Clearance Officer
1750 Pennsylvania Avenue NW.
Washingon, DC 20220
In accordance with the Paperwork Reduction Act, OMB has taken the following action on your request for approval of a revision of an information collection received on 09/13/2005.

TITLE: U.S. Individual Income Tax Return
AGENCY FORM NUMBER(S): 1040 , SCHEDULES-A-B-C,
SCHEDULES-C-EZ, SCHEDULES-D-D-1,
SCHEDULES-E-EIC, SCHEDULES-E-H-J, SCHEDULES-R-SE

ACTION : Approved without change
OMB NO.: 1545-0074
EXPIRATION DATE: $12 / 31 / 2006$

## BURDEN:

Previous
New
Difference

Program Change
Adjustment

RESPONSES
410,494,223
$130,200,000$
$-280,294,223$

HOURS

$$
1,555,688,934
$$

$$
3,000,000,000
$$

$$
\begin{equation*}
1,444,311,066 \tag{0}
\end{equation*}
$$

1,444,311,066
$\operatorname{costs}(\$, 000)$

$$
0
$$

$$
23,400,000
$$

23,400,000
$23,400,000$

TERMS OF CLEARANCE: None

NOTE: The agency is required to display the OMB control number and inform respondents of its legal significance (see 5 CFR 1320.5(b)).

OMB Authorizing Official
Title
Donald R. Arbuckle

Deputy Administrator, Office of Information and Regulatory Affairs

Sent electronically, $11 / 23 / 200512: 50: 44 \mathrm{rE}$

```
OMB NUMBER : 1545-0074 RECEIVED: 09/13/2005
REVIEW TYPE: Regular
I.C. TYPE : Revision
AGENCY : Department of the Treasury
SUBAGENCY : Internal Revenue Service
TITLE: U.S. Individual Income Tax Return
AGENCY FORM NUMBER(S): 1040,SCHEDULES-A-B-C,SCHEDULES-C-EZ SCHEDULES-D-D -1 , SCHEDULES-E-EIC SCHEDULES-F-H-J,SCHEDULES-R-SE
KEYWORDS: PERSONAL INCOME TAXES TAX RETURN
ABSTRACT: Form 1040 and schedules are used by individuals to report their income tax liability. The data is used to verify that the items reported on the forms are correct, and also for general statistical use.
OBLIGATION TO RESP: P Mandatory
AFF PUB: P Individuals or households
PURPOSE:-P Reg or compliance
```

```
REQUIREMENTS: Recordkeeping
```

REQUIREMENTS: Recordkeeping
Reporting frequency:
Reporting frequency:
Annually

```
            Annually
```

```
OMB NUMBER: 1545-0074
TITLE: U.S. Individual Income Tax Return
```

| EXPIRATION DATE: | CURRENT RECORD 09/30/2007 | $\begin{aligned} & \text { REQUEST } \\ & 3 \text { YRS } \end{aligned}$ |
| :---: | :---: | :---: |
| ANNUAL HOUR BURDEN: |  |  |
| Number of respondents | 78,863,011 | 130,200,000 |
| Total annual responses | 410,494,223 | 130,200,000 |
| \% Collected electronically | $74 \%$ | $75 \%$ |
| Burden Hours | $1,555,688,934$ | 3,000,000,000 |
| Difference * |  | 0 * |
| Explanation of Difference |  |  |
| 1. Program Change |  | $0 *$ |
| 2. Adjustment |  | 0 * |

CURRENT RECORD

REQUEST

ANNUAL COST BURDEN:
Capital/Startup Costs 0
Annual Costs (O\&M) 0
Total Annualized Cost
Difference
Explanation of difference

1. Program change 0
2. Adjustment $\quad 0$

## PAPERWORK REDUCTION ACT SUBMISSION

Please read the instructions before completing this form. For additional forms or assistance in completing this form, contact your agency's Paperwork Clearance Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102,725 17th Street NW Washington, DC 20503.

| 1. Agency/Subagency originating request |
| :--- |
| Department of the Treasury |
| Internal Revenue Service |
| 3. Type of information collection (check one) |
| a. $\quad$ New collection |
| b.Revision of a currently approved collection <br> c. Extension of a currently approved collection <br> d.__ Reinstatement, without change, of a previously approved <br> collection for which approval has expired <br> e. Reinstatement, with change, of a previously approved collection <br> for which approval has expired <br> f. Existing collection in use without an OMB control number <br> For b-f, note item $A 2$ of Supporting Statement instructions |

2. OMB control number
a. 1 5 4 5 $-0 \quad 0 \quad 7 \quad 4$
b. __ None
3. Type of review requested (check one)
a. X Regular
b. ___ Emergency - Approval requested by: ____
c. Delegated
4. Small entities

Will this information collection have a significant economic impact on a
substantial number of small entities? $\qquad$ Yes_X_No
6. Requested expiration date
a. $X$ Three years from approval date $b$. $\qquad$ Other Specify $\qquad$
$\qquad$ 1
7. Title U.S. Individual Income Tax Return
8. Agency form numbers) (if applicable) Forms 1040 and Schedules A, B, C, C-EZ, D,D-1, E, EIC, F, H, J, R, and SE
9. Keywords 'personal income taxes, tax return'
10. Abstract Form 1040 and schedules are used by individuals to report their income tax liability. The data is used to verify that the items reported on the forms are correct, and also for general statistical use.


## 19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal agency, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

NOTE: The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3), appear at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collection of information, that the certification covers:
(a) It is necessary for the proper performance of agency functions;
(b) It avoids unnecessary duplication;
(c) It reduces burden on small entities;
(d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
(e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
(f) It indicates the retention periods for recordkeeping requirements;
(g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
(i) Why the information is being collected;
(ii) Use of information;
(iii) Burden estimate;
(iv) Nature of response (voluntary, required for a benefit, or mandatory);
(v) Nature and extent of confidentiality; and
(vi) Need to display currently valid OMB control number.
(h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected (see note in Item 19 of the instructions);
(i) It uses effective and efficient statistical survey methodology; and
(j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in Item 18 of the Supporting Statement.

| Signature of Program Official | Date <br> GLenn P. Kirffand <br> Glenn P. Kirkland, IRS Reports Clearance Officer |
| :--- | :--- |
| Signature of Senior Official or Designee | Date |

## 1

## SUPPORTING STATEMENT

(Comment for Form 1040 and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE, Form 1040A and Schedules 1, 2, and 3, Form 1040EZ, Form 1040X, and all attachments to these forms. )

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

IRC sections $6011 \& 6012$ of the Internal Revenue Code require individuals to prepare and file income tax returns annually. Form 1040, and related schedules, are used by individuals to report their income subject to tax and compute their correct tax liability.
2. USE OF DATA

The data on these forms and schedules will be used in computing the tax liability and in determining that the items claimed are properly allowable. It is also used for general statistical use.
3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing for Form 1040 and schedules.
4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.
5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.
6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.
7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.
8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 1040. In addition, we receive comments from other interested outside groups and from individuals.

In response to the Federal Register Notice dated July 8, 2005, we received no comments during the comment period regarding Form 1040 and its schedules.
9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.
10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.
11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.
12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The burden estimate is as follows:

Table 1. Taxpayer Burden for Individual Taxpayers Who Filed Form 1040, by Preparation Method

| Major Form Filed or Type of Taxpayer | Number of Returns (millions ) | Average Burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Average for All Preparation Methods |  | Self-Prepared Without Tax Software |  | Self-Prepared With Tax Software |  | Prepared by Paid Professional |  |
|  |  | Hours | Costs | Hours | Costs | Hours | Costs | Hours | Costs |
| All Taxpayers Filing Form 1040, 1040A and 1040EZ | 130.2 | 23.3 | \$179 | 16.4 | \$17 | 27.9 | \$44 | 22.9 | \$268 |
| Major Form Filed |  |  |  |  |  |  |  |  |  |
| Taxpayers Filing Form 1040 (and associated forms) | 88.2 | 30.5 | \$242 | 26.9 | \$21 | 36.6 | \$52 | 28.7 | \$338 |
| Taxpayers Filing Form 1040A (and associated forms) | 23.3 | 9.1 | \$62 | 10.8 | \$29 | 11.5 | \$44 | 7.4 | \$82 |
| Taxpayers Filing Form 1040EZ | 18.7 | 7.2 | \$29 | 7.0 | \$1 | 10.1 | \$9 | 5.5 | \$60 |
| Type of Taxpayer* |  |  |  |  |  |  |  |  |  |
| Wage and Investment | 94.6 | 11.8 | \$93 | 11.5 | \$14 | 17.8 | \$35 | 9.0 | \$142 |


| Self-Employed | 35.6 | 53.9 | $\$ 410$ | 48.5 | $\$ 31$ | 68.4 | $\$ 81$ | 53.9 | $\$ 522$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

Table 2. Taxpayer Burden for Taxpayers Who Filed Form 1040, by Preparation Method and Combination of Forms Filed

| Type of Taxpayer* and Common Combinations of Forms Filed | Average Burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Average for All Preparation Methods |  | Self-Prepared Without Tax Software |  | Self-Prepared With Tax Software |  | Prepared by Paid Professional |  |
|  | Hours | Costs | Hours | Costs | Hours | Costs | Hours | Costs |
| Common Filing Combinations of Wage \& Investment Taxpayers |  |  |  |  |  |  |  |  |
| Wage and Investment Taxpayers | 11.8 | \$93 | 11.5 | \$14 | 17.8 | \$35 | 9.0 | \$142 |
| Form 1040 and other forms and schedules, but not Schedules A and D | 9.2 | \$88 | 12.2 | \$17 | 15.8 | \$34 | 6.6 | \$118 |
| Form 1040 and Schedule A and other forms and schedules, but not Schedule D | 16.3 | \$126 | 19.2 | \$17 | 22.6 | \$41 | 11.9 | \$198 |
| Form 1040 and Schedule D and other forms and schedules, but not Schedule A | 17.6 | \$159 | 22.5 | \$14 | 27.3 | \$48 | 12.9 | \$223 |
| Form 1040 and Schedules A and | 24.6 | \$239 | 32.8 | \$13 | 35.4 | \$44 | 18.1 | \$365 |


| 5 |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| D and other forms and schedules |  |  |  |  |  |  |  |  |
| Common Filing Combinations of Self -Employed Taxpayers |  |  |  |  |  |  |  |  |
| Self-Employed Taxpayers | 53.9 | \$410 | 48.5 | \$31 | 68.4 | \$81 | 53.9 | \$522 |
| Form 1040 and Schedule C and other forms and schedules, but not Schedules E or F or Form 2106 | 59.4 | \$245 | 51.4 | \$24 | 74.6 | \$63 | 56.1 | \$323 |
| Form 1040 and Schedule E and other forms and schedules, but not Schedules C or F or Form 2106 | 44.7 | \$591 | 37.5 | \$43 | 57.7 | \$100 | 42.8 | \$717 |
| Form 1040 and Schedule F and other forms and schedules, but not Schedules C or E or Form 2106 | 34.8 | \$238 | 38.1 | \$37 | 49.7 | \$81 | 34.8 | \$238 |
| Form 1040 and Form 2106 and other forms and schedules but not Schedules C, E, or F | 55.4 | \$242 | 42.0 | \$32 | 62.5 | \$80 | 55.8 | \$283 |
| Form 1040 and forms and schedules including more than one of the SE forms (Schedules C, E, or F or Form 2106) | 69.4 | \$618 | 72.0 | \$40 | 88.3 | \$99 | 65.7 | \$746 |

*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a
Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

Table 3. Taxpayer Burden for Taxpayers Who Filed Form 1040, by Activity

| Form or Schedule | Percent of Returns Filed | Average Time Burden of Taxpayer Activities (Hours per Return) |  |  |  |  | Average Costs per Return |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Total Time | Record- <br> keeping | Tax Planning | Form Completion | All Other Activities |  |
| All Taxpayers | 100\% | 23.3 | 14.1 | 3.2 | 3.2 | 2.8 | \$179 |
| Form 1040 | 68\% | 30.5 | 19.1 | 4.2 | 3.8 | 3.5 | \$242 |
| Form 1040A | 18\% | 9.1 | 4.3 | 1.1 | 1.9 | 1.8 | \$63 |
| Form 1040EZ | 14\% | 7.2 | 2.5 | 1.5 | 2.1 | 1.2 | \$29 |
| Type of Taxpayer* | 100\% |  |  |  |  |  |  |
| Wage and Investment | 73\% | 11.8 | 5.0 | 2.3 | 2.7 | 1.8 | \$93 |
| Self-Employed | 27\% | 53.9 | 38.1 | 5.8 | 4.4 | 1.2 | \$410 |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a
Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed taxpayer."
Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.
We are asking for continued approval of these regulations that are associated with Form 1040. Please continue to assign OMB number 1545-0074 to these regulations.
1.23-5
1.307-2
1.1385-1
1.31.2
1.333-1
1.1402(a)-2,5,11,15
$1.37-2$ and 3
1.351-3
161.1402(c)-2

| $1.41-4$ | $1.383-1$ | $1.1402(\mathrm{e})-(2)-1$ |
| :--- | :--- | :--- |
| $1.41-4 \mathrm{~A}$ | $1.442-1$ | $1.1402(\mathrm{f})-1$ |
| $1.43-2$ | $1.446-1$ | $1.6001-1$ |
| $1.44 \mathrm{~A}-3$ | $1.451-5$ thru 7 | $1.6060-1$ |
| $1.52-4$ | $1.454-1$ | $1.6072-1$ |
| $1.61-15$ | $1.461-1$ | $1.6107-1$ |
| $1.63-1$ | $1.466-1$ | $1.6109-1$ and 2 |
| $1.64(\mathrm{c}) 6$ | $1.551-4$ | $1.6011-1$ |
| $1.71-1$ | $1.612-4$ | $1.6012-1$ |
| 1.72 | $1.642(\mathrm{c})-5$ and 6 | $1.6013-1,6,7$ |
| $1.79-2$ and 3 | $1.702-1$ | $1.6017-1$ |
| $1.83-2$ thru 5 | $1.706-1$ | $1.6060-1$ |
| 1.105 | $1.736-1$ | $1.6072-1$ |
| $1.151-1$ | $1.743-1$ | $1.6107-1$ |
| $1.152-4$ and 4 T | $1.751-1$ | $1.6109-1$ |
| $1.162-24$ | $1.852-7$ and 9 | $1.6151-1$ |
| $1.163-10 \mathrm{~T}$ | $1.931-1$ | $1.6695-1$ |
| $1.166-10$ | $1.935-1$ | $1.6696-1$ |
| 1.170 | $1.1012-1$ | $1.9100-1$ |
| 1.170 A | $1.1041-1 \mathrm{~T}$ | 5 c .0 |
| 1.172 | $1.1081-11$ | 7.0 |
| $1.180-2$ | $1.1101-4$ | $16 \mathrm{~A} .126-2$ |
| $1.182-6$ | $1.1211-1$ | $18.1-7$ |
| $1.190-3$ | $1.1212-1$ | $31.6011(\mathrm{a})-1$ and 7 |
| $1.213-1$ | $1.1231-2$ | $301.6110-3$ and 5 |
| $1.215-1$ | $1.1232-3$ | $301.6316-4$ thru 6 |
| $1.254-1$ | $1.1248-7$ | $301.6361-1$ and 3 |
| $1.265-1$ | $1.1251-2$ | 301.6501 |
| $1.274-5 \mathrm{~T}$ and 6 T | $1.1254-1$ and 3 | $301.6501(\mathrm{~d})$ |
| $1.280 \mathrm{~A}-3$ | $1.1304-1$ thru 5 | $301.6905-1$ |
| $1.280 \mathrm{~F}-3 \mathrm{~T}$ | $1.1311(\mathrm{a})-1$ | $301.7216-2$ |
| $1.302-4$ | $1.1383-1$ |  |

The following are citations to 26 U.S.C.:

| 61 | 317 | 852 |
| :--- | :--- | :--- |
| 72 | 318 | 857 |
| 79 | 331 | 1012 |
| 83 | 332 | $1034(\mathrm{i})$ |
| 126 | 351 | 1037 |
| $162(\mathrm{~h})$ | 403 | 1081 |
| 170 | 454 | 1101 |
| $172(\mathrm{~b})$, (c), (h) | $518(\mathrm{cc})(18)$ | 1232 A |
| 180 | 551 | 6011 |
| 182 | $613(\mathrm{~g})$ | 6012 |
| 265 | $642(\mathrm{c})$ | 6061 |
| 301 | 735 | 6107 |
| 307 | 736 | 7216 |

## 13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our Federal Register notice dated July 8, 2005, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

## 14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing these forms. We estimate that the cost of printing these forms and schedules, including the tax packages, is $\$ 23,400,000$.

## 15. REASONS FOR CHANGE IN BURDEN

Under the PRA, OMB assigns a control number to each "collection of information" that it reviews and approves for use by an agency. A single information collection may consist of one or more forms, recordkeeping requirements, and/or third-party disclosure requirements. Under the PRA and OMB regulations, agencies have the discretion to seek separate OMB approvals for individual forms, recordkeeping requirements, and third-party reporting requirements or to combine any number of forms, recordkeeping requirements, and/or third-party disclosure requirements (usually related in subject matter) under one OMB Control Number. Agency decisions on whether to group individual requirements under a single OMB Control Number or to disaggregate them and request separate OMB Control Numbers are based largely on considerations of administrative practicality.

Tables 1, 2, and 3 show the burden model estimates. In tax year 2003 the burden of all individual taxpayers filing Forms 1040, 1040A or 1040EZ averaged about 23 hours per return filed, or a total of more than 3 billion hours. Similarly, the average out-of-pocket taxpayer costs were estimated to be $\$ 179$ per return filed or a total of $\$ 23.4$ billion. Including associated forms and schedules, taxpayers filing Form 1040 had an average burden of about 30 hours, taxpayers filing Form 1040A averaged about 9 hours, and those filing 1040 EZ averaged about 7 hours.

The data shown are the best estimates from tax returns filed for 2003 currently available as of June 27, 2005. The estimates are subject to change as new forms and data become available. Estimates for combinations of major forms and schedules commonly used will be available and the most up-to-date estimates and supplementary information can be found on the IRS Web site: http://www.irs.gov.

## TOTAL PROGRAM CHANGE AND NET ADJUSTMENT FOR ALL FORMS AND SCHEDULES

There are no changes in the paperwork burden as previously outlined in our Federal register notice dated July, 8, 2005.
Type of Review: Extension of currently approved collections.
Affected Public: Individuals or households.
Estimated Number of Respondents: 130,200,000.

Total Estimated Time: 3.0 billion hours.
Estimated Time Per Respondent: 23.3 hours.
Total Estimated Out-of-Pocket Costs: $\$ 23.4$ billion.
Estimated Out-of-Pocket Cost Per Respondent: \$179.

We are making this submission to renewal the OMB approval.
16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.
17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.
18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.
Note: The following paragraph applies to all of the collections of information in this submission:
An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

# 2005 Form 673 <br> Statement for Claiming Exemption From Withholding on Foreign Earned Income Eligible for the Exclusion(s) Provided by Section 911 

| Purpose | This is the first circulated draft of the 2005 Form 673, <br> Statement for Claiming Exemption From Withholding on <br> Foreign Earned Income Eligible for the Exclusion(s) Provided <br> by Section 911, for your review and comments. See below for <br> a discussion of the major change. |
| :--- | :--- |
| TPCC Meeting: $\quad$ There is no TPCC meeting scheduled, but you may request one. |  |

Prior Revisions: The June 2003 revision of Form 673 can be viewed by checking the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10183F03.pdf

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please email, call, mail, or fax any comments by August 19, 2005.

## Major Change to the 2005 Form 673

The Paperwork Reduction Act Notice was changed to reflect the current address for the Tax Products Coordinating Committee.

Phil Parisi
Tax Forms \& Publications
SE:W:CAR:MP:T:I:S
Email:philip.a.parisi@irs.gov
Phone: 202-622-3297
Fax: 202-622-8210
1111 Constitution Ave. Rm 6140
Washington, DC 20224
(Rev. January 2006) Department of the Treasury Internal Revenue Service Provided by Section 911

The following statement, when completed and furnished by a citizen of the United States to his or her employer, permits the employer to exclude from income tax withholding all or a part of the wages paid for services performed outside the United States.
Name (please print or type)

## Social security number

## Part I Qualification Information for Foreign Earned Income Exclusion

I expect to qualify for the foreign earned income exclusion under either the bona fide residence or physical presence test for calendar year or other tax year beginning
and ending

## Please check applicable box:

## $\square$ Bona Fide Residence Test

I am a citizen of the United States. I have been a bona fide resident of and my tax home has been located in (foreign country or countries) for an uninterrupted
period which includes an entire tax year that began on 20
(date)
I expect to remain a bona fide resident and retain my tax home in a foreign country (or countries) until the end of the tax year for which this statement is made. Or, if not that period, from the date of this statement until


#### Abstract

$\longrightarrow$ (date within tax year) , 20 $\qquad$ -

I have not submitted a statement to the authorities of any foreign country named above that I am not a resident of that country. Or, if I made such a statement, the authorities of that country thereafter made a determination to the effect that I am a resident of that country.

Based on the facts in my case, I have good reason to believe that for this period of foreign residence I will satisfy the tax home and the bona fide foreign resident requirements prescribed by section 911(d)(1)(A) of the Internal Revenue Code and qualify for the exclusion Code section 911(a) allows.


## Physical Presence Test

I am a citizen of the United States. Except for occasional absences that will not disqualify me for the benefit of section 911(a) of the Internal Revenue Code, I expect to be present in and maintain my tax home in
(foreign country or countries) for a 12-month period
that includes the entire tax year $\qquad$ Or, if not the entire year, for the part of the tax year beginning on , 20 $\qquad$ , , and ending on $\qquad$ , 20 $\qquad$ -

Based on the facts in my case, I have good reason to believe that for this period of presence in a foreign country or countries, I will satisfy the tax home and the 330 full-day requirements within a 12-month period under section 911(d)(1)(B).

## Part II Estimated Housing Cost Amount for Foreign Housing Exclusion

1 Rent.
2 Utilities (other than telephone charges)
3 Real and personal property insurance.
4 Occupancy tax not deductible under section 164
5 Nonrefundable fees paid for securing a leasehold
6 Household repairs
7 Estimated qualified housing expenses. Add lines 1 through 6 .
8 Estimated base housing amount for qualifying period
9 Subtract line 8 from line 7. This is your estimated housing cost amount

## Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- The estimated housing cost amount entered in Part II, plus the amount reported on any other statements outstanding with other employers, is not more than my total estimated housing cost amount.
- If I become disqualified for the exclusions, I will immediately notify my employer and advise what part, if any, of the period for which I am qualified.
I understand that any exemption from income tax withholding permitted by reason of furnishing this statement is not a determination by the Internal Revenue Service that any amount paid to me for any services performed during the tax year is excludable from gross income under the provisions of Code section 911(a).
Your Signature
Date


## Instructions

## Information for Employee

File Form 673 with your U.S. employer to claim an exemption from U.S. income tax withholding on wages earned abroad to the extent of the foreign earned income exclusion and foreign housing exclusion. Your employer will then withhold the correct amount of Federal income tax from your pay.

Even though you may qualify for the foreign earned income exclusion, you must file Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, with your Form 1040, U.S. Individual Income Tax Return, to claim your exclusion. You must file Form 2555 to claim the foreign housing exclusion.

## Information for Employer

Once you have received Form 673 completed by the employee, you may discontinue withholding of U.S. income tax on those wages that qualify for the exclusion(s). If for any reason you believe the employee will not qualify for the exclusion(s), you should disregard Form 673.
Note: If you have questions about the exclusion(s), see Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want to claim an exemption from withholding, you are required to give this form (or similar statement) to your employer.

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.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . . . 33 min.
Learning about the law or the form . . . . . . . . . . . . . . 7 min.
Preparing the form . . . . . . . . . . . 24 min.
Copying, assembling, and sending the form to
the IRS
20 min.
If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write the Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this office. Instead, return it to your employer.
$\qquad$ Filer's identification number

Name of applicant(s) (if different from filer) and identification number(s)

## Part I Statement of Election under Section 472

1 The applicant elects to use the LIFO inventory method for the tax year ending (enter month, day, year) for the following goods (enter here): See instructions and attach a statement if necessary.

2 In an attached statement, identify and describe the inventory method(s) used by the applicant in the prior tax year for the goods covered by this election.

3a Is the applicant already using the LIFO inventory method for any other goods?
b If "Yes" to line 3a, attach a statement identifying and describing the goods and the LIFO methods used.

4a Has the applicant ever used the LIFO inventory method for the goods covered by this election?
b If "Yes" to line 4a, attach a statement listing the tax years for which the LIFO inventory method was used and explaining why the LIFO inventory method was discontinued.

5 The applicant will not use the LIFO inventory method to account for the following goods (enter here):
Attach a statement if necessary.

## Part II LIFO Inventory Requirements

6a Did the applicant value the closing inventories of goods covered by this election at cost for the tax year immediately preceding the tax year specified on line 1?
b If "No" to line 6a, did the applicant value the beginning inventories of goods covered by this election at cost for the tax year specified on line 1 as required by section 472(d)?.
If "No" to line 6 b , attach an explanation.
c If "Yes" to line 6a, will the applicant account for the adjustment required by section 472(d) over a 3-year period? If "No" to line 6c, attach an explanation.

7a When determining the beginning inventories of goods covered by this election, did the applicant treat those goods as being acquired for a unit cost that is equal to the total cost of those goods divided by the total number of units on hand?
b If "No" to line 7a, attach an explanation.

8a Did the applicant (or any member of the same group of financially related corporations as defined in section 472(g)) issue credit statements or reports to shareholders, partners, other proprietors, or beneficiaries covering the tax year specified on line 1?
b If "Yes" to line 8a, attach a statement describing the recipient(s), the date(s) of issuance, and the inventory method(s) used to determine income, profit, or loss in those statements.

9a Will the applicant determine beginning and ending inventories at cost regardless of market value?
b If "No" to line 9a, attach an explanation.

10 As a condition of adopting the LIFO inventory method, Regulations section 1.472-4 requires a taxpayer to agree to make any adjustments incident to the change to, the change from, or the use of, the LIFO inventory method that, upon the examination of the taxpayer's income tax return, the IRS determines are necessary to clearly reflect income. Does the applicant agree to this condition?

## Part III Specific Goods (Unit) Method

11 Under Regulations section 1.472-1, the types of goods in the opening inventory must be compared with similar types of goods in the closing inventories. Attach a list of the types or categories of goods that will be compared, describe the goods that will be included in each type or category, and identify the unit of measure (pounds, barrels, feet, etc.) used for each type or category.

Part III Specific Goods (Unit) Method (Continued)
12 Check the box corresponding to the method that the applicant will use to determine the cost of the goods in the closing inventory over the cost of the goods in the opening inventory (see instructions):Actual cost of goods most recently purchased or produced
Average cost of goods purchased or produced durir; the tax year
$\square$ Actual cost of goods purchased or produced in the ier of acquisition
Other (attach explanation)

## Part IV Dollar-Value Method

13 Attach a statement describing the applicant's method of defining "items."
14a Did the applicant acquire any of the goods covered by this election at below-market prices? . . . . $\square$ Yes $\square$ No
b If "Yes" to line 14a, attach a statement explaining whether the applicant did, or will, account for the goods purchased at below-market prices and similar goods produced or acquired at market prices as separate items. If the applicant did, or will, account for both types of goods as the same item, explain and justify.

15 Attach a statement describing the method of pooling the applicant will use for the goods covered by this election. If the applicant will use more than one dollar-value pool, list and describe the contents of each dollar-value pool (see instructions).

16 Identify or describe the method the applicant will use to compute the LIFO value of each dollar-value pool containing goods covered by this election (for example, double-extension method, link-chain method, or index method).
If the applicant's method is neither the double-extension method nor the Inventory Price Index Computation method, attach a statement describing the method in detail and justifying the applicant's use of the selected method (see instructions).
17 Check the box corresponding to the method the applicant will use to determine the current-year cost of goods in the closing inventories and to value the LIFO increments of the dollar-value pool(s) (see instructions).

Actual cost of goods most recently purchased or produced
Average cost of goods purchased or produced during the tax year
Actual cost of goods purchased or produced in the order of acquisition
$\square$
Other (attach explanation)

## Part V Inventory Price Index Computation (IPIC) Method

18 Check the box corresponding to the method the applicant will use to compute the LIFO value of each dollar-value pool containing goods covered by this election (see instructions).
$\square$ Double-extension IPIC method
$\square$ Link-chain IPIC method
19 Check the box corresponding to the tables from which the applicant will select Bureau of Labor Statistics (BLS) price indexes (see instructions).
$\square$ Table 3 of the Consumer Price Index (CPI) Detailed Report
Table 6 of the Producer Price Index (PPI) Detailed Report
Other table of the PPI Detailed Report
If the applicant will use "Other table of the PPI Detailed Report," attach a statement explaining why the other table is more appropriate than Table 6.

20 Will the applicant use the 10 percent method (see instructions)? . . . . . . . . . . . . . . $\square$ Yes $\square$ No
21 If the applicant elects to use a representative month for selecting BLS price indexes from the applicable Detailed Report, enter the representative month elected for each dollar-value pool.
See instructions and attach a statement if necessary.

## Part VI Other Information

22 Attach a statement describing the applicant's method of determining the cost of inventory items (for example, standard cost method, actual invoice cost, joint product cost method, or retail inventory method).
23 Did the applicant receive IRS consent to change the method of valuing inventories for the tax year specified on line 1 (see instructions)?

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Form 970 is filed with your income tax return to elect to use the last-in, first-out (LIFO) inventory method described in section 472. If you prefer, you can file an election statement that gives the same information requested on Form 970.

## When To File

File Form 970 (or a similar statement) with your tax return for the first tax year you intend to use the LIFO method.

If you filed your return for the tax year in which you wish to use the LIFO inventory method described in section 472 without making the election, you can make the election by filing an amended return within 12 months of the date you filed your original return. Attach Form 970 (or similar statement) to the amended return and write "Filed pursuant to section 301.9100-2" at the top of Form 970. File the amended return at the same address the original return was filed.

## Change From LIFO Method

Once you adopt the LIFO method, it is irrevocable unless the IRS allows you to change to another method. To request approval to change from the LIFO inventory method, you can use the automatic change request procedures or the advance consent request procedures. For details about these two procedures under which an applicant can request a change in accounting method, see Purpose of Form under General Instructions in the Instructions for Form 3115, Application for Change in Accounting Method. For more information, also see change number 56 in the List of Automatic Accounting Method Changes in the Instructions for Form 3115.

## LIFO Recapture Amount

A C corporation must include in gross income a LIFO recapture amount (defined below) if it:

1. Used the LIFO method for its last tax year before the first tax year for which an election to be taxed as an $S$ corporation becomes effective, or
2. Transferred LIFO inventory assets to an S corporation in a nonrecognition transaction in which those assets constitute transferred basis property. The LIFO recapture amount is the amount by which the C corporation's inventory amount of the inventory assets using the first-in, first-out (FIFO) method exceeds the inventory amount of such assets under the LIFO method at the close of the C corporation's last tax year as a C corporation (or for the year of the transfer, if 2, above, applies).

For additional information on LIFO recapture, see Regulations section 1.1363-2 and Rev. Proc. 94-61, 1994-2 C.B. 775. Also see the instructions for Forms 1120 and 1120-A and the instructions for Form 1120S.

## Specific Instructions

## Name and Identification Number

Enter the name of the filer on the first line of page 1 of Form 970. In general, the filer of the Form 970 is the applicant. However, if Form 970 is filed on behalf of the applicant, enter the filer's name and identification number on the first line of Form 970 and enter the applicant's name and identification number on the second line. An individual's identification number is his or her social security number. For all others, it is the entity's employer identification number.

## Part I-Statement of Election Under Section 472

Line 1. Enter the tax year the LIFO inventory method will first be used and list the inventory items for which you will use this method. Include only inventory items that are not already covered under a previous LIFO election. Attach a detailed analysis of all of your inventories as of the beginning and end of the first tax year the LIFO method will be used and the beginning inventory of the preceding tax year. Also, include the ending inventory reported on your tax return for the preceding tax year. See Regulations sections 1.472-2 and 1.472-3 for more details on preparing this analysis.

