,356	14,284	12,390	**62,150**	**62,200**	14,410	12,196	15,214	13,230	**65,150**	**65,200**	15,340	13,036	16,144	14,070
59,200	**59,250**	13,495	11,370	14,300	12,404	**62,200**	**62,250**	14,425	12,210	15,230	13,244	**65,200**	**65,250**	15,355	13,050	16,160	14,084
59,250	**59,300**	13,511	11,384	14,315	12,418	**62,250**	**62,300**	14,441	12,224	15,245	13,258	**65,250**	**65,300**	15,371	13,064	16,175	14,098
59,300	**59,350**	13,526	11,398	14,331	12,432	**62,300**	**62,350**	14,456	12,238	15,261	13,272	**65,300**	**65,350**	15,386	13,078	16,191	14,112
59,350	**59,400**	13,542	11,412	14,346	12,446	**62,350**	**62,400**	14,472	12,252	15,276	13,286	**65,350**	**65,400**	15,402	13,092	16,206	14,126
59,400	**59,450**	13,557	11,426	14,362	12,460	**62,400**	**62,450**	14,487	12,266	15,292	13,300	**65,400**	**65,450**	15,417	13,106	16,222	14,140
59,450	**59,500**	13,573	11,440	14,377	12,474	**62,450**	**62,500**	14,503	12,280	15,307	13,314	**65,450**	**65,500**	15,433	13,120	16,237	14,154
59,500	**59,550**	13,588	11,454	14,393	12,488	**62,500**	**62,550**	14,518	12,294	15,323	13,328	**65,500**	**65,550**	15,448	13,134	16,253	14,168
59,550	**59,600**	13,604	11,468	14,408	12,502	**62,550**	**62,600**	14,534	12,308	15,338	13,342	**65,550**	**65,600**	15,464	13,148	16,268	14,182
59,600	**59,650**	13,619	11,482	14,424	12,516	**62,600**	**62,650**	14,549	12,322	15,354	13,356	**65,600**	**65,650**	15,479	13,162	16,284	14,196
59,650	**59,700**	13,635	11,496	14,439	12,530	**62,650**	**62,700**	14,565	12,336	15,369	13,370	**65,650**	**65,700**	15,495	13,176	16,299	14,210
59,700	**59,750**	13,650	11,510	14,455	12,544	**62,700**	**62,750**	14,580	12,350	15,385	13,384	**65,700**	**65,750**	15,510	13,190	16,315	14,224
59,750	**59,800**	13,666	11,524	14,470	12,558	**62,750**	**62,800**	14,596	12,364	15,400	13,398	**65,750**	**65,800**	15,526	13,204	16,330	14,238
59,800	**59,850**	13,681	11,538	14,486	12,572	**62,800**	**62,850**	14,611	12,378	15,416	13,412	**65,800**	**65,850**	15,541	13,218	16,346	14,252
59,850	**59,900**	13,697	11,552	14,501	12,586	**62,850**	**62,900**	14,627	12,392	15,431	13,426	**65,850**	**65,900**	15,557	13,232	16,361	14,266
59,900	**59,950**	13,712	11,566	14,517	12,600	**62,900**	**62,950**	14,642	12,406	15,447	13,440	**65,900**	**65,950**	15,572	13,246	16,377	14,280
59,950	**60,000**	13,728	11,580	14,532	12,614	**62,950**	**63,000**	14,658	12,420	15,462	13,454	**65,950**	**66,000**	15,588	13,260	16,392	14,294
60,000						**63,000**						**66,000**					
60,000	**60,050**	13,743	11,594	14,548	12,628	**63,000**	**63,050**	14,673	12,434	15,478	13,468	**66,000**	**66,050**	15,603	13,274	16,408	14,308
60,050	**60,100**	13,759	11,608	14,563	12,642	**63,050**	**63,100**	14,689	12,448	15,493	13,482	**66,050**	**66,100**	15,619	13,288	16,423	14,322
60,100	**60,150**	13,774	11,622	14,579	12,656	**63,100**	**63,150**	14,704	12,462	15,509	13,496	**66,100**	**66,150**	15,634	13,302	16,439	14,336
60,150	**60,200**	13,790	11,636	14,594	12,670	**63,150**	**63,200**	14,720	12,476	15,524	13,510	**66,150**	**66,200**	15,650	13,316	16,454	14,350
60,200	**60,250**	13,805	11,650	14,610	12,684	**63,200**	**63,250**	14,735	12,490	15,540	13,524	**66,200**	**66,250**	15,665	13,330	16,470	14,364
60,250	**60,300**	13,821	11,664	14,625	12,698	**63,250**	**63,300**	14,751	12,504	15,555	13,538	**66,250**	**66,300**	15,681	13,344	16,485	14,378
60,300	**60,350**	13,836	11,678	14,641	12,712	**63,300**	**63,350**	14,766	12,518	15,571	13,552	**66,300**	**66,350**	15,696	13,358	16,501	14,392
60,350	**60,400**	13,852	11,692	14,656	12,726	**63,350**	**63,400**	14,782	12,532	15,586	13,566	**66,350**	**66,400**	15,712	13,372	16,516	14,406
60,400	**60,450**	13,867	11,706	14,672	12,740	**63,400**	**63,450**	14,797	12,546	15,602	13,580	**66,400**	**66,450**	15,727	13,386	16,532	14,420
60,450	**60,500**	13,883	11,720	14,687	12,754	**63,450**	**63,500**	14,813	12,560	15,617	13,594	**66,450**	**66,500**	15,743	13,400	16,547	14,434
60,500	**60,550**	13,898	11,734	14,703	12,768	**63,500**	**63,550**	14,828	12,574	15,633	13,608	**66,500**	**66,550**	15,758	13,414	16,563	14,448
60,550	**60,600**	13,914	11,748	14,718	12,782	**63,550**	**63,600**	14,844	12,588	15,648	13,622	**66,550**	**66,600**	15,774	13,428	16,578	14,462
60,600	**60,650**	13,929	11,762	14,734	12,796	**63,600**	**63,650**	14,859	12,602	15,664	13,636	**66,600**	**66,650**	15,789	13,442	16,594	14,476
60,650	**60,700**	13,945	11,776	14,749	12,810	**63,650**	**63,700**	14,875	12,616	15,679	13,650	**66,650**	**66,700**	15,805	13,456	16,609	14,490
60,700	**60,750**	13,960	11,790	14,765	12,824	**63,700**	**63,750**	14,890	12,630	15,695	13,664	**66,700**	**66,750**	15,820	13,470	16,625	14,504
60,750	**60,800**	13,976	11,804	14,780	12,838	**63,750**	**63,800**	14,906	12,644	15,710	13,678	**66,750**	**66,800**	15,836	13,484	16,640	14,518
60,800	**60,850**	13,991	11,818	14,796	12,852	**63,800**	**63,850**	14,921	12,658	15,726	13,692	**66,800**	**66,850**	15,851	13,498	16,656	14,532
60,850	**60,900**	14,007	11,832	14,811	12,866	**63,850**	**63,900**	14,937	12,672	15,741	13,706	**66,850**	**66,900**	15,867	13,512	16,671	14,546
60,900	**60,950**	14,022	11,846	14,827	12,880	**63,900**	**63,950**	14,952	12,686	15,757	13,720	**66,900**	**66,950**	15,882	13,526	16,687	14,560
60,950	**61,000**	14,038	11,860	14,842	12,894	**63,950**	**64,000**	14,968	12,700	15,772	13,734	**66,950**	**67,000**	15,898	13,540	16,702	14,574
61,000						**64,000**						**67,000**					
61,000	**61,050**	14,053	11,874	14,858	12,908	**64,000**	**64,050**	14,983	12,714	15,788	13,748	**67,000**	**67,050**	15,913	13,554	16,718	14,588
61,050	**61,100**	14,069	11,888	14,873	12,922	**64,050**	**64,100**	14,999	12,728	15,803	13,762	**67,050**	**67,100**	15,929	13,568	16,733	14,602
61,100	**61,150**	14,084	11,902	14,889	12,936	**64,100**	**64,150**	15,014	12,742	15,819	13,776	**67,100**	**67,150**	15,944	13,582	16,749	14,616
61,150	**61,200**	14,100	11,916	14,904	12,950	**64,150**	**64,200**	15,030	12,756	15,834	13,790	**67,150**	**67,200**	15,960	13,596	16,764	14,630
61,200	**61,250**	14,115	11,930	14,920	12,964	**64,200**	**64,250**	15,045	12,770	15,850	13,804	**67,200**	**67,250**	15,975	13,610	16,780	14,644
61,250	**61,300**	14,131	11,944	14,935	12,978	**64,250**	**64,300**	15,061	12,784	15,865	13,818	**67,250**	**67,300**	15,991	13,624	16,795	14,658
61,300	**61,350**	14,146	11,958	14,951	12,992	**64,300**	**64,350**	15,076	12,798	15,881	13,832	**67,300**	**67,350**	16,006	13,638	16,811	14,672
61,350	**61,400**	14,162	11,972	14,966	13,006	**64,350**	**64,400**	15,092	12,812	15,896	13,846	**67,350**	**67,400**	16,022	13,652	16,826	14,686
61,400	**61,450**	14,177	11,986	14,982	13,020	**64,400**	**64,450**	15,107	12,826	15,912	13,860	**67,400**	**67,450**	16,037	13,666	16,842	14,700
61,450	**61,500**	14,193	12,000	14,997	13,034	**64,450**	**64,500**	15,123	12,840	15,927	13,874	**67,450**	**67,500**	16,053	13,680	16,857	14,714
61,500	**61,550**	14,208	12,014	15,013	13,048	**64,500**	**64,550**	15,138	12,854	15,943	13,888	**67,500**	**67,550**	16,068	13,694	16,873	14,728
61,550	**61,600**	14,224	12,028	15,028	13,062	**64,550**	**64,600**	15,154	12,868	15,958	13,902	**67,550**	**67,600**	16,084	13,708	16,888	14,742
61,600	**61,650**	14,239	12,042	15,044	13,076	**64,600**	**64,650**	15,169	12,882	15,974	13,916	**67,600**	**67,650**	16,099	13,722	16,904	14,756
61,650	**61,700**	14,255	12,056	15,059	13,090	**64,650**	**64,700**	15,185	12,896	15,989	13,930	**67,650**	**67,700**	16,115	13,736	16,919	14,770
61,700	**61,750**	14,270	12,070	15,075	13,104	**64,700**	**64,750**	15,200	12,910	16,005	13,944	**67,700**	**67,750**	16,130	13,750	16,935	14,784
61,750	**61,800**	14,286	12,084	15,090	13,118	**64,750**	**64,800**	15,216	12,924	16,020	13,958	**67,750**	**67,800**	16,146	13,764	16,950	14,798
61,800	**61,850**	14,301	12,098	15,106	13,132	**64,800**	**64,850**	15,231	12,938	16,036	13,972	**67,800**	**67,850**	16,161	13,778	16,966	14,812
61,850	**61,900**	14,317	12,112	15,121	13,146	**64,850**	**64,900**	15,247	12,952	16,051	13,986	**67,850**	**67,900**	16,177	13,792	16,981	14,826
61,900	**61,950**	14,332	12,126	15,137	13,160	**64,900**	**64,950**	15,262	12,966	16,067	14,000	**67,900**	**67,950**	16,192	13,806	16,997	14,840
61,950	**62,000**	14,348	12,140	15,152	13,174	**64,950**	**65,000**	15,278	12,980	16,082	14,014	**67,950**	**68,000**	16,208	13,820	17,012	14,854

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
68,000						**71,000**						**74,000**					
68,000	**68,050**	16,223	13,834	17,028	14,868	**71,000**	**71,050**	17,153	14,674	17,958	15,708	**74,000**	**74,050**	18,083	15,514	18,897	16,548
68,050	**68,100**	16,239	13,848	17,043	14,882	**71,050**	**71,100**	17,169	14,688	17,973	15,722	**74,050**	**74,100**	18,099	15,528	18,915	16,562
68,100	**68,150**	16,254	13,862	17,059	14,896	**71,100**	**71,150**	17,184	14,702	17,989	15,736	**74,100**	**74,150**	18,114	15,542	18,933	16,576
68,150	**68,200**	16,270	13,876	17,074	14,910	**71,150**	**71,200**	17,200	14,716	18,004	15,750	**74,150**	**74,200**	18,130	15,556	18,951	16,590
68,200	**68,250**	16,285	13,890	17,090	14,924	**71,200**	**71,250**	17,215	14,730	18,020	15,764	**74,200**	**74,250**	18,145	15,570	18,969	16,604
68,250	**68,300**	16,301	13,904	17,105	14,938	**71,250**	**71,300**	17,231	14,744	18,035	15,778	**74,250**	**74,300**	18,161	15,584	18,987	16,618
68,300	**68,350**	16,316	13,918	17,121	14,952	**71,300**	**71,350**	17,246	14,758	18,051	15,792	**74,300**	**74,350**	18,176	15,598	19,005	16,632
68,350	**68,400**	16,332	13,932	17,136	14,966	**71,350**	**71,400**	17,262	14,772	18,066	15,806	**74,350**	**74,400**	18,192	15,612	19,023	16,646
68,400	**68,450**	16,347	13,946	17,152	14,980	**71,400**	**71,450**	17,277	14,786	18,082	15,820	**74,400**	**74,450**	18,207	15,626	19,041	16,660
68,450	**68,500**	16,363	13,960	17,167	14,994	**71,450**	**71,500**	17,293	14,800	18,097	15,834	**74,450**	**74,500**	18,223	15,640	19,059	16,674
68,500	**68,550**	16,378	13,974	17,183	15,008	**71,500**	**71,550**	17,308	14,814	18,113	15,848	**74,500**	**74,550**	18,238	15,654	19,077	16,688
68,550	**68,600**	16,394	13,988	17,198	15,022	**71,550**	**71,600**	17,324	14,828	18,128	15,862	**74,550**	**74,600**	18,254	15,668	19,095	16,702
68,600	**68,650**	16,409	14,002	17,214	15,036	**71,600**	**71,650**	17,339	14,842	18,144	15,876	**74,600**	**74,650**	18,269	15,682	19,113	16,716
68,650	**68,700**	16,425	14,016	17,229	15,050	**71,650**	**71,700**	17,355	14,856	18,159	15,890	**74,650**	**74,700**	18,285	15,696	19,131	16,730
68,700	**68,750**	16,440	14,030	17,245	15,064	**71,700**	**71,750**	17,370	14,870	18,175	15,904	**74,700**	**74,750**	18,300	15,710	19,149	16,744
68,750	**68,800**	16,456	14,044	17,260	15,078	**71,750**	**71,800**	17,386	14,884	18,190	15,918	**74,750**	**74,800**	18,316	15,724	19,167	16,758
68,800	**68,850**	16,471	14,058	17,276	15,092	**71,800**	**71,850**	17,401	14,898	18,206	15,932	**74,800**	**74,850**	18,331	15,738	19,185	16,772
68,850	**68,900**	16,487	14,072	17,291	15,106	**71,850**	**71,900**	17,417	14,912	18,221	15,946	**74,850**	**74,900**	18,347	15,752	19,203	16,786
68,900	**68,950**	16,502	14,086	17,307	15,120	**71,900**	**71,950**	17,432	14,926	18,237	15,960	**74,900**	**74,950**	18,362	15,766	19,221	16,800
68,950	**69,000**	16,518	14,100	17,322	15,134	**71,950**	**72,000**	17,448	14,940	18,252	15,974	**74,950**	**75,000**	18,378	15,780	19,239	16,814
69,000						**72,000**						**75,000**					
69,000	**69,050**	16,533	14,114	17,338	15,148	**72,000**	**72,050**	17,463	14,954	18,268	15,988	**75,000**	**75,050**	18,393	15,794	19,257	16,828
69,050	**69,100**	16,549	14,128	17,353	15,162	**72,050**	**72,100**	17,479	14,968	18,283	16,002	**75,050**	**75,100**	18,409	15,808	19,275	16,842
69,100	**69,150**	16,564	14,142	17,369	15,176	**72,100**	**72,150**	17,494	14,982	18,299	16,016	**75,100**	**75,150**	18,424	15,822	19,293	16,856
69,150	**69,200**	16,580	14,156	17,384	15,190	**72,150**	**72,200**	17,510	14,996	18,314	16,030	**75,150**	**75,200**	18,440	15,836	19,311	16,870
69,200	**69,250**	16,595	14,170	17,400	15,204	**72,200**	**72,250**	17,525	15,010	18,330	16,044	**75,200**	**75,250**	18,455	15,850	19,329	16,884
69,250	**69,300**	16,611	14,184	17,415	15,218	**72,250**	**72,300**	17,541	15,024	18,345	16,058	**75,250**	**75,300**	18,471	15,864	19,347	16,898
69,300	**69,350**	16,626	14,198	17,431	15,232	**72,300**	**72,350**	17,556	15,038	18,361	16,072	**75,300**	**75,350**	18,486	15,878	19,365	16,912
69,350	**69,400**	16,642	14,212	17,446	15,246	**72,350**	**72,400**	17,572	15,052	18,376	16,086	**75,350**	**75,400**	18,502	15,892	19,383	16,926
69,400	**69,450**	16,657	14,226	17,462	15,260	**72,400**	**72,450**	17,587	15,066	18,392	16,100	**75,400**	**75,450**	18,517	15,906	19,401	16,940
69,450	**69,500**	16,673	14,240	17,477	15,274	**72,450**	**72,500**	17,603	15,080	18,407	16,114	**75,450**	**75,500**	18,533	15,920	19,419	16,954
69,500	**69,550**	16,688	14,254	17,493	15,288	**72,500**	**72,550**	17,618	15,094	18,423	16,128	**75,500**	**75,550**	18,548	15,934	19,437	16,968
69,550	**69,600**	16,704	14,268	17,508	15,302	**72,550**	**72,600**	17,634	15,108	18,438	16,142	**75,550**	**75,600**	18,564	15,948	19,455	16,982
69,600	**69,650**	16,719	14,282	17,524	15,316	**72,600**	**72,650**	17,649	15,122	18,454	16,156	**75,600**	**75,650**	18,579	15,962	19,473	16,996
69,650	**69,700**	16,735	14,296	17,539	15,330	**72,650**	**72,700**	17,665	15,136	18,469	16,170	**75,650**	**75,700**	18,595	15,976	19,491	17,010
69,700	**69,750**	16,750	14,310	17,555	15,344	**72,700**	**72,750**	17,680	15,150	18,485	16,184	**75,700**	**75,750**	18,610	15,990	19,509	17,024
69,750	**69,800**	16,766	14,324	17,570	15,358	**72,750**	**72,800**	17,696	15,164	18,500	16,198	**75,750**	**75,800**	18,626	16,004	19,527	17,038
69,800	**69,850**	16,781	14,338	17,586	15,372	**72,800**	**72,850**	17,711	15,178	18,516	16,212	**75,800**	**75,850**	18,641	16,018	19,545	17,052
69,850	**69,900**	16,797	14,352	17,601	15,386	**72,850**	**72,900**	17,727	15,192	18,531	16,226	**75,850**	**75,900**	18,657	16,032	19,563	17,066
69,900	**69,950**	16,812	14,366	17,617	15,400	**72,900**	**72,950**	17,742	15,206	18,547	16,240	**75,900**	**75,950**	18,672	16,046	19,581	17,080
69,950	**70,000**	16,828	14,380	17,632	15,414	**72,950**	**73,000**	17,758	15,220	18,562	16,254	**75,950**	**76,000**	18,688	16,060	19,599	17,094
70,000						**73,000**						**76,000**					
70,000	**70,050**	16,843	14,394	17,648	15,428	**73,000**	**73,050**	17,773	15,234	18,578	16,268	**76,000**	**76,050**	18,703	16,074	19,617	17,108
70,050	**70,100**	16,859	14,408	17,663	15,442	**73,050**	**73,100**	17,789	15,248	18,593	16,282	**76,050**	**76,100**	18,719	16,088	19,635	17,122
70,100	**70,150**	16,874	14,422	17,679	15,456	**73,100**	**73,150**	17,804	15,262	18,609	16,296	**76,100**	**76,150**	18,734	16,102	19,653	17,136
70,150	**70,200**	16,890	14,436	17,694	15,470	**73,150**	**73,200**	17,820	15,276	18,624	16,310	**76,150**	**76,200**	18,750	16,116	19,671	17,150
70,200	**70,250**	16,905	14,450	17,710	15,484	**73,200**	**73,250**	17,835	15,290	18,640	16,324	**76,200**	**76,250**	18,765	16,130	19,689	17,164
70,250	**70,300**	16,921	14,464	17,725	15,498	**73,250**	**73,300**	17,851	15,304	18,655	16,338	**76,250**	**76,300**	18,781	16,144	19,707	17,178
70,300	**70,350**	16,936	14,478	17,741	15,512	**73,300**	**73,350**	17,866	15,318	18,671	16,352	**76,300**	**76,350**	18,796	16,158	19,725	17,192
70,350	**70,400**	16,952	14,492	17,756	15,526	**73,350**	**73,400**	17,882	15,332	18,686	16,366	**76,350**	**76,400**	18,812	16,172	19,743	17,206
70,400	**70,450**	16,967	14,506	17,772	15,540	**73,400**	**73,450**	17,897	15,346	18,702	16,380	**76,400**	**76,450**	18,827	16,186	19,761	17,220
70,450	**70,500**	16,983	14,520	17,787	15,554	**73,450**	**73,500**	17,913	15,360	18,717	16,394	**76,450**	**76,500**	18,843	16,200	19,779	17,234
70,500	**70,550**	16,998	14,534	17,803	15,568	**73,500**	**73,550**	17,928	15,374	18,733	16,408	**76,500**	**76,550**	18,858	16,214	19,797	17,248
70,550	**70,600**	17,014	14,548	17,818	15,582	**73,550**	**73,600**	17,944	15,388	18,748	16,422	**76,550**	**76,600**	18,874	16,228	19,815	17,262
70,600	**70,650**	17,029	14,562	17,834	15,596	**73,600**	**73,650**	17,959	15,402	18,764	16,436	**76,600**	**76,650**	18,889	16,242	19,833	17,276
70,650	**70,700**	17,045	14,576	17,849	15,610	**73,650**	**73,700**	17,975	15,416	18,779	16,450	**76,650**	**76,700**	18,905	16,256	19,851	17,290
70,700	**70,750**	17,060	14,590	17,865	15,624	**73,700**	**73,750**	17,990	15,430	18,795	16,464	**76,700**	**76,750**	18,920	16,270	19,869	17,304
70,750	**70,800**	17,076	14,604	17,880	15,638	**73,750**	**73,800**	18,006	15,444	18,810	16,478	**76,750**	**76,800**	18,936	16,284	19,887	17,318
70,800	**70,850**	17,091	14,618	17,896	15,652	**73,800**	**73,850**	18,021	15,458	18,826	16,492	**76,800**	**76,850**	18,951	16,298	19,905	17,332
70,850	**70,900**	17,107	14,632	17,911	15,666	**73,850**	**73,900**	18,037	15,472	18,843	16,506	**76,850**	**76,900**	18,967	16,312	19,923	17,346
70,900	**70,950**	17,122	14,646	17,927	15,680	**73,900**	**73,950**	18,052	15,486	18,861	16,520	**76,900**	**76,950**	18,982	16,326	19,941	17,360
70,950	**71,000**	17,138	14,660	17,942	15,694	**73,950**	**74,000**	18,068	15,500	18,879	16,534	**76,950**	**77,000**	18,998	16,340	19,959	17,374

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
77,000						**80,000**						**83,000**					
77,000	**77,050**	19,013	16,354	19,977	17,388	**80,000**	**80,050**	19,943	17,194	21,057	18,228	**83,000**	**83,050**	20,873	18,034	22,137	19,068
77,050	**77,100**	19,029	16,368	19,995	17,402	**80,050**	**80,100**	19,959	17,208	21,075	18,242	**83,050**	**83,100**	20,889	18,048	22,155	19,082
77,100	**77,150**	19,044	16,382	20,013	17,416	**80,100**	**80,150**	19,974	17,222	21,093	18,256	**83,100**	**83,150**	20,904	18,062	22,173	19,098
77,150	**77,200**	19,060	16,396	20,031	17,430	**80,150**	**80,200**	19,990	17,236	21,111	18,270	**83,150**	**83,200**	20,920	18,076	22,191	19,113
77,200	**77,250**	19,075	16,410	20,049	17,444	**80,200**	**80,250**	20,005	17,250	21,129	18,284	**83,200**	**83,250**	20,935	18,090	22,209	19,129
77,250	**77,300**	19,091	16,424	20,067	17,458	**80,250**	**80,300**	20,021	17,264	21,147	18,298	**83,250**	**83,300**	20,951	18,104	22,227	19,144
77,300	**77,350**	19,106	16,438	20,085	17,472	**80,300**	**80,350**	20,036	17,278	21,165	18,312	**83,300**	**83,350**	20,966	18,118	22,245	19,160
77,350	**77,400**	19,122	16,452	20,103	17,486	**80,350**	**80,400**	20,052	17,292	21,183	18,326	**83,350**	**83,400**	20,982	18,132	22,263	19,175
77,400	**77,450**	19,137	16,466	20,121	17,500	**80,400**	**80,450**	20,067	17,306	21,201	18,340	**83,400**	**83,450**	20,997	18,146	22,281	19,191
77,450	**77,500**	19,153	16,480	20,139	17,514	**80,450**	**80,500**	20,083	17,320	21,219	18,354	**83,450**	**83,500**	21,013	18,160	22,299	19,206
77,500	**77,550**	19,168	16,494	20,157	17,528	**80,500**	**80,550**	20,098	17,334	21,237	18,368	**83,500**	**83,550**	21,028	18,174	22,317	19,222
77,550	**77,600**	19,184	16,508	20,175	17,542	**80,550**	**80,600**	20,114	17,348	21,255	18,382	**83,550**	**83,600**	21,044	18,188	22,335	19,237
77,600	**77,650**	19,199	16,522	20,193	17,556	**80,600**	**80,650**	20,129	17,362	21,273	18,396	**83,600**	**83,650**	21,059	18,202	22,353	19,253
77,650	**77,700**	19,215	16,536	20,211	17,570	**80,650**	**80,700**	20,145	17,376	21,291	18,410	**83,650**	**83,700**	21,075	18,216	22,371	19,268
77,700	**77,750**	19,230	16,550	20,229	17,584	**80,700**	**80,750**	20,160	17,390	21,309	18,424	**83,700**	**83,750**	21,090	18,230	22,389	19,284
77,750	**77,800**	19,246	16,564	20,247	17,598	**80,750**	**80,800**	20,176	17,404	21,327	18,438	**83,750**	**83,800**	21,106	18,244	22,407	19,299
77,800	**77,850**	19,261	16,578	20,265	17,612	**80,800**	**80,850**	20,191	17,418	21,345	18,452	**83,800**	**83,850**	21,121	18,258	22,425	19,315
77,850	**77,900**	19,277	16,592	20,283	17,626	**80,850**	**80,900**	20,207	17,432	21,363	18,466	**83,850**	**83,900**	21,137	18,272	22,443	19,330
77,900	**77,950**	19,292	16,606	20,301	17,640	**80,900**	**80,950**	20,222	17,446	21,381	18,480	**83,900**	**83,950**	21,152	18,286	22,461	19,346
77,950	**78,000**	19,308	16,620	20,319	17,654	**80,950**	**81,000**	20,238	17,460	21,399	18,494	**83,950**	**84,000**	21,168	18,300	22,479	19,361
78,000						**81,000**						**84,000**					
78,000	**78,050**	19,323	16,634	20,337	17,668	**81,000**	**81,050**	20,253	17,474	21,417	18,508	**84,000**	**84,050**	21,183	18,314	22,497	19,377
78,050	**78,100**	19,339	16,648	20,355	17,682	**81,050**	**81,100**	20,269	17,488	21,435	18,522	**84,050**	**84,100**	21,199	18,328	22,515	19,392
78,100	**78,150**	19,354	16,662	20,373	17,696	**81,100**	**81,150**	20,284	17,502	21,453	18,536	**84,100**	**84,150**	21,214	18,342	22,533	19,408
78,150	**78,200**	19,370	16,676	20,391	17,710	**81,150**	**81,200**	20,300	17,516	21,471	18,550	**84,150**	**84,200**	21,230	18,356	22,551	19,423
78,200	**78,250**	19,385	16,690	20,409	17,724	**81,200**	**81,250**	20,315	17,530	21,489	18,564	**84,200**	**84,250**	21,245	18,370	22,569	19,439
78,250	**78,300**	19,401	16,704	20,427	17,738	**81,250**	**81,300**	20,331	17,544	21,507	18,578	**84,250**	**84,300**	21,261	18,384	22,587	19,454
78,300	**78,350**	19,416	16,718	20,445	17,752	**81,300**	**81,350**	20,346	17,558	21,525	18,592	**84,300**	**84,350**	21,276	18,398	22,605	19,470
78,350	**78,400**	19,432	16,732	20,463	17,766	**81,350**	**81,400**	20,362	17,572	21,543	18,606	**84,350**	**84,400**	21,292	18,412	22,623	19,485
78,400	**78,450**	19,447	16,746	20,481	17,780	**81,400**	**81,450**	20,377	17,586	21,561	18,620	**84,400**	**84,450**	21,307	18,426	22,641	19,501
78,450	**78,500**	19,463	16,760	20,499	17,794	**81,450**	**81,500**	20,393	17,600	21,579	18,634	**84,450**	**84,500**	21,323	18,440	22,659	19,516
78,500	**78,550**	19,478	16,774	20,517	17,808	**81,500**	**81,550**	20,408	17,614	21,597	18,648	**84,500**	**84,550**	21,338	18,454	22,677	19,532
78,550	**78,600**	19,494	16,788	20,535	17,822	**81,550**	**81,600**	20,424	17,628	21,615	18,662	**84,550**	**84,600**	21,354	18,468	22,695	19,547
78,600	**78,650**	19,509	16,802	20,553	17,836	**81,600**	**81,650**	20,439	17,642	21,633	18,676	**84,600**	**84,650**	21,369	18,482	22,713	19,563
78,650	**78,700**	19,525	16,816	20,571	17,850	**81,650**	**81,700**	20,455	17,656	21,651	18,690	**84,650**	**84,700**	21,385	18,496	22,731	19,578
78,700	**78,750**	19,540	16,830	20,589	17,864	**81,700**	**81,750**	20,470	17,670	21,669	18,704	**84,700**	**84,750**	21,400	18,510	22,749	19,594
78,750	**78,800**	19,556	16,844	20,607	17,878	**81,750**	**81,800**	20,486	17,684	21,687	18,718	**84,750**	**84,800**	21,416	18,524	22,767	19,609
78,800	**78,850**	19,571	16,858	20,625	17,892	**81,800**	**81,850**	20,501	17,698	21,705	18,732	**84,800**	**84,850**	21,431	18,538	22,785	19,625
78,850	**78,900**	19,587	16,872	20,643	17,906	**81,850**	**81,900**	20,517	17,712	21,723	18,746	**84,850**	**84,900**	21,447	18,552	22,803	19,640
78,900	**78,950**	19,602	16,886	20,661	17,920	**81,900**	**81,950**	20,532	17,726	21,741	18,760	**84,900**	**84,950**	21,462	18,566	22,821	19,656
78,950	**79,000**	19,618	16,900	20,679	17,934	**81,950**	**82,000**	20,548	17,740	21,759	18,774	**84,950**	**85,000**	21,478	18,580	22,839	19,671
79,000						**82,000**						**85,000**					
79,000	**79,050**	19,633	16,914	20,697	17,948	**82,000**	**82,050**	20,563	17,754	21,777	18,788	**85,000**	**85,050**	21,493	18,594	22,857	19,687
79,050	**79,100**	19,649	16,928	20,715	17,962	**82,050**	**82,100**	20,579	17,768	21,795	18,802	**85,050**	**85,100**	21,509	18,608	22,875	19,702
79,100	**79,150**	19,664	16,942	20,733	17,976	**82,100**	**82,150**	20,594	17,782	21,813	18,816	**85,100**	**85,150**	21,524	18,622	22,893	19,718
79,150	**79,200**	19,680	16,956	20,751	17,990	**82,150**	**82,200**	20,610	17,796	21,831	18,830	**85,150**	**85,200**	21,540	18,636	22,911	19,733
79,200	**79,250**	19,695	16,970	20,769	18,004	**82,200**	**82,250**	20,625	17,810	21,849	18,844	**85,200**	**85,250**	21,555	18,650	22,929	19,749
79,250	**79,300**	19,711	16,984	20,787	18,018	**82,250**	**82,300**	20,641	17,824	21,867	18,858	**85,250**	**85,300**	21,571	18,664	22,947	19,764
79,300	**79,350**	19,726	16,998	20,805	18,032	**82,300**	**82,350**	20,656	17,838	21,885	18,872	**85,300**	**85,350**	21,586	18,678	22,965	19,780
79,350	**79,400**	19,742	17,012	20,823	18,046	**82,350**	**82,400**	20,672	17,852	21,903	18,886	**85,350**	**85,400**	21,602	18,692	22,983	19,795
79,400	**79,450**	19,757	17,026	20,841	18,060	**82,400**	**82,450**	20,687	17,866	21,921	18,900	**85,400**	**85,450**	21,617	18,706	23,001	19,811
79,450	**79,500**	19,773	17,040	20,859	18,074	**82,450**	**82,500**	20,703	17,880	21,939	18,914	**85,450**	**85,500**	21,633	18,720	23,019	19,826
79,500	**79,550**	19,788	17,054	20,877	18,088	**82,500**	**82,550**	20,718	17,894	21,957	18,928	**85,500**	**85,550**	21,648	18,734	23,037	19,842
79,550	**79,600**	19,804	17,068	20,895	18,102	**82,550**	**82,600**	20,734	17,908	21,975	18,942	**85,550**	**85,600**	21,664	18,748	23,055	19,857
79,600	**79,650**	19,819	17,082	20,913	18,116	**82,600**	**82,650**	20,749	17,922	21,993	18,956	**85,600**	**85,650**	21,679	18,762	23,073	19,873
79,650	**79,700**	19,835	17,096	20,931	18,130	**82,650**	**82,700**	20,765	17,936	22,011	18,970	**85,650**	**85,700**	21,695	18,776	23,091	19,888
79,700	**79,750**	19,850	17,110	20,949	18,144	**82,700**	**82,750**	20,780	17,950	22,029	18,984	**85,700**	**85,750**	21,710	18,790	23,109	19,904
79,750	**79,800**	19,866	17,124	20,967	18,158	**82,750**	**82,800**	20,796	17,964	22,047	18,998	**85,750**	**85,800**	21,726	18,804	23,127	19,919
79,800	**79,850**	19,881	17,138	20,985	18,172	**82,800**	**82,850**	20,811	17,978	22,065	19,012	**85,800**	**85,850**	21,741	18,818	23,145	19,935
79,850	**79,900**	19,897	17,152	21,003	18,186	**82,850**	**82,900**	20,827	17,992	22,083	19,026	**85,850**	**85,900**	21,757	18,832	23,163	19,950
79,900	**79,950**	19,912	17,166	21,021	18,200	**82,900**	**82,950**	20,842	18,006	22,101	19,040	**85,900**	**85,950**	21,772	18,846	23,181	19,966
79,950	**80,000**	19,928	17,180	21,039	18,214	**82,950**	**83,000**	20,858	18,020	22,119	19,054	**85,950**	**86,000**	21,788	18,860	23,199	19,981

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
86,000						**89,000**						**92,000**					
86,000	**86,050**	21,803	18,874	23,217	19,997	**89,000**	**89,050**	22,733	19,714	24,297	20,927	**92,000**	**92,050**	23,663	20,554	25,377	21,857
86,050	**86,100**	21,819	18,888	23,235	20,012	**89,050**	**89,100**	22,749	19,728	24,315	20,942	**92,050**	**92,100**	23,679	20,568	25,395	21,872
86,100	**86,150**	21,834	18,902	23,253	20,028	**89,100**	**89,150**	22,764	19,742	24,333	20,958	**92,100**	**92,150**	23,694	20,582	25,413	21,888
86,150	**86,200**	21,850	18,916	23,271	20,043	**89,150**	**89,200**	22,780	19,756	24,351	20,973	**92,150**	**92,200**	23,710	20,596	25,431	21,903
86,200	**86,250**	21,865	18,930	23,289	20,059	**89,200**	**89,250**	22,795	19,770	24,369	20,989	**92,200**	**92,250**	23,725	20,610	25,449	21,919
86,250	**86,300**	21,881	18,944	23,307	20,074	**89,250**	**89,300**	22,811	19,784	24,387	21,004	**92,250**	**92,300**	23,741	20,624	25,467	21,934
86,300	**86,350**	21,896	18,958	23,325	20,090	**89,300**	**89,350**	22,826	19,798	24,405	21,020	**92,300**	**92,350**	23,756	20,638	25,485	21,950
86,350	**86,400**	21,912	18,972	23,343	20,105	**89,350**	**89,400**	22,842	19,812	24,423	21,035	**92,350**	**92,400**	23,772	20,652	25,503	21,965
86,400	**86,450**	21,927	18,986	23,361	20,121	**89,400**	**89,450**	22,857	19,826	24,441	21,051	**92,400**	**92,450**	23,787	20,666	25,521	21,981
86,450	**86,500**	21,943	19,000	23,379	20,136	**89,450**	**89,500**	22,873	19,840	24,459	21,066	**92,450**	**92,500**	23,803	20,680	25,539	21,996
86,500	**86,550**	21,958	19,014	23,397	20,152	**89,500**	**89,550**	22,888	19,854	24,477	21,082	**92,500**	**92,550**	23,818	20,694	25,557	22,012
86,550	**86,600**	21,974	19,028	23,415	20,167	**89,550**	**89,600**	22,904	19,868	24,495	21,097	**92,550**	**92,600**	23,834	20,708	25,575	22,027
86,600	**86,650**	21,989	19,042	23,433	20,183	**89,600**	**89,650**	22,919	19,882	24,513	21,113	**92,600**	**92,650**	23,849	20,722	25,593	22,043
86,650	**86,700**	22,005	19,056	23,451	20,198	**89,650**	**89,700**	22,935	19,896	24,531	21,128	**92,650**	**92,700**	23,865	20,736	25,611	22,058
86,700	**86,750**	22,020	19,070	23,469	20,214	**89,700**	**89,750**	22,950	19,910	24,549	21,144	**92,700**	**92,750**	23,880	20,750	25,629	22,074
86,750	**86,800**	22,036	19,084	23,487	20,229	**89,750**	**89,800**	22,966	19,924	24,567	21,159	**92,750**	**92,800**	23,896	20,764	25,647	22,089
86,800	**86,850**	22,051	19,098	23,505	20,245	**89,800**	**89,850**	22,981	19,938	24,585	21,175	**92,800**	**92,850**	23,911	20,778	25,665	22,105
86,850	**86,900**	22,067	19,112	23,523	20,260	**89,850**	**89,900**	22,997	19,952	24,603	21,190	**92,850**	**92,900**	23,927	20,792	25,683	22,120
86,900	**86,950**	22,082	19,126	23,541	20,276	**89,900**	**89,950**	23,012	19,966	24,621	21,206	**92,900**	**92,950**	23,942	20,806	25,701	22,136
86,950	**87,000**	22,098	19,140	23,559	20,291	**89,950**	**90,000**	23,028	19,980	24,639	21,221	**92,950**	**93,000**	23,958	20,820	25,719	22,151
87,000						**90,000**						**93,000**					
87,000	**87,050**	22,113	19,154	23,577	20,307	**90,000**	**90,050**	23,043	19,994	24,657	21,237	**93,000**	**93,050**	23,973	20,834	25,737	22,167
87,050	**87,100**	22,129	19,168	23,595	20,322	**90,050**	**90,100**	23,059	20,008	24,675	21,252	**93,050**	**93,100**	23,989	20,848	25,755	22,182
87,100	**87,150**	22,144	19,182	23,613	20,338	**90,100**	**90,150**	23,074	20,022	24,693	21,268	**93,100**	**93,150**	24,004	20,862	25,773	22,198
87,150	**87,200**	22,160	19,196	23,631	20,353	**90,150**	**90,200**	23,090	20,036	24,711	21,283	**93,150**	**93,200**	24,020	20,876	25,791	22,213
87,200	**87,250**	22,175	19,210	23,649	20,369	**90,200**	**90,250**	23,105	20,050	24,729	21,299	**93,200**	**93,250**	24,035	20,890	25,809	22,229
87,250	**87,300**	22,191	19,224	23,667	20,384	**90,250**	**90,300**	23,121	20,064	24,747	21,314	**93,250**	**93,300**	24,051	20,904	25,827	22,244
87,300	**87,350**	22,206	19,238	23,685	20,400	**90,300**	**90,350**	23,136	20,078	24,765	21,330	**93,300**	**93,350**	24,066	20,918	25,845	22,260
87,350	**87,400**	22,222	19,252	23,703	20,415	**90,350**	**90,400**	23,152	20,092	24,783	21,345	**93,350**	**93,400**	24,082	20,932	25,863	22,275
87,400	**87,450**	22,237	19,266	23,721	20,431	**90,400**	**90,450**	23,167	20,106	24,801	21,361	**93,400**	**93,450**	24,097	20,946	25,881	22,291
87,450	**87,500**	22,253	19,280	23,739	20,446	**90,450**	**90,500**	23,183	20,120	24,819	21,376	**93,450**	**93,500**	24,113	20,960	25,899	22,306
87,500	**87,550**	22,268	19,294	23,757	20,462	**90,500**	**90,550**	23,198	20,134	24,837	21,392	**93,500**	**93,550**	24,128	20,974	25,917	22,322
87,550	**87,600**	22,284	19,308	23,775	20,477	**90,550**	**90,600**	23,214	20,148	24,855	21,407	**93,550**	**93,600**	24,144	20,988	25,935	22,337
87,600	**87,650**	22,299	19,322	23,793	20,493	**90,600**	**90,650**	23,229	20,162	24,873	21,423	**93,600**	**93,650**	24,159	21,002	25,953	22,353
87,650	**87,700**	22,315	19,336	23,811	20,508	**90,650**	**90,700**	23,245	20,176	24,891	21,438	**93,650**	**93,700**	24,175	21,016	25,971	22,368
87,700	**87,750**	22,330	19,350	23,829	20,524	**90,700**	**90,750**	23,260	20,190	24,909	21,454	**93,700**	**93,750**	24,190	21,030	25,989	22,384
87,750	**87,800**	22,346	19,364	23,847	20,539	**90,750**	**90,800**	23,276	20,204	24,927	21,469	**93,750**	**93,800**	24,206	21,044	26,007	22,399
87,800	**87,850**	22,361	19,378	23,865	20,555	**90,800**	**90,850**	23,291	20,218	24,945	21,485	**93,800**	**93,850**	24,221	21,058	26,025	22,415
87,850	**87,900**	22,377	19,392	23,883	20,570	**90,850**	**90,900**	23,307	20,232	24,963	21,500	**93,850**	**93,900**	24,237	21,072	26,043	22,430
87,900	**87,950**	22,392	19,406	23,901	20,586	**90,900**	**90,950**	23,322	20,246	24,981	21,516	**93,900**	**93,950**	24,252	21,086	26,061	22,446
87,950	**88,000**	22,408	19,420	23,919	20,601	**90,950**	**91,000**	23,338	20,260	24,999	21,531	**93,950**	**94,000**	24,268	21,100	26,079	22,461
88,000						**91,000**						**94,000**					
88,000	**88,050**	22,423	19,434	23,937	20,617	**91,000**	**91,050**	23,353	20,274	25,017	21,547	**94,000**	**94,050**	24,283	21,114	26,097	22,477
88,050	**88,100**	22,439	19,448	23,955	20,632	**91,050**	**91,100**	23,369	20,288	25,035	21,562	**94,050**	**94,100**	24,299	21,128	26,115	22,492
88,100	**88,150**	22,454	19,462	23,973	20,648	**91,100**	**91,150**	23,384	20,302	25,053	21,578	**94,100**	**94,150**	24,314	21,142	26,133	22,508
88,150	**88,200**	22,470	19,476	23,991	20,663	**91,150**	**91,200**	23,400	20,316	25,071	21,593	**94,150**	**94,200**	24,330	21,156	26,151	22,523
88,200	**88,250**	22,485	19,490	24,009	20,679	**91,200**	**91,250**	23,415	20,330	25,089	21,609	**94,200**	**94,250**	24,345	21,170	26,169	22,539
88,250	**88,300**	22,501	19,504	24,027	20,694	**91,250**	**91,300**	23,431	20,344	25,107	21,624	**94,250**	**94,300**	24,361	21,184	26,187	22,554
88,300	**88,350**	22,516	19,518	24,045	20,710	**91,300**	**91,350**	23,446	20,358	25,125	21,640	**94,300**	**94,350**	24,376	21,198	26,205	22,570
88,350	**88,400**	22,532	19,532	24,063	20,725	**91,350**	**91,400**	23,462	20,372	25,143	21,655	**94,350**	**94,400**	24,392	21,212	26,223	22,585
88,400	**88,450**	22,547	19,546	24,081	20,741	**91,400**	**91,450**	23,477	20,386	25,161	21,671	**94,400**	**94,450**	24,407	21,226	26,241	22,601
88,450	**88,500**	22,563	19,560	24,099	20,756	**91,450**	**91,500**	23,493	20,400	25,179	21,686	**94,450**	**94,500**	24,423	21,240	26,259	22,616
88,500	**88,550**	22,578	19,574	24,117	20,772	**91,500**	**91,550**	23,508	20,414	25,197	21,702	**94,500**	**94,550**	24,438	21,254	26,277	22,632
88,550	**88,600**	22,594	19,588	24,135	20,787	**91,550**	**91,600**	23,524	20,428	25,215	21,717	**94,550**	**94,600**	24,454	21,268	26,295	22,647
88,600	**88,650**	22,609	19,602	24,153	20,803	**91,600**	**91,650**	23,539	20,442	25,233	21,733	**94,600**	**94,650**	24,469	21,282	26,313	22,663
88,650	**88,700**	22,625	19,616	24,171	20,818	**91,650**	**91,700**	23,555	20,456	25,251	21,748	**94,650**	**94,700**	24,485	21,296	26,331	22,678
88,700	**88,750**	22,640	19,630	24,189	20,834	**91,700**	**91,750**	23,570	20,470	25,269	21,764	**94,700**	**94,750**	24,500	21,310	26,349	22,694
88,750	**88,800**	22,656	19,644	24,207	20,849	**91,750**	**91,800**	23,586	20,484	25,287	21,779	**94,750**	**94,800**	24,516	21,324	26,367	22,709
88,800	**88,850**	22,671	19,658	24,225	20,865	**91,800**	**91,850**	23,601	20,498	25,305	21,795	**94,800**	**94,850**	24,531	21,338	26,385	22,725
88,850	**88,900**	22,687	19,672	24,243	20,880	**91,850**	**91,900**	23,617	20,512	25,323	21,810	**94,850**	**94,900**	24,547	21,352	26,403	22,740
88,900	**88,950**	22,702	19,686	24,261	20,896	**91,900**	**91,950**	23,632	20,526	25,341	21,826	**94,900**	**94,950**	24,562	21,366	26,421	22,756
88,950	**89,000**	22,718	19,700	24,279	20,911	**91,950**	**92,000**	23,648	20,540	25,359	21,841	**94,950**	**95,000**	24,578	21,380	26,439	22,771