## Part III-Specific Goods (Unit) Method

Line 12. See Regulations section 1.472-2 for more information.

## Part IV—Dollar-Value Method

Line 15. Please provide sufficient information to justify the pooling method you are using. Retailers, wholesalers, jobbers, and distributors are required to pool their goods by major lines, types, or classes, as authorized under Regulations section 1.472-8(c). Manufacturers or processors can use the natural business unit pooling method, as authorized by Regulations section 1.472-8(b)(1), or can establish multiple pools of similar items in lieu of natural business unit pools, under Regulations section 1.472-8(b)(3)(i). Multiple pools include raw materials content pools authorized by Regulations section 1.472-8(b)(3)(ii).
Eligible small businesses can establish pools under the simplified dollar-value LIFO method (discussed below).

Manufacturers or processors using the inventory price index computation (IPIC) method can establish pools based on the 2-digit commodity codes in Table 6 of the Producer Price Index (PPI) Detailed Report. A retailer using the IPIC method can establish pools based on either the general expenditure categories in Table 3 of the Consumer Price Index (CPI) Detailed Report or on the 2-digit commodity codes in Table 6 of the PPI Detailed Report. A wholesaler, jobber, or distributor using the IPIC method can establish pools based on the 2-digit commodity codes in Table 6 of the PPI Detailed Report. The PPI and CPI Detailed Reports are published monthly by the U.S. Bureau of Labor Statistics (BLS). Under the IPIC method, you can also combine pools under special 5\% rules. See Regulations sections
1.472-8(b)(4) and 1.472-8(c)(2) for more information.

Describe any other method of pooling used.
Simplified dollar-value LIFO method. If your average annual gross receipts for the 3 preceding tax years did not exceed $\$ 5$ million, you can elect to use the simplified dollar-value LIFO method. If the taxpayer is a member of a controlled group, the gross receipts of the group are used to determine if the taxpayer qualifies. This method requires that the taxpayer maintain a separate inventory pool for items in each major category in the applicable Government price index, and that the taxpayer make adjustments to each separate pool based on changes from the preceding tax year in the component of such index for the major category. A qualified taxpayer does not need IRS consent to elect these provisions. The election is in effect for the first year the election is made and for each succeeding year the taxpayer qualifies as an eligible small business. The election can be revoked only with IRS consent.

The simplified dollar-value method requires that general categories of inventory pools be established. The general categories are based on categories of inventory items contained in the PPI Detailed Report or the CPI Detailed Report. See section 474 and Regulations section 1.472-8 for more details.

Line 16. Generally, you can only use the double-extension method or the inventory price index computation method. See Regulations sections 1.472-8(e)(2) and 1.472-8(e)(3) for a description of these methods. However, if you use the link-chain, index, or "other" method, attach a detailed statement explaining how the method is justified under Regulations section 1.472-8(e)(1). In addition, if you use a link-chain method, your statement should explain why the nature of the pool makes the double-extension or index method impractical or unsuitable.

## New Vehicle Alternative LIFO Inventory Method.

 Automobile dealers engaged in the trade or business of retail sales of new automobiles or new light-duty trucks can adopt or use the New Vehicle Alternative LIFO Inventory Method under Rev. Proc. 97-36, 1997-2 C.B. 450. A new automobile dealer who previously elected this method under Rev. Proc. 92-79, 1992-2 C.B. 457 is not required to change its method of accounting to comply with Rev. Proc. 97-36. For more information, see Rev. Proc. 97-36. For information on accounting method changes to this method, see section 10.03 of the Appendix in Rev. Proc. 2002-9.
## Used Vehicle Alternative LIFO Inventory Method.

Automobile dealers engaged in the trade or business of retail sales of used automobiles or used light-duty trucks can adopt or use the Used Vehicle Alternative LIFO Inventory Method under Rev. Proc. 2001-23, 2001-10 I.R.B. 784. You can find Rev. Proc. 2001-23 on page 784 of Internal Revenue Bulletin 2001-10 at www.irs.gov/pub/irs-irbs/irb01-10.pdf. For information on accounting method changes to this method, see section 10.04 of the Appendix in Rev. Proc. 2002-9 and change number 59 in the List of Automatic Accounting Method Changes in the Instructions for Form 3115.
Line 17. See Regulations section 1.472-8(e)(2) for more information.

## Part V—Inventory Price Index Computation (IPIC) Method

Line 18. See Regulations section 1.472-8(e)(3)(iii)(E) for a description of the double-extension and link-chain IPIC methods, including examples. The use of either of these IPIC methods is a method of accounting. For information on accounting method changes to or within an IPIC method, see change numbers 61 and 62 in the List of Automatic Accounting Method Changes in the Instructions for Form 3115.

Line 19. Manufacturers, processors, wholesalers, jobbers, and distributors must select BLS price indexes from Table 6 of the PPI Detailed Report, unless the taxpayer can demonstrate that selecting BLS price indexes from another table of the PPI Detailed Report is more appropriate. Retailers can select BLS price indexes from either Table 3 of the CPI Detailed Report or from Table 6 (or another more appropriate table) of the PPI Detailed Report.

Line 20. See Regulations section 1.472-8(e)(3)(iii)(C)(2) for a description of the 10 percent method.
Line 21. See Regulations section 1.472-8(e)(3)(iii)(B)(3) before completing line 21.

## Part VI—Other Information

Line 23. If you filed Form 3115, Application for Change in Accounting Method, and received IRS consent to change your method of valuing inventories for the tax year specified on line 1, do not attach a copy of the approval letter (consent agreement). Retain a copy of the letter for your records.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form and related schedules will vary depending on individual circumstances. The estimated average times are:
Recordkeeping . . . . . . . . . . . 8 hr., 7 min.
Learning about the law or the form . . . . 2 hr., 47 min.
Preparing and sending the form to the IRS . $3 \mathrm{hr} ., 2 \mathrm{~min}$.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form and related schedules simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

To be used by a U.S. citizen, resident individual, fiduciary, partnership, or nonresident partnership all of whose members are citizens or residents, in connection with interest on bonds of a corporation containing a tax-free covenant and issued before J anuary 1, 1934.

| Owner of bonds (Print or type name) | U.S. identifying number | Withholding agent (Print or type name) |  | Employer identification number |
| :---: | :---: | :---: | :---: | :---: |
| Address of owner (street, city, state, and ZIP code) |  | U.S. address of withholding agent (street, city, state, and ZIP code) |  |  |
| I CERTIFY that to the best of my knowledge and belief, the information entered on this form is correct. | Name of bond and date of issue |  | Date interest due | Date interest paid |
| Signature of owner, fiduciary, trustee, or agent | Classes of Bond Owners |  | Gross Amount of Interest Paid | Tax Assumed (2\%) |
|  | 1 (a) Individual, estate, or trust, whose taxable income exceeds the deductions for exemptions; or (b) partnership |  | \$ | \$ |
| If an estate or trust, give name here | 2 Individual, estate, or trust, whose taxable income does not exceed the deduction for exemptions |  | \$ | No tax paid by corporation |

Note: If amended certificates are necessary, forward them to the withholding agent by February 1 of the following year.
Cat. No. 17097D

## Instructions to Owner, Fiduciary, Trustee, or Agent

Paperwork Reduction Act Notice.-We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 3 hours and 10 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224. DO NOT send this form to this address. Instead, see How To File on this page.

How To File.- File this form with the withholding agent for interest payments on bonds that have a tax-free covenant and that were issued before 1934 by a domestic corporation or a resident or nonresident foreign corporation.

Use a separate Form 1000 for each issue of bonds.

## Instructions to Withholding Agents

Use Form 1042 to summarize Forms 1000. Do not send Form 1000 to the Internal Revenue Service. Keep Form 1000 for at least 4 years after the end of the last calendar year in which the income the form applies to is paid.

If a nonresident foreign corporation with a fiscal or paying agent in the United States issues the obligation, modify Form 1000 to show the name and address of the nonresident debtor corporation in addition to the name and address of the U.S. fiscal or paying agent.

## Instructions



## A Message From the Commissioner

## Dear Taxpayer,

As our nation moves forward in this still young century, the Internal Revenue Service will focus on three areas of tax administration:

- Improving taxpayer service;
- Enhancing enforcement of the tax law; and
- Modernizing the IRS through its people, processes, and technology.

Our working equation at the IRS is simple: service plus enforcement equals compliance. Not service or enforcement, but service and enforcement. We must do both in a balanced and consistent manner, with full respect for, and attention to, taxpayer rights.

By service, we mean helping people understand their federal tax obligations and facilitating their participation in the tax system. Enforcing the law is equally essential to our system of individual self-assessment. Americans need to be confident that when they pay their taxes, their neighbors and competitors are doing the same.

As you prepare your taxes, I encourage you to file electronically. Last year, more than 61 million Americans did. And we expect even more to file electronically this year. E-file benefits both the taxpayer and the government. E-file promotes greater reliability and faster processing. If you're getting a refund, you'll get it sooner.

To learn more, go online. Check out www.irs.gov and click on "1040 Central" for the tax forms, information, and updates you need. For example, you can find out whether you are eligible for the earned income credit. Also, like more than 23 million people last year, you can check the status of your refund online. Just click on "Where's My Refund?"

I hope this tax booklet is useful to you. For further information, you may contact us at www.irs.gov or call our toll-free numbers 1-800-829-1040 for individuals and 1-800-829-4933 for businesses.

Sincerely,
 wish

Mark W. Everson

## The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.


## consider it done

## What is IRS e-file?

It's the fastest, easiest, and most convenient way to file your income tax return electronically. So easy, over xx million taxpayers preferred e-file over filing a paper income tax return last year. Visit the IRS website at www.irs.gov/efile for all the details and latest information.

## What are the benefits?

## Free File Options!

- All taxpayers are eligible to use free commercial online tax preparation software to $e$-file.
- Visit www.irs.gov to access these free services offered by the tax software industry (not the IRS).


## Fast! Easy! Convenient!

- Get your refund in half the time as paper filers do, even faster and safer with direct deposit. See page 59 .
- Sign electronically and file a completely paperless return. See page 61.
- Receive an electronic proof of receipt within 48 hours that the IRS received your return.
- If you owe, you can e-file and authorize an electronic funds withdrawal or pay by credit card. If you e-file before April 17, 2006, you can schedule an electronic funds withdrawal from your checking or savings account as late as April 17, 2006. See page 60.
- Prepare and file your federal and state returns together and save time.


## Accurate! Secure!

- IRS computers quickly and automatically check for errors or other missing information.
- The chance of being audited does not differ whether you $e$-file or file a paper income tax return.
- Your bank account information is safeguarded along with other tax return information. The IRS does not have access to credit card numbers.

Visit the IRS website at www.irs.gov/efile for details.

## How to e-file?

## Use an Authorized IRS e-file Provider

## AUTHORIZED FEVAIO PROVIDER

Many tax professionals electronically file tax returns for their clients. As a taxpayer, you have two options:

- You can prepare your return, take it to an Authorized IRS $e$-file Provider, and have the provider transmit it electronically to the IRS, or
- You can have a tax professional prepare your return and transmit it for you electronically.

Tax professionals can charge a fee for IRS e-file. Fees can vary depending on the professional and the specific services rendered.

## Use a Personal Computer

You can file your income tax return in a fast, easy, convenient way using your personal computer. A computer with a modem or Internet access and tax preparation software are all you need. Best of all, you can $e$-file from the comfort of your home 24 hours a day, 7 days a week. Visit www.irs.gov for details.

IRS approved tax preparation software is available for online use on the Internet, for download from the Internet, and in retail stores. Visit www.irs.gov/efile for details.

## Tax Return Page Reference

Questions about what to put on a line? Help is on the page number in the circle.
U.S. Individual Income Tax Return

(99) IRS Use Only-Do not write or staple in this space.


## Tax Return Page Reference

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


## IRS Customer Service Standards

At the IRS, our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas.

- Easier filing and payment options.
- Access to information.
- Accuracy.
- Prompt refunds.
- Canceling penalties.
- Resolving problems.
- Simpler forms.

If you would like information about the IRS standards and a report of our accomplishments, see Pub. 2183.

## Help With Unresolved Tax Issues

## Office of the Taxpayer Advocate

## Contacting Your Taxpayer Advocate

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

## Handling Your Tax Problems

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A "fresh look" at your new or on-going problem,
- Timely acknowledgment,
- The name and phone number of the individual assigned to your case,
- Updates on progress,
- Timeframes for action,
- Speedy resolution, and
- Courteous service.


## Information You Should Be Prepared To Provide

- Your name, address, and social security number (or employer identification number),
- Your telephone number and hours you can be reached,
- The type of tax return and year(s) involved,
- A detailed description of your problem,
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing and supporting documentation (if applicable).


## How To Contact Your Taxpayer Advocate

- Call the Taxpayer Advocate's toll-free number: 1-877-777-4778.
- Call, write, or fax the Taxpayer Advocate office in your area (see Pub. 1546 for addresses and phone numbers).
- TTY/TDD help is available by calling 1-800-829-4059.
- Visit the website at www.irs.gov/advocate.


## Quick and Easy Access to Tax Help and Forms

If you live outside the United States, see Pub. 54 to find out how to get help and forms.


## Internet

You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov to:

- 4iserfil Access commercial tax preparation and e-file services available for free;
- Check the status of your 2005 refund;
- Download forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- Figure your withholding allowances using our W-4 calculator; and
- Sign up to receive local and national tax news by email.



## Mail

You can order forms, instructions, and publications by completing the order blank on page 79 . You should receive your order within 10 days after we receive your request.


## Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.


## Phone

You can order forms and publications and receive automated information by phone.

Forms and publications. Call 1-800-TAX-FORM (1-800-829-3676) during the hours shown on page 10 to order current year forms, instructions, and publications, and prior year forms and instructions. You should receive your order within 10 days.
TeleTax topics. Call 1-800-829-4477 24 hours a day, 7 days a week, to listen to pre-recorded messages covering about 150 tax topics. See pages 8 and 9 for a list of the topics.
Refund information. You can check the status of your 2005 refund 24 hours a day, 7 days a week. See page 8 for details.


## CD-ROM

You can order Pub. 1796, IRS Tax Products CD, and obtain:

- Two-release set;
- Current year forms, instructions, and publications;
- Prior-year forms and instructions and publications;
- Tax Map: An Electronic Research Tool and Finding Aid;
- Tax Law Frequently Asked Questions;
- Tax Topics from the IRS telephone response system;
- Fill-in, Print and Save Features for most Tax Forms;
- Internal Revenue Bulletins; and
- Toll-Free Technical Support.

Buy the CD-ROM from National Technical Information Service (NTIS) at www.irs.gov/cdorders for $\$ 25$ (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll-free to buy the CD-ROM for $\$ 25$ (plus a $\$ 5$ handling fee). The first release ships in late December and the final release ships in late February.

Other ways to get help. See page 63 for information.

## Refund Information

You can check on the status of your 2005 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). But if you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically).

Be sure to have a copy of your 2005 tax return available because you will need to know the filing status and the exact whole-dollar amount of your refund. Then, do one of the following.

- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information.
- Call 1-800-829-1954 during the hours shown on page 10 .

(0)
Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.

Do not send in a copy of your return unless asked to do so.

To get a refund, you generally must file your return within 3 years from the date the return was due (including extensions).

## What Is TeleTax?

## Recorded Tax Information

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

## Topics by Internet

TeleTax topics are also available through the IRS website at www.irs.gov.

## TeleTax Topics

All topics are available in Spanish.

## 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 Intro. to federal taxes for small businesses/self-employed
104 Taxpayer Advocate program - Help for problem situations

## 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
1542005 Form W-2 and Form 1099-R - What to do if not received
155 Forms and publications - How to order
156 Copy of your tax return - How to get one

| Topic <br> No. | Subject |
| :--- | :--- |
| 157 | Change of address-How to notify |
|  | IRS |
| 158 | Ensuring proper credit of payments |
| 159 | Prior year(s) Form W-2 -How to <br> get a copy of |
|  | Collection |
| 201 | The collection process |
| 202 | What to do if you can't pay your tax |
| 203 | Failure to pay child support and <br> federal nontax and state income tax <br> obligations |
| 204 | Offers in compromise |
| 205 | Innocent spouse relief (and <br> separation of liability and equitable <br> relief) |

## Alternative Filing Methods

## 251 Electronic signatures

252 Electronic filing
253 Substitute tax forms
254 How to choose a paid tax preparer
256 Filing business returns electronically

## General Information

301 When, where, and how to file
302 Highlights of tax changes
303 Checklist of common errors when preparing your tax return

## Topic

No.

## Subject

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 Roth IRA contributions
310 Coverdell education savings accounts
311 Power of attorney information
312 Disclosure authorizations
313 Qualified tuition programs (QTPs)
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
357 Tax information for parents of kidnapped children

Types of Income
401 Wages and salaries
402 Tips
403 Interest received

| TeleTax Topics |  |
| :---: | :---: |
| Topic | Subject |
| 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 method |
| 412 | Lump-sum distributions |
| 413 | Rollovers from retirement plans |
| 414 | Rental income and expenses |
| 415 | Renting residential and vacation property |
| 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 |
| 426 | Other income |
| 427 | Stock options |
| 428 | Roth IRA distributions |
| 429 | Traders in securities (information for Form 1040 filers) |
| 430 | Exchange of policyholder interest for stock |
|  | Adjustments to Income |
| 451 | Individual retirement arrangements (IRAs) |
| 452 | Alimony paid |
| 453 | Bad debt deduction |
| 454 | Tax shelters |
| 455 | Moving expenses |
| 456 | Student loan interest deduction |
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|  | Itemized Deductions |
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| 502 | Medical and dental expenses |
| 503 | Deductible taxes |
| 504 | Home mortgage points |
| 505 | Interest expense |
| 506 | Contributions |
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| 508 | Miscellaneous expenses |
| 509 | Business use of home |

## Topic

No. Subject
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511 Business travel expenses
512 Business entertainment expenses
513 Educational expenses
514 Employee business expenses
515 Casualty, disaster, and theft losses

## Tax Computation

551 Standard deduction
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555 Ten-year tax option for lump-sum distributions
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558 Tax on early distributions from retirement plans

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Basis of Assets, Depreciation, and Sale of Assets

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751 Social security and Medicare withholding rates
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753 Form W-4—Employee's Withholding Allowance Certificate
754 Form W-5-Advance earned income credit

## Topic

No.

## Subject

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 and 940-EZ—Deposit requirements
760 Form 940 and Form 940-EZEmployer's Annual Federal Unemployment Tax Returns
761 Tips-Withholding and reporting
762 Independent contractor vs. employee

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858 Alien tax clearance

## Tax Information for Puerto Rico Residents (in Spanish only) <br> 901 Who must file a U.S. income tax return in Puerto Rico <br> 902 Deductions and credits for Puerto Rico filers <br> 903 Federal employment taxes in Puerto Rico <br> 904 Tax assistance for Puerto Rico residents

Topic numbers are effective
January 1, 2006.

## Calling the IRS

If you cannot find the answer to your question using one of the methods listed on page 7 , please call us for assistance at 1-800-829-1040. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 8:00 a.m. to 8:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.

If you want to check the status of your 2005 refund, see Refund Information on page 8.

## Before You Call

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

- The tax form, schedule, or notice to which your question relates.
- 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.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The "Caller ID Number" shown at the top of any notice you received.
- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.
- Your ZIP code.

If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.

Evaluation of services provided. The IRS uses several methods to evaluate our telephone service. One method is to record telephone calls for quality purposes only. A random sample of recorded calls is selected for review through the quality assurance process. Other methods include listening to live calls in progress and random selection of customers for participation in a customer satisfaction survey.

## Making the Call

Call 1-800-829-1040 (for TTY/TDD help, call 1-800-829-4059). Our menus allow callers with pulse or rotary dial telephones to speak their responses when requested to do so. First, you will be provided a series of options that will request touch-tone responses. If a touch-tone response is not received, you will then hear a series of options and be asked to speak your selections. After your touch-tone or spoken response is received, the system will direct your call to the appropriate assistance. You can do the following within the system.

- Order tax forms and publications.
- Find out what you owe.
- Determine if we have adjusted your account or received payments you made.
- Request a transcript of your tax return or account.
- Find out where to send your tax return or payment.
- Request more time to pay or set up a monthly installment agreement.
- Find out if you qualify for innocent spouse relief.


## 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. He or she will be happy to take additional time to be sure your question is answered fully.

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.

# Before You Fill In Form 1040 

 See How To Avoid Common Mistakes on page 62.If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone, qualified hazardous duty area, or contingency operation (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.

## What's New for 2005

New definition of a qualifying child. A new definition of a "qualifying child" applies for each of the following tax benefits.

- Dependency exemption.
- Head of household filing status.
- Earned income credit (EIC).
- Child tax credit.
- Credit for child and dependent care expenses.

See the instructions for each of these benefits for details.

Foster child - new definition. New rules apply to determine who is a foster child and when a foster child can be used to claim certain tax benefits. To claim a foster child as a qualifying child for any of the tax benefits listed above, the child must be placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. A foster child no longer qualifies you to use qualifying widow(er) filing status.

Domestic production activities deduction. You may be able to deduct up to $3 \%$ of your qualified production activities income from certain business activities. See the instructions for line 35 on page 35 .

Dependents cannot claim exemptions for dependents. If you are claimed as a dependent on someone else's return, you cannot claim any exemptions for dependents.

Certain deductions reordered. The lines in the Adjusted Gross Income section have been reordered to simplify the computation of modified adjusted gross income limits.

IRA deduction expanded. You, and your spouse if filing jointly, may each be able to deduct up to $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005). You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income (AGI) is less than $\$ 60,000$ ( $\$ 80,000$ if married filing jointly or qualifying widow(er)). See the instructions for line 32 on page 31.

Earned income credit (EIC). You may be able to take the EIC if:

- A child lived with you and you earned less than \$35,263 (\$37,263 if married filing jointly), or
- A child did not live with you and you earned less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly).

See the instructions for lines 66a and 66 b that begin on page 45 .

Standard mileage rates. The 2005 rate for business use of your vehicle is $401 / 2$ cents a mile. The 2005 rate for use of your vehicle to get medical care or to move is 15 cents a mile.

Elective salary deferrals. The maximum amount you can defer under all plans is generally limited to $\$ 14,000$ ( $\$ 17,000$ for section 403(b) plans if you qualify for the 15 -year rule). The catch-up contribution limit increased to $\$ 4,000$ ( $\$ 2,000$ for SIMPLE plans). See the instructions for line 7 on page 22.

Interest and additional tax on income under section 409A. You must pay interest and additional tax on any income you received from a nonqualified deferred compensation plan that fails to meet certain requirements under section 409A. This income should be shown in Form W-2, box 12, with code Z, or in Form 1099-MISC, box 15 b. See the instructions for line 63 on page 44 for details.

Mailing your return. You may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. If you received an envelope with your tax package, please use it. Otherwise, see Where Do You File? on the back cover.

## What's New for 2006

Personal exemption and itemized deduction phaseouts reduced. The phaseouts of the limitation on personal exemptions and itemized deductions will be reduced by $1 / 3$.

Residential energy credit - new. You may be able to take a residential energy credit for expenses paid in 2006 to have qualified energy saving items installed in your main home.

Alternative motor vehicles. You may be able to take a credit if you place an energy
efficient motor vehicle or alternative fuel vehicle refueling property in service in 2006. You can no longer take a deduction for clean-fuel vehicles.

Clean renewable energy bond credit new. You may be able to take a credit based on the face amount of any clean renewable energy bond you hold during 2006. The amount of any credit claimed must be included as interest income.

Nonconventional source fuel credit. You may be able to claim the nonconventional source fuel credit for facilities producing coke or coke gas. Also, the nonconventional source fuel credit will be a general business credit subject to the general business credit tax liability limits. In general, any 2006 unused credit can be carried forward 20 years.

Certain credits no longer allowed against alternative minimum tax (AMT). The credit for child and dependent care expenses, credit for the elderly or the disabled, education credits, mortgage interest credit, and carryforwards of the District of Columbia first-time homebuyer credit are no longer allowed against AMT and a new tax liability limit applies. For most people, this limit is your regular tax minus any tentative minimum tax.

AMT exemption amount decreased. The AMT exemption amount will decrease to $\$ 33,750$ ( $\$ 45,000$ if married filing jointly or a qualifying widow(er); $\$ 22,500$ if married filing separately).

Educator expense deduction expires. The deduction for educator expenses from AGI will expire. To deduct educator expenses, you must itemize your deductions.

Tuition and fees deduction expires. You cannot take a deduction for qualified tuition and fees paid in 2006. But you still may be able to take a credit for these expenses.

IRA deduction expanded. If you were covered by a retirement plan, you may be able to take an IRA deduction if your 2006 modified AGI is less than $\$ 85,000$ if married filing jointly or qualifying widow(er). You, and your spouse if filing jointly, may each be able to deduct up to $\$ 5,000$ if age 50 or over at the end of 2006.

District of Columbia first-time homebuyer credit expires. This credit will not apply to homes purchased after December 31, 2005.

## Filing Requirements

 These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.Have you tried IRS e-file? It's the fastest way to get your refund and it's free if you are eligible. Visit www.irs.gov for details.

## Do You 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. Residents of Puerto Rico can use TeleTax topic 901 (see page 8) to see if they must file.


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, the additional child tax credit, or the health coverage tax credit.

Exception for children under age 14. If you are planning to file a tax return for your child who was under age 14 at the end of 2005 and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 8814 to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 8) or see Form 8814.

A child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8814 for such a child.

Resident aliens. These rules also apply if you were a resident alien. Also, you may qualify for certain tax treaty benefits. See Pub. 519 for details.

Nonresident aliens and dual-status aliens. These rules also apply if you were a nonresident alien or a dual-status alien and both of the following apply.

- You were married to a U.S. citizen or resident at the end of 2005.
- You elected to be taxed as a resident alien.
See Pub. 519 for details.


Specific rules apply to determine if you are a resident alien, nonresident alien, or dual-status alien. Most nonresident aliens and dual-status aliens have different filing requirements and may have to file Form 1040NR or Form 1040NR-EZ. Pub. 519 discusses these requirements and other information to help aliens comply with U.S. tax law, including tax treaty benefits and special rules for students and scholars.

## When Should You

## File?

Not later than April 17, 2006. If you file after this date, you may have to pay interest and penalties. See page 64 .

## What If You Cannot File on Time?

You can get an automatic 6-month extension if, no later than April 17, 2006, you file Form 4868. For details, see Form 4868.
 An automatic 6-month extension to file does not extend the time to pay your tax. See Form 4868.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868. You qualify 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 You File?

See the back cover of this booklet for filing instructions and addresses. For details on using a private delivery service to mail your return or payment, see page 15 .

## Chart A—For Most People

| IF your filing status is . . . | AND at the end of 2005 you were*... | THEN file a return if your gross income** was at least . . . |
| :---: | :---: | :---: |
| Single | under 65 <br> 65 or older | $\begin{array}{r} \$ 8,200 \\ 9,450 \end{array}$ |
| Married filing jointly*** | under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses) | \$16,400 17,400 18,400 |
| Married filing separately (see page 17) | any age | \$3,200 |
| Head of household (see page 17) | under 65 <br> 65 or older | $\begin{array}{r} \$ 10,500 \\ 11,750 \end{array}$ |
| Qualifying widow(er) with dependent child (see page 17) | under 65 65 or older | $\begin{array}{r} \$ 13,200 \\ 14,200 \end{array}$ |

[^0]
## Chart B—For Children and Other Dependents (See the instructions for line 6c that begin on page 19 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, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of your unearned and earned income.

Single dependents. Were you either age 65 or older or blind?
No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 800$.
- Your earned income was over $\$ 5,000$.
- Your gross income was more than the larger of -
- \$800, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.

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

- Your unearned income was over $\$ 2,050$ ( $\$ 3,300$ if 65 or older and blind).
- Your earned income was over $\$ 6,250$ ( $\$ 7,500$ if 65 or older and blind).
- Your gross income was more than-

| The larger of: | Plus | This amount: |
| :---: | :---: | :---: |
| - $\$ 800$, or |  | $\$ 1,250(\$ 2,500$ if 65 or older and blind) |

Married dependents. Were you either age 65 or older or blind?
No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 800$.
- Your earned income was over $\$ 5,000$.
- 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 -
- \$800, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.

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

- Your unearned income was over $\$ 1,800$ ( $\$ 2,800$ if 65 or older and blind).
- Your earned income was over $\$ 6,000$ ( $\$ 7,000$ 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:

- \$800, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$

| Plus | This amount: |
| :--- | :--- |
|  |  |
| $\$ 1,000(\$ 2,000$ if 65 or older <br> and blind $)$ |  |

## Chart C—Other Situations When You Must File

You must file a return if any of the four conditions below apply for 2005.

1. You owe any special taxes, including any of the following.

- Alternative minimum tax.
- Additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file Form 5329 by itself.
- Household employment taxes. But if you are filing a return only because you owe this tax, you can file Schedule $\mathbf{H}$ by itself.
- Social security and Medicare tax on tips you did not report to your employer.
- Write-in taxes, including uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance and additional tax on health savings account distributions. See the instructions for line 63 on page 44.
- Recapture taxes. See the instructions for line 44 , on page 37 , and line 63 , on page 44 .

2. You received any advance earned income credit (EIC) payments from your employer. These payments are shown in Form W-2, box 9.
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 2005 Forms W-2, 1098, and 1099

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IRS e-file takes the guesswork out of preparing your return. You can use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

If any federal income tax withheld is shown on these forms, include the tax withheld on Form 1040, line 64. If you itemize your deductions and any state or local income tax withheld is shown on these forms, include the tax withheld on Schedule A, line 5, if you do not elect to deduct state and local general sales taxes.

| Form | Item and Box in Which it Should Appear | Where To Report if Filing Form 1040 |
| :--- | :--- | :--- |


| Form | Item and Box in Which it Should Appear | Where To Report if Filing Form 1040 |
| :---: | :---: | :---: |
| 1099-INT | Interest income (box 1) <br> Early withdrawal penalty (box 2) <br> Interest on U.S. savings bonds and Treasury obligations (box 3) <br> Investment expenses (box 5) <br> Foreign tax paid (box 6) | See the instructions for Form 1040, line 8a, on page 22 <br> Form 1040, line 30 <br> See the instructions for Form 1040, line 8a, on page 22 <br> Schedule A, line 22 <br> Form 1040, line 47, or Schedule A, line 8 |
| 1099-LTC | Long-term care and accelerated death benefits | See Pub. 502 and the Instructions for Form 8853 |
| 1099-MISC | Rents (box 1) <br> Royalties (box 2) <br> Other income (box 3) <br> Nonemployee compensation (box 7) <br> Other (boxes $5,6,8,9,10,13,14$, and 15 b) | See the Instructions for Schedule E* <br> Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544)* <br> Form 1040, line 21* <br> Schedule C, C-EZ, or F. But if you were not self-employed, see the instructions on Form 1099-MISC. <br> See the instructions on Form 1099-MISC |
| 1099-OID | Original issue discount (box 1) Other periodic interest (box 2) Early withdrawal penalty (box 3) Original issue discount on U.S. Treasury $\quad$ obligations (box 6) Investment expenses (box 7) | See the instructions on Form 1099-OID <br> Form 1040, line 30 <br> See the instructions on Form 1099-OID <br> Schedule A, line 22 |
| 1099-PATR | Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5) <br> Domestic production activities deduction (box 6) Credits (boxes 7, 8, and 10) <br> Patron's AMT adjustment (box 9) | Schedule C, C-EZ, or F or Form 4835, but first see the instructions on Form 1099-PATR <br> Form 8903, line 17 <br> Form 3468 , 5884, 6478, 8844, 8845, 8861, or 8896 <br> Form 6251, line 26 |
| 1099-Q | Qualified education program payments | See the instructions for Form 1040, line 21, on page 27 |
| 1099-R | Distributions from IRAs** <br> Distributions from pensions, annuities, etc. <br> Capital gain (box 3) | See the instructions for Form 1040, lines 15a and 15b, on page 25 See the instructions for Form 1040, lines 16a and 16b, that begin on page 25 <br> See the instructions on Form 1099-R |
| 1099-S | Gross proceeds from real estate transactions (box <br> 2) <br> Buyer's part of real estate tax (box 5) | Form 4797 , Form 6252, or Schedule D. But if the property was your home, see the Instructions for Schedule D to find out if you must report the sale or exchange. <br> See the instructions for Schedule A, line 6, on page A-4* |
| 1099-SA | Distributions from health savings accounts (HSAs) Distributions from MSAs*** | Form 8889, line 12a Form 8853 |
| * 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. <br> ** This includes distributions from Roth, SEP, and SIMPLE IRAs. <br> *** This includes distributions from Archer and Medicare Advantage MSAs. |  |  |

## Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.


Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

# Line <br> Instructions for Form 1040 

IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

## Name and Address

## Use the Peel-Off Label

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

## 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, use Form 8822 to notify the IRS of your new address.

## Name Change

If you changed your name because of marriage, divorce, etc., 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. See page 63 for more details. If you received a peel-off label, cross out your former name and print your new name.

## What if You Do Not Have a Label?

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

[im
If you filed a joint return for 2004 and you are filing a joint return for 2005 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2004 return.

## 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, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Death of a Taxpayer

See page 63.

## Social Security Number (SSN)

An incorrect or missing SSN can increase your tax or reduce your refund. To apply for an SSN, fill in Form SS-5 and return it to the Social Security Administration (SSA). You can get Form SS-5 online at www.socialsecurity.gov, from your local SSA office, or by calling the SSA at 1-800-772-1213. It usually takes about 2 weeks to get an SSN.

Check that your SSN on your Forms W-2 and 1099 agrees with your social security card. If not, see page 63 for more details.

## IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens

If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

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.

## 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 ITIN.

## 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 box. If you are filing a joint return, your spouse can also have $\$ 3$ go to the fund. If you check a box, 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.


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

## Line 1 <br> Single

You can check the box on line 1 if any of the following was true on December 31, 2005.

- You were never married.
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance.
- You were widowed before January 1, 2005, and did not remarry in 2005. But if you provide a home for certain other persons, you may be able to use the qualifying widow(er) filing status. See the instructions for line 5 that begin on page 17.


## Line 2

## Married Filing Jointly

You can check the box on line 2 if any of the following apply.

- You were married as of December 31, 2005, even if you did not live with your spouse at the end of 2005.
- Your spouse died in 2005 and you did not remarry in 2005.
- You were married as of December 31, 2005, and your spouse died in 2006 before filing a 2005 return.

A marriage means only a legal union between a man and a woman as husband and wife. A husband and wife can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2005, you cannot, after the due date for filing that return, amend it to file as married filing separately.
Joint and several tax liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Innocent Spouse Relief on page 62.
Nonresident aliens and dual-status aliens. You may be able to file a joint return. See Pub. 519 for details.

## Line 3

## Married Filing Separately

If you are married and file a separate return, you will usually pay more tax than if you use another filing status that you qualify for. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credits, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 22.

(10)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 2005. See Married persons who live apart on this 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 can also qualify. See this page.) You can check the box on line 4 only if as of December 31, 2005, you were unmarried or legally separated (according to your state law) under a decree of divorce or separate maintenance and either 1 or 2 below applies.

1. You paid over half the cost of keeping up a home that was the main home for all of 2005 of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.
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 on this page).
a. Your qualifying child (as defined in Step 1 on page 19, but without regard to the rule for Children of divorced or separated parents on page 20). If the child is married at the end of 2005, he or she must be your dependent (as defined in Step 2 on page 19, but without regard to question 3). If your qualifying child is not your dependent, 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.
b. Any other relative whom you can claim as a dependent. But you cannot use head of household filing status based on any person who is your dependent only because he or she lived with you for all of 2005.


You cannot file as head of household based on a dependent claimed under the rules on Multiple support agreements on
page 21.
Married persons who live apart. Even if you were not divorced or legally separated at the end of 2005, you may be able to file as head of household. You can check the box on line 4 if all of the following apply.

- You lived apart from your spouse for the last 6 months of 2005. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.
- You file a separate return from your spouse.
- You paid over half the cost of keeping up your home for 2005.
- Your home was the main home of your child, stepchild, or foster child for more than half of 2005 (if half or less, see the Exception on this page).
- 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 page 20. If this child is not your dependent, 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.
Keeping up a home. To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) 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.
Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.
Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.
Dependent. To find out if someone is your dependent, see the instructions for line 6 c that begin on page 19 .
Exception. Temporary absences for special circumstances, such as for school, vacation, medical care, or military service, count as time lived in the home. If the person for whom you kept up a home was born or died in 2005, you can 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. Also see Kidnapped child on page 21, if applicable.

## Line 5 <br> Qualifying Widow(er) With Dependent Child

You can check the box on line 5 and use joint return tax rates for 2005 if all of the following apply.

- Your spouse died in 2003 or 2004 and you did not remarry in 2005.
- You have a child or stepchild whom you claim as a dependent.
- This child lived in your home for all of 2005. If the child did not live with you for the required time, see the Exception on page 18 .
- You paid over half the cost of keeping up your home.
- 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 2005, you cannot file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2 on this page.

Keeping up a home. To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) 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.

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.
Dependent. To find out if someone is your dependent, see the instructions for line 6 c that begin on page 19 .
Exception. Temporary absences for special circumstances, such as for school, va-
cation, medical care, or military service, count as time lived in the home. A child is considered to have lived with you for all of 2005 if the child was born or died in 2005 and your home was the child's home for the entire time he or she was alive. Also see Kidnapped child on page 21, if applicable.

## Exemptions

You usually can deduct $\$ 3,200$ on line 42 for each exemption you can take.

## Line 6b

## Spouse

Check the box on line 6 b if either of the following applies.

1. Your filing status is married filing jointly and your spouse cannot be claimed as a dependent on another person's return.
2. You were married as of December 31, 2005, your filing status is married filing separately or head of household, and both of the following apply.
a. Your spouse had no income and is not filing a return.
b. Your spouse cannot be claimed as a dependent on another person's return.

If your filing status is head of household and you check the box on line 6 b , enter the name of your spouse on the dotted line next to line 6 b . Also, enter your spouse's social security number in the space provided at the top of your return.

## Line 6c-Dependents

## Dependents and Qualifying Child for Child Tax Credit

You can take an exemption for each of your dependents. In general, a person must be either a qualifying child or a qualifying relative to be your dependent. Certain qualifying children may allow you to take the child tax credit on line 52, and the additional child tax credit on line 68. Follow the steps below to find out if a person qualifies as your dependent, qualifies you to take the child tax credit, or both. If you have more than four dependents, attach a statement to your return with the required information.

## Step 1 Qualifying Child

## A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

## AND <br> was ...

Under age 19 at the end of 2005
or
Under age 24 at the end of 2005 and a student (see page 21)
or
Any age and permanently and totally disabled (see page 21)

## AND

who...
Did not provide over half of his or her own support for 2005 (see Pub. 501)

## AND

who...
Lived with you for more than half of 2005. If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 21.

If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing jointly) for 2005, see Qualifying child of more than one person on page 21.

1. Do you have a child who meets the conditions to be your qualifying child?Yes. Go to Step 2.No. Go to Step 4 on page 20 to see if you can claim a qualifying relative as a dependent.

## Step 2 Qualifying Child Dependent

1. Was the child a U.S. citizen, U.S. national, or a resident of the United States, Canada, or Mexico? If the child was adopted, see Exception to citizen test on page 21.Yes. Continue
No.
Go to Form 1040, line 7.
2. Was the child married?Yes. See Married No. Continue person on page 21.
3. Look at the qualifying child and qualifying relative conditions in Steps 1, 2, and 4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2005 tax return?

Yes. You cannot claim any dependents. Go to Step 3 to see if you can claim the child as a qualifying child for the child tax credit.

No. You can claim this child as a dependent. Complete Form 1040, line 6c, columns (1) through (3) for this child. Then, go to Step 3 to see if you can check the box on line 6 c , column (4).

## Step 3 Child Tax Credit

1. Was your qualifying child under age 17 at the end of 2005?
Yes. ContinueNo. STOP
Go to Form 1040, line 7.
2. Was the child a U.S. citizen, U.S. national, or a resident of the United States? If the child was adopted, see Exception to citizen test on page 21.

Yes. This child is a qualifying child for the child tax credit. If this child is your dependent, check the box on Form 1040, line 6c, column (4). Otherwise, you must complete and attach Form 8901.


Go to Form 1040, line 7.

## Step 4 Qualifying Relative Dependent

## A qualifying relative is a person who is your...

Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild)
or
Brother, sister, or a son or daughter of either of them (for example, your niece or nephew)
or
Father, mother, or an ancestor or sibling of either of them (for example, your grandmother, grandfather, aunt, or uncle)

## or

Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law

## or

Any other person (other than your spouse) who lived with you all year as a member of your household if your relationship does not violate local law. If the person did not live with you for the required time, see Exception to "time lived with you condition" on page 21

## AND

who was not...
A qualifying child (see Step 1) of any other person for 2005


Had gross income of less than $\$ 3,200$ in 2005. If the person was permanently and totally disabled, see Exception to gross income test on page 21

## AND

## For whom you provided...

Over half of his or her support in 2005. But see the exceptions for Children of divorced or separated parents on this page, Multiple support agreements on page 21, and Kidnapped child on page 21.

1. Does any person meet the conditions to be your qualifying relative?
2. Was your qualifying relative a U.S. citizen, U.S. national, or a resident of the United States, Canada, or Mexico? If your qualifying relative was adopted, see Exception to the citizen test on page 21.
Yes. ContinueNo. stop
Go to Form 1040, line 7.
3. Was your qualifying relative married?

## Yes. See Married

$\square$ No. Continue person on page 21.

4. Look at the qualifying child and qualifying relative conditions in Steps 1, 2, and 4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2005 tax return?Yes. sTop
You cannot claim any dependents. Go to Form 1040, line 7.No. You can claim this person as a dependent. Complete Form 1040, line 6 c , columns (1) through (3) for this qualifying relative. Do not check the box on Form 1040, line 6c, column (4).

## Definitions and Special Rules

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Children of divorced or separated parents. A child will be treated as being the qualifying child or qualifying relative of his or her noncustodial parent if all of the following apply.

1. The parents are divorced or legally separated or lived apart at all times during the last 6 months of 2005 .
2. The child received over half of his or her support for 2005 from the parents (without regard to the rules on Multiple support agreements on page 21).
3. The child is in custody of 1 or both of the parents for more than half of 2005.
4. Either of the following applies.
a. The custodial parent signs a written statement that he or she will not claim the child as a dependent for 2005. You can use Form 8332 for this purpose.
b. A decree of divorce or separate maintenance or written separation agreement between the parents that applies to 2005 provides that the noncustodial parent can claim the child as a dependent. If your decree or agreement went into effect before 1985, the noncustodial parent must provide at least $\$ 600$ for support of the child during 2005 to claim the dependency exemption for the child.

The noncustodial parent is the parent with whom the child lived for the lesser portion of 2005.

This rule does not apply for head of household filing status, the credit for child and dependent care expenses, or the earned income credit.

See Pub. 501 for more details.
Exception to citizen test. If you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household in 2005, that child meets the citizen test.

Exception to gross income test. If your relative is permanently and totally disabled (defined on this page), do not include any income for services performed at a sheltered workshop if the main reason for the relative's presence at the workshop is medical care and the income is only from activities at the workshop that are incident to such medical care. A sheltered workshop is an eligible institution that provides special instruction or training designed to alleviate the disability. For details on eligible institutions, see Pub. 501.

Exception to "time lived with you" condition. A person is considered to have lived with you for all of 2005 if the person was born or died in 2005 and your home was this person's home for the entire time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home. Also see Children of divorced or separated parents on page 20, or Kidnapped child below.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Kidnapped child. Your child is considered to have lived with you for more than half of 2005 if all of the following apply.

1. The child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member.
2. In the year the kidnapping occurred, the child lived with you for more than half of the portion of the year before the date of the kidnapping.
3. The child was under age 18 at the end of 2004.
4. The child was not determined to be dead at the end of 2004.

Your child is considered to be your qualifying relative (see Step 4 on page 20) if items (1), (3), and (4) above are met and the child was your qualifying relative for the portion of the year before the date of the kidnapping.

This rule does not apply for the credit for child and dependent care expenses.

Married person. If the person is married, you cannot claim that person as your dependent if he or she files a joint return. But the person can file a joint return if the return is filed only as a claim for refund and no tax liability would exist for either spouse if they had filed separate returns. If the person meets this exception, go to Step 2, question 3, on page 19 (for a qualifying child) or Step 4, question 4 , on page 20 (for a qualifying relative). If the person does not meet this exception, go to Step 3 on page 19 (for a qualifying child) or Form 1040, line 7 (for a qualifying relative).
Multiple support agreements. You will be treated as having provided over half the support of your relative if all of the following apply.

- No one person contributed over half of the support of your relative.
- You and another person(s) provided more than half of your relative's support.
- You and that other person(s) would otherwise be able to claim your relative as a dependent in 2005.
- You contributed over $10 \%$ of your relative's support.
- All other persons described above who contributed over $10 \%$ of the support sign a statement agreeing not to claim your relative as a dependent for 2005 .

You must keep any signed statements for your records. You must also attach to your return a multiple support declaration identifying each of the other persons who agreed not to claim the exemption. You can use Form 2120 for this purpose.


A child claimed as a dependent under these rules does not qualify you for head of household filing status.

Permanently and totally disabled. A person who, at any time in 2005, cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can lead to death.

Qualifying child of more than one person. If the rules for Children of divorced or separated parents on page 20 do not apply and the child is the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits.

1. Dependency exemption (line 6c).
2. Child tax credits (lines 52 and 68).
3. Head of household filing status (line 4).
4. Credit for child and dependent care expenses (line 48).
5. Earned income credit (lines 66a and 66b).

The other person(s) cannot take any of the five tax benefits listed above unless he or she has a different qualifying child. If you and the other person(s) cannot agree who will claim the child as a qualifying child, the IRS will apply the following rules.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time in 2005. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2005.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2005.
Example. Your daughter meets the conditions to be a qualifying child for both you and your mother. If you and your mother both claim tax benefits based on the child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child for the five tax benefits listed above because you are the child's parent. Your mother would not be entitled to take any of the five tax benefits listed above unless she has a different qualifying child.

If you can claim the child as a qualifying child, go to Step 2 on page 19. Otherwise, stop; you cannot claim any benefits based on this child. Go to Form 1040, line 7.

Student. A child who during any 5 months of 2005 (a) was enrolled as a full-time student at a school, or (b) took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.

## 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 and Form 2555 or $2555-\mathrm{EZ}$.

Foreign retirement plans. If you were a beneficiary of a foreign retirement plan, you may have to report the undistributed income earned in your plan. However, if you were the beneficiary of a Canadian registered retirement plan, see Form 8891 to find out if you can elect to defer tax on the undistributed income.

Report distributions from foreign pension plans on lines 16a and 16 b .

## Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wiscon$\sin$. 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.

## Rounding Off to Whole Dollars

You can round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $\$ 1.39$ becomes $\$ 1$ and $\$ 2.50$ becomes $\$ 3$.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only 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 Form(s) W-2, box 1. But the following types of income must also be included in the total on line 7.

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you
less than $\$ 1,400$ in 2005. Also, enter "HSH' and the amount not reported on Form W-2 on the dotted line next to line 7.
- Tip income you did not report to your employer. Also include allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in Form(s) W-2, box 8. They are not included as income in box 1 . See Pub. 531 for more details.


You may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 59 on
page 43.

- Dependent care benefits, which should be shown in Form(s) W-2, box 10. But first complete Form 2441 to see if you can exclude part or all of the benefits.
- Employer-provided adoption benefits, which should be shown in Form(s) W-2, box 12, with code T. But see the Instructions for Form 8839 to find out if you can exclude part or all of the benefits. You may also be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2005.
- Scholarship and fellowship grants not reported on Form W-2. Also, enter "SCH" and the amount on the dotted line next to line 7. However, 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 Form W-2, box 12, and the "Retirement plan" box in box 13 should be checked. If the total amount you (or your spouse if filing jointly) deferred for 2005 under all plans was more than $\$ 14,000$ (excluding catch-up contributions as explained below), include the excess on line 7. This limit is increased to $\$ 17,000$ for section 403(b) plans if you qualify for the 15 -year rule in Pub. 571.

A higher limit may apply to participants in section 457(b) deferred compensation plans for the 3 years before retirement age. Contact your plan administrator for more information.

If you were age 50 or older at the end of 2005, your employer may have allowed an additional deferral (catch-up contributions) of up to $\$ 4,000$ ( $\$ 2,000$ for SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals.


You cannot deduct the amount deferred. It is not included as income in Form W-2, box 1.

- 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 payments shown on Form 1099-R (other than payments from an IRA*) are reported on lines 16 a and 16 b . Payments from an IRA are reported on lines 15 a and 15 b .
- Corrective distributions from a retirement plan shown on Form 1099-R of excess salary deferrals, and excess contributions (plus earnings). But do not include distributions from an IRA* on line 7. Instead, report distributions from an IRA on lines 15a and 15b.
*This includes a Roth, SEP, or SIMPLE IRA.


## Were You a Statutory Employee?

If you were, the "Statutory employee" box in Form W-2, box 13, 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 Form W-2, box 1, on Schedule C or C-EZ along with your expenses.

## Missing or Incorrect Form W-2?

Your employer is required to provide or send Form W-2 to you no later than January 31, 2006. If you do not receive it by early February, use TeleTax topic 154 (see page 8) to find out what to do. Even if you do not get a Form W-2, you must still report your earnings on line 7. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

## Line 8a

## Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Enter your total taxable interest income on line 8a. But you must fill in and attach Schedule B if the total is over $\$ 1,500$ or any of the other conditions listed at the beginning of the Schedule B instructions (see page B-1) apply to you.

Interest credited in 2005 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 2005 income. For details, see Pub. 550.


If you get a 2005 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2005, see Pub. 550.

## Line 8b

## Tax-Exempt Interest

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

## Line 9a

## Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9 a . This amount should be shown in Form(s) 1099-DIV, box 1a. But you must fill in and attach Schedule B if the total is over $\$ 1,500$ or you received, as a nominee, ordinary dividends that actually belong to someone else.

## Nondividend Distributions

Some distributions are a return of your cost (or other basis). They will not be taxed until you recover your cost (or other basis). 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 on Schedule D. For details, see Pub. 550.

50.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 9b

## Qualified Dividends

Enter your total qualified dividends on line 9 b . Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in Form(s) 1099-DIV, box 1b. See Pub. 550 for the definition of qualified dividends if you received dividends not reported on Form 1099-DIV.

Exception. Some dividends may be reported as qualified dividends in Form 1099-DIV, box 1b, but are not qualified dividends. These include:

- Dividends you received as a nominee. See the Instructions for Schedule B.
- Dividends you received on any share of stock that you held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the
purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples below. Also, when counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See


## Pub. 550 for more details.

- Dividends attributable to periods totaling more than 366 days that you received on any share of preferred stock held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.
- Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividends.

Example 1. You bought 5,000 shares of XYZ Corp. common stock on June 30, 2005. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was July 8, 2005. Your Form 1099-DIV from XYZ Corp. shows $\$ 500$ in box 1a (ordinary dividends) and in box 1 b (qualified dividends). However, you sold the 5,000 shares on August 3, 2005. You held your shares of XYZ Corp. for only 34 days of the 121-day period (from July 1, 2005, through August 3, 2005). The 121-day period began on May 9, 2005 ( 60 days before the ex-dividend date), and ended on September 6, 2005. You have no qualified dividends from XYZ Corp. because you held the XYZ stock for less than 61 days.

Example 2. Assume the same facts as in Example 1 except that you bought the stock on July 7, 2005 (the day before the ex-dividend date), and you sold the stock on September 8, 2005. You held the stock for 63 days (from July 8, 2005, through September 8,2005 ). The $\$ 500$ of qualified dividends shown in Form 1099-DIV, box 1b, are all qualified dividends because you held the stock for 61 days of the 121-day period (from July 8, 2005, through September 6, 2005).

Example 3. You bought 10,000 shares of ABC Mutual Fund common stock on June 30, 2005. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was July 8, 2005. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per
share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of $\$ 1,000$ and qualified dividends of $\$ 200$. However, you sold the 10,000 shares on August 3, 2005. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.

TIP
Be sure you use the Qualified Dividends and Capital Gain Tax Worksheet or the Schedule D Tax Worksheet, whichever applies, to figure your tax. Your tax may be less if you use the worksheet that applies. See the instructions for line 44 that begin on page 37 for details.

## Line 10

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

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None of your refund is taxable if, in the year you paid the tax, you either (a) did not itemize deductions or (b) elected to deduct state and local general sales taxes instead of state and local income taxes.

If you received a refund, credit, or offset of state or local income taxes in 2005, you may receive a Form 1099-G. If you chose to apply part or all of the refund to your 2005 estimated state or local income tax, the amount applied is treated as received in 2005. If the refund was for a tax you paid in 2004 and you deducted state and local income taxes on line 5 of your 2004 Schedule A, use the worksheet on page 24 to see if any of your refund is taxable.

Exception. See Itemized Deduction Recoveries in Pub. 525 instead of using the worksheet on page 24 if any of the following apply.

1. You received a refund in 2005 that is for a tax year other than 2004.
2. You received a refund other than an income tax refund, such as a general sales tax or real property tax refund, in 2005 of an amount deducted or credit claimed in an earlier year.
3. The amount on your 2004 Form 1040, line 41 , was more than the amount on your 2004 Form 1040, line 40.
4. Your 2004 state and local income tax refund is more than your 2004 state and local income tax deduction minus the amount you could have deducted as your 2004 state and local general sales taxes.
5. You made your last payment of 2004 estimated state or local income tax in 2005.
6. You owed alternative minimum tax in 2004.
7. You could not deduct the full amount of credits you were entitled to in 2004 because the total credits exceeded the amount shown on your 2004 Form 1040, line 45.
8. You could be claimed as a dependent by someone else in 2004.
9. You had to use the Itemized Deductions Worksheet in the 2004 Schedule A instructions because your 2004 adjusted gross income was over $\$ 142,700(\$ 71,350$ if married filing separately) and both of the following apply.
a. You could not deduct all of the amount on the 2004 Itemized Deductions Worksheet, line 1.
b. The amount on line 8 of that 2004 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 2005.

## Line 11

## Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person
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 TeleTax topic 406 (see page 8 ) or see Pub. 504.

## Line 12 <br> 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 C-EZ.

## Line 13

## Capital Gain or (Loss)

If you had a capital gain or loss, including any capital gain distributions or a capital loss carryover from 2004, you must complete and attach Schedule D.
Exception. You do not have to file Schedule D if both of the following apply.

- The only amounts you have to report on Schedule D are capital gain distributions
from Form(s) 1099-DIV, box 2a, or substitute statements.
- None of the Form(s) 1099-DIV or substitute statements have an amount in box 2 b (unrecaptured section 1250 gain), box 2c (section 1202 gain), or box 2d (collectibles ( $28 \%$ ) gain).

If both of the above apply, enter your total capital gain distributions (from box 2 a of Form(s) 1099-DIV) on line 13 and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions for Schedule B for filing requirements for Forms 1099-DIV and 1096.


If you do not have to file Schedule D, be sure you use the Qualified Dividends and Capital Gain Tax Worksheet on page 38 to figure your tax. Your tax may be less if you use this worksheet.

## State and Local Income Tax Refund Worksheet-Line 10

1. Enter the income tax refund from Form(s) 1099-G (or similar statement). But do not enter more than the amount of your state and local income taxes on your 2004 Schedule A, line 5
2. Enter your total allowable itemized deductions from your 2004 Schedule A, line 282. $\qquad$

Note. If the filing status on your 2004 Form 1040 was married filing separately and your spouse itemized deductions in 2004, skip lines 3 , 4 , and 5 , and enter the amount from line 2 on line 6.
3. Enter the amount shown below for the filing status claimed on your 2004 Form 1040.

- Single or married filing separately - $\$ 4,850$
- Married filing jointly or qualifying widow(er) - $\$ 9,700\}$. 3 .
- Head of household- \$7,150

4. Did you fill in line 38 a on your 2004 Form 1040 ?
$\square$ No. Enter -0-.
$\square$ Yes. Multiply the number in the box on line 38a of your 2004 Form 1040 by: $\$ 950$ if your 2004 filing status was married filing jointly or separately or qualifying widow(er); \$1,200 if your 2004 filing status was single or head of household.

44
$\square$ 3. single or head or household.
5.
5. Add lines 3 and 4
6. Is the amount on line 5 less than the amount on line 2 ?
$\square$ No. STOP None of your refund is taxable.
$\square$ Yes. Subtract line 5 from line 2 .
6.
7. Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10 7.

## 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 any distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line 15 a and 15 b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 15a blank and enter the total distribution on line 15 b.

Exception 1. Enter the total distribution on line 15a if you rolled over part or all of the distribution from one:

- IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA), or
- SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 15b. If the total distribution was rolled over in a qualified rollover, enter -0 - on line $15 b$. If the total distribution was not rolled over in a qualified rollover, enter the part not rolled over on line 15 b unless Exception 2 applies to the part not rolled over. Generally, a qualified rollover must be made within 60 days after the day you received the distribution. For more details on rollovers, see Pub. 590.

If you rolled over the distribution (a) in 2006, or (b) from an IRA into a qualified plan (other than an IRA), attach a statement explaining what you did.

Exception 2. If any of the following apply, enter the total distribution on line 15 a and see Form 8606 and its instructions to figure the amount to enter on line 15 b.

1. You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2005 or an earlier year. If you made nondeductible contributions to these IRAs for 2005, also see Pub. 590.
2. You received a distribution from a Roth IRA. But if either (a) or (b) below applies, enter $-0-$ on line 15 b ; you do not have to see Form 8606 or its instructions.
a. Distribution code T is shown in Form 1099-R, box 7 , and you made a contribution (including a conversion) to a Roth IRA for 2000 or an earlier year.
b. Distribution code Q is shown in Form 1099-R, box 7.
3. You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2005.
4. You had a 2004 or 2005 IRA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.
5. You made excess contributions to your IRA for an earlier year and had them returned to you in 2005.
6. You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.

Note. If you (or your spouse if filing jointly) received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 15 b. Enter the total amount of those distributions on line 15 a .


You may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled over, or (b) you were born before July 1, 1934, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 60 on page 43 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 pages 26 and 27 for details on rollovers and lump-sum distributions. Do not include the following payments on lines $16 a$ and $16 b$. 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.

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Attach Form(s) 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 $16 b$; do not make an entry on line 16 a. Your payments are fully taxable if (a) you did not contribute to the cost (see page 26) of your pension or annuity, or (b) you got your entire cost back tax free before 2005 .

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

## Partially Taxable Pensions and Annuities

Enter the total pension or annuity payments you received in 2005 on line 16a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in Pub. 939 to figure the taxable part to enter on line 16 b . But if your annuity starting date (defined below) was after July 1, 1986, see Simplified Method below to find out if you must use that method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a $\$ 95$ fee. For details, see Pub. 939.

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

## 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 Method

You must use the Simplified Method if either of the following applies.

1. Your annuity starting date (defined above) was after July 1, 1986, and you used this method last year to figure the taxable part.
2. Your annuity starting date was after November 18, 1996, and both of the following apply.
a. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
b. On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer than 5. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 26 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or Pub. 721 for U.S. Civil Service retirement benefits.


If you received U.S. Civil Service retirement benefits and you chose the alternative annuity option, see Pub. 721 to figure the taxable part of your annuity. Do not use the worksheet on page 26.

## Age (or Combined Ages) 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. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the 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.

## Cost

Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions. Your net investment should be shown in Form 1099-R, box 9b, for the first year you received payments from the plan.

## Rollovers

Generally, a qualified rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan within 60 days of receiving the distribution. Use lines $16 a$ and $16 b$ to report a qualified rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 16a the total distribution before income tax or other deductions were

## Simplified Method Worksheet—Lines 16a and 16b

Before you begin: $\sqrt{ }$ If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, include any death benefit exclusion that you are entitled to (up to $\$ 5,000$ ) in the amount entered on line 2 below.
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 2005 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2005. Also, enter this amount on Form 1040, line 16a
2. 
3. Enter your cost in the plan at the annuity starting date
4. 
5. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below
6. 
7. Divide line 2 by the number on line 3
8. 
9. 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.
10. 
11. Enter the amount, if any, recovered tax free in years after $1986 \ldots \ldots$.
12. Subtract line 6 from line 2
13. $\qquad$
14. Enter the smaller of line 5 or line 7
. . . . . . . . . . . .
15. 
16. 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
17. 

Table 1 for Line 3 Above
AND your annuity starting date was-


55 or under
56-60
61-65
66-70
71 or older
before November 19, 1996, enter on line 3 . . .

300
260
240
170
120
after November 18, 1996, enter on line 3 . .

360
310
260
210
160

Table 2 for Line 3 Above

## IF the combined ages at annuity starting date (see above) were . . .

110 or under
111-120
121-130
131-140
141 or older

## THEN enter on line 3 . . .

$$
410
$$

360
310
260
210
withheld. This amount should be shown in Form 1099-R, box 1. 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 of the qualified rollover. Enter the remaining amount, even if zero, on
line 16b. Also, enter "Rollover'" next to line 16 b .

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 2 b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over in a qualified rollover. For details, see the instructions for line 60 on page 43.

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

You may be able to pay less tax on the distribution if you were born before January 2, 1936, or you are the beneficiary of a deceased employee who was born before January 2, 1936. For details, see Form 4972.

## Line 19 <br> Unemployment Compensation

You should receive a Form 1099-G showing the total unemployment compensation paid to you in 2005.

If you received an overpayment of unemployment compensation in 2005 and you repaid any of it in 2005, 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 2005 , you repaid unemployment compensation that you included in gross income in an earlier year, you can deduct the amount repaid on Schedule A, line 22. But if you repaid more than $\$ 3,000$, see Repayments in Pub. 525 for details on how to report the repayment.

## 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 2005. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1099.

Use the worksheet on page 28 to see if any of your benefits are taxable.
Exception. Do not use the worksheet on page 28 if any of the following apply.

- You made contributions to a traditional IRA for 2005 and you or your spouse 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 2005 and your total repayments (box 4) were more than your total benefits for 2005 (box 3). None of your benefits are taxable for 2005. Also, you may be able to take an itemized deduction or a credit 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, 2555-EZ, 4563, or 8815 , or you exclude employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in Pub. 915.


## Line 21

## Other Income



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. Also, do not report on line 21 any nonemployee compensation shown on Form 1099-MISC. Instead, see the chart on page 15 to find out where to report that income.

Use line 21 to report any income not reported elsewhere on your return or other schedules. See the examples below. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see Miscellaneous Income in Pub. 525.


Do not report any nontaxable amounts on line 21, such as child support; money or property that was inherited, willed to you, or received as a gift; or life insurance proceeds received because of a person's death.

Examples of income to report on line 21 are:

- Taxable distributions from a Coverdell education savings account (ESA) or a
qualified tuition program (QTP). Distributions from these accounts may be taxable if (a) they are more than the qualified higher education expenses of the designated beneficiary in 2005, and (b) they were not included in a qualified rollover. See Pub. 970.


You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA or a QTP. See the Instructions for Form 5329.

- Taxable distributions from a health savings account (HSA) or an Archer MSA. Distributions from these accounts may be taxable if (a) they are more than the unreimbursed qualified medical expenses of the account beneficiary or account holder in 2005, and (b) they were not included in a qualified rollover. See Pub. 969.


You may have to pay an additional tax if you received a taxable distribution from an HSA or an Archer MSA. See the Instructions for Form 8889 for HSAs or the Instructions for Form 8853 for Archer MSAs.

- Prizes and awards.
- Gambling winnings, including lotteries, raffles, a lump-sum payment from the sale of a right to receive future lottery payments, etc. For details on gambling losses, see the instructions for Schedule A, line 27, on page A-7.


Attach Form(s) W-2G to
TIP Form 1040 if any federal income tax was withheld.