* This column must also be used by a qualifying widow(er).

Continued on next page

If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
95,000					
95,000	**95,050**	24,593	21,394	26,457	22,787
95,050	**95,100**	24,609	21,408	26,475	22,802
95,100	**95,150**	24,624	21,422	26,493	22,818
95,150	**95,200**	24,640	21,436	26,511	22,833
95,200	**95,250**	24,655	21,450	26,529	22,849
95,250	**95,300**	24,671	21,464	26,547	22,864
95,300	**95,350**	24,686	21,478	26,565	22,880
95,350	**95,400**	24,702	21,492	26,583	22,895
95,400	**95,450**	24,717	21,506	26,601	22,911
95,450	**95,500**	24,733	21,520	26,619	22,926
95,500	**95,550**	24,748	21,534	26,637	22,942
95,550	**95,600**	24,764	21,548	26,655	22,957
95,600	**95,650**	24,779	21,562	26,673	22,973
95,650	**95,700**	24,795	21,576	26,691	22,988
95,700	**95,750**	24,810	21,590	26,709	23,004
95,750	**95,800**	24,826	21,604	26,727	23,019
95,800	**95,850**	24,841	21,618	26,745	23,035
95,850	**95,900**	24,857	21,632	26,763	23,050
95,900	**95,950**	24,872	21,646	26,781	23,066
95,950	**96,000**	24,888	21,660	26,799	23,081
96,000					
96,000	**96,050**	24,903	21,674	26,817	23,097
96,050	**96,100**	24,919	21,688	26,835	23,112
96,100	**96,150**	24,934	21,702	26,853	23,128
96,150	**96,200**	24,950	21,716	26,871	23,143
96,200	**96,250**	24,965	21,730	26,889	23,159
96,250	**96,300**	24,981	21,744	26,907	23,174
96,300	**96,350**	24,996	21,758	26,925	23,190
96,350	**96,400**	25,012	21,772	26,943	23,205
96,400	**96,450**	25,027	21,786	26,961	23,221
96,450	**96,500**	25,043	21,800	26,979	23,236
96,500	**96,550**	25,058	21,814	26,997	23,252
96,550	**96,600**	25,074	21,828	27,015	23,267
96,600	**96,650**	25,089	21,842	27,033	23,283
96,650	**96,700**	25,105	21,856	27,051	23,298
96,700	**96,750**	25,120	21,870	27,069	23,314
96,750	**96,800**	25,136	21,884	27,087	23,329
96,800	**96,850**	25,151	21,898	27,105	23,345
96,850	**96,900**	25,167	21,912	27,123	23,360
96,900	**96,950**	25,182	21,927	27,141	23,376
96,950	**97,000**	25,198	21,942	27,159	23,391
97,000					
97,000	**97,050**	25,213	21,958	27,177	23,407
97,050	**97,100**	25,229	21,973	27,195	23,422
97,100	**97,150**	25,244	21,989	27,213	23,438
97,150	**97,200**	25,260	22,004	27,231	23,453
97,200	**97,250**	25,275	22,020	27,249	23,469
97,250	**97,300**	25,291	22,035	27,267	23,484
97,300	**97,350**	25,306	22,051	27,285	23,500
97,350	**97,400**	25,322	22,066	27,303	23,515
97,400	**97,450**	25,337	22,082	27,321	23,531
97,450	**97,500**	25,353	22,097	27,339	23,546
97,500	**97,550**	25,368	22,113	27,357	23,562
97,550	**97,600**	25,384	22,128	27,375	23,577
97,600	**97,650**	25,399	22,144	27,393	23,593
97,650	**97,700**	25,415	22,159	27,411	23,608
97,700	**97,750**	25,430	22,175	27,429	23,624
97,750	**97,800**	25,446	22,190	27,447	23,639
97,800	**97,850**	25,461	22,206	27,465	23,655
97,850	**97,900**	25,477	22,221	27,483	23,670
97,900	**97,950**	25,492	22,237	27,501	23,686
97,950	**98,000**	25,508	22,252	27,519	23,701
98,000					
98,000	**98,050**	25,523	22,268	27,537	23,717
98,050	**98,100**	25,539	22,283	27,555	23,732
98,100	**98,150**	25,554	22,299	27,573	23,748
98,150	**98,200**	25,570	22,314	27,591	23,763
98,200	**98,250**	25,585	22,330	27,609	23,779
98,250	**98,300**	25,601	22,345	27,627	23,794
98,300	**98,350**	25,616	22,361	27,645	23,810
98,350	**98,400**	25,632	22,376	27,663	23,825
98,400	**98,450**	25,647	22,392	27,681	23,841
98,450	**98,500**	25,663	22,407	27,699	23,856
98,500	**98,550**	25,678	22,423	27,717	23,872
98,550	**98,600**	25,694	22,438	27,735	23,887
98,600	**98,650**	25,709	22,454	27,753	23,903
98,650	**98,700**	25,725	22,469	27,771	23,918
98,700	**98,750**	25,740	22,485	27,789	23,934
98,750	**98,800**	25,756	22,500	27,807	23,949
98,800	**98,850**	25,771	22,516	27,825	23,965
98,850	**98,900**	25,787	22,531	27,843	23,980
98,900	**98,950**	25,802	22,547	27,861	23,996
98,950	**99,000**	25,818	22,562	27,879	24,011
99,000					
99,000	**99,050**	25,833	22,578	27,897	24,027
99,050	**99,100**	25,849	22,593	27,915	24,042
99,100	**99,150**	25,864	22,609	27,933	24,058
99,150	**99,200**	25,880	22,624	27,951	24,073
99,200	**99,250**	25,895	22,640	27,969	24,089
99,250	**99,300**	25,911	22,655	27,987	24,104
99,300	**99,350**	25,926	22,671	28,005	24,120
99,350	**99,400**	25,942	22,686	28,023	24,135
99,400	**99,450**	25,957	22,702	28,041	24,151
99,450	**99,500**	25,973	22,717	28,059	24,166
99,500	**99,550**	25,988	22,733	28,077	24,182
99,550	**99,600**	26,004	22,748	28,095	24,197
99,600	**99,650**	26,019	22,764	28,113	24,213
99,650	**99,700**	26,035	22,779	28,131	24,228
99,700	**99,750**	26,050	22,795	28,149	24,244
99,750	**99,800**	26,066	22,810	28,167	24,259
99,800	**99,850**	26,081	22,826	28,185	24,275
99,850	**99,900**	26,097	22,841	28,203	24,290
99,900	**99,950**	26,112	22,857	28,221	24,306
99,950	**100,000**	26,128	22,872	28,239	24,321

$100,000 or over — use the Tax Rate Schedules on page 53

* This column must also be used by a qualifying widow(er).

1996 Tax Rate Schedules

Caution: *Use **only** if your taxable income (Form 1040, line 37) is $100,000 or more. If less, use the **Tax Table.** Even though you cannot use the Tax Rate Schedules below if your taxable income is less than $100,000, all levels of taxable income are shown so taxpayers can see the tax rate that applies to each level.*

Schedule X—Use if your filing status is **Single**

If the amount on Form 1040, line 37, is: *Over—*	*But not over—*	Enter on Form 1040, line 38		*of the amount over—*
$0	$24,000	.....	**15%**	**$0**
24,000	58,150	**$3,600.00 +**	**28%**	**24,000**
58,150	121,300	**13,162.00 +**	**31%**	**58,150**
121,300	263,750	**32,738.50 +**	**36%**	**121,300**
263,750	.....	**84,020.50 +**	**39.6%**	**263,750**

Schedule Y-1—Use if your filing status is **Married filing jointly** or **Qualifying widow(er)**

If the amount on Form 1040, line 37, is: *Over—*	*But not over—*	Enter on Form 1040, line 38		*of the amount over—*
$0	$40,100	.....	**15%**	**$0**
40,100	96,900	**$6,015.00 +**	**28%**	**40,100**
96,900	147,700	**21,919.00 +**	**31%**	**96,900**
147,700	263,750	**37,667.00 +**	**36%**	**147,700**
263,750	.....	**79,445.00 +**	**39.6%**	**263,750**

Schedule Y-2—Use if your filing status is **Married filing separately**

If the amount on Form 1040, line 37, is: *Over—*	*But not over—*	Enter on Form 1040, line 38		*of the amount over—*
$0	$20,050	.....	**15%**	**$0**
20,050	48,450	**$3,007.50 +**	**28%**	**20,050**
48,450	73,850	**10,959.50 +**	**31%**	**48,450**
73,850	131,875	**18,833.50 +**	**36%**	**73,850**
131,875	.....	**39,722.50 +**	**39.6%**	**131,875**

Schedule Z—Use if your filing status is **Head of household**

If the amount on Form 1040, line 37, is: *Over—*	*But not over—*	Enter on Form 1040, line 38		*of the amount over—*
$0	$32,150	.....	**15%**	**$0**
32,150	83,050	**$4,822.50 +**	**28%**	**32,150**
83,050	134,500	**19,074.50 +**	**31%**	**83,050**
134,500	263,750	**35,024.00 +**	**36%**	**134,500**
263,750	.....	**81,554.00 +**	**39.6%**	**263,750**

Section 6.

Instructions for Schedules to Form 1040

Instructions for Schedule A, Itemized Deductions

*Use Schedule A to figure your itemized deductions. Your Federal income tax will be less if you take the **larger** of your itemized deductions or your standard deduction.*

If you itemize, you may deduct a part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You may also deduct certain casualty and theft losses.

Caution: ***Do not*** *include on Schedule A items deducted elsewhere, such as on Schedule C, C-EZ, E, or F.*

Medical and Dental Expenses

You may deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 32.

Pub. 502 discusses the types of expenses that may and may not be deducted. It also explains when you may deduct capital expenses and special care expenses for disabled persons.

Examples of Medical and Dental Payments You May Deduct

To the extent you were **not reimbursed,** you may deduct what you paid for:

- Prescription medicines or insulin.
- Medical doctors, osteopathic doctors, dentists, eye doctors, chiropractors, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and housework, you may deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- The supplemental part of Medicare insurance (Medicare B).
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital. **Do not** include more than $50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim **10 cents a mile.** Add parking and tolls to the amount you claim under either method.

Note: *Certain medical expenses paid out of a deceased taxpayer's estate may be claimed on the deceased taxpayer's final return. See Pub. 502 for details.*

Examples of Medical and Dental Payments You May Not Deduct

- The basic cost of Medicare insurance (Medicare A).

TIP *If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.*

- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
- Nursing care for a healthy baby. But you may be able to take a credit. See the instructions for Form 1040, line 39.
- Illegal operations or drugs.
- Nonprescription medicines.
- Travel your doctor told you to take for rest or a change.
- Funeral, burial, or cremation costs.

Line 1

Medical and Dental Expenses

Enter the total of your medical and dental expenses, after you reduce these expenses by any payments received from insurance or other sources. See **Reimbursements** on this page.

TIP *Include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 26, reduce the premiums by the amount on line 26.*

Include medical and dental bills you paid for:

- Yourself and your spouse.
- All dependents you claim on your return.
- Your child whom you do not claim as a dependent because of the rules explained on page 13 for **Children of Divorced or Separated Parents.**
- Any person you could have claimed as a dependent on your return if that person had not received $2,550 or more of gross income or had not filed a joint return.

Example. You provided over half of your mother's support but may not claim her as a dependent because she received wages of $2,550 in 1996. You may include on line 1 any medical and dental expenses you paid in 1996 for your mother.

Reimbursements. If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 ONLY the amount you paid. If you received a reimbursement in 1996 for medical or dental expenses you paid in 1996, reduce your 1996 expenses by this amount. If you received a reimbursement in 1996 for prior year medical or dental expenses, do not reduce your 1996 expenses by this amount. But if you deducted the expenses in the earlier year and the deduction reduced your tax, you must include the reimbursement in income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.

Cafeteria Plans. Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan) unless the premiums are included in box 1 of your W-2 form(s). Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your W-2 form(s).

Taxes You Paid

Taxes You May Not Deduct

- Federal income and excise taxes.
- Social security, Medicare, Federal unemployment (FUTA), and railroad retirement (RRTA) taxes.
- Customs duties.
- Federal estate and gift taxes. But see the instructions for line 27 on page A-4.
- Certain state and local taxes, including: general sales tax, tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).

Line 5

State and Local Income Taxes

Include on this line the state and local income taxes listed below:

- State and local income taxes withheld from your salary during 1996. Your W-2 form(s) will show these amounts. Forms W-2G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.
- State and local income taxes paid in 1996 for a prior year, such as taxes paid with your 1995 state or local income tax return. **Do not** include penalties or interest.
- State and local estimated tax payments made during 1996, including any part of a prior year refund that you chose to have credited to your 1996 state or local income taxes.
- Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

Do not reduce your deduction by:

- Any state or local income tax refund or credit you expect to receive for 1996, or
- Any refund of, or credit for, prior year state and local income taxes you actually received in 1996. Instead, see the instructions for Form 1040, line 10.

Line 6

Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. **Pub. 530** explains the deductions homeowners may take.

Do not include the following amounts on line 6.

- Itemized charges for services to specific property or persons (for example, a $20 monthly charge per house for trash collection, a $5 charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).
- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you may deduct only the amount the mortgage company actually paid to the taxing authority in 1996.

If you sold your home in 1996, any real estate tax charged to the buyer should be shown in box 5 of **Form 1099-S.** This amount is considered a refund of real estate taxes you received in 1996. See **Refunds and Rebates** next.

Refunds and Rebates. If you received a refund or rebate in 1996 of real estate taxes you paid in 1996, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 1996 of real estate taxes you paid in an earlier year, do not reduce your deduction by this amount. Instead, you must include the refund or rebate in income on Form 1040, line 21, if you deducted the real estate taxes in the earlier year and the deduction reduced your tax. **Pub. 525,** Taxable and Nontaxable Income, tells you how to figure the amount to include in income.

Line 7

Personal Property Taxes

Enter personal property tax you paid, but only if it is based on value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you may deduct only the part based on the car's value.

Line 8

Other Taxes

If you had any deductible tax not listed on line 5, 6, or 7, list the type and amount of tax. Enter only one total on line 8. Include on this line income tax you paid to a foreign country or U.S. possession.

TIP *You may want to take a credit for the foreign tax instead of a deduction. See **Form 1116** for details.*

Interest You Paid

Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. See **Pub. 535,** Business Expenses, for details.

In general, if you paid interest in 1996 that applies to any period after 1996, you may deduct only amounts that apply for 1996.

Lines 10 and 11

Home Mortgage Interest

A **home mortgage** is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A **home** may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.

Limit on Home Mortgage Interest. If you took out any mortgages after October 13, 1987, your deduction may be limited. Mortgages taken out after October 13, 1987, include any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date. If you refinanced a mortgage you had on October 13, 1987, treat the new mortgage as taken out on or before October 13, 1987. But if you refinanced for more than the balance of the old mortgage, treat the excess as a mortgage taken out after October 13, 1987.

See **Pub. 936,** Home Mortgage Interest Deduction, to figure your deduction if **either 1** or **2** below applies. If you had more than one home at the same time, the dollar amounts in **1** and **2** apply to the total mortgages on both homes.

1. You took out any mortgages after October 13, 1987, and used the proceeds for purposes other than to buy, build, or improve your home, and all of these mortgages totaled over $100,000 at any time during 1996. The limit is $50,000 if married filing separately. An example of this type of mortgage is a home equity loan used to pay off credit card bills, buy a car, or pay tuition.

2. You took out any mortgages after October 13, 1987, and used the proceeds to buy, build, or improve your home, and these mortgages plus any mortgages you took out on or before October 13, 1987, totaled over $1 million at any time during 1996. The limit is $500,000 if married filing separately.

Note: *If the total amount of all mortgages exceeds the fair market value of the home, additional limits apply. See Pub. 936.*

Line 10

Enter on line 10 mortgage interest and points reported to you on **Form 1098.** If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

If you paid more interest to the recipient than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and write "See attached" next to line 10.

Note: *If you are claiming the **mortgage interest credit** (see the instructions for Form 1040, line 42), subtract the amount shown on line 3 of Form 8396 from the total deductible interest you paid on your home mortgage. Enter the result on line 10.*

Line 11

If you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you do not show the required information about the recipient and let the recipient know your SSN, you may have to pay a $50 penalty.

If you and at least one other person (other than your spouse if filing a joint return) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. Next to line 11, write "See attached."

Line 12

Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid **only** to borrow money are generally deductible over the life of the loan. For exceptions, see **Pub. 936,** Home Mortgage Interest Deduction. Points paid for other purposes, such as for a lender's services, are not deductible.

Refinancing

Generally, you must deduct points you paid to refinance a mortgage over the life of the loan. This is true even if the new mortgage is secured by your main home.

If you used part of the proceeds to **improve your main home,** you may be able to deduct the part of the points related to the improvement in the year paid. See Pub. 936 for details.

TIP *If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.*

Line 13

Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to passive activities or to securities that generate tax-exempt income.

Complete and attach **Form 4952,** Investment Interest Expense Deduction, to figure your deduction.

Exception. You do not have to file Form 4952 if **all four** of the following apply.

1. Your only investment income was from interest or dividends.

2. You have no other deductible expenses connected with the production of the interest or dividends.

3. Your investment interest expense is not more than your investment income.

4. You have no disallowed investment interest expense from 1995.

Note: *Alaska Permanent Fund dividends, including those reported on* ***Form 8814,*** *Parents' Election To Report Child's Interest and Dividends, are not investment income.*

For more details, see **Pub. 550,** Investment Income and Expenses.

Gifts to Charity

You may deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. Examples of these organizations are:

- Churches, temples, synagogues, mosques, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, state, and local governments if the gifts are solely for public purposes.

TIP *If you do not know whether you may deduct what you gave to an organization, check with that organization or with the IRS.*

Contributions You May Deduct

Contributions may be in cash (keep canceled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described earlier. If you drove to and from the volunteer work, you may take **12 cents a mile** or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But do not deduct any amounts that were repaid to you.

Gifts From Which You Benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. For example, if you paid $70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was $40, you may deduct only $30. But this rule does not apply to certain membership benefits provided in return for an annual payment of $75 or less. For details, see **Pub. 526,** Charitable Contributions.

Gifts of $250 or More. You may deduct a gift of $250 or more only if you have a statement from the charitable organization showing the information in **1** and **2** below.

In figuring whether a gift is $250 or more, do not combine separate donations. For example, if you gave your church $25 each week for a total of $1,300, treat each $25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of $250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.