- Jury duty fees. Also, see the instructions for line 36 on page 35 .
- Alaska Permanent Fund dividends.
- Alternative trade adjustment assistance payments. These payments should be shown in Form 1099-G, box 5.
- Reimbursements or other amounts received for items deducted in an earlier year, such as medical expenses, real estate taxes, general sales taxes, or home mortgage interest. See Recoveries in Pub. 525 for details on how to figure the amount to report.
- 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. Also, see the instructions for line 36 on page 35 .
- Income from an activity not engaged in for profit. See Pub. 535.
- Loss on certain corrective distributions of excess deferrals. See Retirement Plan Contributions in Pub. 525.

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Before you begin: \(\quad \checkmark \quad\) Complete Form 1040, lines 21 and 23 through 32 if they apply to you.
\(\sqrt{ }\) Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the
    instructions for line 36 on page 35).
\(\checkmark \quad\) If you are married filing separately and you lived apart from your spouse for all of 2005,
    enter "D" to the right of the word "benefits" on line 20a.
\(\checkmark \quad\) Be sure you have read the Exception on page 27 to see if you can use this worksheet
instead of a publication to find out if any of your benefits are taxable.
```

1. Enter the total amount from box 5 of all your Forms SSA- $\mathbf{1 0 9 9}$ and Forms RRB-1099
2. 
3. Enter one-half of line 1 2.
4. Enter the total of the amounts from Form 1040, lines 7, 8a, 9a, 10 through $14,15 b, 16 b, 17$ through 19, and 21
5. 

$\qquad$
3. $\square$
4. Enter the amount, if any, from Form 1040, line 8b
4.
5. Add lines 2, 3, and 4
5.
6. Enter the total of the amounts from Form 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36
6.
$\square$
. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. STOP None of your social security benefits are taxable.
$\square$ Yes. Subtract line 6 from line 5
7.
8. If you are:

- Married filing jointly, enter \$32,000
- Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2005, enter $\$ 25,000$

8. 



- Married filing separately and you lived with your spouse at any time in 2005, skip lines 8 through 15; multiply line 7 by $85 \%$ (.85) and enter the result on line 16 . Then go to line 17

9. Is the amount on line 8 less than the amount on line 7 ?


None of your social security benefits are taxable. You do not have to enter any amounts on line 20a or 20b of Form 1040. But if you are married filing separately and you lived apart from your spouse for all of 2005, enter -0- on line 20b. Be sure you entered "D" to the right of the word "benefits" on line 20a.
$\square$ Yes. Subtract line 8 from line 7
9.
10. Enter: $\$ 12,000$ if married filing jointly; $\$ 9,000$ if single, head of household, qualifying
widow(er), or married filing separately and you lived apart from your spouse for all of 2005
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 $-0-\ldots .$.
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 above on Form 1040, line 20a.
- Enter the amount from line 18 above on Form 1040, line 20b.

Tiip
If any of your benefits are taxable for 2005 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

## Adjusted Gross Income

## Line 23

## Educator Expenses

If you were an eligible educator in 2005, you can deduct up to $\$ 250$ of qualified expenses you paid in 2005. If you and your spouse are filing jointly and both of you were eligible educators, the maximum deduction is $\$ 500$. However, neither spouse can deduct more than $\$ 250$ of his or her qualified expenses. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for nonathletic supplies for courses in health or physical education. You must reduce your qualified expenses by the following amounts.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any reimbursements you received for these expenses that were not reported to you in Form W-2, box 1.

For more details, use TeleTax topic 458 (see page 8 ).

## Line 24

## Certain Business Expenses of Reservists, Performing Artists, and Fee-Basis Government Officials

Include the following deductions on line 24.

- Certain business expenses of National Guard and reserve members who traveled more than 100 miles from home to perform services as a National Guard or reserve member.
- Performing-arts-related expenses as a qualified performing artist.
- Business expenses of fee-basis state or local government officials.

For more details, see Form 2106 or 2106-EZ.

## Line 25 <br> Health Savings Account Deduction

If contributions (other than employer contributions) were made to your health sav-
ings account for 2005, you may be able to take this deduction. See Form 8889.

## Line 26 <br> Moving Expenses

If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be 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. Use TeleTax topic 455 (see page 8) or see Form 3903.

## Line 27

## 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 28

Self-Employed SEP, SIMPLE, and Qualified Plans
If you were self-employed or a partner, you may be able to take this deduction. See Pub. 560 or, if you were a minister, Pub. 517.

## Line 29

## Self-Employed Health Insurance Deduction

You may be able to deduct the amount you paid for health insurance for yourself, your spouse, and your dependents if any of the following apply.

- You were self-employed and had a net profit for the year.
- You used one of the optional methods to figure your net earnings from self-employment on Schedule SE.
- You received wages in 2005 from an $S$ corporation in which you were a more-than-2\% shareholder. Health insurance benefits paid for you may be shown in Form W-2, box 14.

The insurance plan must be established under your business. 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 2005, 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.
Note. If, during 2005, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing the worksheet below. When figuring the amount to enter on line 1 of the worksheet below, do not include any health coverage tax credit advance payments shown in Form 1099-H, box 1. Also, subtract the amount shown on Form 8885, line 4 , (reduced by any advance payments shown on line 6 of that form) from the total insurance premiums you paid.

If you qualify to take the deduction, use the worksheet below to figure the amount you can deduct.
Exception. Use Pub. 535 instead of the worksheet below to find out how to figure your deduction if any of the following apply.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555 or 2555-EZ.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.


## Line 30

## 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 31a and 31b <br> Alimony Paid

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction. Use TeleTax topic 452 (see page 8) or see Pub. 504.

## Self-Employed Health Insurance Deduction Worksheet—Line 29

Keep for Your Records
Before you begin: $\sqrt{ }$ If, during 2005, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, see the Note above.
$\checkmark$ Be sure you have read the Exception above to see if you can use this worksheet instead of Pub. 535 to figure your deduction.

1. Enter the total amount paid in 2005 for health insurance coverage established under your business for 2005 for you, your spouse, and your dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan
2. 
3. Enter your net profit* and any other earned income** from the business under which the insurance plan is established, minus any deductions on Form 1040, lines 27 and 28
4. Self-employed health insurance deduction. Enter the smaller of line 1 or line 2 here and on Form 1040, line 29. Do not include this amount in figuring any medical expense deduction on Schedule A
5. 

$\qquad$

If you used either optional method to figure your net earnings from self-employment, do not enter your net profit. Instead, enter the amount from Schedule SE, line $4 b$.
** 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 the $S$ corporation under which the insurance plan is established, earned income is your wages from that corporation.

## Line 32

## IRA Deduction



If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2005, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2005, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. For IRA purposes, earned income includes alimony and separate maintenance payments reported on line 11. A statement should be sent to you by May 31, 2006, that shows all contributions to your traditional IRA for 2005.

Use the worksheet on page 32 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

- If you were age $701 / 2$ or older at the end of 2005, you cannot deduct any contributions made to your traditional IRA for 2005 or treat them as nondeductible contributions.
- You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit. See the instructions for line 51 on page 40 .


If you made contributions to both a traditional IRA and a Roth IRA for 2005, do not use the worksheet on page 32. Instead, see Pub. 590 to figure the amount, if any, of your IRA deduction.

- You cannot deduct elective deferrals to a 401 (k) plan, section 457 plan, SIMPLE plan, or the federal Thrift Savings Plan.

These amounts are not included as income in Form W-2, box 1. But you may be able to take the retirement savings contributions credit. See the instructions for line 51 on page 40.

- If you made contributions to your IRA in 2005 that you deducted for 2004, do not include them in the worksheet.
- If you received a distribution from a nonqualified deferred compensation plan or nongovernmental section 457 plan that is included in Form W-2, box 1, do not include that distribution on line 8 of the worksheet. The distribution should be shown in (a) Form W-2, box 11, (b) Form W-2, box 12, with code Z, or (c) Form 1099-MISC, box 15b. If it is not, contact the issuer for the amount of the distribution.
- You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 32.
- Do not include qualified rollover contributions in figuring your deduction. Instead, see the instructions for lines 15 a and 15 b on page 25 .
- Do not include trustees' 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.
- If the total of your IRA deduction on line 32 plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 2005 , see Pub. 590 for special rules.


By April 1 of the year after the year in which you turn age $701 / 2$, you must start taking minimum required distributions from
your traditional 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.

## Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, 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 "Retirement plan" box in Form W-2, box 13, 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 SEP, SIMPLE, or qualified retirement plan.

If you were covered by a retirement plan and you file Form 2555, 2555-EZ, or 8815, or you exclude employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.
Married persons filing separately. 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 2005.

Before you begin: $\sqrt{ }$ Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the instructions for line 36 on page 35 ).
$\checkmark$ Be sure you have read the list on page 31.
Your IRA
1a.Yes $\square$ No

Spouse's IRA
1a. Were you covered by a retirement plan (see page 31 )? . . . . . . . . . . . . . . .
b. If married filing jointly, was your spouse covered by a retirement plan? . . . . .
Next. If you checked "No" on line 1 a (and "No" on line 1 b if married filing
jointly), skip lines 2 through 6 , enter $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end
of 2005) on line 7 a (and 7 b if applicable), and go to line 8 . Otherwise, go to
line 2.
2.

1a. Were you covered by a retirement plan (see page 31)?

Next. If you checked "No" on line 1a (and "No" on line 1 b if married filing jointly), skip lines 2 through 6 , enter $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005) on line 7a (and 7b if applicable), and go to line 8. Otherwise, go to line 2.
2. Enter the amount shown below that applies to you.

- Single, head of household, or married filing separately and you lived apart from your spouse for all of 2005, enter $\$ 60,000$
Qualifying widow(er), enter $\$ 80,000$ fling jointly, enter $\$ 80,00$ covered by a plan
- Married filing separately and you lived with your spouse at any time in 2005, enter $\$ 10,000$

3. Enter the amount from Form 1040, line 22
4. 
5. Enter the total of the amounts from Form 1040, lines 23 through 31a, plus any write-in adjustments you entered on the dotted line next to line 36
6. 


$\qquad$
2a.
$\qquad$
1b. Yes No


2b. $\qquad$
5. Subtract line 4 from line 3 . If married filing jointly, enter the result in both columns
6. Is the amount on line 5 less than the amount on line 2 ?
$\square$ No. STOP None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606.Yes. Subtract line 5 from line 2 in each column. If the result is $\$ \mathbf{1 0 , 0 0 0}$ or more, enter $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005) on line 7 for that column and go to line 8 . Otherwise, go to line 7
$\qquad$
$5 a$. $\qquad$ 5b.

 of a person who is age 50 or older at the end of 2005). If the result is not a multiple of $\$ 10$, increase it to the next multiple of $\$ 10$ (for example, increase $\$ 490.30$ to $\$ 500$ ). If the result is $\$ 200$ or more, enter the result. But if it is less than \$200, enter \$200.
8. Enter your wages, and your spouse's if filing jointly, and other earned income from Form 1040, minus any deductions on Form 1040, lines 27 and 28. Do not reduce wages by any loss from self-employment
8.

$\qquad$
6 a.


6b.

7a. $\square$ 7b. $\qquad$ 7b.

If married filing jointly and line 8 is less than $\$ 8,000$ ( $\$ 8,500$ if one spouse is age 50 or older at the end of 2005; $\$ 9,000$ if both spouses are age 50 or older at the end of 2005), stop here and see Pub. 590 to figure your IRA deduction.
9. Enter traditional IRA contributions made, or that will be made by April 17, 2006, for 2005 to your IRA on line 9 a and to your spouse's IRA on line 9 b . $\qquad$ 9a.

9b.
$\square$
10b.
$\qquad$

## Line 33

## Student Loan Interest Deduction

You can take this deduction only if all of the following apply.

- You paid interest in 2005 on a qualified student loan (see below).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is less than: $\$ 65,000$ if single, head of household, or qualifying widow(er); $\$ 135,000$ if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
- You, or your spouse if filing jointly, are not claimed as a dependent on someone's (such as your parent's) 2005 tax return.

Use the worksheet below to figure your student loan interest deduction.
Exception. Use Pub. 970 instead of the worksheet below to figure your student loan interest deduction if you file Form $2555,2555-\mathrm{EZ}$, or 4563 , or you exclude income from sources within Puerto Rico.
Qualified student loan. A qualified student loan is any loan you took out to pay the qualified higher education expenses for:

- Yourself and your spouse.
- Any person who was your dependent when the loan was taken out.
- Any person you could have claimed as a dependent on your return when the loan was taken out if that person had no gross income or had not filed a joint return.
- Any person you could have claimed as a dependent on your return when the loan was taken out except that you, or your spouse if filing jointly, were claimed as a dependent on someone else's return.

The person for whom the expenses were paid must have been an eligible student (see this page). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes, or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970.

Qualified higher education expenses. Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vo-
cational schools. You must reduce the expenses by the following benefits.

- Employer-provided educational assistance benefits that are not included in Form(s) W-2, box 1.
- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.

Eligible student. An eligible student is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution, and
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.


## Student Loan Interest Deduction Worksheet—Line 33

$$
\begin{array}{ll}
\hline \text { Before you begin: } \sqrt{ } \quad \begin{array}{l}
\text { Figure any write-in adjustments to be entered on the dotted line next to line } 36 \text { (see the } \\
\text { instructions for line 36 on page 35). }
\end{array} \\
\checkmark \quad \begin{array}{l}
\text { Be sure you have read the Exception above to see if you can use this worksheet instead of } \\
\text { Pub. } 970 \text { to figure your deduction. }
\end{array} \\
\hline
\end{array}
$$



## Line 34

## Tuition and Fees Deduction

You can take this deduction only if all of the following apply.

- You paid qualified tuition and fees (see this page) in 2005 for yourself, your spouse, or your dependent(s).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is not more than: $\$ 80,000$ if single, head of household, or qualifying widow(er); \$160,000 if married filing jointly. Use lines 1 through 3 of the worksheet below to figure your modified AGI.
- You, or your spouse if filing jointly, cannot be claimed as a dependent on someone's (such as your parent's) 2005 tax return.
- You are not claiming an education credit for the same student. See the instructions for line 50 on page 40.
- You were a U.S. citizen or resident alien for all of 2005 or you were a nonresident alien for any part of 2005 and you are filing a joint return.

Use the worksheet below to figure your tuition and fees deduction.
Exception. Use Pub. 970 instead of the worksheet below to figure your tuition and fees deduction if you file Form 2555, 2555-EZ, or 4563, or you exclude income from sources within Puerto Rico.
Qualified tuition and fees. Qualified tuition and fees are amounts paid in 2005 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution during 2005. Tuition and fees paid in 2005 for an academic period that begins in the first 3 months of 2006 can also be used in figuring your deduction. Amounts paid include those paid by credit card or with borrowed funds. An eligible educational institution includes most colleges, universities, and certain vocational schools.

Qualified tuition and fees do not include amounts paid for the following amounts.

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except
for fees required to be paid to the institution as a condition of enrollment or attendance.
- Any course involving sports, games, or hobbies, unless such course is part of the student's degree program.

Qualified tuition and fees must be reduced by the following benefits.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details, use TeleTax topic 457 (see page 8) or see Pub. 970.


You may be able to take a credit for your educational expenses instead of a deduction. See the instructions for line 50 on page 40 for details.

Tuition and Fees Deduction Worksheet—Line 34
Keep for Your Records

Before you begin: \begin{tabular}{rl}

$\checkmark$ \& | Figure any write-in adjustments to be entered on the dotted line next to line 36 (see the |
| :--- |
| instructions for line 36 on page 35). | <br>


$\checkmark \quad$| Be sure you have read the Exception above to see if you can use this worksheet instead of |
| :--- |
| Pub. 970 to figure your deduction. |

\end{tabular}

1. Enter the amount from Form 1040, line 22
2. 
3. Enter the total of the amounts from Form 1040, lines 23 through 33, plus any write-in adjustments you entered on the dotted line next to line 36
4. 
5. Subtract line 2 from line 1. If the result is more than $\$ 80,000$ ( $\$ 160,000$ if married filing
jointly), ${ }^{\text {sTOP }}$ You cannot take the deduction for tuition and fees
6. 
7. Tuition and fees deduction. Is the amount on line 3 more than $\$ 65,000$ ( $\$ 130,000$ if married filing jointly)?
$\square$ Yes. Enter the total qualified tuition and fees (defined above) you paid in 2005. Do not enter more than $\$ 2,000$. Also, enter this amount on Form 1040, line 34.
$\square$ No. Enter the total qualified tuition and fees (defined above) you paid in 2005. Do not enter more than $\$ 4,000$. Also, enter this amount on Form 1040, line 34.
Note. Do not include this amount in figuring any other deduction on your return (such as on Schedule A, C, E, etc.).

## Line 35

## Domestic Production Activities Deduction

You may be able to deduct up to $3 \%$ of your qualified production activities income from the following activities.

1. Construction of real property performed in the United States;
2. Engineering or architectural services performed in the United States for construction of real property in the United States; or
3. Any lease, rental, license, sale, exchange, or other disposition of:
a. Tangible personal property, computer software, and sound recordings that you manufactured, produced, grew, or extracted in whole or in significant part within the United States,
b. Any qualified film you produced,
c. Electricity, natural gas, or potable water you produced in the United States.

The deduction does not apply to income derived from:

- The sale of food and beverages you prepare at a retail establishment;
- Property you leased, licensed, or rented for use by any related person;
- The transmission or distribution of electricity, natural gas, or potable water; or
- The lease, rental, license, sale, exchange, or other disposition of land.

For details, use TeleTax topic XXX (see page 8) or see Form 8903.

## Line 36

Include in the total on line 36 any of the following write-in adjustments. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 36 , enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853). Identify as "MSA."
- Jury duty pay if you gave the pay to your employer because your employer paid your salary while you served on the jury. Identify as "Jury Pay."
- Deductible expenses related to income reported on line 21 from the rental of personal property engaged in for profit. Identify as "PPR."
- Reforestation amortization and expenses (see Pub. 535). Identify as "RFST."
- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see Pub. 525). Identify as "Sub-Pay TRA."
- Contributions to section 501(c)(18)(D) pension plans (see Pub. 525). Identify as "501(c)(18)(D)."
- Contributions by certain chaplains to section 403(b) plans (see Pub. 517). Identify as "403(b)."
- Attorney fees and court costs paid after October 22, 2004, for actions settled or decided after that date involving certain unlawful discrimination claims, but only to the extent of gross income from such actions (see Pub. 525). Identify as "UDC."
- Deduction for clean-fuel vehicles. If you placed a qualified clean-fuel vehicle in service in 2005 , you can deduct $\$ 2,000$ on line 36 if you did not use the vehicle in your business (other than as an employee). Identify this deduction on line 36 as "Clean-Fuel."

If you used a qualified clean-fuel vehicle or other clean-fuel vehicle property in your business (other than as an employee), claim the business portion of the deduction on the applicable line of Schedule C, E, or F.

TIP
There are higher deduction amounts for heavy trucks, vans, and buses.

A qualified clean-fuel vehicle:

1. Must be acquired new and for your own use.
2. Must satisfy any federal and state emissions standards.
3. Is designed to be propelled by a clean-burning fuel, such as natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or electricity.

A qualified clean-fuel vehicle includes certain gasoline-electric hybrid vehicles such as the Ford Escape Hybrid, Honda Insight, Honda Civic Hybrid, Honda Accord Hybrid, Lexis RX 400h, Toyota Highlander Hybrid, and Toyota Prius. It does not include electric vehicles.

TIP
You may be able to take a credit if you placed a new electric vehicle in service in 2005. See Form 8834 for details.

You may also be able to take this deduction for certain new property installed on a motor vehicle to enable it to be propelled by a clean-burning fuel.

For more details, see Pub. 535.

## Line 37

If line 37 is less than zero, you may have a net operating loss that you can carry to another tax year. See the Instructions for Form 1045 for details.

## Tax and Credits

## Line 39a

If you were born before January 2, 1941, or were blind at the end of 2005, check the appropriate box(es) on line 39a. If you were married and checked the box on Form 1040, line 6b, and your spouse was born before January 2, 1941, or was blind at the end of 2005 , also check the appropriate box(es) for your spouse. Be sure to enter the total number of boxes checked.

## Blindness

If you were partially blind as of December 31,2005 , you must get 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, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

## Line 39b

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 39 b . 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 2005 and you and your spouse agree to be taxed on your combined worldwide income, do not check the box.

## Line 40

## Itemized Deductions or Standard Deduction

In most cases, your federal income tax will be less if you take the larger of your itemized deductions or standard deduction.


If you checked the box on line 39b, your standard deduction is zero.

## Itemized Deductions

To figure your itemized deductions, fill in Schedule A.

## Standard Deduction

Most people can find their standard deduction by looking at the amounts listed under
"All others" to the left of Form 1040, line 40. But if you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2005 return or you checked any
box on line 39 a, use the worksheet or the chart below, whichever applies, to figure your standard deduction. Also, if you
checked the box on line 39 b, your standard deduction is zero, even if you were born before January 2, 1941, or were blind.

## Standard Deduction Worksheet for Dependents-Line 40

Use this worksheet only if someone can claim you, or your spouse if filing jointly, as a dependent.

1. Is your earned income* more than $\$ 550$ ?Yes. Add \$250 to your earned income. Enter the total
No. Enter $\$ 800$
2. Enter the amount shown below for your filing status.

- Single or married filing separately-\$5,000
- Married filing jointly or qualifying widow(er) - \$10,000
- Head of household-\$7,300


3. Standard deduction.
a. Enter the smaller of line 1 or line 2. If born after January 1, 1941, and not blind, stop here and enter this amount on Form 1040, line 40. Otherwise, go to line 3b

3a.
b. If born before January 2, 1941, or blind, multiply the number on Form 1040, line 39a, by: $\$ 1,000$ ( $\$ 1,250$ if single or head of household).

3b.
3c. $\qquad$
c. Add lines 3a and 3b. Enter the total here and on Form 1040, line 40 $\qquad$
. $\qquad$

* 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 27.


## Standard Deduction Chart for People Who Were Born Before January 2, 1941, or Were Blind-Line 40

Do not use this chart if someone can claim you, or your spouse if filing jointly, as a dependent. Instead, use the worksheet above.

| Enter the number from the Form 1040, line 39a . . . |  | Do not use the number of exemptions from line 6 d . |
| :---: | :---: | :---: |
| IF your filing status is . . . | AND the number in the box above is $\qquad$ | THEN your standard deduction is . . . |
| Single | $\begin{aligned} & 1 \\ & 2 \end{aligned}$ | $\begin{array}{r} \$ 6,250 \\ 7,500 \end{array}$ |
| Married filing jointly or Qualifying widow(er) | $\begin{aligned} & 1 \\ & 2 \\ & 3 \\ & 4 \end{aligned}$ | $\begin{array}{r} \$ 11,000 \\ 12,000 \\ 13,000 \\ 14,000 \end{array}$ |
| Married filing separately | $\begin{aligned} & 1 \\ & 2 \\ & 3 \\ & 4 \end{aligned}$ | $\begin{array}{r} \$ 6,000 \\ 7,000 \\ 8,000 \\ 9,000 \end{array}$ |
| Head of household | $\begin{aligned} & 1 \\ & 2 \end{aligned}$ | $\begin{array}{r} \$ 8,550 \\ 9,800 \end{array}$ |

## Line 44

## Tax

Do you want the IRS to figure your tax for you?

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

No. Use one of the following methods to figure your tax. Also include in the total on line 44 any of the following taxes.

1. Tax from Forms 8814 and 4972. Be sure to check the appropriate box(es).