2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

TIP *You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.*

Limit on the Amount You May Deduct. See Pub. 526 to figure the amount of your deduction if **any** of the following apply:

- Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040, line 32.
- Your gifts of capital gain property are more than 20% of the amount on Form 1040, line 32.
- You gave gifts of property that increased in value or gave gifts of the use of property.

You May Not Deduct as Contributions

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See Internal Revenue Code section 170(f)(9).
- Gifts to groups whose purpose is to lobby for changes in the laws.
- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.
- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

Line 15

Gifts by Cash or Check

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Line 16

Other Than by Cash or Check

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

If the amount of your deduction is more than $500, you must complete and attach **Form 8283,** Noncash Charitable Contributions. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limits that could result in a carryover of contributions. If your total deduction is over $5,000, you may also have to get appraisals of the values of the donated

property. See Form 8283 and its instructions for details.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

- How you figured the property's value at the time you gave it. If the value was determined by an appraisal, keep a signed copy of the appraisal.
- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

Note: *If your total deduction for gifts of property is over $500, you gave less than your entire interest in the property, or you made a "qualified conservation contribution," your records should contain additional information. See Pub. 526 for details.*

Line 17

Carryover From Prior Year

Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details.

Casualty and Theft Losses

Line 19

Complete and attach **Form 4684,** Casualties and Thefts, to figure the amount of your loss to enter on line 19.

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that—

1. The amount of **each** separate casualty or theft loss is more than $100, and

2. The total amount of **all** losses during the year is more than 10% of the amount on Form 1040, line 32.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 for details.

Use line 22 of Schedule A to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For information on Federal disaster area losses, see **Pub. 547,** Casualties, Disasters, and Thefts.

Job Expenses and Most Other Miscellaneous Deductions

Pub. 529 discusses the types of expenses that may and may not be deducted.

Examples of expenses you may **not** deduct are:

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from your regular workplace.
- Travel expenses for employment away from home if that period of employment exceeds 1 year.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

Line 20

Unreimbursed Employee Expenses

Enter the total job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your W-2 form are not considered reimbursements.) But you MUST fill in and attach **Form 2106,** Employee Business Expenses, if:

1. You claim any travel, transportation, meal, or entertainment expenses for your job, OR

2. Your employer paid you for any of your job expenses reportable on line 20.

TIP *If you used your own vehicle and item **2** does not apply, you may be able to file **Form 2106-EZ,** Unreimbursed Employee Business Expenses, instead.*

If you do not have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.

Examples of expenses to include on line 20 are:

- Travel, transportation, meal, or entertainment expenses.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms required by your employer, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Certain business use of part of your home. For details, including limits that apply, use Tele-Tax topic 509 (see page 34) or see **Pub. 587.**
- Certain educational expenses. For details, use Tele-Tax topic 513 (see page 34) or see **Pub. 508.**

Line 21

Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically.

Line 22

Other Expenses

Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But **do not** include any personal expenses. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (for example, trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits that apply, see **Pub. 529.**
- Deduction for repayment of amounts under a claim of right if $3,000 or less.

Other Miscellaneous Deductions

Line 27

Only the expenses listed below can be deducted on this line. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 27.

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.

(Continued on next page.)

- Deduction for repayment of amounts under a claim of right if over $3,000. See **Pub. 525,** Taxable and Nontaxable Income, for details.
- Certain unrecovered investment in a pension. See **Pub. 529** for details.
- Impairment-related work expenses of a disabled person.

For more details on these expenses, see Pub. 529.

Total Itemized Deductions

Line 28

If the amount on Form 1040, line 32, is over $117,950 (over $58,975 if married filing separately), use the worksheet on this page to figure the amount to enter on line 28.

Itemized Deductions Worksheet—Line 28
(keep for your records)

1.	Add the amounts on Schedule A, lines 4, 9, 14, 18, 19, 26, and 27		**1.** _____
2.	Add the amounts on Schedule A, lines 4, 13, and 19, plus any gambling losses included on line 27 . . . . . **Caution:** *Be sure your total gambling losses are clearly identified on the dotted line next to line 27.*		**2.** _____
3.	Subtract line 2 from line 1. If the result is zero, **stop here;** enter the amount from line 1 above on Schedule A, line 28, and see the **Note** below		**3.** _____
4.	Multiply line 3 above by 80% (.80) . . .	**4.** _____	
5.	Enter the amount from Form 1040, line 32	**5.** _____	
6.	Enter $117,950 ($58,975 if married filing separately)	**6.** _____	
7.	Subtract line 6 from line 5. If the result is zero or less, **stop here;** enter the amount from line 1 above on Schedule A, line 28, and see the **Note** below	**7.** _____	
8.	Multiply line 7 above by 3% (.03) . . .	**8.** _____	
9.	Enter the **smaller** of line 4 or line 8		**9.** _____
10.	**Total itemized deductions.** Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28, and see the **Note** below . . . . . **Note:** *Also enter on Form 1040, line 34, the* ***larger*** *of the amount you enter on Schedule A, line 28, or your standard deduction.*		**10.** _____

Instructions for Schedule B, Interest and Dividend Income

Use Schedule B if:

- *You had over $400 in taxable interest, or*
- *Any of the* ***Special Rules*** *listed below applies to you, or*
- *You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989, or*
- *You had over $400 in dividends, or*
- *You received dividends as a nominee, or*
- *You* ***(1)*** *had a foreign account; or* ***(2)*** *received a distribution from, or were a grantor of, or transferor to, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.*

TIP *You may list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate sheets that are the same size as the printed schedule. Use the same format as lines 1 and 5, but show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the sheets and attach them at the end of your return.*

Part I. Interest Income

Line 1

Interest Income

Report on line 1 **all** of your taxable interest income. List each payer's name and show the amount.

Special Rules

Seller-Financed Mortgages. If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and SSN. You must also let the buyer know your SSN. If you do not show the buyer's name, address, and SSN, and let the buyer know your SSN, you may have to pay a $50 penalty.

Nominees. If you received a **Form 1099-INT** that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

TIP *If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a* ***Form 1096*** *and a Form 1099-INT with the IRS. For more details, see the* ***Instructions for Forms 1099, 1098, 5498, and W-2G.***

Accrued Interest. When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules earlier under **Nominees** to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

Tax-Exempt Interest. If you received a **Form 1099-INT** for tax-exempt interest, report it on line 1. But do not include it in the total on line 2. Instead, under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "Tax-Exempt Interest" and show the amount. Subtract this amount from the subtotal and enter the result on line 2.

Original Issue Discount (OID). If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules earlier under **Nominees** to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

Amortizable Bond Premium. If you are reducing your interest income on a bond by the amount of amortizable bond premium, report the total interest on the bond on line 1. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "ABP Adjustment" and show the amount. Subtract this amount from the subtotal and enter the result on line 2.

Line 3

Excludable Interest on Series EE U.S. Savings Bonds Issued After 1989

If you cashed series EE U.S. savings bonds in 1996 that were issued after 1989 and you paid qualified higher education expenses in 1996 for yourself, your spouse, or your dependents, you may be able to exclude part or all of the interest on those bonds. See **Form 8815** for details.

Part II. Dividend Income

Note: *If, in 1996, you were an officer or director of a foreign corporation or you owned 5% or more in value of the outstanding stock of a foreign corporation, you may have to file* ***Form 5471,*** *Information Return of U.S. Persons With Respect To Certain Foreign Corporations. For details, see Form 5471 and its instructions.*

Line 5

Dividend Income

Report on line 5 **all** of your dividend income, including capital gain and nontaxable distributions. They will be deducted on lines 7 and 8. List each payer's name and show the amount.

Nominees. If you received a **Form 1099-DIV** that includes dividends you received as a nominee (that is, in your name, but the dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all dividends listed on line 5. Below this subtotal, write "Nominee Distribution" and show the total dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

TIP *If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a* ***Form 1096*** *and a Form 1099-DIV with the IRS. For more details, see the* ***Instructions for Forms 1099, 1098, 5498, and W-2G.***

Part III. Foreign Accounts and Trusts

Lines 11a and 11b

Foreign Accounts

Line 11a

Check the **Yes** box on line 11a if **either 1** or **2** below applies to you.

1. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

2. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Note: *Item* ***2*** *does not apply to foreign securities held in a U.S. securities account.*

Exceptions. Check the **No** box if any of the following apply to you:

- The combined value of the accounts was $10,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You were an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account was in your employer's name; **and** you did not have a personal financial interest in the account.
- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than $1 million and 500 or more shareholders of record; the account was in your employer's name; you did not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

See **Form TD F 90-22.1** to find out if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

If you checked the **Yes** box on line 11a, file Form TD F 90-22.1 by June 30, 1997, with the **Department of the Treasury** at the address shown on that form. **Do not** attach it to Form 1040.

Line 11b

If you checked the **Yes** box on line 11a, enter the name of the foreign country or countries in the space provided on line 11b. Attach a separate sheet if you need more space.

Line 12

Foreign Trusts

If you received a distribution from a foreign trust **after** August 20, 1996, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See **Pub. 553,** Highlights of 1996 Tax Changes, for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 1996, you may have to file **Form 3520, Form 3520-A,** or **Form 926.**

Instructions for Schedule C, Profit or Loss From Business

Use Schedule C to report income or loss from a business you operated or a profession you practiced as a sole proprietor. Also, use Schedule C to report wages and expenses you had as a statutory employee. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a nonbusiness activity, see the Instructions for Form 1040, line 21.

Small businesses and statutory employees with expenses of $2,500 or less may be able to file ***Schedule C-EZ,*** *Net Profit From Business, instead of Schedule C. See Schedule C-EZ to find out if you qualify to file it.*

This activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

General Instructions

Other Schedules and Forms You May Have To File

Schedule A to deduct interest, taxes, and casualty losses not related to your business.

Schedule E to report rental real estate and royalty income or (loss) that is **not** subject to self-employment tax.

Schedule F to report profit or (loss) from farming.

Schedule SE to pay self-employment tax on income from any trade or business.

Form 4562 to claim depreciation on assets placed in service in 1996, to claim amortization that began in 1996, or to report information on listed property.

Form 4684 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.

Form 4797 to report sales, exchanges, and involuntary conversions (not from a casualty or theft) of trade or business property.

Form 8271 if you are claiming or you are reporting on Schedule C or C-EZ any income, deduction, loss, credit, or other tax benefit from a tax shelter.

Form 8594 to report certain purchases or sales of groups of assets that constitute a trade or business.

Form 8824 to report like-kind exchanges.

Form 8829 to claim expenses for business use of your home.

Heavy Vehicle Use Tax

If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. See **Form 2290,** Heavy Vehicle Use Tax Return, to find out if you owe this tax.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold $5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For more information, see the **Instructions for Forms 1099, 1098, 5498, and W-2G.**

If you received cash of more than $10,000 in one or more related transactions in your trade or business, you may have to file **Form 8300.** For details, see **Pub. 1544,** Reporting Cash Payments of Over $10,000.

Additional Information

See **Pub. 334,** Tax Guide for Small Business.

Specific Instructions

Filers of Form 1041

Do not complete the block labeled "Social security number." Instead, enter your employer identification number (EIN) on line D.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the type of product or service. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware to retailers" or "appraisal of real estate for lending institutions."

Line D

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, file **Form SS-4,** Application for Employer Identification Number. If you do not have an EIN, leave line D blank. **Do not** enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. If you conducted the business from your home located at the address shown on Form 1040, page 1, you do not have to complete this line.

Line F

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method or the accrual method. However, if inventories are required, you must use the accrual method for sales and purchases. Special rules apply to long-term contracts. See Internal Revenue Code section 460 for details. The method used must clearly reflect your income.

If you use the **cash method,** show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses.

If you use the **accrual method,** report income when you earn it and deduct expenses when you incur them even if you do not pay them during the tax year.

Accrual-basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. See **Pub. 538,** Accounting Periods and Methods.

To change your accounting method (including treatment of inventories), you must usually get permission from the IRS. In general, file **Form 3115,** Application for Change in Accounting Method, within the first 180 days of the tax year in which you want to make the change.

Line G

Participation, for purposes of the following seven material participation tests, generally includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the work does not matter. However, work is not treated as participation if it is work that an owner would not customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

1. Studying and reviewing financial statements or reports on operations of the activity.

2. Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use.

3. Monitoring the finances or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year in an activity you own can be counted as your participation in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return for the tax year.

Material Participation. For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 1996 if you meet any of the following seven tests:

1. You participated in the activity for more than 500 hours during the tax year.

2. Your participation in the activity for the tax year was substantially all of the participation in the activity of all individuals (including individuals who did not own any interest in the activity) for the tax year.

3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.

4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities for more than 500 hours during the year. An activity is a "significant participation activity" if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test 4).

5. You materially participated in the activity for any 5 of the prior 10 tax years.

6. The activity is a personal service activity in which you materially participated for any 3 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.

7. Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis during the tax year. But you do not meet this test if you participated in the activity for 100 hours or less during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you) —

a. Received compensation for performing management services in connection with the activity, or

b. Spent more hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

If you meet any of the above tests, check the "Yes" box.

If you **do not** meet any of the above tests, check the "No" box. This business is a **passive activity.** If you have a loss from this business, see **Limit on Losses** below. If you have a profit from this business activity but have current-year losses from other passive activities or you have prior-year unallowed passive activity losses, see the instructions for **Form 8582,** Passive Activity Loss Limitations.

Exception for Oil and Gas. If you are filing Schedule C to report income and deductions from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning the working interest is not a passive activity regardless of your participation in the activity.

Limit on Losses. If you checked the "No" box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule C, line 31. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, see **Pub. 925,** Passive Activity and At-Risk Rules.

Line H

If you started or acquired this business in 1996, check the box on line H. Also, check the box if you are reopening or restarting this business after temporarily closing it, and you did not file a 1995 Schedule C or C-EZ for this business.

Part I. Income

Line 1

Enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on **Form 1099-MISC,** Miscellaneous Income.

Statutory Employees. If you received a Form W-2 and the "Statutory employee" box in box 15 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ, and **check the box** on that line. Social security and Medicare tax should have been withheld from your earnings; therefore, you do not owe self-employment tax on these earnings.

Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons, and certain homeworkers.

If you had both self-employment income and statutory employee income, **do not** combine these amounts on a single Schedule C or C-EZ. In this case, you must file two Schedules C. You cannot use Schedule C-EZ.

Installment Sales. Generally, the installment method may not be used to report income from the sale of **(a)** personal property regularly sold under the installment method or **(b)** real property held for resale to customers. But the installment method may be used to report income from sales of certain residential lots and timeshares if you elect to pay interest on the tax due on that income after the year of sale. See Internal Revenue Code section 453(l)(2)(B) for details. If you make this election, include the interest on Form 1040, line 51. Also, write "453(l)(3)" and the amount of the interest on the dotted line to the left of line 51.

If you use the installment method, attach a schedule to your return. Show separately for 1996 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

Line 2

Enter such items as returned sales, rebates, and allowances from the sales price.

Line 6

Report on line 6 amounts from finance reserve income, scrap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 1996, credit for Federal tax paid on gasoline or other fuels claimed on your 1995 Form 1040, prizes and awards related to your trade or business, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on **Form 1099-PATR,** Taxable Distributions Received From Cooperatives. Also, include any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For more details, see **Pub. 535,** Business Expenses.

If the business use percentage of any listed property (defined in the instructions for line 13) decreased to 50% or less in 1996, report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use **Form 4797,** Sales of Business Property, to figure the recapture. Also, if the business use percentage drops to 50% or less on leased listed property (other than a vehicle), include on this line any inclusion amount. See **Pub. 946,** How To Depreciate Property, to figure the amount.

Part II. Expenses

Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses attributable to the property must be included in inventory costs or capitalized. In addition to direct costs, producers of inventory property must also include part of certain indirect costs in their inventory. Purchasers of personal property acquired for resale must include part of certain indirect costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed $10 million. Also, you must capitalize part of the indirect costs that benefit real or tangible personal property constructed for use in a trade or business, or noninventory property produced for sale to customers. Reduce the amounts on lines 8–26 and Part V by amounts capitalized. For more details, see Pub. 538.

Exception for Creative Property. If you are an artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created (or reasonably be expected to create) the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These ex-

penses are subject to the capitalization rules. For more details, see Pub. 538.

Line 9

Include debts and partial debts from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as income in the year collected. For more details, see Pub. 535.

Line 10

You can deduct the actual cost of running your car or truck, or take the **standard mileage rate.** You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business (such as in fleet operations).

If you deduct actual costs, include on line 10 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 13 and rent or lease payments on line 20a.

If you want to take the standard mileage rate, multiply the number of business miles by 31 cents a mile. Add to this amount your parking fees and tolls, and enter the total.

For more details, see **Pub. 463,** Travel, Entertainment, Gift, and Car Expenses.

Information on Your Vehicle. If you claim any car and truck expenses, you must provide certain information on the use of your vehicle by completing:

- Part IV of Schedule C or Part III of Schedule C-EZ if **(a)** you are claiming the standard mileage rate, you lease your vehicle, or your vehicle is fully depreciated and **(b)** you are **not** required to file **Form 4562,** Depreciation and Amortization, for any other reason. If you used more than one vehicle during the year, attach your own schedule with the information requested in Part IV of Schedule C, or Part III of Schedule C-EZ, for each additional vehicle.
- Part V of Form 4562 if you are claiming depreciation on your vehicle or you are required to file Form 4562 for any other reason (see the instructions for line 13 below).

Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach **Form T,** Forest Activities Schedules. See Pub. 535 for details.

Line 13

Depreciation and Section 179 Expense Deduction. Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property with a useful life of more than 1 year. You can also depreciate improvements made to leased business property. However, stock in trade, inventories, and land are not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income.

For property placed in service after 1980, see the Instructions for Form 4562 to figure the amount of depreciation to enter on line 13. For property placed in service before 1981, figure depreciation from your own books and records.

You may also choose under Internal Revenue Code section 179 to expense part of the cost of certain property you bought in 1996 for use in your business. See the Instructions for Form 4562 for more details.

When To Attach Form 4562. You must complete and attach Form 4562 **only** if:

- You are claiming depreciation on property placed in service during 1996, or
- You are claiming depreciation on listed property (defined below), regardless of the date it was placed in service, or
- You are claiming a section 179 expense deduction.

If you acquired depreciable property for the first time in 1996, see Pub. 946.

Listed property generally includes, but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Cellular telephones or other similar telecommunications equipment.
- Computers or peripheral equipment.

Exceptions. Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in your trade or business or at your regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment. For purposes of these exceptions, a portion of your home is treated as a regular business establishment only if that portion meets the requirements under Internal Revenue Code section 280A(c)(1) for deducting expenses for the business use of your home.

If the business use percentage of any listed property decreased to 50% or less in 1996, see the instructions for line 6 on page C-2.

Line 14

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 19. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 26, part of the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the Form 1040 instructions on page 20 for more details.

Line 15

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability. For more details, see Pub. 535.

Lines 16a and 16b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your return and gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. See Pub. 535 for details.

If you paid interest in 1996 that applies to future years, deduct only the part that applies to 1996. If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your trade or business, see Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.

If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 1996 to banks or other financial institutions for which you received a **Form 1098,** Mortgage Interest Statement. If you did not receive a Form 1098, enter the interest on line 16b.

If you paid more mortgage interest than is shown on Form 1098 or similar statement, see Pub. 535 to find out if you can deduct the additional interest. If you can, enter the amount on line 16a. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report your share of the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin next to line 16b, write "See attached."

Do not deduct interest you paid or accrued on debts allocable to investment property. This interest is generally deducted on **Schedule A** (Form 1040). For details, see **Pub. 550,** Investment Income and Expenses.

Line 17

Include on this line fees for tax advice related to your business and for preparation of the tax forms related to your business.

Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 27, not on Schedule C.

Generally, you must file one of the following forms if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year.

Form 5500. Complete this form for each plan with 100 or more participants.

Form 5500-C/R or 5500-EZ. Complete the applicable form for each plan with fewer than 100 participants.

There is a penalty for failure to timely file these forms.

For more information, see **Pub. 560,** Retirement Plans for the Self-Employed.

Lines 20a and 20b

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the **inclusion amount.**

You may have to do this if—

The lease term began:	And the vehicle's fair market value on the first day of the lease exceeded:
During 1995 or 1996	$15,500
During 1994	14,600
During 1993	14,300
During 1992	13,700

If the lease term began before 1992, see Pub. 463 to find out if you have an inclusion amount.

Also see Pub. 463 to figure your inclusion amount.

Enter on line 20b amounts paid to rent or lease other property, such as office space in a building.

Line 21

Deduct the cost of repairs and maintenance. Include labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

Line 23

You can deduct the following taxes on this line:

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you must also include the amount collected in gross receipts or sales on line 1.
- Real estate and personal property taxes on business assets.
- Social security and Medicare taxes paid to match required withholding from your employees' wages. Also, Federal unemployment tax paid. Reduce your deduction by the amount of the current year credit shown on line 4 of **Form 8846,** Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips.
- Federal highway use tax.

Do not deduct on this line:

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 25.
- Estate and gift taxes.
- Taxes assessed to pay for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.
- State and local sales taxes imposed on the buyer that you were required to collect and pay over to the state or local governments. These taxes are not included in gross receipts or sales nor are they a deductible expense. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.
- Other taxes not related to your business.

Line 24a

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds 1 year. Also, you cannot deduct travel expenses for your spouse, your dependent, or any other individual unless that person is your employee, the travel is for a bona fide business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 24b and 24c below.

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is as reasonable for the meeting to be held outside the North American area as within it. These rules apply to both employers and employees. Other rules apply to luxury water travel.

For more details, see Pub. 463.

Lines 24b and 24c

On line 24b, enter your total business meal and entertainment expenses. Include meals while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. For more details, see Pub. 463.

Business meal expenses are deductible only if they are **(a)** directly related to or associated with the active conduct of your trade or business, **(b)** not lavish or extravagant, and **(c)** incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct amounts paid or incurred for membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion. But it does not include civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or their guests.

There are exceptions to these rules as well as other rules that apply to sky-box rentals and tickets to entertainment events. See Pub. 463.