2. Tax from recapture of an education credit. You may owe this tax if (a) you claimed an education credit in an earlier year, and (b) either tax-free educational assistance or a refund of qualified expenses was received in 2005 for the student. See Form 8863 for more details. If you owe this tax, enter the amount and "ECR" on the dotted line next to line 44 .

Tax Table or Tax Computation Worksheet. If your taxable income is less than $\$ 100,000$, you must use the Tax Table that begins on page 65 to figure your tax. Be sure you use the correct column. If your taxable income is $\$ 100,000$ or more, use the Tax Computation Worksheet on page 77 .

However, do not use the Tax Table or Tax Computation Worksheet to figure your tax if any of the following apply.
Form 8615. Form 8615 must generally be used to figure the tax for any child who was under age 14 at the end of 2005, and who had more than $\$ 1,600$ of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions). But if neither of the child's parents was alive at the end of 2005, do not use Form 8615 to figure the child's tax. Also, a child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8615 for such a child.

Schedule D Tax Worksheet. If you have to file Schedule D and Schedule D, line 18 or 19 , is more than zero, use the Schedule D Tax Worksheet on page D-9 of the Instructions for Schedule D to figure your tax.
Qualified Dividends and Capital Gain Tax Worksheet. If you do not have to use the Schedule D Tax Worksheet (see above), use the worksheet on page 38 to figure your tax if any of the following apply.

- You reported qualified dividends on Form 1040, line 9b.
- You do not have to file Schedule D and you reported capital gain distributions on Form 1040, line 13.
- You are filing Schedule D and Schedule D, lines 15 and 16 , are both more than zero.
Schedule J. If you had income from farming or fishing, your tax may be less if you choose to figure it using income averaging on Schedule J.


## Deduction for Exemptions Worksheet—Line 42

1. Is the amount on Form 1040, line 38, more than the amount shown on line 4 below for your filing status?No. sTop
Multiply $\$ 3,200$ by the total number of exemptions claimed on Form 1040, line 6d, and enter the result on line 42.

Yes. Continue
$\square$
2. Multiply $\$ 3,200$ by the total number of exemptions claimed on Form 1040, line $6 d$
2.
3. Enter the amount from Form 1040, line 38
3.
4. Enter the amount shown below for your filing status.

- Single—\$145,950
- Married filing jointly or qualifying widow(er) - $\$ 218,950$
- Married filing separately - $\$ 109,475$
- Head of household- $\$ 182,450$
ine 6 d . . . . . $\qquad$

5. Subtract line 4 from line 3. If the result is more than $\$ 122,500$ ( $\$ 61,250$ if married filing separately), , צTOP cannot take a deduction for exemptions . . . . . . . . . . . . . . 5.
6. Divide line 5 by $\$ 2,500$ ( $\$ 1,250$ if married filing separately). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1 )
7. $\qquad$
8. 


8. Multiply line 2 by line 7
8.
9. $\qquad$

Before you begin: $\sqrt{ }$ See the instructions for line 44 on page 37 to see if you can use this worksheet to figure your tax.
$\checkmark$ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43
2. $\qquad$
3. Enter the amount from Form 1040, line $9 b$
4. 
5. Are you filing Schedule D?Yes. Enter the smaller of line 15 or 16 of Schedule D, but do not enter less than -0 -No. Enter the amount from Form 1040, line 13
6. Add lines 2 and 3
7. $\qquad$
8. If you are claiming investment interest expense on Form 4952, enter the amount from line 4 g of that form. Otherwise, enter -0-
9. 
10. $\qquad$
$\qquad$
11. Subtract line 5 from line 4 . If zero or less, enter -0-
12. 
13. Subtract line 6 from line 1 . If zero or less, enter -0 -
14. 

$\qquad$
8. Enter the smaller of:

- The amount on line 1 , or

8. $\qquad$

- $\$ 29,700$ if single or married filing separately,
$\$ 59,400$ if married filing jointly or qualifying widow(er),
$\$ 39,800$ if head of household.

9. Is the amount on line 7 equal to or more than the amount on line 8 ?
$\square$ Yes. Skip lines 9 through 11; go to line 12 and check the "No" box.
$\square$ No. Enter the amount from line 7
10. 
11. Subtract line 9 from line 8
12. 

$\qquad$
11. Multiply line 10 by $5 \%$ (.05)
12. Are the amounts on lines 6 and 10 the same?

Yes. Skip lines 12 through 15; go to line 16 .
$\square$ No. Enter the smaller of line 1 or line 6
12.
13. Enter the amount from line 10 (if line 10 is blank, enter $-0-$ )
13.
14. Subtract line 13 from line 12
14. $\qquad$
15. Multiply line 14 by $15 \%$ (.15)
15.
11. $\qquad$
16. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies
16.
17. $\qquad$
17. Add lines 11,15 , and 16
18. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet,
whichever applies ........................................................................ 18.
19. Tax on all taxable income. Enter the smaller of line 17 or line 18. Also include this amount on Form 1040, line 44
19.

## Line 45

## Alternative Minimum Tax

Use the worksheet below to see if you should fill in Form 6251.

Exception. Fill in Form 6251 instead of using the worksheet below if you claimed or received any of the following items.

- Accelerated depreciation.
- Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.
- Tax-exempt interest from private activity bonds.
- Intangible drilling, circulation, research, experimental, or mining costs.
- Amortization of pollution-control facilities or depletion.
- Income or (loss) from tax-shelter farm activities or passive activities.
- Income from long-term contracts not figured using the percentage-of-completion method.
- Interest paid on a home mortgage not used to buy, build, or substantially improve your home.
- Investment interest expense reported on Form 4952.
- Net operating loss deduction.
- Alternative minimum tax adjustments from an estate, trust, electing large partnership, or cooperative.
- Section 1202 exclusion.
- A general business credit.


## Worksheet To See if You Should Fill in Form 6251—Line 45



## 1. Are you filing Schedule A?

No. Skip lines 1 through 3; enter the amount from Form 1040, line 38, on line 4, and go to line 5.$\square$ Yes. Enter the amount from Form 1040, line 41 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .
2. Enter the smaller of the amount on Schedule A, line 4, or $2.5 \%$ (.025) of the amount on
Form 1040, line 38 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2 .
3. Enter the total of the amounts from Schedule A, lines 9 and $26 \ldots \ldots . \ldots \ldots$. . . . . . . . . . . 3 .
4. Add lines 1 through 3 above . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4
5. Enter the amount shown below for your filing status.

- Single or head of household-\$40,250
- Married filing jointly or qualifying widow(er) - \$58,000

5. 

- Married filing separately - $\$ 29,000$

1. 
2. 

> 3.
4.
s the amount on line 4 more than the amount on line 5 ?No. STOP You do not need to fill in Form 6251.
$\square$ Yes. Subtract line 5 from line 4
6.
7. Enter the amount shown below for your filing status.

- Single or head of household-\$112,500
- Married filing jointly or qualifying widow(er) - $\$ 150,000$

7. 

- Married filing separately - \$75,000

8. Is the amount on line 4 more than the amount on line 7 ?
$\square$ No. Skip lines 8 and 9 ; enter the amount from line 6 on line 10 , and go to line 11 .
Yes. Subtract line 7 from line 4
9. 
10. Multiply line 8 by $25 \%$ (.25) and enter the result but do not enter more than line 5 above . . . 9 .
11. Add lines 6 and 9 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 10 .
12. Is the amount on line 10 more than $\$ 175,000$ ( $\$ 87,500$ if married filing separately)? $\square$ Yes. STOP Fill in Form 6251 to see if you owe the alternative minimum tax.No. Multiply line 10 by $26 \%$ (.26)
13. 
14. Enter the amount from Form 1040, line 44, minus the total of any tax from Form 4972 and any amount on Form 1040, line 47. If you used Schedule J to figure your tax, the amount for Form 1040, line 44, must be refigured without using Schedule J
15. 

Next. Is the amount on line 11 more than the amount on line 12 ?
$\square$ Yes. Fill in Form 6251 to see if you owe the alternative minimum tax.
No. You do not need to fill in Form 6251.

- Qualified electric vehicle credit.
- Empowerment zone and renewal community employment credit.
- Nonconventional source fuel credit.
- Credit for prior year minimum tax.
- Renewable electricity and refined coal production credit.
- Credit for alcohol used as a fuel.

Form 6251 should be filled in for a child who was under age 14 at the end of 2005 if the child's adjusted gross income from Form 1040, line 38, exceeds the child's earned income by more than $\$ 5,850$.

## Line 47

## Foreign Tax Credit

If you paid income tax to a foreign country, you may be able to take this credit. Generally, you must complete and attach Form 1116 to do so.
Exception. You do not have to complete Form 1116 to take this credit if all five of the following apply.

1. All of your gross foreign source income was from interest and dividends and all of that income and the foreign tax paid on it were reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1 (or substitute statement).
2. If you had dividend income from shares of stock, you held those shares for at least 16 days.
3. You are not filing Form 4563 or excluding income from sources within Puerto Rico.
4. The total of your foreign taxes was not more than $\$ 300$ (not more than $\$ 600$ if married filing jointly).
5. All of your foreign taxes were:
a. Legally owed and not eligible for a refund, and
b. Paid to countries that are recognized by the United States and do not support terrorism.

For more details on these requirements, see the Instructions for Form 1116.

Do you meet all five requirements above?
$\square \quad$ Yes. Enter on line 47 the smaller of (a) your total foreign taxes, or (b) the amount on Form 1040, line 44.

No. See Form 1116 to find out if you can take the credit and, if you can, if you have to file Form 1116.

## Line 48 <br> Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for:

- Your qualifying child dependent (See steps 1 and 2 on page 19) who was under age 13 .
- Your dependent or spouse who could not care for himself or herself.
- Your child whom you could not claim as a dependent because of the rules for Children of divorced or separated parents on page 20.
- Any person who could not care for himself or herself whom you could have claimed as a dependent on your return if that person had not received $\$ 3,200$ or more of gross income or had not filed a joint return.
- Any person who could not care for himself or herself whom you could have claimed as a dependent except that you, or your spouse if filing jointly, were claimed as a dependent on someone else's 2005 return.

For details, use TeleTax topic 602 (see page 8) or see Form 2441.

## Line 49

## Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2005 (a) you were age 65 or older, or (b) 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 38, is $\$ 17,500$ or more ( $\$ 20,000$ or more if married filing jointly and only one spouse is eligible for the credit; $\$ 25,000$ or more if married filing jointly and both spouses are eligible; $\$ 12,500$ or more if married filing separately). See Schedule R and its instructions for details.
Credit figured by the IRS. If you can take this credit and you want us to figure it for you, see the Instructions for Schedule R.

## Line 50

## Education Credits

If you (or your dependent) paid qualified expenses in 2005 for yourself, your spouse, or your dependent to enroll in or attend an
eligible educational institution, you may be able to take an education credit. See Form 8863 for details. However, you cannot take an education credit if any of the following apply.

- You, or your spouse if filing jointly, are claimed as a dependent on someone's (such as your parent's) 2005 tax return.
- Your filing status is married filing separately.
- The amount on Form 1040, line 38, is $\$ 53,000$ or more ( $\$ 107,000$ or more if married filing jointly).
- You are taking a deduction for tuition and fees on Form 1040, line 34, for the same student.
- You, or your spouse, were a nonresident alien for any part of 2005 unless your filing status is married filing jointly.


## Line 51

## Retirement Savings Contributions Credit

You may be able to take this credit if you, or your spouse if filing jointly, made (a) contributions to a traditional or Roth IRA; (b) elective deferrals to a $401(\mathrm{k}), 403(\mathrm{~b})$, governmental 457, SEP, or SIMPLE plan; (c) voluntary employee contributions to a qualified retirement plan (including the federal Thrift Savings Plan); or (d) contributions to a $501(\mathrm{c})(18)(\mathrm{D})$ plan.

However, you cannot take the credit if either of the following applies.

1. The amount on Form 1040, line 38, is more than $\$ 25,000$ ( $\$ 37,500$ if head of household; $\$ 50,000$ if married filing jointly).
2. The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1988, (b) is claimed as a dependent on someone else's 2005 tax return, or (c) was a student (defined below).

You were a student if during any 5 months of 2005 you:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.

For more details, use TeleTax topic 610 (see page 8) or see Form 8880.

## Line 52-Child Tax Credit

## Three Steps To Take the Child Tax Credit!

Step 1. Make sure you have a qualifying child for the child tax credit (defined below).
Step 2. Make sure that for each qualifying child you either checked the box on Form 1040, line 6c, column (4), or completed Form 8901 (if the child is not your dependent).
Step 3. Answer the questions on this page to see if you can use the worksheet on page 42 to figure your credit or if you must use Pub. 972. If you need Pub. 972, see page 7 .

A qualifying child for the child tax credit is a child who is your...
Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

## AND

was ...
Under age 17 at the end of 2005

## AND

who...
Did not provide over half of his or her own support for 2005 (see Pub. 501)

## AND

## who...

Lived with you for more than half of 2005. If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 21.

## AND

who...

Was a U.S. citizen, U.S. national, or a resident of the United States. If the child was adopted, see Exception to citizen test on page 21 .

For more information, including definitions and special rules relating to an adopted child, foster child, and qualifying child of more than one person, see the instructions for line $6 c$, that begin on page 19.

## Questions Who Must Use Pub. 972

1. Is the amount on Form 1040, line 38, more than the amount shown below for your filing status?

- Married filing jointly - \$110,000
- Single, head of household, or qualifying widow(er) \$75,000
- Married filing separately - \$55,000No. ContinueYes. stop
You must use Pub. 972 to figure your credit.

2. Are you claiming any of the following credits?

- Adoption credit, Form 8839 (see the instructions for Form 1040, line 53, on page 43).
- Mortgage interest credit, Form 8396 (see the instructions for Form 1040, line 54, on page 43).
- District of Columbia first-time homebuyer credit, Form 8859.


Yes. You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.
3. Are you excluding income from Puerto Rico or are you filing any of the following forms?

- Form 2555 or 2555 -EZ (relating to foreign earned income).
- Form 4563 (exclusion of income for residents of American Samoa).

No. Use the worksheet on page 42 to figure your credit.
$\square$ Yes. sTop
You must use Pub. 972 to figure your credit.

- To be a qualifying child for the child tax credit, the child must be under age 17 at the end of 2005 and meet the other requirements listed on page 41.

CAUTION

- Do not use this worksheet if you answered "Yes" to question 1, 2, or 3 on page 41. Instead, use Pub. 972.

1. Number of qualifying children: $\qquad$ $\times \$ 1,000$.

2. Enter the amount from Form 1040, line 46.

3. Add the amounts from Form 1040:

4. Are the amounts on lines 2 and 3 the same?


You cannot take this credit because there is no tax to reduce. However, you may be able to take the
additional child tax credit. See the TIP below.No. Subtract line 3 from line 2 .
5. Is the amount on line 1 more than the amount on line 4 ?Yes. Enter the amount from line 4. Also, you may be able to take the additional child tax credit. See the TIP below.

No. Enter the amount from line 1.

This is your child tax credit.


Enter this amount on
Form 1040, line 52.

You may be able to take the additional child tax credit on Form 1040, line 68, if you answered "Yes" on line 4 or line 5 above.


- First, complete your Form 1040 through line 67.
- Then, use Form 8812 to figure any additional child tax credit.



## Line 53

## Adoption Credit

You may be able to take this credit if either of the following applies.

- You paid expenses to adopt a child.
- You adopted a child with special needs and the adoption became final in 2005.

See the Instructions for Form 8839 for details.

## Line 54

Include the following credits on line 54 and check the appropriate box(es). To find out if you can take the credit, see the form indicated.

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see Form 8396.
- District of Columbia first-time homebuyer credit. See Form 8859.


## Line 55

## Other Credits

Include the following credits on line 55 and check the appropriate box(es). If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.

- 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 2005, 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.
- Empowerment zone and renewal community employment credit. See Form 8844.
- Credit for alcohol used as fuel. See Form 6478.
- Renewable electricity and refined coal production credit for electricity and refined coal produced at facilities placed in service after October 22, 2004. See Form 8835, Section B.
- New York Liberty Zone business employee credit. If you have a carryforward credit from Form 8884, see Form 8835, Section B.
- Nonconventional source fuel credit. If you sold fuel produced from a nonconven-
tional source, or you were an owner of royalty interests and you received income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. The credit is limited by your tentative minimum tax. See Internal Revenue Code section 29 and, if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 I.R.B. 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/ irs-irbs/irb04-17.pdf. Attach a schedule showing how you figured the credit. Check box c and enter "FNS" on the line to the right of box c .
- Qualified zone academy bond credit. This credit applies only to $S$ corporation shareholders. See Form 8860.


## Other Taxes

## Line 59 <br> 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 Form(s) W-2 shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the social security and Medicare tax, use Form 4137. If you owe RRTA tax, contact your employer. Your employer will figure and collect the RRTA tax.


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 60

## Additional Tax on IRAs, Other Qualified Retirement Plans, etc.

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 an early distribution from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20,1988 , and the total distribution was not
rolled over in a qualified rollover contribution.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1934, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Exception. If only item 1 applies to you and distribution code 1 is correctly shown in Form 1099-R, box 7, 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 60. The taxable amount of the distribution is the part of the distribution you reported on Form 1040, line $15 b$ or line $16 b$, or on Form 4972. Also, put "No" under the heading "Other Taxes" to the left of line 60 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in Form 1099-R, box 7, or you qualify for an exception for qualified medical expenses, qualified higher education expenses, or qualified first-time homebuyer distributions, you must file Form 5329.

## Line 61

## Advance Earned Income Credit Payments

Enter the total amount of advance earned income credit (EIC) payments you received. These payments are shown in Form(s) W-2, box 9.

## Line 62

## 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 $\$ 1,400$ or more in 2005. Cash wages include wages paid by check, money order, etc.
2. You withheld federal income tax during 2005 at the request of any household employee.
3. You paid total cash wages of $\$ 1,000$ or more in any calendar quarter of 2004 or 2005 to household employees.

For item (1), do not count amounts paid to an employee who was under age 18 at any time in 2005 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 63

## Total Tax

Include in the total on line 63 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 63, enter the amount of the tax and identify it as indicated.

1. Additional tax on health savings account distributions (see Form 8889). Identify as "HSA."
2. Additional tax on Archer MSA distributions (see Form 8853). Identify as "MSA."
3. Additional tax on Medicare Advantage MSA distributions (see Form 8853). Identify as "Med MSA."
4. Recapture of the following credits.
a. Investment credit (see Form 4255). Identify as "ICR."
b. Low-income housing credit (see Form 8611). Identify as "LIHCR."
c. Qualified electric vehicle credit (see Pub. 535). Identify as "QEVCR."
d. Indian employment credit (see Form 8845). Identify as "IECR."
e. New markets credit (see Form 8874). Identify as "NMCR."
f. Credit for employer-provided child care facilities (see Form 8882). Identify as "ECCFR."
5. Recapture of federal mortgage subsidy. If you sold your home in 2005 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."
6. Section 72(m)(5) excess benefits tax (see Pub. 560). Identify as ''Sec. 72(m)(5)."
7. Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance. This tax should be shown in Form W-2, box 12, with codes A and B or M and N. Identify as "UT."
8. 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 Form W-2, box 12, with code K. If you received a Form 1099-MISC, the tax is $20 \%$ of the EPP shown in box 13 . Identify as "EPP."
9. Tax on accumulation distribution of trusts (see Form 4970). Identify as "ADT."
10. Excise tax on insider stock compensation from an expatriated corporation. You may owe a $15 \%$ excise tax on the value of nonstatutory stock options and certain other stock-based compensation held by you or a member of your family from an expatriated corporation or its expanded affiliated group in which you were an officer, director, or more-than- $10 \%$ owner. See Internal Revenue Code section 4985. Identify as "ISC."
11. Interest and additional tax on income you received from a nonqualified deferred compensation plan that fails to meet certain requirements under section 409A. The tax is $20 \%$ of the income shown in Form W-2, box 12, with code Z , or in Form 1099-MISC, box 15b. Identify as "NQDC."
12. Interest on the tax due on installment income from the sale of certain residential lots and timeshares. Identify as "453(1)(3)."

## Payments

## Line 64

## 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 64. The amount withheld should be shown in Form W-2 or W-2G, box 2, and in Form 1099-R, box 4. Attach Forms W-2G and 1099-R to the front of your return if federal income tax was withheld.

If you received a 2005 Form 1099 showing federal income tax withheld on
dividends, interest income, unemployment compensation, social security benefits, or other income you received, include the amount withheld in the total on line 64. This should be shown in Form 1099, box 4, or Form SSA-1099, box 6 .

## Line 65 <br> 2005 Estimated Tax Payments

Enter any estimated federal income tax payments you made using Form 1040-ES for 2005. Include any overpayment from your 2004 return that you applied to your 2005 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2005. For an example of how to do this, see Pub. 505. 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 2005 or in 2006 before filing a 2005 return.

## Divorced Taxpayers

If you got divorced in 2005 and you made joint estimated tax payments with your former spouse, put your former spouse's SSN in the space provided on the front of Form 1040. If you were divorced and remarried in 2005, put 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 65, put 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. On the statement, explain all the payments you and your spouse made in 2005 and the name(s) and $\operatorname{SSN}(\mathrm{s})$ under which you made them.

## Lines 66a and 66bEarned Income Credit (EIC)

## What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

## To Take the EIC:

- Follow the steps below.
- Complete the worksheet that applies to you or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, Who must file, on page 48. You may also have to pay penalties.

## Step 1 All Filers

1. If, in 2005:

- 2 children lived with you, is the amount on Form 1040, line 38, less than \$35,263 (\$37,263 if married filing jointly)?
- 1 child lived with you, is the amount on Form 1040, line 38 , less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly)?
- No children lived with you, is the amount on Form 1040, line 38 , less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?Yes. ContinueNo. stop
You cannot take the credit.

2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 48)?Yes. Continue
No. sTop
You cannot take the credit. Put "No" on the dotted line next to line 66a.
3. Is your filing status married filing separately?Yes. sTop
$\square$ No. Continue
You cannot take the credit.
4. Are you filing Form 2555 or $2555-\mathrm{EZ}$ (relating to foreign earned income)?Yes. stopNo. Continue
You cannot take the
credit.
5. Were you a nonresident alien for any part of 2005?Yes. See NonresidentNo. Go to Step 2. aliens on page 48.

## Step 2 Investment Income

1. Add the amounts from Form 1040:

$$
\text { Investment Income }=\square
$$

*Do not include if line 13 is a loss.
2. Is your investment income more than $\$ 2,700$ ?


No. Skip question 3; go to question 4.
3. Are you filing Form 4797 (relating to sales of business property)?
Yes. See Form 4797
No. STOP
filers on page 48.
You cannot take the credit.
4. Do any of the following apply for 2005?

- You are filing Schedule E.
- You are reporting income or a loss from the rental of personal property not used in a trade or business.
- You are reporting income on Form 1040, line 21, from Form 8814 (relating to election to report child's interest and dividends).

Yes. You must use
No. Continue
Worksheet 1 in Pub.
596 to see if you can
take the credit. To get
Pub. 596, see page 7 .
5. Did a child live with you in 2005 ?Yes. Go to Step 3 on page 46 .

No. Go to Step 4 on page 46.

## Step 3 Qualifying Child

## A qualifying child for the EIC is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

## AND

was ...
Under age 19 at the end of 2005
or
Under age 24 at the end of 2005 and a student (see page 48) or
Any age and permanently and totally disabled (see page 48)

## AND

who...
Lived with you in the United States for more than half of 2005 .
If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 48.

## A

If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2005, or the child was married, see page 48 .

1. Look at the qualifying child conditions above. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2005?

## Yes. stop

No. Go to question 2.You cannot take the
credit. Put "No" on
the dotted line next to
line 66 a.
2. Do you have at least one child who meets the conditions to be your qualifying child?Yes. This child is your qualifying child. The child must have a valid social security number as defined on page 48 unless the child was born and died in 2005. Skip Step 4; go to Step 5 on page 47 .

No. Go to Step 4, question 2.

## Step 4 Filers Without a Qualifying Child

1. Look at the qualifying child conditions in Step 3. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2005?Yes. stop
$\square$ No. Continue
You cannot take the
credit. Put "No" on
the dotted line next to
line 66a.
2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2005 tax return?Yes. STOP
No. Continue
You cannot take the credit.
3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2005 ?Yes. ContinueNo. sTop
You cannot take the credit.
4. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2005? Members of the military stationed outside the United States, see page 48 before you answer.

Yes. Go to Step 5 on page 47 .No.
You cannot take the credit. Put "No" on the dotted line next to line 66a.

## Step 5 Earned Income

1. Are you filing Schedule SE because you were a member of the clergy or you had church employee income of $\$ 108.28$ or more?
$\square$ Yes. See Clergy or Church employees,No. Continue whichever applies, on this page.
2. Figure earned income:

Form 1040, line 7
Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received for work performed while an inmate in a penal institution (put "PRI" and the amount subtracted on the dotted line next to Form 1040, line 7).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (put "DFC" and the amount subtracted on the dotted line next to Form 1040, line 7). This amount may be shown in Form W-2, box 11, in Form W-2, box 12, with code Z, or in Form 1099-MISC, box 15 b. If you received such an amount but it is not reported on Form W-2 or Form 1099-MISC, contact the issuer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040, line 66b. See Combat pay, Nontaxable on this page.


Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

Earned Income $=\square$
3. Were you self-employed, or are you filing Schedule SE because you were a member of the clergy or you had church employee income, or are you filing Schedule C or C-EZ as a statutory employee?

Yes. Skip question 4No. Continue and Step 6; go to Worksheet B on page 50.
4. If you have:

- 2 or more qualifying children, is your earned income less than $\$ 35,263$ ( $\$ 37,263$ if married filing jointly)?
- 1 qualifying child, is your earned income less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly)?
- No qualifying children, is your earned income less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?Yes. Go to Step 6.
No. sTOP
You cannot take the credit.


## Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?
$\square$ Yes. See Credit figNo. Go to Worksheet A ured by the IRS on on page 49 . page 48 .

## Definitions and Special Rules

(listed in alphabetical order)
Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Church employees. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 5a. Subtract that amount from the amount on Form 1040, line 7, and enter the result in the first space of Step 5, line 2 . Be sure to answer "Yes" to question 3 in Step 5.
Clergy. The following instructions apply to ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners. 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:

1. Put "Clergy" on the dotted line next to Form 1040, line 66a.
2. Determine how much of the amount on Form 1040, line 7, was also reported on Schedule SE, line 2.
3. Subtract that amount from the amount on Form 1040, line 7. Enter the result in the first space of Step 5, line 2.
4. Be sure to answer "Yes" to question 3 in Step 5.

Combat pay, Nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See Combat Zone Exclusion in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in Form(s) W-2, box 12, with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.
Credit figured by the IRS. To have the IRS figure your EIC:

1. Put "EIC" on the dotted line next to Form 1040, line 66a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040, line 66b. See Combat pay, Nontaxable on page 47.
3. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, Who must file below.

Exception to "time lived with you" condition. A child is considered to have lived with you for all of 2005 if the child was born or died in 2005 and your home was this child's home for the entire time he or she was alive in 2005. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home. Also see Kidnapped child on page 21, or Members of the military below.

Form 4797 filers. If the amount on Form 1040, line 13, includes an amount from Form 4797, you must use Worksheet 1 in Pub. 596 to see if you can take the EIC. To get Pub. 596, see page 7. Otherwise, stop; you cannot take the EIC.
Form 8862, Who must file. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if either of the following applies.

1. After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 (or other documents) and your EIC was then allowed, and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
2. You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
Also, do not file Form 8862 or take the credit for the:

- 2 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to reckless or intentional disregard of the EIC rules, or
- 10 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to fraud.
Foster child. A foster child is any child placed with you by an authorized placement agency or by judgement, decree, or other order of any court of competent jurisdiction.

Married child. A child who was married at the end of 2005 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040, line 6c, or (b) you could have claimed him or her as your dependent except for under the rules for Children of divorced or separated parents on page 20.
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. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.

Nonresident aliens. If your filing status is married filing jointly, go to Step 2 on page 45. Otherwise, stop; you cannot take the EIC.

Permanently and totally disabled. A person who, at any time in 2005, cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can lead to death.

Qualifying child of more than one person. If the rules for Children of divorced or separated parents on page 20 do not apply and the child is the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits.

1. Dependency exemption (line 6 c ).
2. Child tax credits (lines 52 and 68 ).
3. Head of household filing status (line 4).
4. Credit for child and dependent care expenses (line 48).
5. Earned income credit (lines 66a and 66b).

The other person(s) cannot take any of the five tax benefits listed above unless he or she has a different qualifying child. If you and the other person(s) cannot agree who will claim the child as a qualifying child, the IRS will apply the following rules.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time in 2005. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2005.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2005.
Example. Your daughter meets the conditions to be a qualifying child for both you and your mother. If you and your mother both claim tax benefits based on the child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child for the five tax benefits listed above because you are the child's parent. Your mother would not be entitled to take any of the five tax benefits listed above unless she has a different qualifying child.

If you do not have a qualifying child, stop; you cannot take the EIC. Put "No" on the dotted line next to line 66a. If you have a qualifying child, go to Step 3, question 1, on page 46.

Social security number (SSN). For the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit.

To find out how to get an SSN, see page 16. If you will not have an SSN by April 17, 2006, see What If You Cannot File on Time? on page 12 .
Student. A child who during any 5 months of 2005 (a) was enrolled as a full-time student at a school, or (b) took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.

Welfare benefits, Effect of credit on. Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs or how much you can receive from them. But if the refund you receive because of the EIC is not spent within a certain period of time, it can count as an asset (or resource) and affect your eligibility.

- Temporary Assistance for Needy Families (TANF).
- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Before you begin: | $\sqrt{ }$ Be sure you are using the correct worksheet. Do not use this worksheet if you |
| ---: |
| were self-employed, or you are filing Schedule SE because you were a member of |
| the clergy or you had church employee income, or you are filing Schedule C or |

## Part 1

All Filers Using Worksheet A

1. Enter your earned income from Step 5 on page 47. $\square$
2. Look up the amount on line 1 above in the EIC Table on pages 52-58 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

## 2

If line 2 is zero,


You cannot take the credit.
Put "No" on the dotted line next to line 66a.
3. Enter the amount from Form 1040, line 38.

4. Are the amounts on lines 3 and 1 the same?Yes. Skip line 5; enter the amount from line 2 on line 6.No. Go to line 5 .
5. If you have:

- No qualifying children, is the amount on line 3 less than $\$ 6,550$ ( $\$ 8,550$ if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than \$14,400 (\$16,400 if married filing jointly)?Yes. Leave line 5 blank; enter the amount from line 2 on line 6.No. Look up the amount on line 3 in the EIC Table on pages $52-58$ to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


Look at the amounts on lines 5 and 2.
Then, enter the smaller amount on line 6 .
6. This is your earned income credit.

## Reminder-

$\checkmark$ If you have a qualifying child, complete and attach Schedule EIC.


Enter this amount on Form 1040, line 66a.


If your EIC for a year after 1996 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2005.

Your Earned Income Credit

## Worksheet B—Earned Income Credit (EIC)—Lines 66a and 66b

Use this worksheet if you were self-employed, or you are filing Schedule SE because you were a member of the clergy or you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.
$\sqrt{ }$ Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
$\checkmark$ If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

## Part 1

Self-Employed,
Members of the
Clergy, and
People With
Church Employee
Income Filing
Schedule SE

1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.
b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.
c. Combine lines 1a and 1 b .
d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.

e. Subtract line 1d from 1c.


## Part 2

## Self-Employed <br> NOT Required <br> To File

Schedule SE
For example, your net earnings from self-employment were less than $\$ 400$.
2. 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 from farm partnerships, Schedule K-1 (Form 1065), box 14, code A*.
b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9*.

c. Combine lines 2a and 2 b .

*Reduce any Schedule K-1 amounts by any partnership section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.

## Part 3

Statutory Employees
Filing Schedule C or C-EZ

## Part 4

All Filers Using
Worksheet B

Note. If line $4 b$ includes income on which you should have paid selfemployment tax but did not, we may reduce your credit by the amount of self-employment tax not paid.

4a. Enter your earned income from Step 5 on page 47.
b. Combine lines 1e, 2c, 3, and 4a. This is your total earned income.


If line $4 b$ is zero or less,
 You cannot take the credit. Put "No" on the dotted line next to line 66 a .
5. If you have:

- 2 or more qualifying children, is line 4 b less than $\$ 35,263$ ( $\$ 37,263$ if married filing jointly)?
- 1 qualifying child, is line 4 b less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly)?
- No qualifying children, is line 4 b less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?
$\square$ Yes. If you want the IRS to figure your credit, see page 48. If you want to figure the credit yourself, enter the amount from line 4 b on line 6 (page 51).No. STOP
You cannot take the credit. Put "No" on the dotted line next to line 66a.

| Worksheet B- |
| :--- |
|  |
| Part 5 |
| All Filers Using <br> Worksheet B |

6. Enter your total earned income from Part 4, line $4 b$, on page 50.

## 6 <br> 6

7. Look up the amount on line 6 above in the EIC Table on pages 52-58 to find the credit. Be sure you use the correct column for your filing

7 status and the number of children you have. Enter the credit here.


If line 7 is zero, You cannot take the credit.
Put "No" on the dotted line next to line 66a.
8. Enter the amount from Form 1040, line 38.

## 8

9. Are the amounts on lines 8 and 6 the same?Yes. Skip line 10; enter the amount from line 7 on line 11.No. Go to line 10.

## Part 6

Filers Who
Answered
"No" on
Line 9
10. If you have:

- No qualifying children, is the amount on line 8 less than $\$ 6,550$ ( $\$ 8,550$ if married filing jointly)?
- 1 or more qualifying children, is the amount on line 8 less than $\$ 14,400$ ( $\$ 16,400$ if married filing jointly)?Yes. Leave line 10 blank; enter the amount from line 7 on line 11.No. Look up the amount on line 8 in the EIC Table on pages $52-58$ to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.


## 10

 Look at the amounts on lines 10 and 7.Then, enter the smaller amount on line 11.

## Part 7

Your Earned Income Credit
11. This is your earned income credit.

## Reminder-

$\checkmark$ If you have a qualifying child, complete and attach Schedule EIC.


If your EIC for a year after 1996 was reduced or disallowed, see page 48 to find out if you must file Form 8862 to take the credit for 2005.

# 2005 Earned Income Credit (EIC) Table 

 Caution. This is not a tax table.1. To find your credit, read down the "At least - But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.
2. Then, go to the column that includes your filing status and the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

Example. If your filing status is single, you have one qualifying child, and the amount you are looking up from your EIC Worksheet is $\$ 2,455$, you would enter $\$ 842$.

If the amount you are looking up from the worksheet is-

|  |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the amount you are looking up from the worksheet is- |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, or qualif you hav No children | head of h ying wid e- <br> One child | usehold, w(er) and <br> Two children | Married you ha <br> No children | d filing jo ve- <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| \$1 | \$50 | \$2 | \$9 | \$10 | \$2 | \$9 | \$10 | 2,750 | 2,800 | 212 | 944 | 1,110 | 212 | 944 | 1,110 |
| 50 | 100 | 6 | 26 | 30 | 6 | 26 | 30 | 2,800 | 2,850 | 216 | 961 | 1,130 | 216 | 961 | 1,130 |
| 100 | 150 | 10 | 43 | 50 | 10 | 43 | 50 | 2,850 | 2,900 | 220 | 978 | 1,150 | 220 | 978 | 1,150 |
| 150 | 200 | 13 | 60 | 70 | 13 | 60 | 70 | 2,900 | 2,950 | 224 | 995 | 1,170 | 224 | 995 | 1,170 |
| 200 | 250 | 17 | 77 | 90 | 17 | 77 | 90 | 2,950 | 3,000 | 228 | 1,012 | 1,190 | 228 | 1,012 | 1,190 |
| 250 | 300 | 21 | 94 | 110 | 21 | 94 | 110 | 3,000 | 3,050 | 231 | 1,029 | 1,210 | 231 | 1,029 | 1,210 |
| 300 | 350 | 25 | 111 | 130 | 25 | 111 | 130 | 3,050 | 3,100 | 235 | 1,046 | 1,230 | 235 | 1,046 | 1,230 |
| 350 | 400 | 29 | 128 | 150 | 29 | 128 | 150 | 3,100 | 3,150 | 239 | 1,063 | 1,250 | 239 | 1,063 | 1,250 |
| 400 | 450 | 33 | 145 | 170 | 33 | 145 | 170 | 3,150 | 3,200 | 243 | 1,080 | 1,270 | 243 | 1,080 | 1,270 |
| 450 | 500 | 36 | 162 | 190 | 36 | 162 | 190 | 3,200 | 3,250 | 247 | 1,097 | 1,290 | 247 | 1,097 | 1,290 |
| 500 | 550 | 40 | 179 | 210 | 40 | 179 | 210 | 3,250 | 3,300 | 251 | 1,114 | 1,310 | 251 | 1,114 | 1,310 |
| 550 | 600 | 44 | 196 | 230 | 44 | 196 | 230 | 3,300 | 3,350 | 254 | 1,131 | 1,330 | 254 | 1,131 | 1,330 |
| 600 | 650 | 48 | 213 | 250 | 48 | 213 | 250 | 3,350 | 3,400 | 258 | 1,148 | 1,350 | 258 | 1,148 | 1,350 |
| 650 | 700 | 52 | 230 | 270 | 52 | 230 | 270 | 3,400 | 3,450 | 262 | 1,165 | 1,370 | 262 | 1,165 | 1,370 |
| 700 | 750 | 55 | 247 | 290 | 55 | 247 | 290 | 3,450 | 3,500 | 266 | 1,182 | 1,390 | 266 | 1,182 | 1,390 |
| 750 | 800 | 59 | 264 | 310 | 59 | 264 | 310 | 3,500 | 3,550 | 270 | 1,199 | 1,410 | 270 | 1,199 | 1,410 |
| 800 | 850 | 63 | 281 | 330 | 63 | 281 | 330 | 3,550 | 3,600 | 273 | 1,216 | 1,430 | 273 | 1,216 | 1,430 |
| 850 | 900 | 67 | 298 | 350 | 67 | 298 | 350 | 3,600 | 3,650 | 277 | 1,233 | 1,450 | 277 | 1,233 | 1,450 |
| 900 | 950 | 71 | 315 | 370 | 71 | 315 | 370 | 3,650 | 3,700 | 281 | 1,250 | 1,470 | 281 | 1,250 | 1,470 |
| 950 | 1,000 | 75 | 332 | 390 | 75 | 332 | 390 | 3,700 | 3,750 | 285 | 1,267 | 1,490 | 285 | 1,267 | 1,490 |
| 1,000 | 1,050 | 78 | 349 | 410 | 78 | 349 | 410 | 3,750 | 3,800 | 289 | 1,284 | 1,510 | 289 | 1,284 | 1,510 |
| 1,050 | 1,100 | 82 | 366 | 430 | 82 | 366 | 430 | 3,800 | 3,850 | 293 | 1,301 | 1,530 | 293 | 1,301 | 1,530 |
| 1,100 | 1,150 | 86 | 383 | 450 | 86 | 383 | 450 | 3,850 | 3,900 | 296 | 1,318 | 1,550 | 296 | 1,318 | 1,550 |
| 1,150 | 1,200 | 90 | 400 | 470 | 90 | 400 | 470 | 3,900 | 3,950 | 300 | 1,335 | 1,570 | 300 | 1,335 | 1,570 |
| 1,200 | 1,250 | 94 | 417 | 490 | 94 | 417 | 490 | 3,950 | 4,000 | 304 | 1,352 | 1,590 | 304 | 1,352 | 1,590 |
| 1,250 | 1,300 | 98 | 434 | 510 | 98 | 434 | 510 | 4,000 | 4,050 | 308 | 1,369 | 1,610 | 308 | 1,369 | 1,610 |
| 1,300 | 1,350 | 101 | 451 | 530 | 101 | 451 | 530 | 4,050 | 4,100 | 312 | 1,386 | 1,630 | 312 | 1,386 | 1,630 |
| 1,350 | 1,400 | 105 | 468 | 550 | 105 | 468 | 550 | 4,100 | 4,150 | 316 | 1,403 | 1,650 | 316 | 1,403 | 1,650 |
| 1,400 | 1,450 | 109 | 485 | 570 | 109 | 485 | 570 | 4,150 | 4,200 | 319 | 1,420 | 1,670 | 319 | 1,420 | 1,670 |
| 1,450 | 1,500 | 113 | 502 | 590 | 113 | 502 | 590 | 4,200 | 4,250 | 323 | 1,437 | 1,690 | 323 | 1,437 | 1,690 |
| 1,500 | 1,550 | 117 | 519 | 610 | 117 | 519 | 610 | 4,250 | 4,300 | 327 | 1,454 | 1,710 | 327 | 1,454 | 1,710 |
| 1,550 | 1,600 | 120 | 536 | 630 | 120 | 536 | 630 | 4,300 | 4,350 | 331 | 1,471 | 1,730 | 331 | 1,471 | 1,730 |
| 1,600 | 1,650 | 124 | 553 | 650 | 124 | 553 | 650 | 4,350 | 4,400 | 335 | 1,488 | 1,750 | 335 | 1,488 | 1,750 |
| 1,650 | 1,700 | 128 | 570 | 670 | 128 | 570 | 670 | 4,400 | 4,450 | 339 | 1,505 | 1,770 | 339 | 1,505 | 1,770 |
| 1,700 | 1,750 | 132 | 587 | 690 | 132 | 587 | 690 | 4,450 | 4,500 | 342 | 1,522 | 1,790 | 342 | 1,522 | 1,790 |
| 1,750 | 1,800 | 136 | 604 | 710 | 136 | 604 | 710 | 4,500 | 4,550 | 346 | 1,539 | 1,810 | 346 | 1,539 | 1,810 |
| 1,800 | 1,850 | 140 | 621 | 730 | 140 | 621 | 730 | 4,550 | 4,600 | 350 | 1,556 | 1,830 | 350 | 1,556 | 1,830 |
| 1,850 | 1,900 | 143 | 638 | 750 | 143 | 638 | 750 | 4,600 | 4,650 | 354 | 1,573 | 1,850 | 354 | 1,573 | 1,850 |
| 1,900 | 1,950 | 147 | 655 | 770 | 147 | 655 | 770 | 4,650 | 4,700 | 358 | 1,590 | 1,870 | 358 | 1,590 | 1,870 |
| 1,950 | 2,000 | 151 | 672 | 790 | 151 | 672 | 790 | 4,700 | 4,750 | 361 | 1,607 | 1,890 | 361 | 1,607 | 1,890 |
| 2,000 | 2,050 | 155 | 689 | 810 | 155 | 689 | 810 | 4,750 | 4,800 | 365 | 1,624 | 1,910 | 365 | 1,624 | 1,910 |
| 2,050 | 2,100 | 159 | 706 | 830 | 159 | 706 | 830 | 4,800 | 4,850 | 369 | 1,641 | 1,930 | 369 | 1,641 | 1,930 |
| 2,100 | 2,150 | 163 | 723 | 850 | 163 | 723 | 850 | 4,850 | 4,900 | 373 | 1,658 | 1,950 | 373 | 1,658 | 1,950 |
| 2,150 | 2,200 | 166 | 740 | 870 | 166 | 740 | 870 | 4,900 | 4,950 | 377 | 1,675 | 1,970 | 377 | 1,675 | 1,970 |
| 2,200 | 2,250 | 170 | 757 | 890 | 170 | 757 | 890 | 4,950 | 5,000 | 381 | 1,692 | 1,990 | 381 | 1,692 | 1,990 |
| 2,250 | 2,300 | 174 | 774 | 910 | 174 | 774 | 910 | 5,000 | 5,050 | 384 | 1,709 | 2,010 | 384 | 1,709 | 2,010 |
| 2,300 | 2,350 | 178 | 791 | 930 | 178 | 791 | 930 | 5,050 | 5,100 | 388 | 1,726 | 2,030 | 388 | 1,726 | 2,030 |
| 2,350 | 2,400 | 182 | 808 | 950 | 182 | 808 | 950 | 5,100 | 5,150 | 392 | 1,743 | 2,050 | 392 | 1,743 | 2,050 |
| 2,400 | 2,450 | 186 | 825 | 970 | 186 | 825 | 970 | 5,150 | 5,200 | 396 | 1,760 | 2,070 | 396 | 1,760 | 2,070 |
| 2,450 | 2,500 | 189 | 842 | 990 | 189 | 842 | 990 | 5,200 | 5,250 | 399 | 1,777 | 2,090 | 399 | 1,777 | 2,090 |
| 2,500 | 2,550 | 193 | 859 | 1,010 | 193 | 859 | 1,010 | 5,250 | 5,300 | 399 | 1,794 | 2,110 | 399 | 1,794 | 2,110 |
| 2,550 | 2,600 | 197 | 876 | 1,030 | 197 | 876 | 1,030 | 5,300 | 5,350 | 399 | 1,811 | 2,130 | 399 | 1,811 | 2,130 |
| 2,600 | 2,650 | 201 | 893 | 1,050 | 201 | 893 | 1,050 | 5,350 | 5,400 | 399 | 1,828 | 2,150 | 399 | 1,828 | 2,150 |
| 2,650 | 2,700 | 205 | 910 | 1,070 | 205 | 910 | 1,070 | 5,400 | 5,450 | 399 | 1,845 | 2,170 | 399 | 1,845 | 2,170 |
| 2,700 | 2,750 | 208 | 927 | 1,090 | 208 | 927 | 1,090 | 5,450 | 5,500 | 399 | 1,862 | 2,190 | 399 | 1,862 | 2,190 |

(Continued on page 53)

2005 Earned Income Credit (EIC) Table-Continued

|  |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the amoun looking u workshee | nt you are from the is- | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least But less than |  |  | our credit | is- |  | Your credi | - |
| 5,500 | 5,550 | 399 | 1,879 | 2,210 | 399 | 1,879 | 2,210 | 8,500 | 8,550 | 247 | 2,662 | 3,410 | 399 | 2,662 | 3,410 |
| 5,550 | 5,600 | 399 | 1,896 | 2,230 | 399 | 1,896 | 2,230 | 8,550 | 8,600 | 243 | 2,662 | 3,430 | 396 | 2,662 | 3,430 |
| 5,600 | 5,650 | 399 | 1,913 | 2,250 | 399 | 1,913 | 2,250 | 8,600 | 8,650 | 239 | 2,662 | 3,450 | 392 | 2,662 | 3,450 |
| 5,650 | 5,700 | 399 | 1,930 | 2,270 | 399 | 1,930 | 2,270 | 8,650 | 8,700 | 235 | 2,662 | 3,470 | 388 | 2,662 | 3,470 |
| 5,700 | 5,750 | 399 | 1,947 | 2,290 | 399 | 1,947 | 2,290 | 8,700 | 8,750 | 231 | 2,662 | 3,490 | 384 | 2,662 | 3,490 |
| 5,750 | 5,800 | 399 | 1,964 | 2,310 | 399 | 1,964 | 2,310 | 8,750 | 8,800 | 228 | 2,662 | 3,510 | 381 | 2,662 | 3,510 |
| 5,800 | 5,850 | 399 | 1,981 | 2,330 | 399 | 1,981 | 2,330 | 8,800 | 8,850 | 224 | 2,662 | 3,530 | 377 | 2,662 | 3,530 |
| 5,850 | 5,900 | 399 | 1,998 | 2,350 | 399 | 1,998 | 2,350 | 8,850 | 8,900 | 220 | 2,662 | 3,550 | 373 | 2,662 | 3,550 |
| 5,900 | 5,950 | 399 | 2,015 | 2,370 | 399 | 2,015 | 2,370 | 8,900 | 8,950 | 216 | 2,662 | 3,570 | 369 | 2,662 | 3,570 |
| 5,950 | 6,000 | 399 | 2,032 | 2,390 | 399 | 2,032 | 2,390 | 8,950 | 9,000 | 212 | 2,662 | 3,590 | 365 | 2,662 | 3,590 |
| 6,000 | 6,050 | 399 | 2,049 | 2,410 | 399 | 2,049 | 2,410 | 9,000 | 9,050 | 208 | 2,662 | 3,610 | 361 | 2,662 | 3,610 |
| 6,050 | 6,100 | 399 | 2,066 | 2,430 | 399 | 2,066 | 2,430 | 9,050 | 9,100 | 205 | 2,662 | 3,630 | 358 | 2,662 | 3,630 |
| 6,100 | 6,150 | 399 | 2,083 | 2,450 | 399 | 2,083 | 2,450 | 9,100 | 9,150 | 201 | 2,662 | 3,650 | 354 | 2,662 | 3,650 |
| 6,150 | 6,200 | 399 | 2,100 | 2,470 | 399 | 2,100 | 2,470 | 9,150 | 9,200 | 197 | 2,662 | 3,670 | 350 | 2,662 | 3,670 |
| 6,200 | 6,250 | 399 | 2,117 | 2,490 | 399 | 2,117 | 2,490 | 9,200 | 9,250 | 193 | 2,662 | 3,690 | 346 | 2,662 | 3,690 |
| 6,250 | 6,300 | 399 | 2,134 | 2,510 | 399 | 2,134 | 2,510 | 9,250 | 9,300 | 189 | 2,662 | 3,710 | 342 | 2,662 | 3,710 |
| 6,300 | 6,350 | 399 | 2,151 | 2,530 | 399 | 2,151 | 2,530 | 9,300 | 9,350 | 186 | 2,662 | 3,730 | 339 | 2,662 | 3,730 |
| 6,350 | 6,400 | 399 | 2,168 | 2,550 | 399 | 2,168 | 2,550 | 9,350 | 9,400 | 182 | 2,662 | 3,750 | 335 | 2,662 | 3,750 |
| 6,400 | 6,450 | 399 | 2,185 | 2,570 | 399 | 2,185 | 2,570 | 9,400 | 9,450 | 178 | 2,662 | 3,770 | 331 | 2,662 | 3,770 |
| 6,450 | 6,500 | 399 | 2,202 | 2,590 | 399 | 2,202 | 2,590 | 9,450 | 9,500 | 174 | 2,662 | 3,790 | 327 | 2,662 | 3,790 |
| 6,500 | 6,550 | 399 | 2,219 | 2,610 | 399 | 2,219 | 2,610 | 9,500 | 9,550 | 170 | 2,662 | 3,810 | 323 | 2,662 | 3,810 |
| 6,550 | 6,600 | 396 | 2,236 | 2,630 | 399 | 2,236 | 2,630 | 9,550 | 9,600 | 166 | 2,662 | 3,830 | 319 | 2,662 | 3,830 |
| 6,600 | 6,650 | 392 | 2,253 | 2,650 | 399 | 2,253 | 2,650 | 9,600 | 9,650 | 163 | 2,662 | 3,850 | 316 | 2,662 | 3,850 |
| 6,650 | 6,700 | 388 | 2,270 | 2,670 | 399 | 2,270 | 2,670 | 9,650 | 9,700 | 159 | 2,662 | 3,870 | 312 | 2,662 | 3,870 |
| 6,700 | 6,750 | 384 | 2,287 | 2,690 | 399 | 2,287 | 2,690 | 9,700 | 9,750 | 155 | 2,662 | 3,890 | 308 | 2,662 | 3,890 |
| 6,750 | 6,800 | 381 | 2,304 | 2,710 | 399 | 2,304 | 2,710 | 9,750 | 9,800 | 151 | 2,662 | 3,910 | 304 | 2,662 | 3,910 |
| 6,800 | 6,850 | 377 | 2,321 | 2,730 | 399 | 2,321 | 2,730 | 9,800 | 9,850 | 147 | 2,662 | 3,930 | 300 | 2,662 | 3,930 |
| 6,850 | 6,900 | 373 | 2,338 | 2,750 | 399 | 2,338 | 2,750 | 9,850 | 9,900 | 143 | 2,662 | 3,950 | 296 | 2,662 | 3,950 |
| 6,900 | 6,950 | 369 | 2,355 | 2,770 | 399 | 2,355 | 2,770 | 9,900 | 9,950 | 140 | 2,662 | 3,970 | 293 | 2,662 | 3,970 |
| 6,950 | 7,000 | 365 | 2,372 | 2,790 | 399 | 2,372 | 2,790 | 9,950 | 10,000 | 136 | 2,662 | 3,990 | 289 | 2,662 | 3,990 |
| 7,000 | 7,050 | 361 | 2,389 | 2,810 | 399 | 2,389 | 2,810 | 10,000 | 10,050 | 132 | 2,662 | 4,010 | 285 | 2,662 | 4,010 |
| 7,050 | 7,100 | 358 | 2,406 | 2,830 | 399 | 2,406 | 2,830 | 10,050 | 10,100 | 128 | 2,662 | 4,030 | 281 | 2,662 | 4,030 |
| 7,100 | 7,150 | 354 | 2,423 | 2,850 | 399 | 2,423 | 2,850 | 10,100 | 10,150 | 124 | 2,662 | 4,050 | 277 | 2,662 | 4,050 |
| 7,150 | 7,200 | 350 | 2,440 | 2,870 | 399 | 2,440 | 2,870 | 10,150 | 10,200 | 120 | 2,662 | 4,070 | 273 | 2,662 | 4,070 |
| 7,200 | 7,250 | 346 | 2,457 | 2,890 | 399 | 2,457 | 2,890 | 10,200 | 10,250 | 117 | 2,662 | 4,090 | 270 | 2,662 | 4,090 |
| 7,250 | 7,300 | 342 | 2,474 | 2,910 | 399 | 2,474 | 2,910 | 10,250 | 10,300 | 113 | 2,662 | 4,110 | 266 | 2,662 | 4,110 |
| 7,300 | 7,350 | 339 | 2,491 | 2,930 | 399 | 2,491 | 2,930 | 10,300 | 10,350 | 109 | 2,662 | 4,130 | 262 | 2,662 | 4,130 |
| 7,350 | 7,400 | 335 | 2,508 | 2,950 | 399 | 2,508 | 2,950 | 10,350 | 10,400 | 105 | 2,662 | 4,150 | 258 | 2,662 | 4,150 |
| 7,400 | 7,450 | 331 | 2,525 | 2,970 | 399 | 2,525 | 2,970 | 10,400 | 10,450 | 101 | 2,662 | 4,170 | 254 | 2,662 | 4,170 |
| 7,450 | 7,500 | 327 | 2,542 | 2,990 | 399 | 2,542 | 2,990 | 10,450 | 10,500 | 98 | 2,662 | 4,190 | 251 | 2,662 | 4,190 |
| 7,500 | 7,550 | 323 | 2,559 | 3,010 | 399 | 2,559 | 3,010 | 10,500 | 10,550 | 94 | 2,662 | 4,210 | 247 | 2,662 | 4,210 |
| 7,550 | 7,600 | 319 | 2,576 | 3,030 | 399 | 2,576 | 3,030 | 10,550 | 10,600 | 90 | 2,662 | 4,230 | 243 | 2,662 | 4,230 |
| 7,600 | 7,650 | 316 | 2,593 | 3,050 | 399 | 2,593 | 3,050 | 10,600 | 10,650 | 86 | 2,662 | 4,250 | 239 | 2,662 | 4,250 |
| 7,650 | 7,700 | 312 | 2,610 | 3,070 | 399 | 2,610 | 3,070 | 10,650 | 10,700 | 82 | 2,662 | 4,270 | 235 | 2,662 | 4,270 |
| 7,700 | 7,750 | 308 | 2,627 | 3,090 | 399 | 2,627 | 3,090 | 10,700 | 10,750 | 78 | 2,662 | 4,290 | 231 | 2,662 | 4,290 |
| 7,750 | 7,800 | 304 | 2,644 | 3,110 | 399 | 2,644 | 3,110 | 10,750 | 10,800 | 75 | 2,662 | 4,310 | 228 | 2,662 | 4,310 |
| 7,800 | 7,850 | 300 | 2,662 | 3,130 | 399 | 2,662 | 3,130 | 10,800 | 10,850 | 71 | 2,662 | 4,330 | 224 | 2,662 | 4,330 |
| 7,850 | 7,900 | 296 | 2,662 | 3,150 | 399 | 2,662 | 3,150 | 10,850 | 10,900 | 67 | 2,662 | 4,350 | 220 | 2,662 | 4,350 |
| 7,900 | 7,950 | 293 | 2,662 | 3,170 | 399 | 2,662 | 3,170 | 10,900 | 10,950 | 63 | 2,662 | 4,370 | 216 | 2,662 | 4,370 |
| 7,950 | 8,000 | 289 | 2,662 | 3,190 | 399 | 2,662 | 3,190 | 10,950 | 11,000 | 59 | 2,662 | 4,390 | 212 | 2,662 | 4,390 |
| 8,000 | 8,050 | 285 | 2,662 | 3,210 | 399 | 2,662 | 3,210 | 11,000 | 11,050 | 55 | 2,662 | 4,400 | 208 | 2,662 | 4,400 |
| 8,050 | 8,100 | 281 | 2,662 | 3,230 | 399 | 2,662 | 3,230 | 11,050 | 11,100 | 52 | 2,662 | 4,400 | 205 | 2,662 | 4,400 |
| 8,100 | 8,150 | 277 | 2,662 | 3,250 | 399 | 2,662 | 3,250 | 11,100 | 11,150 | 48 | 2,662 | 4,400 | 201 | 2,662 | 4,400 |
| 8,150 | 8,200 | 273 | 2,662 | 3,270 | 399 | 2,662 | 3,270 | 11,150 | 11,200 | 44 | 2,662 | 4,400 | 197 | 2,662 | 4,400 |
| 8,200 | 8,250 | 270 | 2,662 | 3,290 | 399 | 2,662 | 3,290 | 11,200 | 11,250 | 40 | 2,662 | 4,400 | 193 | 2,662 | 4,400 |
| 8,250 | 8,300 | 266 | 2,662 | 3,310 | 399 | 2,662 | 3,310 | 11,250 | 11,300 | 36 | 2,662 | 4,400 | 189 | 2,662 | 4,400 |
| 8,300 | 8,350 | 262 | 2,662 | 3,330 | 399 | 2,662 | 3,330 | 11,300 | 11,350 | 33 | 2,662 | 4,400 | 186 | 2,662 | 4,400 |
| 8,350 | 8,400 | 258 | 2,662 | 3,350 | 399 | 2,662 | 3,350 | 11,350 | 11,400 | 29 | 2,662 | 4,400 | 182 | 2,662 | 4,400 |
| 8,400 | 8,450 | 254 | 2,662 | 3,370 | 399 | 2,662 | 3,370 | 11,400 | 11,450 | 25 | 2,662 | 4,400 | 178 | 2,662 | 4,400 |
| 8,450 | 8,500 | 251 | 2,662 | 3,390 | 399 | 2,662 | 3,390 | 11,450 | 11,500 | 21 | 2,662 | 4,400 | 174 | 2,662 | 4,400 |


| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | $\begin{array}{\|l} \hline \text { Single, he } \\ \text { or qualify } \\ \text { you have } \end{array}$ | head of ho ying wido $\qquad$ | ousehold, $w(e r)$ and | Married you hav | $\begin{aligned} & \text { filing jo } \\ & \text { ve- } \end{aligned}$ | ly and |
|  |  | $\begin{array}{\|c} \text { No } \\ \text { children } \end{array}$ | One child | $\left\lvert\, \begin{gathered}\text { Two } \\ \text { children }\end{gathered}\right.$ | 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- |  |  | Your credit is- |  |  | At least But less than |  | Your credit is- |  |  | Your credit is- |  |  |
| 11,500 | 11,550 | 17 | 2,662 | 4,400 | 170 | 2,662 | 4,400 | 15,100 | 15,150 | 0 | 2,542 | 4,241 | 0 | 2,662 | 4,400 |
| 11,550 | 11,600 | 13 | 2,662 | 4,400 | 166 | 2,662 | 4,400 | 15,150 | 15,200 | 0 | 2,534 | 4,230 | 0 | 2,662 | 4,400 |
| 11,600 | 11,650 | 10 | 2,662 | 4,400 | 163 | 2,662 | 4,400 | 15,200 | 15,250 | 0 | 2,526 | 4,220 | 0 | 2,662 | 4,400 |
| 11,650 | 11,700 | 6 | 2,662 | 4,400 | 159 | 2,662 | 4,400 | 15,250 | 15,300 | 0 | 2,518 | 4,209 | 0 | 2,662 | 4,400 |
| 11,700 | 11,750 | 2 | 2,662 | 4,400 | 155 | 2,662 | 4,400 | 15,300 | 15,350 | 0 | 2,510 | 4,199 | 0 | 2,662 | 4,400 |
| 11,750 | 11,800 | 0 | 2,662 | 4,400 | 151 | 2,662 | 4,400 | 15,350 | 15,400 | 0 | 2,502 | 4,188 | 0 | 2,662 | 4,400 |
| 11,800 | 11,850 | 0 | 2,662 | 4,400 | 147 | 2,662 | 4,400 | 15,400 | 15,450 | 0 | 2,494 | 4,178 | 0 | 2,662 | 4,400 |
| 11,850 | 11,900 | 0 | 2,662 | 4,400 | 143 | 2,662 | 4,400 | 15,450 | 15,500 | 0 | 2,486 | 4,167 | 0 | 2,662 | 4,400 |
| 11,900 | 11,950 | 0 | 2,662 | 4,400 | 140 | 2,662 | 4,400 | 15,500 | 15,550 | 0 | 2,478 | 4,157 | 0 | 2,662 | 4,400 |
| 11,950 | 12,000 | 0 | 2,662 | 4,400 | 136 | 2,662 | 4,400 | 15,550 | 15,600 | 0 | 2,470 | 4,146 | 0 | 2,662 | 4,400 |
| 12,000 | 12,050 | 0 | 2,662 | 4,400 | 132 | 2,662 | 4,400 | 15,600 | 15,650 | 0 | 2,462 | 4,136 | 0 | 2,662 | 4,400 |
| 12,050 | 12,100 | 0 | 2,662 | 4,400 | 128 | 2,662 | 4,400 | 15,650 | 15,700 | 0 | 2,454 | 4,125 | 0 | 2,662 | 4,400 |
| 12,100 | 12,150 | 0 | 2,662 | 4,400 | 124 | 2,662 | 4,400 | 15,700 | 15,750 | 0 | 2,446 | 4,115 | 0 | 2,662 | 4,400 |
| 12,150 | 12,200 | 0 | 2,662 | 4,400 | 120 | 2,662 | 4,400 | 15,750 | 15,800 | 0 | 2,438 | 4,104 | 0 | 2,662 | 4,400 |
| 12,200 | 12,250 | 0 | 2,662 | 4,400 | 117 | 2,662 | 4,400 | 15,800 | 15,850 | 0 | 2,430 | 4,094 | 0 | 2,662 | 4,400 |
| 12,250 | 12,300 | 0 | 2,662 | 4,400 | 113 | 2,662 | 4,400 | 15,850 | 15,900 | 0 | 2,422 | 4,083 | 0 | 2,662 | 4,400 |
| 12,300 | 12,350 | 0 | 2,662 | 4,400 | 109 | 2,662 | 4,400 | 15,900 | 15,950 | 0 | 2,414 | 4,073 | 0 | 2,662 | 4,400 |
| 12,350 | 12,400 | 0 | 2,662 | 4,400 | 105 | 2,662 | 4,400 | 15,950 | 16,000 | 0 | 2,406 | 4,062 | 0 | 2,662 | 4,400 |
| 12,400 | 12,450 | 0 | 2,662 | 4,400 | 101 | 2,662 | 4,400 | 16,000 | 16,050 | 0 | 2,398 | 4,051 | 0 | 2,662 | 4,400 |
| 12,450 | 12,500 | 0 | 2,662 | 4,400 | 98 | 2,662 | 4,400 | 16,050 | 16,100 | 0 | 2,390 | 4,041 | 0 | 2,662 | 4,400 |
| 12,500 | 12,550 | 0 | 2,662 | 4,400 | 94 | 2,662 | 4,400 | 16,100 | 16,150 | 0 | 2,382 | 4,030 | 0 | 2,662 | 4,400 |
| 12,550 | 12,600 | 0 | 2,662 | 4,400 | 90 | 2,662 | 4,400 | 16,150 | 16,200 | 0 | 2,374 | 4,020 | 0 | 2,662 | 4,400 |
| 12,600 | 12,650 | 0 | 2,662 | 4,400 | 86 | 2,662 | 4,400 | 16,200 | 16,250 | 0 | 2,366 | 4,009 | 0 | 2,662 | 4,400 |
| 12,650 | 12,700 | 0 | 2,662 | 4,400 | 82 | 2,662 | 4,400 | 16,250 | 16,300 | 0 | 2,358 | 3,999 | 0 | 2,662 | 4,400 |
| 12,700 | 12,750 | 0 | 2,662 | 4,400 | 78 | 2,662 | 4,400 | 16,300 | 16,350 | 0 | 2,350 | 3,988 | 0 | 2,662 | 4,400 |
| 12,750 | 12,800 | 0 | 2,662 | 4,400 | 75 | 2,662 | 4,400 | 16,350 | 16,400 | 0 | 2,342 | 3,978 | 0 | 2,662 | 4,400 |
| 12,800 | 12,850 | 0 | 2,662 | 4,400 | 71 | 2,662 | 4,400 | 16,400 | 16,450 | 0 | 2,334 | 3,967 | 0 | 2,653 | 4,388 |
| 12,850 | 12,900 | 0 | 2,662 | 4,400 | 67 | 2,662 | 4,400 | 16,450 | 16,500 | 0 | 2,326 | 3,957 | 0 | 2,645 | 4,378 |
| 12,900 | 12,950 | 0 | 2,662 | 4,400 | 63 | 2,662 | 4,400 | 16,500 | 16,550 | 0 | 2,318 | 3,946 | 0 | 2,637 | 4,367 |
| 12,950 | 13,000 | 0 | 2,662 | 4,400 | 59 | 2,662 | 4,400 | 16,550 | 16,600 | 0 | 2,310 | 3,936 | 0 | 2,629 | 4,357 |
| 13,000 | 13,050 | 0 | 2,662 | 4,400 | 55 | 2,662 | 4,400 | 16,600 | 16,650 | 0 | 2,302 | 3,925 | 0 | 2,621 | 4,346 |
| 13,050 | 13,100 | 0 | 2,662 | 4,400 | 52 | 2,662 | 4,400 | 16,650 | 16,700 | 0 | 2,294 | 3,915 | 0 | 2,613 | 4,336 |
| 13,100 | 13,150 | 0 | 2,662 | 4,400 | 48 | 2,662 | 4,400 | 16,700 | 16,750 | 0 | 2,286 | 3,904 | 0 | 2,605 | 4,325 |
| 13,150 | 13,200 | 0 | 2,662 | 4,400 | 44 | 2,662 | 4,400 | 16,750 | 16,800 | 0 | 2,278 | 3,894 | 0 | 2,597 | 4,315 |
| 13,200 | 13,250 | 0 | 2,662 | 4,400 | 40 | 2,662 | 4,400 | 16,800 | 16,850 | 0 | 2,270 | 3,883 | 0 | 2,589 | 4,304 |
| 13,250 | 13,300 | 0 | 2,662 | 4,400 | 36 | 2,662 | 4,400 | 16,850 | 16,900 | 0 | 2,262 | 3,872 | 0 | 2,582 | 4,294 |
| 13,300 | 13,350 | 0 | 2,662 | 4,400 | 33 | 2,662 | 4,400 | 16,900 | 16,950 | 0 | 2,254 | 3,862 | 0 | 2,574 | 4,283 |
| 13,350 | 13,400 | 0 | 2,662 | 4,400 | 29 | 2,662 | 4,400 | 16,950 | 17,000 | 0 | 2,246 | 3,851 | 0 | 2,566 | 4,273 |
| 13,400 | 13,450 | 0 | 2,662 | 4,400 | 25 | 2,662 | 4,400 | 17,000 | 17,050 | 0 | 2,238 | 3,841 | 0 | 2,558 | 4,262 |
| 13,450 | 13,500 | 0 | 2,662 | 4,400 | 21 | 2,662 | 4,400 | 17,050 | 17,100 | 0 | 2,230 | 3,830 | 0 | 2,550 | 4,252 |
| 13,500 | 13,550 | 0 | 2,662 | 4,400 | 17 | 2,662 | 4,400 | 17,100 | 17,150 | 0 | 2,222 | 3,820 | 0 | 2,542 | 4,241 |
| 13,550 | 13,600 | 0 | 2,662 | 4,400 | 13 | 2,662 | 4,400 | 17,150 | 17,200 | 0 | 2,214 | 3,809 | 0 | 2,534 | 4,230 |
| 13,600 | 13,650 | 0 | 2,662 | 4,400 | 10 | 2,662 | 4,400 | 17,200 | 17,250 | 0 | 2,206 | 3,799 | 0 | 2,526 | 4,220 |
| 13,650 | 13,700 | 0 | 2,662 | 4,400 | 6 | 2,662 | 4,400 | 17,250 | 17,300 | 0 | 2,198 | 3,788 | 0 | 2,518 | 4,209 |
| 13,700 | 13,750 | 0 | 2,662 | 4,400 | 2 | 2,662 | 4,400 | 17,300 | 17,350 | 0 | 2,190 | 3,778 | 0 | 2,510 | 4,199 |
| 13,750 | 14,400 | 0 | 2,662 | 4,400 | 0 | 2,662 | 4,400 | 17,350 | 17,400 | 0 | 2,182 | 3,767 | 0 | 2,502 | 4,188 |
| 14,400 | 14,450 | 0 | 2,653 | 4,388 | 0 | 2,662 | 4,400 | 17,400 | 17,450 | 0 | 2,174 | 3,757 | 0 | 2,494 | 4,178 |
| 14,450 | 14,500 | 0 | 2,645 | 4,378 | 0 | 2,662 | 4,400 | 17,450 | 17,500 | 0 | 2,166 | 3,746 | 0 | 2,486 | 4,167 |
| 14,500 | 14,550 | 0 | 2,637 | 4,367 | 0 | 2,662 | 4,400 | 17,500 | 17,550 | 0 | 2,158 | 3,736 | 0 | 2,478 | 4,157 |
| 14,550 | 14,600 | 0 | 2,629 | 4,357 | 0 | 2,662 | 4,400 | 17,550 | 17,600 | 0 | 2,150 | 3,725 | 0 | 2,470 | 4,146 |
| 14,600 | 14,650 | 0 | 2,621 | 4,346 | 0 | 2,662 | 4,400 | 17,600 | 17,650 | 0 | 2,142 | 3,714 | 0 | 2,462 | 4,136 |
| 14,650 | 14,700 | 0 | 2,613 | 4,336 | 0 | 2,662 | 4,400 | 17,650 | 17,700 | 0 | 2,134 | 3,704 | 0 | 2,454 | 4,125 |
| 14,700 | 14,750 | 0 | 2,605 | 4,325 | 0 | 2,662 | 4,400 | 17,700 | 17,750 | 0 | 2,126 | 3,693 | 0 | 2,446 | 4,115 |
| 14,750 | 14,800 | 0 | 2,597 | 4,315 | 0 | 2,662 | 4,400 | 17,750 | 17,800 | 0 | 2,118 | 3,683 | 0 | 2,438 | 4,104 |
| 14,800 | 14,850 | 0 | 2,589 | 4,304 | 0 | 2,662 | 4,400 | 17,800 | 17,850 | 0 | 2,110 | 3,672 | 0 | 2,430 | 4,094 |
| 14,850 | 14,900 | 0 | 2,582 | 4,294 | 0 | 2,662 | 4,400 | 17,850 | 17,900 | 0 | 2,102 | 3,662 | 0 | 2,422 | 4,083 |
| 14,900 | 14,950 | 0 | 2,574 | 4,283 | 0 | 2,662 | 4,400 | 17,900 | 17,950 | 0 | 2,094 | 3,651 | 0 | 2,414 | 4,073 |
| 14,950 | 15,000 | 0 | 2,566 | 4,273 | 0 | 2,662 | 4,400 | 17,950 | 18,000 | 0 | 2,086 | 3,641 | 0 | 2,406 | 4,062 |
| 15,000 | 15,050 | 0 | 2,558 | 4,262 | 0 | 2,662 | 4,400 | 18,000 | 18,050 | 0 | 2,078 | 3,630 | 0 | 2,398 | 4,051 |
| 15,050 | 15,100 | 0 | 2,550 | 4,252 | 0 | 2,662 | 4,400 | 18,050 | 18,100 | 0 | 2,070 | 3,620 | 0 | 2,390 | 4,041 |


|  |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the am looking workshe | nt you are from the is- | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |
|  |  | $\begin{array}{\|c\|} \text { No } \\ \text { children } \\ \hline \end{array}$ | One child | Two children | $\begin{array}{\|c} \text { No } \\ \text { children } \end{array}$ | One child | Two children |  |  | $\begin{array}{\|c} \text { No } \\ \text { children } \end{array}$ | One child | Two children | $\begin{array}{\|c\|} \text { No } \\ \text { children } \\ \hline \end{array}$ | One child | Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 18,100 | 18,150 | 0 | 2,062 | 3,609 | 0 | 2,382 | 4,030 | 21,100 | 21,150 | 0 | 1,583 | 2,977 | 0 | 1,902 | 3,399 |
| 18,150 | 18,200 | 0 | 2,054 | 3,599 | 0 | 2,374 | 4,020 | 21,150 | 21,200 | 0 | 1,575 | 2,967 | 0 | 1,894 | 3,388 |
| 18,200 | 18,250 | 0 | 2,046 | 3,588 | 0 | 2,366 | 4,009 | 21,200 | 21,250 | 0 | 1,567 | 2,956 | 0 | 1,886 | 3,378 |
| 18,250 | 18,300 | 0 | 2,038 | 3,578 | 0 | 2,358 | 3,999 | 21,250 | 21,300 | 0 | 1,559 | 2,946 | 0 | 1,878 | 3,367 |
| 18,300 | 18,350 | 0 | 2,030 | 3,567 | 0 | 2,350 | 3,988 | 21,300 | 21,350 | 0 | 1,551 | 2,935 | 0 | 1,870 | 3,356 |
| 18,350 | 18,400 | 0 | 2,022 | 3,557 | 0 | 2,342 | 3,978 | 21,350 | 21,400 | 0 | 1,543 | 2,925 | 0 | 1,862 | 3,346 |
| 18,400 | 18,450 | 0 | 2,014 | 3,546 | 0 | 2,334 | 3,967 | 21,400 | 21,450 | 0 | 1,535 | 2,914 | 0 | 1,854 | 3,335 |
| 18,450 | 18,500 | 0 | 2,006 | 3,535 | 0 | 2,326 | 3,957 | 21,450 | 21,500 | 0 | 1,527 | 2,904 | 0 | 1,846 | 3,325 |
| 18,500 | 18,550 | 0 | 1,998 | 3,525 | 0 | 2,318 | 3,946 | 21,500 | 21,550 | 0 | 1,519 | 2,893 | 0 | 1,838 | 3,314 |
| 18,550 | 18,600 | 0 | 1,990 | 3,514 | 0 | 2,310 | 3,936 | 21,550 | 21,600 | 0 | 1,511 | 2,883 | 0 | 1,830 | 3,304 |
| 18,600 | 18,650 | 0 | 1,982 | 3,504 | 0 | 2,302 | 3,925 | 21,600 | 21,650 | 0 | 1,503 | 2,872 | 0 | 1,822 | 3,293 |
| 18,650 | 18,700 | 0 | 1,974 | 3,493 | 0 | 2,294 | 3,915 | 21,650 | 21,700 | 0 | 1,495 | 2,862 | 0 | 1,814 | 3,283 |
| 18,700 | 18,750 | 0 | 1,966 | 3,483 | 0 | 2,286 | 3,904 | 21,700 | 21,750 | 0 | 1,487 | 2,851 | 0 | 1,806 | 3,272 |
| 18,750 | 18,800 | 0 | 1,958 | 3,472 | 0 | 2,278 | 3,894 | 21,750 | 21,800 | 0 | 1,479 | 2,841 | 0 | 1,798 | 3,262 |
| 18,800 | 18,850 | 0 | 1,950 | 3,462 | 0 | 2,270 | 3,883 | 21,800 | 21,850 | 0 | 1,471 | 2,830 | 0 | 1,790 | 3,251 |
| 18,850 | 18,900 | 0 | 1,942 | 3,451 | 0 | 2,262 | 3,872 | 21,850 | 21,900 | 0 | 1,463 | 2,819 | 0 | 1,783 | 3,241 |
| 18,900 | 18,950 | 0 | 1,934 | 3,441 | 0 | 2,254 | 3,862 | 21,900 | 21,950 | 0 | 1,455 | 2,809 | 0 | 1,775 | 3,230 |
| 18,950 | 19,000 | 0 | 1,926 | 3,430 | 0 | 2,246 | 3,851 | 21,950 | 22,000 | 0 | 1,447 | 2,798 | 0 | 1,767 | 3,220 |
| 19,000 | 19,050 | 0 | 1,918 | 3,420 | 0 | 2,238 | 3,841 | 22,000 | 22,050 | 0 | 1,439 | 2,788 | 0 | 1,759 | 3,209 |
| 19,050 | 19,100 | 0 | 1,910 | 3,409 | 0 | 2,230 | 3,830 | 22,050 | 22,100 | 0 | 1,431 | 2,777 | 0 | 1,751 | 3,199 |
| 19,100 | 19,150 | 0 | 1,902 | 3,399 | 0 | 2,222 | 3,820 | 22,100 | 22,150 | 0 | 1,423 | 2,767 | 0 | 1,743 | 3,188 |
| 19,150 | 19,200 | 0 | 1,894 | 3,388 | 0 | 2,214 | 3,809 | 22,150 | 22,200 | 0 | 1,415 | 2,756 | 0 | 1,735 | 3,177 |
| 19,200 | 19,250 | 0 | 1,886 | 3,378 | 0 | 2,206 | 3,799 | 22,200 | 22,250 | 0 | 1,407 | 2,746 | 0 | 1,727 | 3,167 |
| 19,250 | 19,300 | 0 | 1,878 | 3,367 | 0 | 2,198 | 3,788 | 22,250 | 22,300 | 0 | 1,399 | 2,735 | 0 | 1,719 | 3,156 |
| 19,300 | 19,350 | 0 | 1,870 | 3,356 | 0 | 2,190 | 3,778 | 22,300 | 22,350 | 0 | 1,391 | 2,725 | 0 | 1,711 | 3,146 |
| 19,350 | 19,400 | 0 | 1,862 | 3,346 | 0 | 2,182 | 3,767 | 22,350 | 22,400 | 0 | 1,383 | 2,714 | 0 | 1,703 | 3,135 |
| 19,400 | 19,450 | 0 | 1,854 | 3,335 | 0 | 2,174 | 3,757 | 22,400 | 22,450 | 0 | 1,375 | 2,704 | 0 | 1,695 | 3,125 |
| 19,450 | 19,500 | 0 | 1,846 | 3,325 | 0 | 2,166 | 3,746 | 22,450 | 22,500 | 0 | 1,367 | 2,693 | 0 | 1,687 | 3,114 |
| 19,500 | 19,550 | 0 | 1,838 | 3,314 | 0 | 2,158 | 3,736 | 22,500 | 22,550 | 0 | 1,359 | 2,683 | 0 | 1,679 | 3,104 |
| 19,550 | 19,600 | 0 | 1,830 | 3,304 | 0 | 2,150 | 3,725 | 22,550 | 22,600 | 0 | 1,351 | 2,672 | 0 | 1,671 | 3,093 |
| 19,600 | 19,650 | 0 | 1,822 | 3,293 | 0 | 2,142 | 3,714 | 22,600 | 22,650 | 0 | 1,343 | 2,661 | 0 | 1,663 | 3,083 |
| 19,650 | 19,700 | 0 | 1,814 | 3,283 | 0 | 2,134 | 3,704 | 22,650 | 22,700 | 0 | 1,335 | 2,651 | 0 | 1,655 | 3,072 |
| 19,700 | 19,750 | 0 | 1,806 | 3,272 | 0 | 2,126 | 3,693 | 22,700 | 22,750 | 0 | 1,327 | 2,640 | 0 | 1,647 | 3,062 |
| 19,750 | 19,800 | 0 | 1,798 | 3,262 | 0 | 2,118 | 3,683 | 22,750 | 22,800 | 0 | 1,319 | 2,630 | 0 | 1,639 | 3,051 |
| 19,800 | 19,850 | 0 | 1,790 | 3,251 | 0 | 2,110 | 3,672 | 22,800 | 22,850 | 0 | 1,311 | 2,619 | 0 | 1,631 | 3,041 |
| 19,850 | 19,900 | 0 | 1,783 | 3,241 | 0 | 2,102 | 3,662 | 22,850 | 22,900 | 0 | 1,303 | 2,609 | 0 | 1,623 | 3,030 |
| 19,900 | 19,950 | 0 | 1,775 | 3,230 | 0 | 2,094 | 3,651 | 22,900 | 22,950 | 0 | 1,295 | 2,598 | 0 | 1,615 | 3,020 |
| 19,950 | 20,000 | 0 | 1,767 | 3,220 | 0 | 2,086 | 3,641 | 22,950 | 23,000 | 0 | 1,287 | 2,588 | 0 | 1,607 | 3,009 |
| 20,000 | 20,050 | 0 | 1,759 | 3,209 | 0 | 2,078 | 3,630 | 23,000 | 23,050 | 0 | 1,279 | 2,577 | 0 | 1,599 | 2,998 |
| 20,050 | 20,100 | 0 | 1,751 | 3,199 | 0 | 2,070 | 3,620 | 23,050 | 23,100 | 0 | 1,271 | 2,567 | 0 | 1,591 | 2,988 |
| 20,100 | 20,150 | 0 | 1,743 | 3,188 | 0 | 2,062 | 3,609 | 23,100 | 23,150 | 0 | 1,263 | 2,556 | 0 | 1,583 | 2,977 |
| 20,150 | 20,200 | 0 | 1,735 | 3,177 | 0 | 2,054 | 3,599 | 23,150 | 23,200 | 0 | 1,255 | 2,546 | 0 | 1,575 | 2,967 |
| 20,200 | 20,250 | 0 | 1,727 | 3,167 | 0 | 2,046 | 3,588 | 23,200 | 23,250 | 0 | 1,247 | 2,535 | 0 | 1,567 | 2,956 |
| 20,250 | 20,300 | 0 | 1,719 | 3,156 | 0 | 2,038 | 3,578 | 23,250 | 23,300 | 0 | 1,239 | 2,525 | 0 | 1,559 | 2,946 |
| 20,300 | 20,350 | 0 | 1,711 | 3,146 | 0 | 2,030 | 3,567 | 23,300 | 23,350 | 0 | 1,231 | 2,514 | 0 | 1,551 | 2,935 |
| 20,350 | 20,400 | 0 | 1,703 | 3,135 | 0 | 2,022 | 3,557 | 23,350 | 23,400 | 0 | 1,223 | 2,504 | 0 | 1,543 | 2,925 |
| 20,400 | 20,450 | 0 | 1,695 | 3,125 | 0 | 2,014 | 3,546 | 23,400 | 23,450 | 0 | 1,215 | 2,493 | 0 | 1,535 | 2,914 |
| 20,450 | 20,500 | 0 | 1,687 | 3,114 | 0 | 2,006 | 3,535 | 23,450 | 23,500 | 0 | 1,207 | 2,482 | 0 | 1,527 | 2,904 |
| 20,500 | 20,550 | 0 | 1,679 | 3,104 | 0 | 1,998 | 3,525 | 23,500 | 23,550 | 0 | 1,199 | 2,472 | 0 | 1,519 | 2,893 |
| 20,550 | 20,600 | 0 | 1,671 | 3,093 | 0 | 1,990 | 3,514 | 23,550 | 23,600 | 0 | 1,191 | 2,461 | 0 | 1,511 | 2,883 |
| 20,600 | 20,650 | 0 | 1,663 | 3,083 | 0 | 1,982 | 3,504 | 23,600 | 23,650 | 0 | 1,183 | 2,451 | 0 | 1,503 | 2,872 |
| 20,650 | 20,700 | 0 | 1,655 | 3,072 | 0 | 1,974 | 3,493 | 23,650 | 23,700 | 0 | 1,175 | 2,440 | 0 | 1,495 | 2,862 |
| 20,700 | 20,750 | 0 | 1,647 | 3,062 | 0 | 1,966 | 3,483 | 23,700 | 23,750 | 0 | 1,167 | 2,430 | 0 | 1,487 | 2,851 |
| 20,750 | 20,800 | 0 | 1,639 | 3,051 | 0 | 1,958 | 3,472 | 23,750 | 23,800 | 0 | 1,159 | 2,419 | 0 | 1,479 | 2,841 |
| 20,800 | 20,850 | 0 | 1,631 | 3,041 | 0 | 1,950 | 3,462 | 23,800 | 23,850 | 0 | 1,151 | 2,409 | 0 | 1,471 | 2,830 |
| 20,850 | 20,900 | 0 | 1,623 | 3,030 | 0 | 1,942 | 3,451 | 23,850 | 23,900 | 0 | 1,143 | 2,398 | 0 | 1,463 | 2,819 |
| 20,900 | 20,950 | 0 | 1,615 | 3,020 | 0 | 1,934 | 3,441 | 23,900 | 23,950 | 0 | 1,135 | 2,388 | 0 | 1,455 | 2,809 |
| 20,950 | 21,000 | 0 | 1,607 | 3,009 | 0 | 1,926 | 3,430 | 23,950 | 24,000 | 0 | 1,127 | 2,377 | 0 | 1,447 | 2,798 |
| 21,000 | 21,050 | 0 | 1,599 | 2,998 | 0 | 1,918 | 3,420 | 24,000 | 24,050 | 0 | 1,119 | 2,367 | 0 | 1,439 | 2,788 |
| 21,050 | 21,100 | 0 | 1,591 | 2,988 | 0 | 1,910 | 3,409 | 24,050 | 24,100 | 0 | 1,111 | 2,356 | 0 | 1,431 | 2,777 |


| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, he or qualify you have No children | ad of ng wid One child | usehold, w(er) and <br> Two children | Married filing jointly and you have- |  |  |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 24,100 | 24,150 | 0 | 1,103 | 2,346 | 0 | 1,423 | 2,767 | 27,100 | 27,150 | 0 | 624 | 1,714 | 0 | 944 | 2,135 |
| 24,150 | 24,200 | 0 | 1,095 | 2,335 | 0 | 1,415 | 2,756 | 27,150 | 27,200 | 0 | 616 | 1,703 | 0 | 936 | 2,124 |
| 24,200 | 24,250 | 0 | 1,087 | 2,325 | 0 | 1,407 | 2,746 | 27,200 | 27,250 | 0 | 608 | 1,693 | 0 | 928 | 2,114 |
| 24,250 | 24,300 | 0 | 1,079 | 2,314 | 0 | 1,399 | 2,735 | 27,250 | 27,300 | 0 | 600 | 1,682 | 0 | 920 | 2,103 |
| 24,300 | 24,350 | 0 | 1,071 | 2,303 | 0 | 1,391 | 2,725 | 27,300 | 27,350 | 0 | 592 | 1,672 | 0 | 912 | 2,093 |
| 24,350 | 24,400 | 0 | 1,063 | 2,293 | 0 | 1,383 | 2,714 | 27,350 | 27,400 | 0 | 584 | 1,661 | 0 | 904 | 2,082 |
| 24,400 | 24,450 | 0 | 1,055 | 2,282 | 0 | 1,375 | 2,704 | 27,400 | 27,450 | 0 | 576 | 1,651 | 0 | 896 | 2,072 |
| 24,450 | 24,500 | 0 | 1,047 | 2,272 | 0 | 1,367 | 2,693 | 27,450 | 27,500 | 0 | 568 | 1,640 | 0 | 888 | 2,061 |
| 24,500 | 24,550 | 0 | 1,039 | 2,261 | 0 | 1,359 | 2,683 | 27,500 | 27,550 | 0 | 560 | 1,630 | 0 | 880 | 2,051 |
| 24,550 | 24,600 | 0 | 1,031 | 2,251 | 0 | 1,351 | 2,672 | 27,550 | 27,600 | 0 | 552 | 1,619 | 0 | 872 | 2,040 |
| 24,600 | 24,650 | 0 | 1,023 | 2,240 | 0 | 1,343 | 2,661 | 27,600 | 27,650 | 0 | 544 | 1,608 | 0 | 864 | 2,030 |
| 24,650 | 24,700 | 0 | 1,015 | 2,230 | 0 | 1,335 | 2,651 | 27,650 | 27,700 | 0 | 536 | 1,598 | 0 | 856 | 2,019 |
| 24,700 | 24,750 | 0 | 1,007 | 2,219 | 0 | 1,327 | 2,640 | 27,700 | 27,750 | 0 | 528 | 1,587 | 0 | 848 | 2,009 |
| 24,750 | 24,800 | 0 | 999 | 2,209 | 0 | 1,319 | 2,630 | 27,750 | 27,800 | 0 | 520 | 1,577 | 0 | 840 | 1,998 |
| 24,800 | 24,850 | 0 | 991 | 2,198 | 0 | 1,311 | 2,619 | 27,800 | 27,850 | 0 | 512 | 1,566 | 0 | 832 | 1,988 |
| 24,850 | 24,900 | 0 | 984 | 2,188 | 0 | 1,303 | 2,609 | 27,850 | 27,900 | 0 | 504 | 1,556 | 0 | 824 | 1,977 |
| 24,900 | 24,950 | 0 | 976 | 2,177 | 0 | 1,295 | 2,598 | 27,900 | 27,950 | 0 | 496 | 1,545 | 0 | 816 | 1,967 |
| 24,950 | 25,000 | 0 | 968 | 2,167 | 0 | 1,287 | 2,588 | 27,950 | 28,000 | 0 | 488 | 1,535 | 0 | 808 | 1,956 |
| 25,000 | 25,050 | 0 | 960 | 2,156 | 0 | 1,279 | 2,577 | 28,000 | 28,050 | 0 | 480 | 1,524 | 0 | 800 | 1,945 |
| 25,050 | 25,100 | 0 | 952 | 2,146 | 0 | 1,271 | 2,567 | 28,050 | 28,100 | 0 | 472 | 1,514 | 0 | 792 | 1,935 |
| 25,100 | 25,150 | 0 | 944 | 2,135 | 0 | 1,263 | 2,556 | 28,100 | 28,150 | 0 | 464 | 1,503 | 0 | 784 | 1,924 |
| 25,150 | 25,200 | 0 | 936 | 2,124 | 0 | 1,255 | 2,546 | 28,150 | 28,200 | 0 | 456 | 1,493 | 0 | 776 | 1,914 |
| 25,200 | 25,250 | 0 | 928 | 2,114 | 0 | 1,247 | 2,535 | 28,200 | 28,250 | 0 | 448 | 1,482 | 0 | 768 | 1,903 |
| 25,250 | 25,300 | 0 | 920 | 2,103 | 0 | 1,239 | 2,525 | 28,250 | 28,300 | 0 | 440 | 1,472 | 0 | 760 | 1,893 |
| 25,300 | 25,350 | 0 | 912 | 2,093 | 0 | 1,231 | 2,514 | 28,300 | 28,350 | 0 | 432 | 1,461 | 0 | 752 | 1,882 |
| 25,350 | 25,400 | 0 | 904 | 2,082 | 0 | 1,223 | 2,504 | 28,350 | 28,400 | 0 | 424 | 1,451 | 0 | 744 | 1,872 |
| 25,400 | 25,450 | 0 | 896 | 2,072 | 0 | 1,215 | 2,493 | 28,400 | 28,450 | 0 | 416 | 1,440 | 0 | 736 | 1,861 |
| 25,450 | 25,500 | 0 | 888 | 2,061 | 0 | 1,207 | 2,482 | 28,450 | 28,500 | 0 | 408 | 1,429 | 0 | 728 | 1,851 |
| 25,500 | 25,550 | 0 | 880 | 2,051 | 0 | 1,199 | 2,472 | 28,500 | 28,550 | 0 | 400 | 1,419 | 0 | 720 | 1,840 |
| 25,550 | 25,600 | 0 | 872 | 2,040 | 0 | 1,191 | 2,461 | 28,550 | 28,600 | 0 | 392 | 1,408 | 0 | 712 | 1,830 |
| 25,600 | 25,650 | 0 | 864 | 2,030 | 0 | 1,183 | 2,451 | 28,600 | 28,650 | 0 | 384 | 1,398 | 0 | 704 | 1,819 |
| 25,650 | 25,700 | 0 | 856 | 2,019 | 0 | 1,175 | 2,440 | 28,650 | 28,700 | 0 | 376 | 1,387 | 0 | 696 | 1,809 |
| 25,700 | 25,750 | 0 | 848 | 2,009 | 0 | 1,167 | 2,430 | 28,700 | 28,750 | 0 | 368 | 1,377 | 0 | 688 | 1,798 |
| 25,750 | 25,800 | 0 | 840 | 1,998 | 0 | 1,159 | 2,419 | 28,750 | 28,800 | 0 | 360 | 1,366 | 0 | 680 | 1,788 |
| 25,800 | 25,850 | 0 | 832 | 1,988 | 0 | 1,151 | 2,409 | 28,800 | 28,850 | 0 | 352 | 1,356 | 0 | 672 | 1,777 |
| 25,850 | 25,900 | 0 | 824 | 1,977 | 0 | 1,143 | 2,398 | 28,850 | 28,900 | 0 | 344 | 1,345 | 0 | 664 | 1,766 |
| 25,900 | 25,950 | 0 | 816 | 1,967 | 0 | 1,135 | 2,388 | 28,900 | 28,950 | 0 | 336 | 1,335 | 0 | 656 | 1,756 |
| 25,950 | 26,000 | 0 | 808 | 1,956 | 0 | 1,127 | 2,377 | 28,950 | 29,000 | 0 | 328 | 1,324 | 0 | 648 | 1,745 |
| 26,000 | 26,050 | 0 | 800 | 1,945 | 0 | 1,119 | 2,367 | 29,000 | 29,050 | 0 | 320 | 1,314 | 0 | 640 | 1,735 |
| 26,050 | 26,100 | 0 | 792 | 1,935 | 0 | 1,111 | 2,356 | 29,050 | 29,100 | 0 | 312 | 1,303 | 0 | 632 | 1,724 |
| 26,100 | 26,150 | 0 | 784 | 1,924 | 0 | 1,103 | 2,346 | 29,100 | 29,150 | 0 | 304 | 1,293 | 0 | 624 | 1,714 |
| 26,150 | 26,200 | 0 | 776 | 1,914 | 0 | 1,095 | 2,335 | 29,150 | 29,200 | 0 | 296 | 1,282 | 0 | 616 | 1,703 |
| 26,200 | 26,250 | 0 | 768 | 1,903 | 0 | 1,087 | 2,325 | 29,200 | 29,250 | 0 | 288 | 1,272 | 0 | 608 | 1,693 |
| 26,250 | 26,300 | 0 | 760 | 1,893 | 0 | 1,079 | 2,314 | 29,250 | 29,300 | 0 | 280 | 1,261 | 0 | 600 | 1,682 |
| 26,300 | 26,350 | 0 | 752 | 1,882 | 0 | 1,071 | 2,303 | 29,300 | 29,350 | 0 | 272 | 1,250 | 0 | 592 | 1,672 |
| 26,350 | 26,400 | 0 | 744 | 1,872 | 0 | 1,063 | 2,293 | 29,350 | 29,400 | 0 | 264 | 1,240 | 0 | 584 | 1,661 |
| 26,400 | 26,450 | 0 | 736 | 1,861 | 0 | 1,055 | 2,282 | 29,400 | 29,450 | 0 | 256 | 1,229 | 0 | 576 | 1,651 |
| 26,450 | 26,500 | 0 | 728 | 1,851 | 0 | 1,047 | 2,272 | 29,450 | 29,500 | 0 | 248 | 1,219 | 0 | 568 | 1,640 |
| 26,500 | 26,550 | 0 | 720 | 1,840 | 0 | 1,039 | 2,261 | 29,500 | 29,550 | 0 | 240 | 1,208 | 0 | 560 | 1,630 |
| 26,550 | 26,600 | 0 | 712 | 1,830 | 0 | 1,031 | 2,251 | 29,550 | 29,600 | 0 | 232 | 1,198 | 0 | 552 | 1,619 |
| 26,600 | 26,650 | 0 | 704 | 1,819 | 0 | 1,023 | 2,240 | 29,600 | 29,650 | 0 | 224 | 1,187 | 0 | 544 | 1,608 |
| 26,650 | 26,700 | 0 | 696 | 1,809 | 0 | 1,015 | 2,230 | 29,650 | 29,700 | 0 | 216 | 1,177 | 0 | 536 | 1,598 |
| 26,700 | 26,750 | 0 | 688 | 1,798 | 0 | 1,007 | 2,219 | 29,700 | 29,750 | 0 | 208 | 1,166 | 0 | 528 | 1,587 |
| 26,750 | 26,800 | 0 | 680 | 1,788 | 0 | 999 | 2,209 | 29,750 | 29,800 | 0 | 200 | 1,156 | 0 | 520 | 1,577 |
| 26,800 | 26,850 | 0 | 672 | 1,777 | 0 | 991 | 2,198 | 29,800 | 29,850 | 0 | 192 | 1,145 | 0 | 512 | 1,566 |
| 26,850 | 26,900 | 0 | 664 | 1,766 | 0 | 984 | 2,188 | 29,850 | 29,900 | 0 | 185 | 1,135 | 0 | 504 | 1,556 |
| 26,900 | 26,950 | 0 | 656 | 1,756 | 0 | 976 | 2,177 | 29,900 | 29,950 | 0 | 177 | 1,124 | 0 | 496 | 1,545 |
| 26,950 | 27,000 | 0 | 648 | 1,745 | 0 | 968 | 2,167 | 29,950 | 30,000 | 0 | 169 | 1,114 | 0 | 488 | 1,535 |
| 27,000 | 27,050 | 0 | 640 | 1,735 | 0 | 960 | 2,156 | 30,000 | 30,050 | 0 | 161 | 1,103 | 0 | 480 | 1,524 |
| 27,050 | 27,100 | 0 | 632 | 1,724 | 0 | 952 | 2,146 | 30,050 | 30,100 | 0 | 153 | 1,093 | 0 | 472 | 1,514 |


| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, h or qualify you have No children | ad of ho ng wido <br> One child | ousehold, w(er) and <br> Two children | Married you hav <br> No children | filing jo <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 30,100 | 30,150 | 0 | 145 | 1,082 | 0 | 464 | 1,503 | 33,100 | 33,150 | 0 | 0 | 450 | 0 | 0 | 871 |
| 30,150 | 30,200 | 0 | 137 | 1,071 | 0 | 456 | 1,493 | 33,150 | 33,200 | 0 | 0 | 440 | 0 | 0 | 861 |
| 30,200 | 30,250 | 0 | 129 | 1,061 | 0 | 448 | 1,482 | 33,200 | 33,250 | 0 | 0 | 429 | 0 | 0 | 850 |
| 30,250 | 30,300 | 0 | 121 | 1,050 | 0 | 440 | 1,472 | 33,250 | 33,300 | 0 | 0 | 419 | 0 | 0 | 840 |
| 30,300 | 30,350 | 0 | 113 | 1,040 | 0 | 432 | 1,461 | 33,300 | 33,350 | 0 | 0 | 408 | 0 | 0 | 829 |
| 30,350 | 30,400 | 0 | 105 | 1,029 | 0 | 424 | 1,451 | 33,350 | 33,400 | 0 | 0 | 398 | 0 | 0 | 819 |
| 30,400 | 30,450 | 0 | 97 | 1,019 | 0 | 416 | 1,440 | 33,400 | 33,450 | 0 | 0 | 387 | 0 | 0 | 808 |
| 30,450 | 30,500 | 0 | 89 | 1,008 | 0 | 408 | 1,429 | 33,450 | 33,500 | 0 | 0 | 376 | 0 | 0 | 798 |
| 30,500 | 30,550 | 0 | 81 | 998 | 0 | 400 | 1,419 | 33,500 | 33,550 | 0 | 0 | 366 | 0 | 0 | 787 |
| 30,550 | 30,600 | 0 | 73 | 987 | 0 | 392 | 1,408 | 33,550 | 33,600 | 0 | 0 | 355 | 0 | 0 | 777 |
| 30,600 | 30,650 | 0 | 65 | 977 | 0 | 384 | 1,398 | 33,600 | 33,650 | 0 | 0 | 345 | 0 | 0 | 766 |
| 30,650 | 30,700 | 0 | 57 | 966 | 0 | 376 | 1,387 | 33,650 | 33,700 | 0 | 0 | 334 | 0 | 0 | 756 |
| 30,700 | 30,750 | 0 | 49 | 956 | 0 | 368 | 1,377 | 33,700 | 33,750 | 0 | 0 | 324 | 0 | 0 | 745 |
| 30,750 | 30,800 | 0 | 41 | 945 | 0 | 360 | 1,366 | 33,750 | 33,800 | 0 | 0 | 313 | 0 | 0 | 735 |
| 30,800 | 30,850 | 0 | 33 | 935 | 0 | 352 | 1,356 | 33,800 | 33,850 | 0 | 0 | 303 | 0 | 0 | 724 |
| 30,850 | 30,900 | 0 | 25 | 924 | 0 | 344 | 1,345 | 33,850 | 33,900 | 0 | 0 | 292 | 0 | 0 | 713 |
| 30,900 | 30,950 | 0 | 17 | 914 | 0 | 336 | 1,335 | 33,900 | 33,950 | 0 | 0 | 282 | 0 | 0 | 703 |
| 30,950 | 31,000 | 0 | 9 | 903 | 0 | 328 | 1,324 | 33,950 | 34,000 | 0 | 0 | 271 | 0 | 0 | 692 |
| 31,000 | 31,050 | 0 | * | 892 | 0 | 320 | 1,314 | 34,000 | 34,050 | 0 | 0 | 261 | 0 | 0 | 682 |
| 31,050 | 31,100 | 0 | 0 | 882 | 0 | 312 | 1,303 | 34,050 | 34,100 | 0 | 0 | 250 | 0 | 0 | 671 |
| 31,100 | 31,150 | 0 | 0 | 871 | 0 | 304 | 1,293 | 34,100 | 34,150 | 0 | 0 | 240 | 0 | 0 | 661 |
| 31,150 | 31,200 | 0 | 0 | 861 | 0 | 296 | 1,282 | 34,150 | 34,200 | 0 | 0 | 229 | 0 | 0 | 650 |
| 31,200 | 31,250 | 0 | 0 | 850 | 0 | 288 | 1,272 | 34,200 | 34,250 | 0 | 0 | 219 | 0 | 0 | 640 |
| 31,250 | 31,300 | 0 | 0 | 840 | 0 | 280 | 1,261 | 34,250 | 34,300 | 0 | 0 | 208 | 0 | 0 | 629 |
| 31,300 | 31,350 | 0 | 0 | 829 | 0 | 272 | 1,250 | 34,300 | 34,350 | 0 | 0 | 197 | 0 | 0 | 619 |
| 31,350 | 31,400 | 0 | 0 | 819 | 0 | 264 | 1,240 | 34,350 | 34,400 | 0 | 0 | 187 | 0 | 0 | 608 |
| 31,400 | 31,450 | 0 | 0 | 808 | 0 | 256 | 1,229 | 34,400 | 34,450 | 0 | 0 | 176 | 0 | 0 | 598 |
| 31,450 | 31,500 | 0 | 0 | 798 | 0 | 248 | 1,219 | 34,450 | 34,500 | 0 | 0 | 166 | 0 | 0 | 587 |
| 31,500 | 31,550 | 0 | 0 | 787 | 0 | 240 | 1,208 | 34,500 | 34,550 | 0 | 0 | 155 | 0 | 0 | 577 |
| 31,550 | 31,600 | 0 | 0 | 777 | 0 | 232 | 1,198 | 34,550 | 34,600 | 0 | 0 | 145 | 0 | 0 | 566 |
| 31,600 | 31,650 | 0 | 0 | 766 | 0 | 224 | 1,187 | 34,600 | 34,650 | 0 | 0 | 134 | 0 | 0 | 555 |
| 31,650 | 31,700 | 0 | 0 | 756 | 0 | 216 | 1,177 | 34,650 | 34,700 | 0 | 0 | 124 | 0 | 0 | 545 |
| 31,700 | 31,750 | 0 | 0 | 745 | 0 | 208 | 1,166 | 34,700 | 34,750 | 0 | 0 | 113 | 0 | 0 | 534 |
| 31,750 | 31,800 | 0 | 0 | 735 | 0 | 200 | 1,156 | 34,750 | 34,800 | 0 | 0 | 103 | 0 | 0 | 524 |
| 31,800 | 31,850 | 0 | 0 | 724 | 0 | 192 | 1,145 | 34,800 | 34,850 | 0 | 0 | 92 | 0 | 0 | 513 |
| 31,850 | 31,900 | 0 | 0 | 713 | 0 | 185 | 1,135 | 34,850 | 34,900 | 0 | 0 | 82 | 0 | 0 | 503 |
| 31,900 | 31,950 | 0 | 0 | 703 | 0 | 177 | 1,124 | 34,900 | 34,950 | 0 | 0 | 71 | 0 | 0 | 492 |
| 31,950 | 32,000 | 0 | 0 | 692 | 0 | 169 | 1,114 | 34,950 | 35,000 | 0 | 0 | 61 | 0 | 0 | 482 |
| 32,000 | 32,050 | 0 | 0 | 682 | 0 | 161 | 1,103 | 35,000 | 35,050 | 0 | 0 | 50 | 0 | 0 | 471 |
| 32,050 | 32,100 | 0 | 0 | 671 | 0 | 153 | 1,093 | 35,050 | 35,100 | 0 | 0 | 40 | 0 | 0 | 461 |
| 32,100 | 32,150 | 0 | 0 | 661 | 0 | 145 | 1,082 | 35,100 | 35,150 | 0 | 0 | 29 | 0 | 0 | 450 |
| 32,150 | 32,200 | 0 | 0 | 650 | 0 | 137 | 1,071 | 35,150 | 35,200 | 0 | 0 | 18 | 0 | 0 | 440 |
| 32,200 | 32,250 | 0 | 0 | 640 | 0 | 129 | 1,061 | 35,200 | 35,250 | 0 | 0 | 8 | 0 | 0 | 429 |
| 32,250 | 32,300 | 0 | 0 | 629 | 0 | 121 | 1,050 | 35,250 | 35,300 | 0 | 0 | ** | 0 | 0 | 419 |
| 32,300 | 32,350 | 0 | 0 | 619 | 0 | 113 | 1,040 | 35,300 | 35,350 | 0 | 0 | 0 | 0 | 0 | 408 |
| 32,350 | 32,400 | 0 | 0 | 608 | 0 | 105 | 1,029 | 35,350 | 35,400 | 0 | 0 | 0 | 0 | 0 | 398 |
| 32,400 | 32,450 | 0 | 0 | 598 | 0 | 97 | 1,019 | 35,400 | 35,450 | 0 | 0 | 0 | 0 | 0 | 387 |
| 32,450 | 32,500 | 0 | 0 | 587 | 0 | 89 | 1,008 | 35,450 | 35,500 | 0 | 0 | 0 | 0 | 0 | 376 |
| 32,500 | 32,550 | 0 | 0 | 577 | 0 | 81 | 998 | 35,500 | 35,550 | 0 | 0 | 0 | 0 | 0 | 366 |
| 32,550 | 32,600 | 0 | 0 | 566 | 0 | 73 | 987 | 35,550 | 35,600 | 0 | 0 | 0 | 0 | 0 | 355 |
| 32,600 | 32,650 | 0 | 0 | 555 | 0 | 65 | 977 | 35,600 | 35,650 | 0 | 0 | 0 | 0 | 0 | 345 |
| 32,650 | 32,700 | 0 | 0 | 545 | 0 | 57 | 966 | 35,650 | 35,700 | 0 | 0 | 0 | 0 | 0 | 334 |
| 32,700 | 32,750 | 0 | 0 | 534 | 0 | 49 | 956 | 35,700 | 35,750 | 0 | 0 | 0 | 0 | 0 | 324 |
| 32,750 | 32,800 | 0 | 0 | 524 | 0 | 41 | 945 | 35,750 | 35,800 | 0 | 0 | 0 | 0 | 0 | 313 |
| 32,800 | 32,850 | 0 | 0 | 513 | 0 | 33 | 935 | 35,800 | 35,850 | 0 | 0 | 0 | 0 | 0 | 303 |
| 32,850 | 32,900 | 0 | 0 | 503 | 0 | 25 | 924 | 35,850 | 35,900 | 0 | 0 | 0 | 0 | 0 | 292 |
| 32,900 | 32,950 | 0 | 0 | 492 | 0 | 17 | 914 | 35,900 | 35,950 | 0 | 0 | 0 | 0 | 0 | 282 |
| 32,950 | 33,000 | 0 | 0 | 482 | 0 | 9 | 903 | 35,950 | 36,000 | 0 | 0 | 0 | 0 | 0 | 271 |
| 33,000 | 33,050 | 0 | 0 | 471 | 0 | * | 892 | 36,000 | 36,050 | 0 | 0 | 0 | 0 | 0 | 261 |
| 33,050 | 33,100 | 0 | 0 | 461 | 0 | 0 | 882 | 36,050 | 36,100 | 0 | 0 | 0 | 0 | 0 | 250 |

[^1]
## 2005 Earned Income Credit (EIC) Table-Continued (Caution. This is not a tax table.)

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, or qualif you hav No children | ad of hou ing wid One child | ousehold, $w(e r)$ and <br> Two children | Married you ha <br> No children | filing joi <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 36,100 | 36,150 | 0 | 0 | 0 | 0 | 0 | 240 | 36,850 | 36,900 | 0 | 0 | 0 | 0 | 0 | 82 |
| 36,150 | 36,200 | 0 | 0 | 0 | 0 | 0 | 229 | 36,900 | 36,950 | 0 | 0 | 0 | 0 | 0 | 71 |
| 36,200 | 36,250 | 0 | 0 | 0 | 0 | 0 | 219 | 36,950 | 37,000 | 0 | 0 | 0 | 0 | 0 | 61 |
| 36,250 | 36,300 | 0 | 0 | 0 | 0 | 0 | 208 | 37,000 | 37,050 | 0 | 0 | 0 | 0 | 0 | 50 |