Generally, you may deduct **only** 50% of your business meal and entertainment expenses, including meals incurred while traveling away from home on business. However, you may fully deduct meals and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC.

Figure how much of the amount on line 24b is subject to the 50% limit. Then, enter one-half of that amount on line 24c.

Line 25

Deduct only utility expenses paid or incurred for your trade or business.

Local Telephone Service. If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct expenses for any additional costs you incurred for business that are more than the cost of the base rate for the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges.

Line 26

Enter the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- **Form 5884,** Work Opportunity Credit.
- **Form 8844,** Empowerment Zone Employment Credit.
- **Form 8845,** Indian Employment Credit.

Caution: *If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.*

Line 30

Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. Generally, any amount not allowed as a deduction for 1996 because of the limitations can be carried over to 1997. You must attach **Form 8829,** Expenses for Business Use of Your Home, if you claim this deduction.

For details, see the Instructions for Form 8829 and **Pub. 587,** Business Use of Your Home.

Line 31

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 32 before entering your loss on line 31. If you answered "No" to Question G on Schedule C, also see the Instructions for Form 8582. Enter the net profit or **deductible** loss here. Combine this amount with any profit or loss from other businesses, and enter the total on Form 1040, line 12, and Schedule SE, line 2. Estates and trusts should enter the total on Form 1041, line 3.

If you have a net profit on line 31, this amount is earned income and may qualify you for the earned income credit. See the Instructions for Form 1040, line 54, on page 25 for more details.

Statutory Employees. If you are filing Schedule C to report income and expenses as a statutory employee, include your net profit or deductible loss from line 31 with other Schedule C amounts on Form 1040, line 12. However, **do not** report this amount on Schedule SE, line 2. If you are required to file Schedule SE because of other self-employment income, see the Instructions for Schedule SE.

Line 32

At-Risk Rules. Generally, if you have **(a)** a business loss and **(b)** amounts in the business for which you are **not at risk,** you will have to complete **Form 6198,** At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the business.

Check **box 32b** if you have amounts for which you are not at risk in this business, such as the following.

- Nonrecourse loans used to finance the business, to acquire property used in the business, or to acquire the business that are not secured by your own property (other than property used in the business). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the business (or contributed to the business, or used to acquire the business) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the business from a person who has an interest in the business, other than as a creditor, or who is related under Internal Revenue Code section 465(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check **box 32a** and enter your loss on line 31. But if you answered "No" to Question G, you may need to complete Form 8582 to figure your allowable loss to enter on line 31. See the Instructions for Form 8582 for more details.

If you checked **box 32b,** get Form 6198 to determine the amount of your deductible loss and enter that amount on line 31. But if you answered "No" to Question G, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 31. Be sure to attach Form 6198 to your return. If you checked box 32b and you do not attach Form 6198, the processing of your tax return may be delayed.

Statutory Employees. Include your deductible loss with other Schedule C amounts on Form 1040, line 12. **Do not** include this amount on Schedule SE, line 2.

Any loss from this business not allowed for 1996 because of the at-risk rules is treated as a deduction allocable to the business in 1997. For more details, see the Instructions for Form 6198 and Pub. 925.

Part III. Cost of Goods Sold

If you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year.

Note: *Certain direct and indirect expenses must be capitalized or included in inventory. See the instructions for Part II.*

Line 33

Your inventories can be valued at cost; cost or market value, whichever is lower; or any other method approved by the IRS.

Part V. Other Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately in the space provided. Enter the total on lines 48 and 27. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal, living, and family expenses. Do not include charitable contributions. Also, you may not deduct fines or penalties paid to a government for violating any law. For more details on business expenses, see Pub. 535.

Amortization. Include amortization in this part. For amortization that begins in 1996, you must complete and attach Form 4562.

You may amortize:

- The cost of pollution-control facilities.
- Amounts paid for research and experimentation.
- Certain business startup costs.
- Qualified forestation and reforestation costs.
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names.
- Goodwill and certain other intangibles.

In general, you **may not** amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business.

At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 1996.

Capital Construction Fund. Do not claim on Schedule C or C-EZ the deduction for amounts contributed to a capital construction fund set up under the Merchant Marine Act of 1936. To take the deduction, reduce the amount that would otherwise be entered as taxable income on Form 1040, line 37, by the amount of the deduction. In the margin to the left of line 37, write "CCF" and the amount of the deduction. For more information, see **Pub. 595,** Tax Highlights for Commercial Fishermen.

Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your business and qualified clean-fuel vehicle refueling property. See Pub. 535 for more details.

Disabled Access Credit and the Deduction for Removing Barriers to Individuals With Disabilities and the Elderly. You may be able to claim a tax credit of up to $5,000 for eligible expenditures paid or incurred in 1996 to provide access to your business for individuals with disabilities. See **Form 8826,** Disabled Access Credit, for more details. You can also deduct up to $15,000 of costs paid or incurred in 1996 to remove architectural or transportation barriers to individuals with disabilities and the elderly. However, you cannot take both the credit and the deduction on the same expenditures.

Principal Business or Professional Activity Codes

Locate the major category that best describes your activity. Within the major category, select the activity code that most closely identifies the business or profession that is the principal source of your sales or receipts. **Enter this 4-digit code on line B of Schedule C or C-EZ.** For example, real estate agent is under the major category of **"Real Estate,"** and the code is "5520."

Note: *If your principal source of income is from farming activities, you should file* ***Schedule F*** *(Form 1040), Profit or Loss From Farming.*

Agricultural Services, Forestry, Fishing

Code

1990 Animal services, other than breeding
1933 Crop services
2113 Farm labor & management services
2246 Fishing, commercial
2238 Forestry, except logging
2212 Horticulture, gardening, & landscaping
2469 Hunting & trapping
1974 Livestock breeding
0836 Logging
1958 Veterinary services, including pets

Construction

0018 Operative builders (for own account)

Building Trades, Including Repairs

0414 Carpentering & flooring
0455 Concrete work
0273 Electrical work
0299 Masonry, dry wall, stone, & tile
0257 Painting & paper hanging
0232 Plumbing, heating, & air conditioning
0430 Roofing, siding, & sheet metal
0885 Other building trade contractors (excavation, glazing, etc.)

General Contractors

0075 Highway & street construction
0059 Nonresidential building
0034 Residential building
3889 Other heavy construction (pipe laying, bridge construction, etc.)

Finance, Insurance, & Related Services

6064 Brokers & dealers of securities
6080 Commodity contracts brokers & dealers; security & commodity exchanges
6148 Credit institutions & mortgage bankers
5702 Insurance agents or brokers
5744 Insurance services (appraisal, consulting, inspection, etc.)
6130 Investment advisors & services
5777 Other financial services

Manufacturing, Including Printing & Publishing

0679 Apparel & other textile products
1115 Electric & electronic equipment
1073 Fabricated metal products
0638 Food products & beverages
0810 Furniture & fixtures
0695 Leather footwear, handbags, etc.
0836 Lumber & other wood products
1099 Machinery & machine shops
0877 Paper & allied products
1057 Primary metal industries
0851 Printing & publishing
1032 Stone, clay, & glass products
0653 Textile mill products
1883 Other manufacturing industries

Mining & Mineral Extraction

1537 Coal mining
1511 Metal mining
1552 Oil & gas
1719 Quarrying & nonmetallic mining

Real Estate

5538 Operators & lessors of buildings, including residential
5553 Operators & lessors of other real property
5520 Real estate agents & brokers
5579 Real estate property managers
5710 Subdividers & developers, except cemeteries
6155 Title abstract offices

Services: Personal, Professional, & Business Services

Amusement & Recreational Services

9670 Bowling centers
9688 Motion picture & tape distribution & allied services
9597 Motion picture & video production
9639 Motion picture theaters
8557 Physical fitness facilities
9696 Professional sports & racing, including promoters & managers
9811 Theatrical performers, musicians, agents, producers, & related services
9613 Video tape rental
9837 Other amusement & recreational services

Automotive Services

8813 Automotive rental or leasing, without driver
8953 Automotive repairs, general & specialized
8839 Parking, except valet
8896 Other automotive services (wash, towing, etc.)

Business & Personal Services

7658 Accounting & bookkeeping
7716 Advertising, except direct mail
7682 Architectural services
6883 Authors & artists
8318 Barber shop (or barber)
8110 Beauty shop (or beautician)
8714 Child day care
7872 Computer programming, processing, data preparation, & related services
7922 Computer repair, maintenance, & leasing
7286 Consulting services
7799 Consumer credit reporting & collection services
8755 Counseling (except health practitioners)
7732 Employment agencies & personnel supply
7518 Engineering services
7773 Equipment rental & leasing (except computer or automotive)
8532 Funeral services & crematories
7633 Income tax preparation
7914 Investigative & protective services
7617 Legal services (or lawyer)
7856 Mailing, reproduction, commercial art, photography, & stenographic services
7245 Management services
8771 Ministers & chaplains
8334 Photographic studios
7260 Public relations
8733 Research services
7708 Surveying services
8730 Teaching or tutoring
7880 Other business services
6882 Other personal services

Hotels & Other Lodging Places

7237 Camps & camping parks
7096 Hotels, motels, & tourist homes
7211 Rooming & boarding houses

Laundry & Cleaning Services

7450 Carpet & upholstery cleaning
7419 Coin-operated laundries & dry cleaning
7435 Full-service laundry, dry cleaning, & garment service
7476 Janitorial & related services (building, house, & window cleaning)

Medical & Health Services

9274 Chiropractors
9233 Dentist's office or clinic
9217 Doctor's (M.D.) office or clinic
9456 Medical & dental laboratories
9472 Nursing & personal care facilities
9290 Optometrists
9258 Osteopathic physicians & surgeons
9241 Podiatrists
9415 Registered & practical nurses
9431 Offices & clinics of other health practitioners (dieticians, midwives, speech pathologists, etc.)
9886 Other health services

Miscellaneous Repair, Except Computers

9019 Audio equipment & TV repair
9035 Electrical & electronic equipment repair, except audio & TV
9050 Furniture repair & reupholstery
2881 Other equipment repair

Trade, Retail—Selling Goods to Individuals & Households

3038 Catalog or mail order
3046 Flea markets or shows
3012 Selling door to door, by telephone or party plan, or from mobile unit
3053 Vending machine selling

Selling From Showroom, Store, or Other Fixed Location

Apparel & Accessories

3921 Accessory & specialty stores & furriers for women
3939 Clothing, family
3772 Clothing, men's & boys'
3913 Clothing, women's
3756 Shoe stores
3954 Other apparel & accessory stores

Automotive & Service Stations

3558 Gasoline service stations
3319 New car dealers (franchised)
3533 Tires, accessories, & parts
3335 Used car dealers
3517 Other automotive dealers (motorcycles, recreational vehicles, etc.)

Building, Hardware, & Garden Supply

4416 Building materials dealers
4457 Hardware stores
4473 Nurseries & garden supply stores
4432 Paint, glass, & wallpaper stores

Food & Beverages

0612 Bakeries selling at retail
3086 Catering services
3095 Drinking places (bars, taverns, pubs, saloons, etc.)
3081 Eating places, fast food
3079 Full service restaurants
3210 Grocery stores (general line)
3251 Liquor stores
3236 Specialized food stores (meat, produce, candy, health food, etc.)

Furniture & General Merchandise

3988 Computer & software stores
3970 Furniture stores
4317 Home furnishings stores (china, floor coverings, drapes)
4119 Household appliance stores
4333 Music & record stores
3996 TV, audio & electronic stores
3715 Variety stores
3731 Other general merchandise stores

Miscellaneous Retail Stores

4812 Boat dealers
5017 Book stores, excluding newsstands
4853 Camera & photo supply stores
3277 Drug stores
5058 Fabric & needlework stores
4655 Florists
5090 Fuel dealers (except gasoline)
4630 Gift, novelty, & souvenir shops
4838 Hobby, toy, & game shops
4671 Jewelry stores
4895 Luggage & leather goods stores
5074 Mobile home dealers
4879 Optical goods stores
4697 Sporting goods & bicycle shops
5033 Stationery stores
4614 Used merchandise & antique stores (except motor vehicle parts)
5884 Other retail stores

Trade, Wholesale—Selling Goods to Other Businesses, etc.

Durable Goods, Including Machinery Equipment, Wood, Metals, etc.

2634 Agent or broker for other firms—more than 50% of gross sales on commission
2618 Selling for your own account

Nondurable Goods, Including Food, Fiber, Chemicals, etc.

2675 Agent or broker for other firms—more than 50% of gross sales on commission
2659 Selling for your own account

Transportation, Communications, Public Utilities, & Related Services

6619 Air transportation
6312 Bus & limousine transportation
6676 Communication services
6395 Courier or package delivery
6361 Highway passenger transportation (except chartered service)
6536 Public warehousing
6114 Taxicabs
6510 Trash collection without own dump
6635 Travel agents & tour operators
6338 Trucking (except trash collection)
6692 Utilities (dumps, snow plowing, road cleaning, etc.)
6551 Water transportation
6650 Other transportation services

8888 **Unable to classify**

Instructions for Schedule D, Capital Gains and Losses

Additional Information. *See* ***Pub. 544,*** *Sales and Other Dispositions of Assets, and* ***Pub. 550,*** *Investment Income and Expenses, for more details.*

General Instructions

Purpose of Schedule

Use Schedule D to report:

- The sale or exchange of a capital asset.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
- Capital gain distributions not reported directly on Form 1040, line 13.
- Nonbusiness bad debts.

Other Forms You May Have To File

Use **Form 4797,** Sales of Business Property, to report the following:

- The sale or exchange of property used in a trade or business; depreciable and amortizable property; oil, gas, geothermal, or other mineral property; and section 126 property.
- The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets held for business or profit.
- The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.
- Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.

Use **Form 4684,** Casualties and Thefts, to report involuntary conversions of property due to casualty or theft.

Use **Form 8824,** Like-Kind Exchanges, if you made one or more like-kind exchanges. See **Like-Kind Exchanges** on page D-2.

Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property held by you **except** the following:

1. Stock in trade or other property included in inventory or held for sale to customers.

2. Accounts or notes receivable for services performed in the ordinary course of your trade or business or as an employee, or from the sale of any property described in **1.**

3. Depreciable property used in your trade or business even if it is fully depreciated.

4. Real estate used in your trade or business.

5. Copyrights, literary, musical, or artistic compositions, letters or memoranda, or similar property: **(a)** created by your personal efforts; **(b)** prepared or produced for you (in the case of letters, memoranda, or similar property); or **(c)** that you received from someone who created them or for whom they were created, as mentioned in **(a)** or **(b),** in a way (such as by gift) that entitled you to the basis of the previous owner.

6. U.S. Government publications, including the Congressional Record, that you received from the government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.

Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than 1 year. The holding period for short-term capital gains and losses is 1 year or less. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds traded on an exchange or over-the-counter market.

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 under **Nonbusiness Bad Debts** for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

Losses That Are Not Deductible

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following.

- Members of a family.
- A corporation and an individual owning more than 50% of the corporation's stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.

See Pub. 544 for more details on sales and exchanges between related parties.

If you dispose of **(a)** an asset used in an activity to which the at-risk rules apply, or **(b)** any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the instructions for **Form 6198,** At-Risk Limitations. If the loss is allowable under the at-risk rules, it may then be subject to the passive activity rules. See **Form 8582,** Passive Activity Loss Limitations, and its instructions to see how to report capital gains and losses from a passive activity.

Items for Special Treatment and Special Cases

The following items may require special treatment. Section references are to the Internal Revenue Code.

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550 for details.
- Certain real estate subdivided for sale which may be considered a capital asset. See section 1237.
- Gain on the sale of depreciable property to a more than 50% owned entity, or to a trust of which you are a beneficiary. See Pub. 544 for details.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 955(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign estate, trust, or partnership. See **Form 926,** Return by a U.S. Transferor of Property to a Foreign Corporation, Foreign Estate or Trust, or Foreign Partnership.
- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See **Pub. 541,** Partnerships, for details.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550 for details.
- Transfer of appreciated property to a political organization. See section 84.
- In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse if the transfer is incident to a divorce. See **Pub. 504,** Divorced or Separated Individuals.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550 for details.
- Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is

reported as long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.

- Amounts received by shareholders in corporate liquidations. See Pub. 550 for details.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550 for details.
- Mutual fund load charges may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. For details, see **Pub. 564,** Mutual Fund Distributions.

Wash Sales

A wash sale occurs when you sell or otherwise dispose of stock or securities (including a contract or option to acquire or sell stock or securities) at a loss and, within 30 days before or after the sale or disposition, you directly or indirectly:

1. Buy substantially identical stock or securities,

2. Acquire substantially identical stock or securities in a fully taxable trade, or

3. Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical stock or securities you acquired (or the contract or option to acquire such stock or securities) is its cost increased by the disallowed loss. For more details on wash sales, see Pub. 550.

Report a wash sale transaction on line 1 or line 9. Show the full amount of the loss in column (f). On the next line, enter "Wash Sale" in column (a) and the amount of the loss not allowed in column (g).

Short Sales

A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender to close the short sale. However, if you held substantially identical property for 1 year or less on the date of the short sale, or if you acquire property substantially identical to the property sold short after the short sale but on or before the date you close the short sale, your gain when closing the short sale is a short-term capital gain. If you held substantially identical property for more than 1 year on the date of a short sale, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.

Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract, but that is a capital asset in your hands. If a purchased option expired, enter the expiration date in column (c), and write **"EXPIRED"** in column (d). If an option that was granted (written) expired, enter the expiration date in column (b), and write **"EXPIRED"** in column (e). Fill in the other columns as appropriate. See Pub. 550 for more details.

Like-Kind Exchanges

A "like-kind exchange" occurs when you exchange business or investment property for property of a like kind. Complete and attach Form 8824 to your return for each exchange. For exchanges of capital assets, include the gain or loss from Form 8824, if any, on line 4 or line 12 in column (f) or (g).

Capital Assets Held for Personal Use

Gain from the sale or exchange of this property is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use (other than your main home), you must report the transaction on Schedule D even though the loss is not deductible.

For example, you have a loss on the sale of a vacation home that is not your main home. Report it on line 1 or 9, depending on how long you owned the home. Complete columns (a) through (e). Because the loss is not deductible, write "Personal Loss" across columns (f) and (g).

Specialized Small Business Investment Companies (SSBICs)

If you sold publicly traded securities, you may be able to postpone all or part of the gain on that sale if you bought common stock or a partnership interest in an SSBIC during the 60-day period that began on the day of the sale. An SSBIC is any partnership or corporation licensed by the Small Business Administration under section 301(d) of the Small Business Investment Act of 1958. You must recognize gain on the sale to the extent the proceeds from the sale exceed the cost of your SSBIC stock or partnership interest purchased during the 60-day period that began on the date of the sale (and not previously taken into account). The gain you postpone is limited to $50,000 a year and $500,000 during your lifetime (reduce these amounts by one-half if you are married filing separately). The basis of your SSBIC stock or partnership interest is reduced by any postponed gain.

If you choose to postpone gain, report the entire gain realized on the sale on line 1 or 9. Directly below the line on which you reported the gain, enter in column (a) "SSBIC Rollover" and in column (f) the amount of the postponed gain. Also attach a schedule showing **(a)** how you figured the postponed gain, **(b)** the name of the SSBIC in which you purchased common stock or a partnership interest, **(c)** the date of that purchase, and **(d)** your new basis in that SSBIC stock or partnership interest.

Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income. See Pub. 541.

Regulated Investment Companies

Include on line 12 the amount on **Form 2439,** Notice to Shareholder of Undistributed Long-Term Capital Gains, that represents your share of the undistributed capital gains of a regulated investment company. Enter on Form 1040, line 57, the tax paid by the company shown on Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit. See Pub. 550 for more details.

Capital Gain Distributions

Enter on line 14 capital gain distributions paid to you during the year as a long-term capital gain, regardless of how long you held your investment. See Pub. 550 for details.

Sale of Your Home

Use **Form 2119,** Sale of Your Home, to report the sale of your main home whether or not you bought another one. You must file Form 2119 for the year in which you sell your main home, even if you have a loss or you postpone or defer all or part of your gain.

Installment Sales

If you sold property (other than publicly traded stocks or securities) at a gain and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to. Use **Form 6252,** Installment Sale Income, to report the sale on the installment method. Also use Form 6252 to report any payment received in 1996 from a sale made in an earlier year that you reported on the installment method. To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed return (including extensions).

Section 1256 Contracts and Straddles

Use **Form 6781,** Gains and Losses From Section 1256 Contracts and Straddles, to report these transactions. Include the amounts from Form 6781 on lines 4 and 12.

Specific Instructions

Parts I and II

Column (b)—Date Acquired

Enter in this column the date the asset was acquired. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

If you disposed of property that you acquired by inheritance, report it on line 9 and write **"INHERITED"** in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that was acquired through several different purchases, you may report the sale on one line and write **"VARIOUS"** in column (b). However, you still must report the short-term

gain or loss on the sale in Part I and the long-term gain or loss on the sale in Part II.

Column (c)—Date Sold

Enter in this column the date the asset was sold. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

Column (d)—Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B or similar statement from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or your broker) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If the net amount is entered in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a nontransferrable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).

Caution: *Be sure to add all sales price entries on lines 1 and 9, column (d), to amounts on lines 2 and 10, column (d). Enter the totals on lines 3 and 11.*

Column (e)—Cost or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details on how to figure your basis in stock that split while you owned it.

You can choose to use an average basis for mutual fund shares if you acquired the shares at various times and prices and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. For details on how to figure average basis, see Pub. 564.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent is generally the fair market value at the date of death. See Pub. 544 for details.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any expense of sale, such as broker's fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, see **Pub. 551,** Basis of Assets.

Lines 1 and 9

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 2119, 4684, 4797, 6252, 6781, or 8824). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use abbreviations to describe the property as long as the abbreviations are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use lines 20 and 22 on page 2 of Schedule D if you need more space to list transactions for lines 1 and 9. Use as many copies of page 2 of Schedule D as you need. Enter on Schedule D, lines 2 and 10, columns (d), (f), and (g) the combined totals of all your copies of page 2 of Schedule D.

Caution: *Add the following amounts reported to you for 1996 on Forms 1099-B and 1099-S (or on substitute statements):*

1. *Proceeds from transactions involving stocks, bonds, and other securities, and*

2. *Gross proceeds from real estate transactions not reported on another form or schedule.*

If this total is ***more*** *than the total of lines 3 and 11, attach a statement explaining the difference.*

Capital Loss Carryover Worksheet
(keep for your records)

You may deduct capital losses up to the amount of your capital gains plus $3,000 ($1,500 if married filing separately). Capital losses that exceed this amount are carried forward to later years. Use this worksheet to figure your capital loss carryovers from 1996 to 1997 if Schedule D, line 19, is a loss and **(a)** that loss is a smaller loss than the loss on Schedule D, line 18, **or (b)** Form 1040, line 35, is a loss.

1.	Enter the amount from Form 1040, line 35. If a loss, enclose the amount in parentheses	**1.**
2.	Enter the loss from Schedule D, line 19, as a positive amount	**2.**
3.	Combine lines 1 and 2. If zero or less, enter -0-	**3.**
4.	Enter the **smaller** of line 2 or line 3	**4.**
	Note: *If line 8 of Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 10.*	
5.	Enter the loss from Schedule D, line 8, as a positive amount	**5.**
6.	Enter the gain, if any, from Schedule D, line 17 **6.**	
7.	Enter the amount from line 4 **7.**	
8.	Add lines 6 and 7	**8.**
9.	**Short-term capital loss carryover to 1997.** Subtract line 8 from line 5. If zero or less, enter -0-	**9.**
	Note: *If line 17 of Schedule D is a loss, go to line 10; otherwise, skip lines 10 through 14.*	
10.	Enter the loss from Schedule D, line 17, as a positive amount	**10.**
11.	Enter the gain, if any, from Schedule D, line 8 **11.**	
12.	Subtract line 5 from line 4. If zero or less, enter -0- **12.**	
13.	Add lines 11 and 12	**13.**
14.	**Long-term capital loss carryover to 1997.** Subtract line 13 from line 10. If zero or less, enter -0-	**14.**

Instructions for Schedule E, Supplemental Income and Loss

Use Schedule E to report income or loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs.

If you attach your own schedule(s) to report income or loss from any of these sources, use the same format as on Schedule E. Enter separately on Schedule E the total income and the total loss for each part. Enclose loss figures in (parentheses).

Part I

Use Part I to report income and expenses from rentals of real estate (including personal property leased with real estate). Also, use Part I to report royalty income and expenses. See the instructions for lines 3 and 4 to determine when rental real estate and royalty income should be reported on **Schedule C** or **C-EZ,** or **Form 4835,** Farm Rental Income and Expenses, instead.

Do not use Schedule E to report income and expenses from the rental of personal property, such as equipment or vehicles. Instead, use Schedule C or C-EZ if you are in the business of renting personal property. Your rental of personal property is a business if the primary purpose for renting the property is income or profit, and you are involved in the rental activity with continuity and regularity. If your rental of personal property is not a business, see the Instructions for Form 1040, lines 21 and 30, to find out how to report the income and expenses.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

If you have more than three rental real estate or royalty properties, complete and attach as many Schedules E as you need to list them. Complete lines 1 and 2 for each property. But fill in the "Totals" column only on one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals of all Schedules E.

If you also need to use page 2 of Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

Filers of Form 1041

Enter your employer identification number in the block for "Your social security number."

Line 1

For rental real estate property only, show the kind of property you rented out, for example, "brick duplex." Give the street address, city or town, and state. You do not have to give the ZIP code. If you own a part interest in the property, show your percentage of ownership.

Line 2

If you rented out a dwelling unit and also used it for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. A dwelling unit (unit) means a house, apartment, condominium, or like property.

If the property is a dwelling unit, check "Yes" if you or your family used the unit for personal purposes in 1996 more than the greater of:

1. 14 days; or

2. 10% of the total days it was rented to others at a fair rental price.

Otherwise, check "No."

What Is Personal Use? A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes.
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement).
- Anyone in your family or in the family of someone else who owns part of the unit, unless the unit is rented at a fair rental price to that person as his or her main home.
- Anyone under an agreement that lets you use some other unit.
- Anyone who pays less than a fair rental price for the unit.

Days Not Counted As Personal Use. The following days you spent at the dwelling unit are not counted as personal use:

- Any day you spent working substantially full time repairing and maintaining the unit, even if family members used it for recreational purposes on that day.
- The days you used the unit as your main home before or after renting it or offering it for rent, if you rented or tried to rent it for at least 12 consecutive months (or for a period of less than 12 consecutive months at the end of which you sold or exchanged it).

If you checked "No," you can deduct all your expenses for the rental part, subject to the **At-Risk Rules** and the **Passive Activity Loss Rules** explained on pages E-2 and E-3.

If you checked "Yes" and rented the unit out for fewer than 15 days, do not report the rental income and do not deduct any rental expenses. But if you itemize deductions on **Schedule A** (Form 1040), you may deduct allowable interest, taxes, and casualty losses.

If you checked "Yes" and rented the unit out for at least 15 days, you may NOT be able to deduct all your rental expenses. You can deduct your mortgage interest, real estate taxes, and casualty losses for the rental part on Schedule E. You can also deduct your other rental expenses that are not related to your use of the unit as a home, such as advertising expenses and rental agents' fees. If any income is left after deducting these expenses, you can then deduct other expenses. But you cannot deduct more than the income that is left. Carry amounts you cannot deduct to 1997. See **Pub. 527,** Residential Rental Property (Including Rental of Vacation Homes), for more details.

Line 3

If you were not in the real estate sales business but you received rent from real estate (including personal property leased with real estate), report it on line 3. Include room and other space rentals. If you received services or property instead of money as rent, report its fair market value. Be sure to enter your total rents in the "Totals" column even if you have only one property.

If you provided significant services to the renter, such as maid service, report the rental on Schedule C or C-EZ, and not on Schedule E. Significant services **do not** include the furnishing of heat and light, cleaning of public areas, trash collection, etc.

If you were in the real estate sales business, include on line 3 only the rent received from real estate (including personal property leased with real estate) you held for investment or speculation. Do not use Schedule E to report income and expenses from rentals of real estate held for sale to customers in the ordinary course of your real estate sales business. Instead, use Schedule C or C-EZ for these rentals.

For more details on rental income, use Tele-Tax topic 414 (see page 34) or see Pub. 527.

Rental Income From Farm Production or Crop Shares. Report farm rental income and expenses on Form 4835 if **(a)** you received rental income based on crops or livestock produced by the tenant, **and (b)** you did not manage or operate the farm to any great extent.

Line 4

Report on line 4 **royalties** from oil, gas, or mineral properties (not including operating oil, gas, or mineral interests); copyrights; and patents. Enter your total royalties in the "Totals" column. If you received $10 or more in royalties during 1996, you should receive a **Form 1099-MISC,** Miscellaneous Income, or similar statement, showing them. The payer must send this statement to you by January 31, 1997.

If you are in business as a self-employed writer, inventor, artist, etc., report your

income and expenses on Schedule C or C-EZ. You may be able to treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, see **Pub. 544,** Sales and Other Dispositions of Assets.

If state or local taxes were withheld from oil or gas payments you received, enter on line 4 the gross amount of royalties. Include taxes withheld by the producer on line 16.

Lines 5 Through 21

Enter your rental and royalty expenses for each property in the appropriate columns. Also, enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19), and depreciation expense or depletion (line 20) in the "Totals" column even if you have only one property. You can deduct an amount for the depreciation of rental property and all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, and agents' commissions. Do not deduct the value of your own labor, capital investments, or capital improvements.

Renting Out Part of Your Home. If you rent out only part of your home or other property, deduct the part of your expenses that apply to the rented part.

Credit or Deduction for Access Expenditures. You may be able to claim a tax credit for eligible expenditures paid or incurred in 1996 to provide access to your business for individuals with disabilities. See **Form 8826,** Disabled Access Credit, for details.

You can also deduct up to $15,000 of qualified costs paid or incurred in 1996 to remove architectural or transportation barriers to individuals with disabilities and the elderly. You cannot take both the credit and the deduction for the same expenditures. See **Pub. 535,** Business Expenses, for details.

Line 6

You may deduct ordinary and necessary auto and travel expenses, including 50% of meals incurred while traveling away from home, related to your rental activities. If you use your auto in connection with your rental activities, you can either deduct your actual expenses or take the standard mileage rate. You **must** use actual expenses if you do not own the auto you use in your rental activities **or** if you use more than one vehicle simultaneously (as in fleet operations).

If you deduct actual auto expenses, include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, etc. Show auto rental or lease payments on line 18 and depreciation on line 20.

If you want to take the standard mileage rate, multiply the number of miles you drove your auto in connection with your rental activities by 31 cents a mile. Include this amount and your parking fees and tolls on line 6.

If you claim any auto expenses (actual or the standard mileage rate), you must provide the information requested in Part V of **Form 4562,** Depreciation and Amortization, and attach Form 4562 to your return.

For more details, see Pub. 527 and **Pub. 463,** Travel, Entertainment, Gift, and Car Expenses.

Line 10

Include on this line fees for tax advice related to your rental real estate or royalty properties and for preparation of the tax forms related to those properties.

Lines 12 and 13

In general, to determine the interest expense allocable to your rental activities, you will have to keep records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt proceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the interest you paid for 1996 to banks or other financial institutions. Be sure to fill in the "Totals" column.

If you paid $600 or more in interest on this mortgage, the recipient should send you a **Form 1098,** Mortgage Interest Statement, or similar statement, by January 31, 1997, showing the total interest received from you during 1996. If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct the additional interest. If you can, enter the amount on line 12. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 12.

Note: *If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.*

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. In the left margin next to line 13, write "See attached."

Line 17

The base rate (including taxes) for local telephone service for the first telephone line to any residence is a personal expense and is not deductible.

Line 20

Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property with a useful life of more than 1 year. Land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income.

For property placed in service after 1980, see the Instructions for Form 4562 to figure the amount of depreciation to enter on line 20. For property placed in service before 1981, figure depreciation from your own books and records and enter the total on line 20. Be sure to fill in the "Totals" column.

You must complete and attach Form 4562 **only** if:

- You are claiming depreciation on property placed in service during 1996, or
- You are claiming depreciation on listed property (defined in the Instructions for Form 4562), including a vehicle, regardless of the date it was placed in service, or
- You are claiming a section 179 expense deduction or amortization of costs that began in 1996.

If you acquired depreciable property for the first time in 1996, see **Pub. 946,** How To Depreciate Property.

If you own mineral property or an oil, gas, or geothermal well, you may be able to take a deduction for depletion. See Pub. 535 for details.

Line 22

At-Risk Rules

Generally, if you have **(a)** a loss from an activity carried on as a trade or business or for the production of income, and **(b)** amounts in the activity for which you are not at risk, you will have to complete **Form 6198,** At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity. However, if you acquired your interest in the activity before 1987, the at-risk rules do not apply to losses from an activity of holding real property placed in service before 1987. The activity of holding mineral property does not qualify for this exception.

In most cases, you are not at risk for amounts such as:

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity that are not secured by your own property (other than property used in the activity). There is an exception for certain nonrecourse financing borrowed by you in connection with holding real property. See **Qualified nonrecourse financing** below.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire your interest in the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related, under Internal Revenue Code section 465(b)(3), to a person (other than you) having such an interest.

Qualified nonrecourse financing secured by real property used in an activity of holding real property that is subject to the at-risk rules is treated as an amount at risk. Qualified nonrecourse financing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property,
- Not convertible from a debt obligation to an ownership interest, **and**

- Loaned or guaranteed by any Federal, state, or local government, or borrowed by you from a qualified person.

A **qualified person** is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A qualified person **cannot** be:

- Related to you (although a person related to you may be a qualified person if the nonrecourse financing is commercially reasonable and on the same terms as loans involving unrelated persons), or
- The seller of the property (or a person related to the seller), or
- A person who receives a fee due to your investment in real property (or a person related to that person).

If you have amounts for which you are not at risk in a rental or royalty activity, get Form 6198 to determine the amount of your deductible loss and enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22, write "Form 6198." Attach Form 6198 to your return.

Line 23

If your rental real estate loss is from a passive activity (defined below), you may need to complete **Form 8582,** Passive Activity Loss Limitations, to figure the amount of loss, if any, to enter on line 23. If your rental real estate loss is not from a passive activity **OR** you meet the following exception, you do not have to complete Form 8582. Enter the loss from line 22 on line 23.

Exception for Certain Rental Real Estate Activities. If you meet **ALL THREE** of the following conditions, your rental real estate losses are not limited by the passive activity rules. If you **do not** meet **ALL THREE** of these conditions, see the Instructions for Form 8582 to find out if you must complete and attach Form 8582.

1. Rental real estate activities are your only passive activities.

2. You do not have any prior year unallowed losses from any passive activities.

3. All of the following apply if you have an overall net loss from these activities:

- You actively participated (defined later) in all of the rental real estate activities; **and**
- If married filing separately, you lived apart from your spouse all year; **and**
- Your overall net loss from these activities is $25,000 or less ($12,500 or less if married filing separately); **and**
- You have no current or prior year unallowed credits from passive activities; **and**
- Your modified adjusted gross income, defined later, is $100,000 or less ($50,000 or less if married filing separately).

Active Participation. You can meet the active participation requirement without regular, continuous, and substantial involvement in operations. But you must have participated in making management decisions or arranging for others to provide services (such as repairs), in a significant and bona fide sense. Management decisions that are relevant in this context include approving new tenants, deciding on rental terms, approving capital or repair expenditures, and other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest) in the activity was less than 10% (by value) of all interests in the activity.

Modified Adjusted Gross Income. This is your adjusted gross income from Form 1040, line 31, without taking into account any passive activity loss, rental real estate losses allowed under the exception for real estate professionals (explained below), taxable social security or equivalent railroad retirement benefits, deductible contributions to an IRA or certain other qualified retirement plans under Internal Revenue Code section 219, or the deduction for one-half of self-employment tax. If you file **Form 8815,** Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, include in your modified adjusted gross income the interest excluded on line 14 of that form.

Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. They apply to losses in Parts I, II, and III, and on line 39 of Schedule E. Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules then are subject to the passive activity rules. You can generally deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain rental real estate activities (as previously explained).

Passive Activity. A passive activity is any business activity in which you **do not** materially participate and any rental activity, except as provided below. See the Instructions for Form 8582 to determine whether you materially participated in a business or rental activity. If you are a limited partner, you generally are not treated as having materially participated in the partnership's activity for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply to this rule. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and, if so, whether you materially participated in the activity for the tax year. See the Instructions for Form 8582 for the material participation tests and the definition of "rental activity." See **Pub. 925,** Passive Activity and At-Risk Rules, for special rules that apply to rentals of **(a)** substantially nondepreciable property, **(b)** property incidental to development activities, and **(c)** property to activities in which you materially participate.

Exception for Real Estate Professionals. If you were a real estate professional for 1996, any rental real estate activity in which you materially participated is not a passive activity. You were a **real estate professional** only if you met **both** of the following conditions.

1. More than half of the personal services you performed in trades or businesses were performed in real property trades or businesses in which you materially participated, and

2. You performed more than 750 hours of services in real property trades or businesses in which you materially participated.

For purposes of this rule, each interest in rental real estate is a separate activity, unless you elect to treat all interests in rental real estate as one activity. To make this election, attach a statement to your original tax return that declares you are a qualifying taxpayer for the year and you are making the election under section 469(c)(7)(A). The election applies for the year made and all later years in which you are a real estate professional. You may revoke the election only if your facts and circumstances materially change.

If you are married filing jointly, either you or your spouse must separately meet both of the above conditions, without taking into account services performed by the other spouse.

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you owned more than 5% of the stock (or more than 5% of the capital or profits interest) in the employer.

If you were a real estate professional for 1996, complete line 42 on page 2.

Other Exceptions. The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2.

A working interest in an oil or gas well that you hold directly or through an entity that does not limit your liability is not a passive activity even if you do not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E generally is not considered income from a passive activity.

For more details on passive activities, see the Instructions for Form 8582 and Pub. 925.

Parts II and III

If you need more space in Parts II and III to list your income or losses, attach a continuation sheet using the same format as shown in Parts II and III. However, be sure to complete the "Totals" columns for lines 28a and 28b, or lines 33a and 33b, as appropriate. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

Tax Shelter Registration Number. If you are claiming or reporting any deduction, loss, credit, or other tax benefit, or reporting income from an interest purchased or otherwise acquired in a tax shelter, you must complete and attach **Form 8271,** Investor Reporting of Tax Shelter Registration Number. This reports the name, tax shelter registration number, and identifying number of the tax shelter. There is a $250 penalty if you do not report this number on your tax return.

Tax Preference Items. If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of preferences and adjustments from these entities on **Form 6251,** Alternative Minimum Tax—Individuals, or Schedule I of **Form 1041,** U.S. Income Tax Return for Estates and Trusts.

Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation, use Part II to report your share of the partnership or S corporation income (even if not received) or loss. You should receive a **Schedule K-1** from the partnership or the S corporation. Do not attach Schedules K-1 to your return. Keep them for your records. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. If you did not receive these instructions with your Schedule K-1, see page 5 for how to get a copy. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items.

Special rules apply that limit losses. Please note the following:

- If you have a current year loss or a prior year unallowed loss from a partnership or an S corporation, see **At-Risk Rules** on page E-2 and **Passive Activity Loss Rules** on page E-3.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and S corporation. If you are subject to the at-risk rules for any activity, use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter the deductible loss, if any, from Form 6198 in Part II, column (i), of Schedule E.

- If you have a passive activity loss, you generally need to complete Form 8582 to figure the amount of the allowable loss to enter in Part II, column (g), for that activity. But if you are a **general** partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a rental real estate activity, **and** you meet **ALL THREE** of the conditions listed in the instructions for line 23, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (g).
- If you have passive activity income, complete Part II, column (h), for that activity.
- If you have nonpassive income or losses, complete Part II, columns (i) through (k), as appropriate.

If you are treating items on your tax return differently from the way the partnership or S corporation treated them on its return, you may have to file **Form 8082,** Notice of Inconsistent Treatment or Amended Return.

Partnerships

See the Schedule K-1 instructions before entering on your return other partnership items from a passive activity or income or loss from any publicly traded partnership.

If you have other partnership items, such as depletion, from a nonpassive activity, show each item on a separate line in Part II. You may deduct unreimbursed ordinary and necessary expenses you paid on behalf of the partnership if you were required to pay these expenses under the partnership agreement. Enter deductible **unreimbursed partnership expenses** from nonpassive activities on a separate line in column (i) of Part II. Enter on Schedule A (Form 1040) any unreimbursed partnership expenses deductible as itemized deductions. Report allowable interest expense paid or incurred from debt-financed acquisitions in Part II, or on Schedule A, depending on the type of expenditure to which the interest is allocated. See Pub. 535 for details.

If you claimed a credit for Federal tax on gasoline or other fuels on your 1995 Form 1040 (based on information received from the partnership), enter as income in column (h) or column (k), whichever applies, the amount of the credit claimed in 1995.

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on **Schedule SE** (Form 1040). Enter the amount from Schedule K-1 (Form 1065), line 15a, on Schedule SE, after you reduce this amount by any allowable expenses attributable to that income.

If you have losses or deductions from a prior year that you could not deduct because of the at-risk or basis rules, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

S Corporations

Your share of the net income is NOT subject to self-employment tax. Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on Form 1040, line 9.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 535.

As a shareholder in an S corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation may be carried forward and deducted in a later year subject to the basis limitation for that year. If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See the Schedule K-1 instructions for more information.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules explained earlier.

If you have losses or deductions from a prior year that you could not deduct because of the basis or at-risk limitations, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

Estates and Trusts

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a **Schedule K-1** (Form 1041) from the fiduciary. Do not attach that schedule to your return. Keep it for your records. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1.

If you have estimated taxes credited to you from a trust (Schedule K-1, line 13a), write "ES payment claimed" and the amount on the dotted line next to line 36. **Do not** include this amount in the total on line 36. Instead, enter the amount on Form 1040, line 53.

A U.S. person who transferred property to a foreign trust may have to report the income received by the trust as a result of the transferred property if, during 1996, the trust had a U.S. beneficiary. For details, see **Form 3520-A,** Annual Return of Foreign Trust With U.S. Beneficiaries.

Part IV

If you are the holder of a residual interest in a real estate mortgage investment conduit (REMIC), use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive **Schedule Q** (Form 1066) and instructions from the REMIC for each quarter. Do not attach the schedule(s) to your return. Keep them for your records.

REMIC income or loss is not income or loss from a passive activity.

Note: *If you are the holder of a regular interest in a REMIC, do not use Schedule E to report the income you received. Instead, report it on Form 1040, line 8a.*

If you are the holder of a residual interest in more than one REMIC, attach a continuation sheet using the same format as in Part IV. Enter the totals of columns (d) and (e) on line 38 of Schedule E. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

Column (c). Report the total of the amounts shown on Schedule(s) Q, line 2c. This is the smallest amount of taxable income you may report on Form 1040, line 37, for 1996. If the taxable income you would show on Form 1040, line 37, is **smaller** than the total reported in column (c), you **must** enter the amount from column (c) on Form 1040, line 37. Write "Sch. Q" next to line 37 on Form 1040.

Caution: *Do not include the amount shown in column (c) in the total on line 38.*

Column (e). Report the total of the amounts shown on Schedule(s) Q, line 3b. If you itemize your deductions on Schedule A, include this amount on line 22.

Part V

Line 41

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 1995 or 1996 is at least two-thirds of your gross income, and

2. You file your 1996 tax return and pay the tax due by March 3, 1997.

Instructions for Schedule F, Profit or Loss From Farming

Use Schedule F to report farm income and expenses. File it with Form 1040, 1041, or 1065.

This activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

***Additional Information. Pub. 225,** Farmer's Tax Guide, has samples of filled-in forms and schedules, and lists important dates that apply to farmers.*

General Instructions

A Change To Note

Form 8645, Soil and Water Conservation Plan Certification, is obsolete. Although conservation expenses must be consistent with an approved conservation plan, no certification is required to be attached to your return. For more details, see the instructions for line 14 on page F-3.

Other Schedules and Forms You May Have To File

Schedule E to report rental income from pastureland that is based on a flat charge. Report this income in Part I of Schedule E. But report on line 10 of Schedule F pasture income received from taking care of someone else's livestock.

Schedule SE to pay self-employment tax on income from any trade or business.

Form 4562 to claim depreciation on assets placed in service in 1996, to claim amortization that began in 1996, or to report information on vehicles and other listed property.

Form 4684 to report a casualty or theft gain or loss involving farm business property including livestock held for draft, breeding, sport, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

Form 4797 to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also, use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.

Form 4835 to report rental income based on farm production or crop shares if you did not materially participate (for self-employment tax purposes) in the management or operation of the farm. This income is not subject to self-employment tax. See Pub. 225.

Form 8824 to report like-kind exchanges.

Heavy Vehicle Use Tax

If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. See **Form 2290,** Heavy Vehicle Use Tax Return, to find out if you owe this tax.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, annuities, and pensions. You may also have to file an information return if you sold $5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For more information, see the **Instructions for Forms 1099, 1098, 5498, and W-2G.**

If you received cash of more than $10,000 in one or more related transactions in your farming business, you may have to file **Form 8300.** For details, see **Pub. 1544,** Reporting Cash Payments of Over $10,000.

Estimated Tax

If you had to make estimated tax payments in 1996 and you underpaid your estimated tax, you will not be charged a penalty if **both** of the following apply.

1. Your gross farming or fishing income for 1995 or 1996 is at least two-thirds of your gross income.

2. You file your 1996 tax return and pay the tax due by March 3, 1997.

For more details, see Pub. 225.

Specific Instructions

Filers of Forms 1041 and 1065

Do not complete the block labeled "Social security number (SSN)." Instead, enter your employer identification number (EIN) on line D.

Lines A and B

On line A, enter your principal crop or activity for the current year.

On line B, enter one of the 15 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income. **Field crop** includes the production of grains such as wheat, rice, feed corn, soybeans, barley, rye, and lentils; and nongrains such as cotton, tobacco, sugar, and Irish potatoes.

Line C

Under the **cash method,** include all income in the year you actually get it. Generally, deduct expenses when you pay them. If you use the cash method, check the box labeled "Cash." Complete Parts I and II of Schedule F.

Under the **accrual method,** include income in the year you earn it. It does not matter when you get it. Deduct expenses when you incur them. If you use the accrual method, check the box labeled "Accrual." Complete Parts II, III, and line 11 of Schedule F.

Other rules apply that determine the timing of deductions based on economic performance. See **Pub. 538,** Accounting Periods and Methods, for details.

Farming syndicates cannot use the cash method of accounting. A farming syndicate may be a partnership, any other noncorporate group, or an S corporation **if:**

1. The interests in the business have ever been for sale in a way that would require registration with any Federal or state agency, or

2. More than 35% of the loss during any tax year is shared by limited partners or limited entrepreneurs. A **limited partner** is one who can lose only the amount invested or required to be invested in the partnership. A **limited entrepreneur** is a person who does not take any active part in managing the business.

Line D

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, partnership, or alcohol, tobacco, and firearms tax return. If you need an EIN, file **Form SS-4,** Application for Employer Identification Number.

If you do not have an EIN, leave line D blank. **Do not** enter your SSN.

Line E

Material Participation. For the definition of material participation for purposes of the passive activity rules, see the instructions for **Schedule C** (Form 1040), line G, on page C-1.

If you meet any of the material participation tests described in the line G instructions for Schedule C, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent, and the surviving spouse actively manages the farm.

Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see **Limit on Losses** on page F-2. If you have a profit from this business activity but have current

year losses from other passive activities or prior year unallowed passive activity losses, see the instructions for **Form 8582,** Passive Activity Loss Limitations.

Limit on Losses. If you checked the "No" box on line E and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule F, line 36. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, see **Pub. 925,** Passive Activity and At-Risk Rules.

Part I. Farm Income—Cash Method

In Part I, show income received for items listed on lines 1 through 10. Count both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is credited to your account or set aside for you to use.

If you ran the farm yourself and received rents based on farm production or crop shares, report these rents as income on line 4.

Sales of Livestock Because of Drought

If you sold livestock because of a drought, you can count the income from the sale in the year after the drought, instead of the year of the sale. You can do this if **all** of the following apply:

- Your main business is farming.
- You can show that you sold the livestock only because of the drought.
- Your area qualified for Federal aid.

Forms 1099 or CCC-1099-G

If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included with farm income. Then, use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amounts with any other income reported on that line.

Information return	Where to report
Form 1099-PATR	Line 5a
Form 1099-A	Line 7b
Form 1099-MISC (for crop insurance)	Line 8a
Forms 1099-G or CCC-1099-G (for disaster payments)	Line 8a
Forms 1099-G or CCC-1099-G (for other agricultural program payments)	Line 6a

You may also receive **Form 1099-MISC,** Miscellaneous Income, for other types of income. In this case, report it on whichever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9, "Custom hire (machine work) income."

Lines 1 and 2

On line 1, show amounts received from sales of livestock and other items bought for resale. On line 2, show the cost or other basis of the livestock and other items you actually sold.

Line 4

Show amounts received from sales of livestock, produce, grains, and other products you raised.

Lines 5a and 5b

If you received distributions from a cooperative in 1996, you should receive **Form 1099-PATR,** Taxable Distributions Received From Cooperatives. On line 5a, show your total distributions from cooperatives. This includes patronage dividends, nonpatronage distributions, per-unit retain allocations, and redemption of nonqualified notices and per-unit retain allocations.

Show patronage dividends (distributions) received in cash, and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retain certificates, show the stated dollar amount of the certificate.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

Lines 6a and 6b

Enter on line 6a the TOTAL of the following amounts. These are government payments you received, usually reported to you on **Form 1099-G,** Certain Government Payments. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

- Price support payments.
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount.
- Diversion payments.
- Cost-share payments (sight drafts).
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6b if you elected to report CCC loan proceeds as income in the year received (see lines 7a through 7c below). No gain results from redemption of the commodity because you previously reported the CCC loan proceeds as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6b.

Lines 7a Through 7c

Commodity Credit Corporation Loans. Generally, you do not report CCC loan proceeds as income. However, if you pledge part or all of your production to secure a CCC loan, you may elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election (or made the election in a prior year), report loan proceeds you received in 1996 on line 7a. Attach a statement to your return showing the details of the loan(s).

Forfeited CCC Loans. Include the full amount forfeited on line 7b, even if you reported the loan proceeds as income.

If you **did not** elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

For more information on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans, see Pub. 225.

Lines 8a Through 8d

In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 1996 was the year of damage, you may elect to include certain proceeds in income for 1997. To make this election, check the box on line 8c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election may be made and for what you must include in your statement.

Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including Federal disaster payments).

Enter on line 8a the TOTAL crop insurance proceeds you received in 1996, even if you elect to include them in income for 1997.

Enter on line 8b the taxable amount of the proceeds you received in 1996. Do not include proceeds you elect to include in income for 1997.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 1995 and elected to include in income for 1996.

Line 9

Enter on this line the income you received for custom hire (machine work).

Line 10

Use this line to report income not shown on lines 1 through 9. For example, include the following income items on line 10:

- Illegal Federal irrigation subsidies. See Pub. 225.

- Bartering income.
- Income from discharge of indebtedness. Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. If a Federal agency, financial institution, or credit union canceled or forgave a debt you owed of $600 or more, it should send you a **Form 1099-C,** Cancellation of Debt, or similar statement, by January 31, 1997, showing the amount of debt canceled in 1996. However, certain solvent farmers may exclude from income discharged qualified farm indebtedness. For information on whether you must include in income any discharge of indebtedness, see Pub. 225.
- State gasoline or fuel tax refund you got in 1996.
- The amount of credit for Federal tax paid on fuels claimed on your 1995 Form 1040.
- The amount of credit for alcohol used as a fuel that was entered on **Form 6478,** Credit for Alcohol Used as Fuel.
- Any recapture of excess depreciation, including any section 179 expense deduction, if the business use percentage of any listed property decreased to 50% or less in 1996. Use **Form 4797,** Sales of Business Property, to figure the recapture. See the instructions for Schedule C (Form 1040), line 13, on page C-3 for the definition of listed property.
- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. See **Pub. 946,** How To Depreciate Property, to figure the amount.
- Any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For details on how to figure recapture, see **Pub. 535,** Business Expenses.
- The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business insurance and are considered hedges. If you had a loss in a closed futures contract, enclose it in parentheses.

Caution: *For property acquired and hedging positions established, you must clearly identify on your books and records both the hedging transaction and the item(s) or aggregate risk that is being hedged.*

Purchase or sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the profit or loss on this line. Report it on **Form 6781,** Gains and Losses From Section 1256 Contracts and Straddles.

Part II. Farm Expenses

Do not deduct:

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.
- Expenses of raising anything you or your family used.
- The value of animals you raised that died.
- Inventory losses.
- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to:

1. Expenses of raising animals,

2. Expenses of producing any plant that has a preproductive period of 2 years or less, or

3. Expenses of replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

Note: *Exceptions **1** and **2** above do not apply to tax shelters, farm syndicates, or partnerships required to use the accrual method of accounting under Internal Revenue Code section 447 or 448.*

But you may be able to deduct rather than capitalize the expenses of producing a plant with a preproductive period of more than 2 years. See **Election To Deduct Certain Preproductive Period Expenses** below.

Do not reduce your deductions on lines 12 through 34e by the preproductive period expenses you are required to capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See **Preproductive Period Expenses** on page F-5 for more details.

If you revoked a prior election to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recaptured as ordinary income when you dispose of the animals.

Election To Deduct Certain Preproductive Period Expenses. If the preproductive period of any plant you produce is more than 2 years, you may choose to currently deduct the expenses rather than capitalize them. But you may not make this election for the costs of planting or growing citrus or almond groves that are incurred before the end of the 4th tax year beginning with the tax year you planted them in their permanent grove. By deducting the preproductive period expenses for which you may make this election, you are treated as having made the election.

Note: *In the case of a partnership or S corporation, the election must be made by the partner or shareholder. This election may not be made by tax shelters, farm syndicates, or partners in partnerships required to use the accrual method of accounting under Internal Revenue Code section 447 or 448.*

If you make the election to deduct preproductive expenses for plants, any gain you realize when disposing of the plants is ordinary income up to the amount of the preproductive expenses you deducted. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain the consent of the IRS, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You may not revoke this election without the consent of the IRS.

For more information, see Pub. 225.

Prepaid Farm Supplies. Generally, if you use the cash method of accounting and your prepaid farm supplies are more than 50% of your other deductible farm expenses, your deduction for those supplies may be limited. Prepaid farm supplies include expenses for feed, seed, fertilizer, and similar farm supplies not used or consumed during the year. They also include the cost of poultry that would be allowable as a deduction in a later tax year if you were to **(a)** capitalize the cost of poultry bought for use in your farm business and deduct it ratably over the lesser of 12 months or the useful life of the poultry and **(b)** deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it. If the limit applies, you can deduct prepaid farm supplies that do not exceed 50% of your other deductible farm expenses in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For exceptions and more details on these rules, see Pub. 225.

Line 12

You can deduct the actual cost of running your car or truck, or take the standard mileage rate. You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business (such as in fleet operations).

If you deduct actual costs, include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 16 and rent or lease payments on line 26a.

If you want to take the standard mileage rate, multiply the number of business miles by 31 cents a mile. Add to this amount your parking fees and tolls, and enter the total on line 12.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of **Form 4562,** Depreciation and Amortization. Be sure to attach Form 4562 to your return.

For more details, get **Pub. 463,** Travel, Entertainment, Gift, and Car Expenses.

Line 14

Deductible soil and water conservation expenses generally are those that are paid to conserve soil and water or to prevent erosion of land used for farming. These expenses include (but are not limited to) the cost of leveling, grading and terracing, contour furrowing, the construction, control, and protection of diversion channels, drainage ditches, earthen dams, watercourses, outlets and ponds, the eradication of brush, and the planting of windbreaks.

These expenses can be deducted only if they are consistent with a conservation plan approved by the Natural Resources Conservation Service (NRCS) of the Department of

Agriculture for the area in which your land is located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land used in farming in a foreign country.

Do not deduct expenses you pay or incur to drain or fill wetlands, to prepare land for center pivot irrigation systems, or to clear land.

The amount you deduct may not exceed 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, the excess may be carried forward and deducted in later tax years. However, the amount deductible for any 1 year may not exceed the 25% gross income limit for that year.

For more details, see Pub. 225.

Line 15

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment). Do not include amounts paid for rental or lease of equipment that you operated yourself. You should report those amounts on line 26a.

Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal items, land, livestock you bought or raised for resale, or other property in your inventory.

You may also choose under Internal Revenue Code section 179 to expense a portion of the cost of certain tangible property you bought in 1996 for use in your business.

For more details, including when you must complete and attach Form 4562, see the instructions for Schedule C (Form 1040), line 13, on page C-3.

Line 17

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 17 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 26, part of the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not itemize your deductions. See the Form 1040 instructions on page 20 for more details.

Line 18

Generally, you cannot currently deduct expenses for feed to be consumed by your livestock in a later tax year. See **Prepaid Farm Supplies** on page F-3.

Line 20

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock, and deduct them when the livestock is sold.

Line 22

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance.

Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible.

Lines 23a and 23b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted on the correct line of your return and gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule F.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming business, see Pub. 535 to figure the amount that is deductible on Schedule F.

If you have a mortgage on real property used in your farming business (other than your main home), enter on line 23a the interest you paid for 1996 to banks or other financial institutions for which you received a **Form 1098,** Mortgage Interest Statement.

If you did not receive a Form 1098 from the recipient, report your mortgage interest on line 23b.

If you paid more mortgage interest than is shown on Form 1098 or similar statement, see Pub. 535 to find out if you can deduct the additional interest. If you can, enter the amount on line 23a. Attach a statement to your return explaining the difference and write "See attached" in the left margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report your share of the interest on line 23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin next to line 23b, write "See attached."

On line 23b, enter the interest on other loans related to this farm. Do not deduct interest you prepaid in 1996 for later years; include only the part that applies to 1996.

Line 24

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- **Form 5884,** Work Opportunity Credit.
- **Form 8844,** Empowerment Zone Employment Credit.
- **Form 8845,** Indian Employment Credit.

Count the cost of boarding farm labor but not the value of any products they used from the farm. Count only what you paid household help to care for farm laborers.

Caution: *If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted elsewhere.*

Line 25

Enter your deduction for contributions to employee pension, profit-sharing, or annuity plans. If the plan included you as a self-employed person, see the instructions for Schedule C (Form 1040), line 19, on page C-4.

Lines 26a and 26b

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an **inclusion amount.** For details, see the instructions for Schedule C (Form 1040), line 20a, on page C-4.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farm land.

Line 27

Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or minimal cost, such as shovels and rakes.

Do not deduct repairs or maintenance on your home.

Line 31

You may deduct the following taxes on this line:

- Real estate and personal property taxes on farm business assets.
- Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages and any Federal unemployment tax paid.
- Federal highway use tax.

Do not deduct on this line:

- Federal income taxes including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 25.
- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farm business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to the farm business.

Line 32

Enter amounts you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities.

You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for business. See the instructions for Schedule C (Form 1040), line 25, on page C-4.

Lines 34a Through 34f

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F, such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.

Amortization. You can amortize qualifying forestation and reforestation costs over an 84-month period. You can also amortize certain business startup costs over a period of at least 60 months. For more details, see Pub. 535. For amortization that begins in 1996, you must complete and attach Form 4562.

At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 1996.

Bad Debts. See the instructions for Schedule C (Form 1040), line 9, on page C-3.

Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. Use the worksheet in **Pub. 587,** Business Use of Your Home, to figure your allowable deduction. **Do not** use **Form 8829,** Expenses for Business Use of Your Home.

Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your business and qualified clean-fuel vehicle refueling property. See Pub. 535 for more details.

Legal and Professional Fees. You can deduct on this line fees for tax advice related to your farm business and for preparation of the tax forms related to your farm business.

Travel, Meals, and Entertainment. Generally, you can deduct expenses for farm business travel and 50% of your business meals and entertainment. But there are exceptions and limitations. See the instructions for Schedule C (Form 1040), lines 24a through 24c, on page C-4.

Preproductive Period Expenses. Enter in parentheses on line 34f, preproductive period expenses that are capitalized. If you had preproductive period expenses in 1996 and you decided to capitalize these expenses, you MUST enter the total of these expenses in parentheses on line 34f and write "263A" in the space to the left of the total.

If you entered an amount in parentheses on line 34f because you have preproductive period expenses you are capitalizing, subtract the amount on line 34f from the total of lines 12 through 34e. Enter the result on line 35.

For more information, see **Capitalizing Costs of Property** on page F-3 and Pub. 225.

Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 37 before entering your loss on line 36. If you answered "No" to Question E on Schedule F, also see the Instructions for Form 8582. Enter the net profit or **deductible** loss here and on Form 1040, line 18, and Schedule SE, line 1. Estates and trusts should enter the net profit or deductible loss here and on Form 1041, line 6. Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5.

If you have a net profit on line 36, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the Instructions for Form 1040, line 54, on page 25 for more details.

Line 37

At-Risk Rules. Generally, if you have **(a)** a loss from a farming activity and **(b)** amounts in the activity for which you are **not at risk,** you will have to complete **Form 6198,** At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity.

Check **box 37b** if you have amounts for which you are not at risk in this activity, such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.
- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).
- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under Internal Revenue Code section 465(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check **box 37a** and enter your loss on line 36. But if you answered "No" to Question E, you may need to complete Form 8582 to figure your allowable loss to enter on line 36. See the Instructions for Form 8582 for more details.

If you checked **box 37b,** get Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you answered "No" to Question E, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 36. Be sure to attach Form 6198 to your return. If you checked box 37b and you fail to attach Form 6198, the processing of your tax return may be delayed.

Any loss from this activity not allowed for 1996 because of the at-risk rules is treated as a deduction allocable to the activity in 1997.

For more details, see Pub. 925. Also, see the Instructions for Form 6198.

Part III. Farm Income—Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must include animals and crops in your inventory if you use this method. See Pub. 538 for exceptions, inventory methods, how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

Line 38

Enter the amount earned from the sale of livestock, produce, grains, and other products you raised.

Lines 39a Through 41c

See the instructions for lines 5a through 7c on page F-2.

Lines 43 and 44

See the instructions for lines 9 and 10 on page F-2.

Instructions for Schedule SE, Self-Employment Tax

Use Schedule SE to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.

Additional Information. *See* ***Pub. 533,*** *Self-Employment Tax, for more details.*

General Instructions

Changes To Note

- For 1996, the maximum amount of self-employment income subject to social security tax is $62,700.
- For ministers and members of religious orders, net earnings from self-employment no longer include retirement benefits received from a church plan after retirement and the rental value of a home or an allowance for a home furnished after retirement. This is a retroactive tax law change covering all tax years.

Who Must File Schedule SE

You must file Schedule SE if:

1. You were self-employed and your net earnings from self-employment from other than church employee income were $400 or more, or

2. You had church employee income of $108.28 or more—see **Employees of Churches and Church Organizations** below.

Who Must Pay Self-Employment (SE) Tax?

Self-Employed Persons

You must pay SE tax if you had net earnings of $400 or more as a self-employed person. If you are in business for yourself or you are a farmer, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See **Partnership Income or Loss** on page SE-2.

Employees of Churches and Church Organizations

If you had church employee income of $108.28 or more, you must pay SE tax. **Church employee income** is wages you received as an employee (other than as a minister or member of a religious order) from a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But if you filed **Form 4361,** Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners, and received IRS approval, you will be exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax, write "Exempt–Form 4361" on Form 1040, line 45. However, if you had other earnings of $400 or more subject to SE tax, see line A at the top of Long Schedule SE.

Note: *If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you cannot revoke that election now.*

If you must pay SE tax, include this income on line 2 of either Short or Long Schedule SE. But do not report it on line 5a of Long Schedule SE; it is not considered church employee income. Also, include on line 2:

- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) and
- The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

However, **do not** include on line 2:

- Retirement benefits you received from a church plan after retirement, or
- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) after retirement.

If you were a duly ordained minister who was an employee of a church and you must pay SE tax, the unreimbursed business expenses that you incurred as a church employee are allowed only as an itemized deduction for income tax purposes. Subtract the allowable amount from your SE earnings when figuring SE tax.

If you were a U.S. citizen or resident alien serving outside the United States as a minister or member of a religious order and you must pay SE tax, you may not reduce your net earnings by the foreign housing exclusion or deduction.

For more details, see **Pub. 517,** Social Security and Other Information for Members of the Clergy and Religious Workers.

Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and which has provided a reasonable level of living for its dependent members, you are exempt from SE tax if you received IRS approval by filing **Form 4029,** Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits. In this case, do not file Schedule SE. Instead, write "Exempt–Form 4029" on Form 1040, line 45.

See Pub. 517 for more details.

U.S. Citizens Employed by Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), or the Virgin Islands. Report income from this employment on Schedule SE (Section A or B), line 2. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. You may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

Exception. The United States has social security agreements with many countries to eliminate dual taxes under two social security systems. Under these agreements, you must generally pay social security and Medicare taxes to only the country you live in.

The United States now has social security agreements with the following countries: Austria, Belgium, Canada, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Additional agreements are expected in the future. For more information, contact:

Social Security Administration
Office of International Policy
P.O. Box 17741
Baltimore, MD 21235

More Than One Business

If you were a farmer and had at least one other business or you had two or more businesses, your net earnings from self-

employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

Joint Returns

Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. However, if one spouse qualifies to use Short Schedule SE and the other has to use Long Schedule SE, both can use the **same** form. One spouse should complete the front and the other the back.

Include the total profits or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 45.

Community Income

In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on the business. The facts in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, see **Partnership Income or Loss** below.

If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also, attach Schedule(s) C, C-EZ, or F.

Caution: *Community income included on Schedule(s) C, C-EZ, or F must be divided for income tax purposes on the basis of the community property laws.*

Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

Specific Instructions

Read the chart on page 1 of Schedule SE to see if you can use **Section A,** Short Schedule SE, or if you must use **Section B,** Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. Read the following instructions to see what to include as net earnings and how to fill in lines 1 and 2 of either Short or Long Schedule SE. Enter all negative amounts in parentheses.

Net Earnings From Self-Employment

What Is Included in Net SE Earnings?

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

Partnership Income or Loss

If you were a general or limited partner in a partnership, include on line 1 or line 2, whichever applies, the amount from line 15a of Schedule K-1 (Form 1065). General partners should reduce this amount before entering it on Schedule SE by any section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you reduce the amount you enter on Schedule SE, attach an explanation.

If a partner died and the partnership continued, include in SE income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she died. See Internal Revenue Code section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must pay SE tax on your own share of the partnership income. Each of you must file a Schedule SE and report the partnership income or loss on **Schedule E** (Form 1040), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the nonmember spouse even in community property states.

Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on **Schedule F** (Form 1040) and for SE tax purposes on Schedule SE. For more details, see **Pub. 225,** Farmer's Tax Guide.

Other Income and Losses Included in Net Earnings From Self-Employment

- Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on this land. This income is farm earnings. To determine whether you materially participated in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests are explained in Pub. 225.
- Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.
- Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages.
- Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.
- Amounts received by current or former self-employed insurance agents that are:

1. Paid after retirement but calculated as a percentage of commissions received from the paying company before retirement;

2. Renewal commissions; or

3. Deferred commissions paid after retirement for sales made before retirement.

- Income as a crew member of a fishing vessel with a crew of normally fewer than 10 people.
- Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.
- Interest received in the course of any trade or business, such as interest on notes or accounts receivable.
- Fees and other payments received by you for services as a director of a corporation.
- Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See **Form 4797,** Sales of Business Property.
- Fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.
- Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

Income and Losses Not Included in Net Earnings From Self-Employment

- Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained earlier under **Other Income and Losses Included in Net Earnings From Self-Employment**) or as an employee or employee representative under the railroad retirement system.
- Fees received for services performed as a notary public. If you have no other income subject to SE tax, write "Exempt-Notary" on Form 1040, line 45. However, if you have other earnings of $400 or more subject to SE tax, write "Exempt-Notary" and, in parentheses, the amount of your net profit as a notary public from Schedule C or C-EZ on the dotted line to the left of line 3, Schedule SE. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3.
- Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and did not perform services for it during the year.
- Income from real estate rentals (including rentals paid in crop shares) if you did not receive the income in the course of a trade or business as a real estate dealer. This includes cash and crop shares received from a tenant or sharefarmer. Report this income on Schedule E.
- Dividends on shares of stock and interest on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.

- Gain or loss from:

1. The sale or exchange of a capital asset;

2. The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

3. Certain transactions in timber, coal, or domestic iron ore.

- Net operating losses from other years.

Statutory Employee Income

If you were required to check the box on line 1 of Schedule C or C-EZ because you were a statutory employee, **do not** include the net profit or (loss) from line 31 of that Schedule C (or the net profit from line 3 of Schedule C-EZ) on line 2 of Short or Long Schedule SE. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 8a.

Optional Methods

How Can the Optional Methods Help You?

Social Security Coverage. The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

Earned Income Credit. Using the optional methods may qualify you to claim the earned income credit or give you a larger credit if your net SE earnings (determined without using the optional methods) are less than $1,600. Figure the earned income credit with and without using the optional methods to see if the optional methods will benefit you.

Child and Dependent Care Credit. The optional methods may also help you qualify for this credit or give you a larger credit if your net SE earnings (determined without using the optional methods) are less than $1,600. Figure this credit with and without using the optional methods to see if the optional methods will benefit you.

Note: *Using the optional methods may give you the benefits described above but they may also increase your self-employment tax.*

Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was $2,400 or less **OR** your gross farm income was more than $2,400 but your net farm profits (defined below) were less than $1,733. There is no limit on how many years you can use this method.

Under this method, you report on line 15, Part II, two-thirds of your gross farm income, up to $1,600, as your net earnings. This method can increase or decrease your net SE farm earnings even if the farming business had a loss.

You may change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments of the partnership. If you are a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Net farm profits is the total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15a, from farm partnerships.

Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your nonfarm profits (defined below) were less than $1,733 and also less than 72.189% of your gross nonfarm income. To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were $400 or more in 2 of the 3 years preceding the year you use the nonfarm method. The net earnings of $400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss subject to SE tax. Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, you report on line 17, Part II, two-thirds of your gross nonfarm income, up to $1,600, as your net earnings. But **you may not report less than your actual net earnings** from nonfarm self-employment.

You may change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See **Farm Optional Method** on this page for details.

Net nonfarm profits is the total of the amounts from Schedule C (Form 1040), line 31 (or Schedule C-EZ (Form 1040), line 3), and Schedule K-1 (Form 1065), line 15a, from other than farm partnerships.

Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm self-employment, but you **cannot** report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you **cannot** report more than $1,600 of net SE earnings.

Major Categories of Federal Income and Outlays for Fiscal Year 1995

On or before the first Monday in February of each year, the President is required to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget sets forth the President's proposed receipts, spending, and deficit or surplus for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receiving the President's proposal, the Congress reviews it and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and deficit or surplus. Individual spending and revenue bills are then enacted consistent with the goals of the budget resolution.

In fiscal year 1995 (which began on October 1, 1994, and ended on September 30, 1995), Federal income was $1,355 billion and outlays were $1,519 billion, leaving a deficit of $164 billion.

Federal Income

Income and social insurance taxes are, by far, the largest source of receipts. In 1995, individuals paid $590 billion in income taxes and corporations paid $157 billion. Social security and other insurance and retirement contributions were $484 billion. Excise taxes were $57 billion. The remaining $66 billion of receipts were from Federal Reserve deposits, customs duties, estate and gift taxes, and other miscellaneous receipts.

Federal Outlays

About 89% of total outlays were financed by tax receipts and the remaining 11% were financed by borrowing. Government receipts and borrowing finance a wide range of public services. The following is the breakdown of total outlays for fiscal year 1995*:

1. Social security, Medicare, and other retirement: $567 billion. These programs were about 36% of total outlays. They provide income support for the retired and disabled and medical care for the elderly.

2. National defense, veterans, and foreign affairs: $326 billion. About 17% of total outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about 2% went for veterans benefits and services; and about 1% went for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.

3. Net interest: $232 billion. About 15% of total outlays were for net interest payments on the public debt.

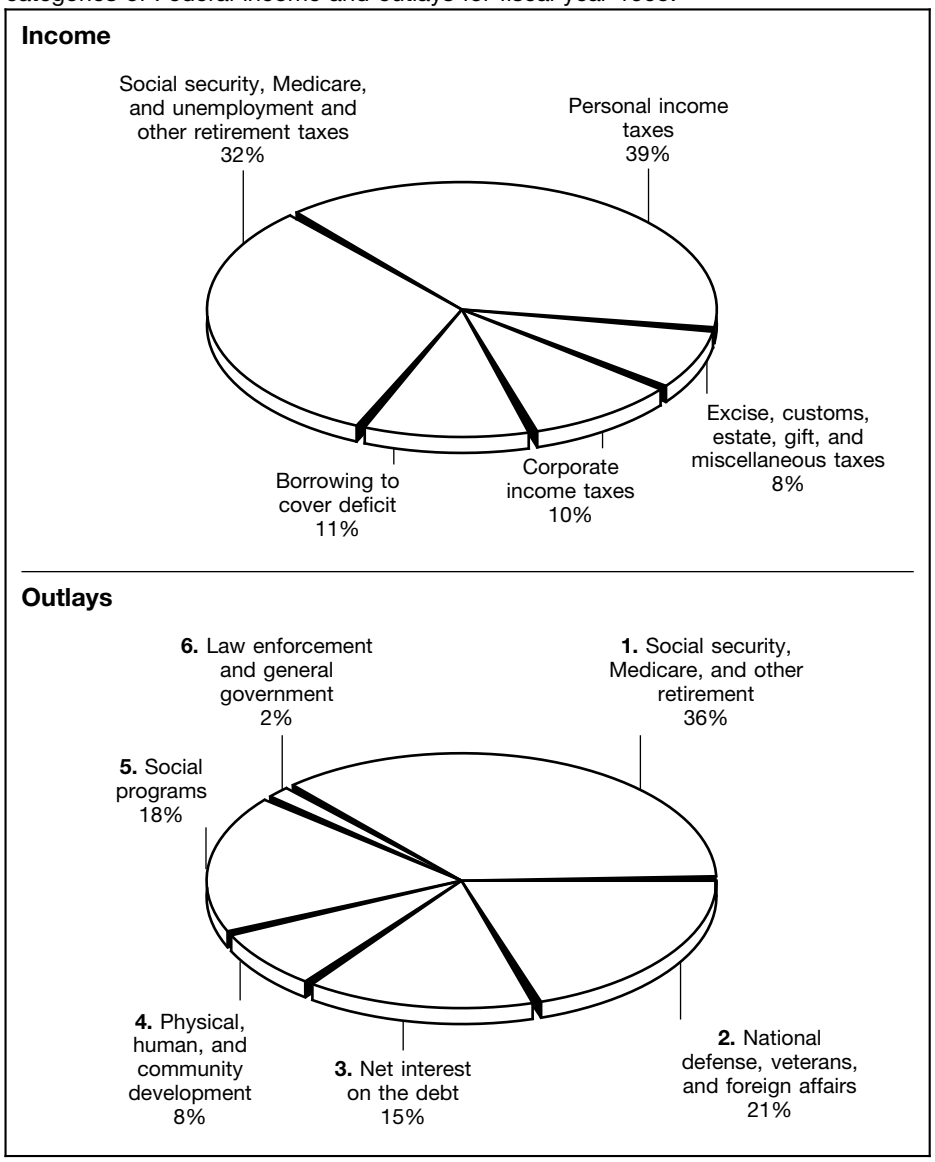
4. Physical, human, and community development: $128 billion. About 8% of total outlays were for agriculture; natural resources and environmental programs; transportation programs; aid for elementary and secondary education and direct assistance to college students; job training programs; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.

5. Social programs: $280 billion. The Federal Government spent 12% of total outlays to fund Medicaid, food stamps, aid to families with dependent children, supplemental security income, and related programs. Over 6% was spent for health research and public health programs, unemployment compensation, assisted housing, and social services.

6. Law enforcement and general government: $30 billion. About 2% of total outlays were for judicial activities, Federal law enforcement, and prisons; and to provide for the general costs of the Federal Government, including the collection of taxes and legislative activities.

Note: *Detail may not add to total due to rounding.*

Income and Outlays—These pie charts show the relative sizes of the major categories of Federal income and outlays for fiscal year 1995.



* The percentages on this page exclude undistributed offsetting receipts, which were -$44 billion in fiscal year 1995. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are primarily for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the spectrum auction.

Index to Instructions

A
Address Change . . . . . 11 and 32
Addresses of Internal Revenue Service Centers . . . . . Back Cover
Adjusted Gross Income 18
Advance Earned Income Credit Payments 6 and 24
After School Child Care Expenses 22
Alimony Paid 20
Alimony Received 14
Alternative Minimum Tax 23
Alternative Ways of Filing . . . . 6 and 33
Amended Return 32
Amount You Owe 30
Annuities 15
At-Risk Rules . . . . . C-5*, E-2*, and F-5*
Attachments to the Return 31

B
Birth or Death of Dependent 12
Blindness—Proof of 21
Business Income and Expenses (Schedule C) C-1*
Business Use of Home . . . . A-4 and C-5*

C
Capital Gains and Losses (Schedule D) . . D-1*
Capital Gain Distributions 15
Casualty and Theft Losses A-4
Charity—Gifts to A-3
Child and Dependent Care Expenses—
Credit for 22
Children of Divorced or Separated Parents—
Exemption for 13
Community Property States 13
Contributions To Reduce the Public Debt . . 32
Credits Against Tax 22
Customer Service Standards 4

D
Day-Care Center Expenses 22
Death of a Taxpayer 32
Debt, Gift To Reduce the Public 32
Dependent Care Benefits 14
Dependents—
Exemptions for 12
Standard Deduction 21
Direct Deposit of Refund . . . . 6 and 30
Dividends—
Nominee B-1
Other Distributions . . . . . 14 and B-1
Divorced or Separated Parents—Children of . 13
Dual-Status Aliens . . . . . 6, 8, and 11

E
Earned Income Credit . . . . . 6 and 25
Educational Expenses A-4
Elderly Persons—
Expenses for Care of 22
Standard Deduction 21
Electronic Filing 33
Electronic Payment of Tax 30
Employee Business Expenses A-4
Estates and Trusts E-4*
Estimated Tax . . . . . 24 and 32
Excess Social Security and RRTA Tax Withheld 30
Exemptions 12
Extension of Time To File . . . . 8 and 30

F
Farm Income and Expenses (Schedule F) . . F-1*
Filing Requirements 8–10
Filing Status 11
Foreign Accounts and Trusts B-1
Foreign-Source Income 13
Form W-2 14
Forms W-2, 1098, and 1099, Where To Report Certain Items From 10
Forms, How To Get 5

G
Gambling . . . . . 18 and A-4
Gifts to Charity A-3
Golden Parachute Payments 24
Group-Term Life Insurance, Uncollected Tax on 24

H
Head of Household 11
Health Insurance Deduction—
Self-Employed 20
Help With Unresolved Tax Issues 33
Home, Sale of D-2*
Household Employment Taxes 24

I
Income Tax Withholding (Federal) . . 24 and 32
Individual Retirement Arrangements (IRAs)—
Contributions to (lines 23a and 23b) . . . 18
Distributions from (lines 15a and 15b) . . 15
Nondeductible Contributions to . . 15 and 19
Injured Spouse Claim 30
Installment Payments 30
Interest—
Late Payment of Tax 33
Penalty on Early Withdrawal of Savings . . 20
Interest Income—
Exclusion of Savings Bond Interest . . . B-1
Nominee B-1
Taxable . . . . . 14 and B-1
Tax-Exempt . . . . . 14 and B-1
Interest You Paid A-2
Itemized Deductions or Standard Deduction . 21

K
Keogh Plan—Deduction for 20

L
Line Instructions for Form 1040 11
Lump-Sum Distributions 16

M
Married Persons—
Filing Joint or Separate Returns 11
Who Live Apart 12
Medical and Dental Expenses A-1
Mileage Rates, Standard . 6, A-1, A-3, and C-3*
Miscellaneous Itemized Deductions A-4
Mortgage Interest Credit . . . . 23 and A-2
Moving Expenses 20

N
Name Change . . . . . 11 and 32
National Debt, Gift To Reduce the 32
Nonresident Alien . . . . . 6, 8, and 11

O
Order Blank for Forms and Publications . . 39
Original Issue Discount (OID) B-1
Other Income 17
Other Taxes 23

P
Partnerships E-4*
Partnership Expenses, Unreimbursed . . E-4*
Passive Activity—
Losses . . . . . C-2*, E-3*, and F-2*
Material Participation . . . . C-2* and F-1*
Payments 24
Penalty—
Early Withdrawal of Savings 20
Estimated Tax 31
Frivolous Return 33
Late Filing 33
Late Payment 33
Other 33
Pensions and Annuities 15
Preparer—Tax Return 31
Presidential Election $3 Check-Off 11
Privacy and Paperwork Reduction Act Notice . 7
Problem Resolution Program 33
Public Debt, Gift To Reduce the 32
Publications, How To Get 5

R
Railroad Retirement Benefits—
Treated as a Pension 15
Treated as Social Security 17
Records—How Long To Keep 32
Refund 30
Refund Information 34
Refunds, Credits, or Offsets of State and Local Income Taxes 14
Rental Income and Expenses (Schedule E) . E-1*
Retirement Plan Deduction, Keogh 20
Rights of Taxpayers 32
Rollovers . . . . . 15 and 16
Rounding Off to Whole Dollars 14
Royalties E-1*

S
Sale of Home D-2*
Schedules, Instructions for A-1
Scholarship and Fellowship Grants 14
S Corporations E-4*
Self-Employment Tax—
Income Subject to SE-2*
Deduction for One-Half of 20
Signing Your Return 31
Social Security and Equivalent Railroad Retirement Benefits 17
Social Security Number . . . . 6, 11, and 32
Standard Deduction or Itemized Deductions . 21
State and Local Income Taxes—
Taxable Refunds, Credits, or Offsets of . . 14
Statutory Employees . . . 14, C-2*, and C-5*
Student Dependents—Exemption for 12

T
Tax—
Computation 21
Figured by the IRS 22
Other—
Alternative Minimum Tax 23
Lump-Sum Distributions 16
Qualified Retirement Plans, Including IRAs 23
Recapture 24
Section 72(m)(5) 24
Self-Employment Tax SE-1*
Tax Rate Schedules 53
Tax Table 41–52
Taxes You Paid A-1
Telephone Assistance—
Federal Tax Information . . . 34–35, and 38
Tele-Tax Information 34–35
Tip Income . . . . . 14 and 23
Tips Reported to Employer, Uncollected Tax on 24
Trusts—Foreign B-2

U
Unemployment Compensation 16
U.S. Citizens and Resident Aliens Living Abroad . . . . . 8 and 13

W
When Should I File? 8
Where Do I File? . . . . . Back Cover
Who Must File 8–9
Who Should File 8
Widows and Widowers, Qualifying 12
Winnings—Prizes, Gambling, and Lotteries (Other Income) 17–18
Withholding—Federal Income Tax . . 24 and 32

* These items may not be included in this package. To reduce printing costs, we have sent you only the forms you may need based on what you filed last year.

Where Do I File?

If an envelope addressed to "Internal Revenue Service Center" came with your tax booklet, please use it. If you do not have one or if you moved during the year, mail your return to the **Internal Revenue Service Center** for the place where you live. **No street address is needed.**

TIP *Envelopes without enough postage will be returned to you by the post office. If your envelope contains more than five pages or is oversized, it may need additional postage. Also, include your complete return address.*

Alabama—Memphis, TN 37501-0002

Alaska—Ogden, UT 84201-0002

Arizona—Ogden, UT 84201-0002

Arkansas—Memphis, TN 37501-0002

California—*Counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba—* Ogden, UT 84201-0002

All other counties—Fresno, CA 93888-0002

Colorado—Ogden, UT 84201-0002

Connecticut—Andover, MA 05501-0002

Delaware—Philadelphia, PA 19255-0002

District of Columbia— Philadelphia, PA 19255-0002

Florida—Atlanta, GA 39901-0002

Georgia—Atlanta, GA 39901-0002

Hawaii—Fresno, CA 93888-0002

Idaho—Ogden, UT 84201-0002

Illinois—Kansas City, MO 64999-0002

Indiana—Cincinnati, OH 45999-0002

Iowa—Kansas City, MO 64999-0002

Kansas—Austin, TX 73301-0002

Kentucky—Cincinnati, OH 45999-0002

Louisiana—Memphis, TN 37501-0002

Maine—Andover, MA 05501-0002

Maryland—Philadelphia, PA 19255-0002

Massachusetts—Andover, MA 05501-0002

Michigan—Cincinnati, OH 45999-0002

Minnesota—Kansas City, MO 64999-0002

Mississippi—Memphis, TN 37501-0002

Missouri—Kansas City, MO 64999-0002

Montana—Ogden, UT 84201-0002

Nebraska—Ogden, UT 84201-0002

Nevada—Ogden, UT 84201-0002

New Hampshire—Andover, MA 05501-0002

New Jersey—Holtsville, NY 00501-0002

New Mexico—Austin, TX 73301-0002

New York—*New York City and counties of Nassau, Rockland, Suffolk, and Westchester*—Holtsville, NY 00501-0002

All other counties—Andover, MA 05501-0002

North Carolina—Memphis, TN 37501-0002

North Dakota—Ogden, UT 84201-0002

Ohio—Cincinnati, OH 45999-0002

Oklahoma—Austin, TX 73301-0002

Oregon—Ogden, UT 84201-0002

Pennsylvania—Philadelphia, PA 19255-0002

Rhode Island—Andover, MA 05501-0002

South Carolina—Atlanta, GA 39901-0002

South Dakota—Ogden, UT 84201-0002

Tennessee—Memphis, TN 37501-0002

Texas—Austin, TX 73301-0002

Utah—Ogden, UT 84201-0002

Vermont—Andover, MA 05501-0002

Virginia—Philadelphia, PA 19255-0002

Washington—Ogden, UT 84201-0002

West Virginia—Cincinnati, OH 45999-0002

Wisconsin—Kansas City, MO 64999-0002

Wyoming—Ogden, UT 84201-0002

American Samoa—Philadelphia, PA 19255-0002

Guam: Permanent residents—
Department of Revenue and Taxation
Government of Guam
P.O. Box 23607
GMF, GU 96921

Guam: Nonpermanent residents— Philadelphia, PA 19255-0002

Puerto Rico *(or if excluding income under Internal Revenue Code section 933)*— Philadelphia, PA 19255-0002

Virgin Islands: Nonpermanent residents—Philadelphia, PA 19255-0002

Virgin Islands: Permanent residents—
V.I. Bureau of Internal Revenue
9601 Estate Thomas
Charlotte Amalie
St. Thomas, VI 00802

Foreign country: *U.S. citizens and those filing Form 2555, Form 2555-EZ, or Form 4563*—Philadelphia, PA 19255-0002

All APO and FPO addresses— Philadelphia, PA 19255-0002

What's inside?

When to file (page 8)

What's new for 1996 (page 6)

How to avoid common mistakes (page 6)

Commissioner's message (page 4)

Customer Service Standards (page 4)

Free tax help (pages 5 and 33)

How to get forms and publications (page 5)

Tax table (page 41)

How to make a gift to reduce the public debt (page 32)