| 36,300 | 36,350 | 0 | 0 | 0 | 0 | 0 | 197 | 37,050 | 37,100 | 0 | 0 | 0 | 0 | 0 | 40 |
| 36,350 | 36,400 | 0 | 0 | 0 | 0 | 0 | 187 | 37,100 | 37,150 | 0 | 0 | 0 | 0 | 0 | 29 |
| 36,400 | 36,450 | 0 | 0 | 0 | 0 | 0 | 176 | 37,150 | 37,200 | 0 | 0 | 0 | 0 | 0 | 18 |
| 36,450 | 36,500 | 0 | 0 | 0 | 0 | 0 | 166 | 37,200 | 37,250 | 0 | 0 | 0 | 0 | 0 | 8 |
| 36,500 | 36,550 | 0 | 0 | 0 | 0 | 0 | 155 | 37,250 | 37,263 | 0 | 0 | 0 | 0 | 0 | 1 |
| 36,550 | 36,600 | 0 | 0 | 0 | 0 | 0 | 145 | 37,263 o | more | 0 | 0 | 0 | 0 | 0 | 0 |
| 36,600 | 36,650 | 0 | 0 | 0 | 0 | 0 | 134 |  |  |  |  |  |  |  |  |
| 36,650 | 36,700 | 0 | 0 | 0 | 0 | 0 | 124 |  |  |  |  |  |  |  |  |
| 36,700 | 36,750 | 0 | 0 | 0 | 0 | 0 | 113 |  |  |  |  |  |  |  |  |
| 36,750 | 36,800 | 0 | 0 | 0 | 0 | 0 | 103 |  |  |  |  |  |  |  |  |
| 36,800 | 36,850 | 0 | 0 | 0 | 0 | 0 | 92 |  |  |  |  |  |  |  |  |

## Line 67

## Excess Social Security and Tier 1 RRTA Tax Withheld

If you, or your spouse if filing a joint return, had more than one employer for 2005 and total wages of more than $\$ 90,000$, too much social security or tier 1 railroad retirement (RRTA) tax may have been withheld. You can take a credit on this line for the amount withheld in excess of $\$ 5,580$. But if any one employer withheld more than $\$ 5,580$, you must ask that employer to refund the excess to you. You cannot claim it on your return. Figure this amount separately for you and your spouse.

You cannot claim a refund for excess tier 2 RRTA tax on Form 1040. Instead, use Form 843.

For more details, see Pub. 505.

## Line 68

## Additional Child Tax Credit

## What Is the Additional Child Tax Credit?

This credit is for certain people who have at least one qualifying child as defined in the instructions for line 52 on page 41 . The additional child tax credit may give you a refund even if you do not owe any tax.

## Two Steps To Take the Additional Child Tax Credit!

Step 1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 52 that begin on page 41.
Step 2. Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the condition given in that TIP.

## Line 69

## Amount Paid With Request for Extension To File

If you filed Form 4868 to get an automatic extension of time to file Form 1040, enter any amount you paid with that form or by electronic funds withdrawal or credit card. If you paid by credit card, do not include on line 69 the convenience fee you were charged. Also, include any amounts paid with Form 2350.

## Line 70

Check the box(es) on line 70 to report any credit from Form 2439, 4136, or 8885.

## Refund

## Line 72

## Amount Overpaid

If line 72 is under $\$ 1$, we will send a refund only on written request.

If you want to check the status of your refund, please wait at least 6 weeks (3 weeks if you filed electronically) from the date you filed your return to do so. But if you filed Form 8379 with your return, allow 14 weeks ( 11 weeks if you filed electronically). See page 8 for details.


If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay by filing a new Form W-4. See Income Tax Withholding and Estimated Tax Payments for 2006 on page 62 .

## Refund Offset

If you owe past-due federal tax, state income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of the overpayment on line 72 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). For federal tax offsets, you will receive a notice from the IRS. For all other offsets, you will receive a notice from FMS. To find out if you may have an offset or if you have any questions about it, contact the agency to which you owe the debt.

## Injured Spouse Claim

If you file a joint return and your spouse has not paid past-due federal tax, state income tax, child support, spousal support, or a federal nontax debt, such as a student loan, part or all of the overpayment on line 72 may be used (offset) to pay the past-due amount. But your part of the overpayment may be refunded to you if certain conditions apply and you complete Form 8379. For details, use TeleTax topic 203 (see page 8) or see Form 8379.

## Lines 73b Through 73d

## DIRECT >DEPOSIT

Simple. Safe. Secure.

Fast Refunds! Choose direct deposit-a fast, simple, safe, secure way to have your refund deposited automatically into your checking or savings account.

Complete lines 73b through 73d if you want us to directly deposit the amount shown on line 73a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.
Note. If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 73 b and 73d.

## Why Use Direct Deposit?

- You get your refund fast-in half the time as paper filers if you e-file.
- 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.


You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 73 b through 73d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

## Line 73b

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check on page 60 , the routing number is 250250025 .

Your check may state that it is payable through a financial institution different from the one 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 line 73b.

## Line 73d

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 page 60 , the account
number is 20202086. Do not include the check number.

Some financial institutions will not allow a joint refund to be deposited into an individual account. If the direct deposit is rejected, a check will be sent instead. The IRS is not responsible if a financial institution rejects a direct deposit.

## Line 74

## Applied to Your 2006 Estimated Tax

Enter on line 74 the amount, if any, of the overpayment on line 72 you want applied to your 2006 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 in the attached statement.

This election to apply part or all of the amount overpaid to your 2006 estimated tax cannot be changed later.

## Amount You Owe

IRS e-file offers an additional payment option: Electronic funds withdrawal. This option allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 17, 2006. Visit www.irs.gov/efile for details.

## Line 75

## Amount You Owe



Pay your taxes in full by April 17, 2006, to save interest and penalties. You do not have to pay if line 75 is under \$1.
Include any estimated tax penalty from line 76 in the amount you enter on line 75.

You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2006 in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.
To pay by check or money order. Make your check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2005 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.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX-" or " $\$ \mathrm{XXX}^{\frac{x}{100} \text { "), }}$

Then, please complete Form 1040-V following the instructions on that form and enclose it in the envelope with your tax return and payment. Although you do not have to use Form 1040-V, doing so allows us to process your payment more accurately and efficiently.
To pay by credit card. You can use your American Express ${ }^{\circledR}$ Card, Discover ${ }^{\circledR}$ Card, MasterCard ${ }^{\circledR}$ card, or Visa ${ }^{\circledR}$ card. To pay by credit card, call toll-free or visit the website of either service provider listed on this page and follow the instructions. A convenience fee will be charged by the service provider based on the amount you

## Sample Check—Lines 73b Through 73d



The routing and account numbers may be in different places on your check.
are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website shown below. If you pay by credit card before filing your return, please enter on page 1 of Form 1040 in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

> Link2Gov Corporation
> 1-888-PAY-1040
> 1-888-658-5465 (Customer Service) www.PAY1040.com
> Official Payments Corporation
> 1-800-2PAY-TAX ${ }^{\text {SM }}$ (1-800-272-9829)
> 1-877-754-4413 (Customer Service)
> www.officialpayments.com

IIPYou may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4, or (b) make estimated tax payments for 2006. See Income Tax Withholding and Estimated Tax Payments for 2006 on page 62.

## What If You Cannot Pay?

If you cannot pay the full amount shown on line 75 when you file, you can ask to make monthly installment payments for the full or a partial amount. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 17, 2006, 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 or credit card payment.

To ask for an installment agreement, use Form 9465. 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 76

## Estimated Tax Penalty

You may owe this penalty if:

- Line 75 is at least $\$ 1,000$ 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 your 2005 Form 1040, line 63, minus the total of any amounts shown on lines 66a and 68 and Forms 8828, 4137, 4136, 5329 (Parts III through VIII only), and 8885. Also subtract from line 63 any tax on an excess parachute payment and any excise tax on insider stock compensation of an expatriated corporation. When figuring the amount on line 63 , include the amount on line 62 only if line 64 is more than zero or you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H, line 7, include the total of that amount plus the amount on Form 1040, line 62.

Exception. You will not owe the penalty if your 2004 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax shown on your 2004 return and you were a U.S. citizen or resident for all of 2004, or
2. The total of lines 64,65 , and 67 on your 2005 return is at least as much as the tax shown on your 2004 return. Your estimated tax payments for 2005 must have been made on time and for the required amount.

For most people, the "tax shown on your 2004 return" is the amount on your 2004 Form 1040, line 62, minus the total of any amounts shown on lines 65a and 67 and Forms 8828, 4137, 4136, 5329 (Parts III through VIII only), and 8885. Also subtract from line 62 any tax on an excess parachute payment and any excise tax on insider stock compensation of an expatriated corporation. When figuring the amount on line 62 , include the amount on line 61 only if line 63 is more than zero or you would have owed the estimated tax penalty for 2004 even if you did not include those taxes. But if you entered an amount on your 2004 Schedule H, line 7, include the total of that amount plus the amount on your 2004 Form 1040, line 61.


If your 2004 adjusted gross income was over \$150,000 (over $\$ 75,000$ if your 2005 filing status is married filing separately), item 2 above applies only if the total of lines 64, 65, and 67 on your 2005 return is at least $110 \%$ of the tax shown on your 2004 return. This rule does not apply to farmers and fishermen.

## Figuring the Penalty

If the Exception above does 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 you do, you can use the form to figure the amount.

Enter the penalty on line 76. Add the penalty to any tax due and enter the total on line 75. If you are due a refund, subtract the penalty from the overpayment you show on line 72. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

(0)Because Form 2210 is complicated, you can leave line 76 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. If your income varied during the year, the annualized income installment method may reduce the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2005 tax return with the IRS, check the "Yes" box in the "Third Party Designee" area of your return. Also, enter the designee's name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you, and your spouse if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2006 tax
return. This is April 16, 2007, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

## 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 your spouse cannot sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s). If you have someone prepare your return, you are still responsible for the correctness of the return. If your return is signed by a representative for you, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. If you are filing a joint return as a surviving spouse, see Death of a Taxpayer on page 63.

## Child's Return

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

## Daytime Phone Number

Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, credit for child and dependent care expenses, etc. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

## Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it in the space provided. 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.

## जEx fils

## Electronic Return Signatures!

Create your own personal identification number (PIN) and file a paperless return electronically or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail-not even your Forms W-2.

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2004 federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X), a math error notice, or an IRS examination report. AGI is the amount shown on your 2004 Form 1040, line 37; Form 1040A, line 22; Form 1040EZ, line 4; or on the TeleFile Tax Record, line I. If you do not have your 2004 income tax return, call the IRS at 1-800-829-1040 to get a free transcript of your return. You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual social security statement.

You cannot sign your return electronically if you are a first-time filer under age 16 at the end of 2005 or if you are filing certain forms, such as Form 3115, 3468 (if attachments are required), 5713, 8283 (if Section B is completed), 8332, 8858 , or 8885 .

For more details, visit
www.irs.gov/efile and click on "e-file for Individual Taxpayers."

Forms 8453 and 8453 -OL. Your return is not complete without your signature. If you are not eligible or choose not to sign your return electronically, you must complete, sign, and file Form 8453 or Form 8453-OL, whichever applies.

If you use a paid preparer, ask to sign your return electronically!

## 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. If you have supporting statements, arrange them in the same order as the schedules or forms they support and attach them last. Do not attach correspondence or other items unless required to do so. Attach a copy of Forms W-2 and 2439 to the front of Form 1040. Also attach Forms W-2G and 1099-R to the front of Form 1040 if tax was withheld.

## General Information

## How To Avoid Common Mistakes

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

- Make sure you entered the correct name and social security number (SSN) for each dependent you claim on line 6 c . Check that each dependent's name and SSN agrees with his or her social security card. Also, make sure you checked the box in line 6 c , column (4), or completed Form 8901 for each child under age 17 who is a qualifying child for the child tax credit.
- Check your math, especially for the child tax credit, earned income credit (EIC), taxable social security benefits, total income, itemized deductions or standard deduction, deduction for exemptions, taxable income, total tax, federal income tax withheld, and refund or amount you owe.
- Be sure you use the correct method to figure your tax. See the instructions for line 44 that begin on page 37.
- Be sure to enter your SSN in the space provided on page 1 of Form 1040. If you are married filing a joint or separate return, also enter your spouse's SSN . Be sure to enter your SSN in the space next to your name. Check that your name and SSN agree with your social security card.
- Make sure your name and address are correct on the peel-off label. If not, enter the correct information. If you did not get a peel-off label, enter your (and your spouse's) name in the same order as shown on your last return. Check that your name agrees with your social security card.
- If you are taking the standard deduction and you checked any box on line 39 a
or 39b or you (or your spouse if filing jointly) can be claimed as a dependent on someone else's 2005 return, see page 35 to be sure you entered the correct amount on line 40.
- If you received capital gain distributions but were not required to file Schedule D, make sure you checked the box on line 13.
- If you are taking the EIC, be sure you used the correct column of the EIC Table for your filing status and the number of children you have.
- Remember to sign and date Form 1040 and enter your occupation(s).
- Attach your Form(s) W-2 and other required forms and schedules. Put all forms and schedules in the proper order. See Assemble Your Return above.
- If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 75 on page 60 for details.


## What Are Your 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.

## Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Form 8857 or Pub. 971 for more details.

## Income Tax Withholding and Estimated Tax Payments for 2006

If the amount you owe or the amount you overpaid is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2006 pay. For details on how to complete Form W-4, see Pub. 919.

In general, you do not have to make estimated tax payments if you expect that your 2006 Form 1040 will show a tax refund or a tax balance due of less than $\$ 1,000$. If your total estimated tax (including any household employment taxes and alternative minimum tax) for 2006 is \$1,000 or more, see Form 1040-ES. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, see Pub. 505.

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

If not, certain deductions and credits may be reduced or disallowed, your refund may be delayed, and 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 You Make a Gift To Reduce Debt Held By the Public?

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, P.O. Box 2188, Parkersburg, WV 26106-2188. 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. See page 60 for details on how to pay any tax you owe.

You may be able to deduct this gift on your 2006 tax return.

## 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 Forms W-2 and 1099) 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.

## Amended Return

File Form 1040X 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. But you may have more time to file Form 1040X if you are physically or men-
tally unable to manage your financial affairs. See Pub. 556 for details.

## Need a Copy of Your Tax Return?

If you need a copy of your tax return, use Form 4506. There is a $\$ 39$ fee for each return requested. If you want a free transcript of your tax return or account, use Form 4506-T or call us. See page 10 for the number.

## Death of a Taxpayer

If a taxpayer died before filing a return for 2005, 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 must enter "Deceased," the deceased taxpayer's name, and the date of death across the top of the return. If this information is not provided, it may delay the processing of the return.

If your spouse died in 2005 and you did not remarry in 2005, or if your spouse died in 2006 before filing a return for 2005, you can file a joint return. A joint return should show your spouse's 2005 income before death and your income for all of 2005. Enter "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 TeleTax topic 356 (see page 8) or see Pub. 559.

## Other Ways To Get Help

## Send Your Written Tax Questions to the IRS

You should get an answer in about 30 days. If you do not have the mailing address, call us. See page 10 for the number. Do not send questions with your return.

## Research Your Tax Questions Online

You can find answers to many of your tax questions online in several ways by accessing the IRS website at www.irs.gov/help and then clicking on "Help With Tax Questions." Here are some of the methods you may want to try.

- Frequently asked questions. This section contains an extensive list of questions and answers. You can select your question by category or keyword.
- Tax trails. This is an interactive section which asks questions you can answer by selecting "Yes" or "No."
- Tax topics. This section provides a broad picture of tax topics beginning with 17 main categories. Each topic link leads to further categories and then to a discussion of the topic.


## Free Help With Your Return

Free help in preparing your return is available nationwide from IRS-sponsored volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 or older with their tax returns. Many VITA sites offer free electronic filing and all volunteers will let you know about the credits and deductions you may be entitled to claim. If you are a member of the military, you can also get assistance on military tax benefits, such as combat zone tax benefits, at an office within your installation. For more information on these programs, go to $w w w . i r s . g o v$ and enter keyword "VITA" in the upper right corner. Or, call us. See page 10 for the number. To find the nearest AARP Tax-Aide site, visit AARP's website at WWW.aarp.org/taxaide or call 1-888-227-7669.

When you go for help, take your photo ID and social security numbers (or individual taxpayer identification numbers) for your spouse, your dependents, and yourself. Also take a copy of your 2004 tax return (if available), all your Forms W-2, 1099 , and 1098 for 2005 , and any other information about your 2005 income and expenses.

## Everyday Tax Solutions

You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee
can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under "United States Government, Internal Revenue Service."

## Online Services

If you subscribe to an online service, ask about online filing or tax information.

## Large-Print Forms and Instructions

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, 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 them. You can get Pub. 1614 by phone or mail. See pages 7 and 78.

## Help for People With Disabilities

Telephone help is available using TTY/ TDD equipment by calling 1-800-829-4059. Braille materials are available at libraries that have special services for people with disabilities.

## Interest and Penalties

You do not have to figure the amount of any interest or penalties you may owe. Be-
cause 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 (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040, page 2. Do not include interest or penalties (other than the estimated tax penalty) in the amount you owe on line 75 .

## 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 can be as much as $25 \%$ (more in some cases) 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 $1 / 2$ of $1 \%$ of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as $25 \%$ 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.

$\Delta$See the instructions for line 44 that begin on page 33 to see if you must use the Tax Table below to figure your tax.

Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on Form 1040, line 43, is $\$ 25,300$. First, they find the $\$ 25,300-25,350$ taxable income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the taxable income line and filing status column meet is $\$ 3,069$. This is the tax amount they should enter on Form 1040, line 44.

## Sample Table

| At <br> least | But <br> less <br> than | Single | Married <br> filing <br> jointly <br> $\star$ | Married <br> filing <br> sepa- <br> rately | Head <br> of a <br> house- <br> hold |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  | Your tax is- |  |  |  |  |
| $\mathbf{2 5 , 2 0 0}$ | $\mathbf{2 5 , 2 5 0}$ | 3,419 | 3,054 | 3,419 | 3,261 |  |  |  |  |  |
| $\mathbf{2 5 , 2 5 0}$ | $\mathbf{2 5 , 3 0 0}$ | 3,426 | 3,061 | 3,426 | 3,269 |  |  |  |  |  |
| $\mathbf{2 5 , 3 0 0}$ | $\mathbf{2 5 , 3 5 0}$ | 3,434 | 3,069 | 3,434 | 3,276 |  |  |  |  |  |
| $\mathbf{2 5 , 3 5 0}$ | $\mathbf{2 5 , 4 0 0}$ | 3,441 | 3,076 | 3,441 | 3,284 |  |  |  |  |  |


| If line (taxab incom | is- | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> $x$ is- | Head of a household | At least | But less than | Single | Married filing jointly <br> Your ta | Married filing separately x is- | Head of a household | At least | But less than | Single | Married <br> filing jointly <br> our tax | Married <br> filing <br> sepa- <br> rately <br> is- | Head of a household |
| 0 | 5 | 0 | 0 | 0 | 0 | 1,300 | 1,325 | 131 | 131 | 131 | 131 | 2,700 | 2,725 | Your tax is-$\begin{array}{lll} 71 & 271 & 271 \end{array}$ |  |  | 271 |
| 5 | 15 | 1 | 1 | 1 | 1 | 1,325 | 1,350 | 134 | 134 | 134 | 134 | 2,725 | 2,750 | 274 | 274 | 274 | 274 |
| 15 | 25 | 2 | 2 | 2 | 2 | 1,350 | 1,375 | 136 | 136 | 136 | 136 | 2,750 | 2,775 | 276 | 276 | 276 | 276 |
| 25 | 50 | 4 | 4 | 4 | 4 | 1,375 | 1,400 | 139 | 139 | 139 | 139 | 2,775 | 2,800 | 279 | 279 | 279 | 279 |
| 50 | 75 | 6 | 6 | 6 | 6 | 1,400 | 1,425 | 141 | 141 | 141 | 141 | 2,800 | 2,825 | 281 | 281 | 281 | 281 |
| 75 | 100 | 9 | 9 | 9 | 9 | 1,425 | 1,450 | 144 | 144 | 144 | 144 | 2,825 | 2,850 | 284 | 284 | 284 | 284 |
| 100 | 125 | 11 | 11 | 11 | 11 | 1,450 | 1,475 | 146 | 146 | 146 | 146 | 2,850 | 2,875 | 286 | 286 | 286 | 286 |
| 125 | 150 | 14 | 14 | 14 | 14 | 1,475 | 1,500 | 149 | 149 | 149 | 149 | 2,875 | 2,900 | 289 | 289 | 289 | 289 |
| 150 | 175 | 16 | 16 | 16 | 16 | 1,500 | 1,525 | 151 | 151 | 151 | 151 | 2,900 | 2,925 | 291 | 291 | 291 | 291 |
| 175 | 200 | 19 | 19 | 19 | 19 | 1,525 | 1,550 | 154 | 154 | 154 | 154 | 2,925 | 2,950 | 294 | 294 | 294 | 294 |
| 200 | 225 | 21 | 21 | 21 | 21 | 1,550 | 1,575 | 156 | 156 | 156 | 156 | 2,950 | 2,975 | 296 | 296 | 296 | 296 |
| 225 | 250 | 24 | 24 | 24 | 24 | 1,575 | 1,600 | 159 | 159 | 159 | 159 | $\text { 2,975 } \quad 3,000$ |  | 299 | 299 | 299 | 299 |
| 250 | 275 | 26 | 26 | 26 | 26 | $\begin{aligned} & 1,600 \\ & 1,625 \\ & 1,650 \end{aligned}$ | $\begin{aligned} & 1,625 \\ & 1,650 \\ & 1,675 \end{aligned}$ | $\begin{aligned} & 161 \\ & 164 \\ & 166 \end{aligned}$ | $\begin{aligned} & 161 \\ & 164 \\ & 166 \end{aligned}$ | $\begin{aligned} & 161 \\ & 164 \\ & 166 \end{aligned}$ | $\begin{aligned} & 161 \\ & 164 \\ & 166 \end{aligned}$ | $3,000$ |  |  |  |  |  |
| 275 | 300 | 29 | 29 | 29 | 29 |  |  |  |  |  |  |  |  | 303 | 303 |  |  |
| 300 | 325 | 31 | 31 | 31 | 31 |  |  |  |  |  |  | $3,000 \quad 3,050$ |  |  |  | 303 | 303 |
| 325 | 350 | 34 | 34 | 34 | 34 | 1,675 1,700 |  | $\begin{aligned} & 160 \\ & 169 \end{aligned}$ | 169 | 169 | 169 | 3,050 3,100 |  | 308 | 308 | 308 | $\begin{aligned} & 308 \\ & 313 \end{aligned}$ |
| 350 | 375 | 36 | 36 | 36 | 36 | $\begin{array}{ll} 1,700 & 1,725 \\ 1,725 & 1,750 \end{array}$ |  | $\begin{aligned} & 171 \\ & 174 \end{aligned}$ | $\begin{aligned} & 171 \\ & 174 \end{aligned}$ | 171174 | 171 | 3,100 3,150 |  | 313 | 313 | 313 |  |
| 375 | 400 | 39 | 39 | 39 | 39 |  |  | 174 |  |  | 3,150 | 3,200 | 318 | 318 | 318 | $\begin{aligned} & 313 \\ & 318 \end{aligned}$ |  |
| 400 | 425 | 41 | 41 | 41 | 41 | 1,750 1,775 <br> 1,775 1,800 |  |  | $\begin{aligned} & 176 \\ & 179 \end{aligned}$ | $\begin{aligned} & 176 \\ & 179 \end{aligned}$ | $\begin{aligned} & 176 \\ & 179 \end{aligned}$ | 176 | 3,200 3,250 |  | 323323 |  | 323 | $\begin{aligned} & 323 \\ & 328 \end{aligned}$ |
| 425 | 450 | 44 | 44 | 44 | 44 |  |  | 179 |  |  |  | 3,250 3,300 |  | 328 | 328 | 328 |  |  |
| 450 | 475 | 46 | 46 | 46 | 46 | 1,800 1,825 |  | $\begin{aligned} & 181 \\ & 184 \end{aligned}$ | $\begin{aligned} & 181 \\ & 184 \end{aligned}$ | 181 | 181 | 3,300 3,350 |  | 333 | 333 | 333 | 328 333 |  |
| 475 | 500 | 49 | 49 | 49 | 49 | $\begin{array}{ll} 1,825 & 1,850 \\ 1,850 & 1,875 \end{array}$ |  |  |  | $184 \quad 184$ | 184 | 3,350 3,400 |  | 338 | 338 |  |  |  |
| 500 | 525 | 51 | 51 | 51 | 51 |  |  | $\begin{aligned} & 184 \\ & 186 \end{aligned}$ | 186189 | $\begin{aligned} & 186 \\ & 189 \end{aligned}$ | 186 | 3,400 3,450 |  | 343343 |  | $\begin{array}{ll}343 & 343 \\ 348 & 348\end{array}$ |  |  |
| 525 | 550 | 54 | 54 | 54 | 54 |  |  | 189 |  |  | 189 | 3,450 3,500 |  | $\begin{aligned} & 348 \\ & 353 \end{aligned}$ | $\begin{aligned} & 348 \\ & 353 \end{aligned}$ |  |  |  |  |
| 550 | 575 | 56 | 56 | 56 | 56 | $\begin{array}{ll} 1,900 & 1,925 \\ 1,925 & 1,950 \end{array}$ |  | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | $3,500$ | 3,550 |  |  | $\begin{array}{ll}348 & 348 \\ 353 & 353\end{array}$ |  |  |
| 575 | 600 | 59 | 59 | 59 | 59 |  |  |  |  |  |  | 3,600 | 358 | 358 | 358 | 358 |  |  |
| 600 | 625 | 61 | 61 | 61 | 61 | $\begin{array}{ll} 1,950 & 1,975 \\ 1,975 & 2,000 \end{array}$ |  |  |  |  |  | $\begin{aligned} & 3,600 \\ & 3,650 \\ & 3,700 \\ & 3,750 \end{aligned}$ | $\begin{aligned} & 3,650 \\ & 3,700 \\ & 3,750 \\ & 3,800 \end{aligned}$ | 363 | 363 | 363 363 |  |  |
| 625 | 650 | 64 | 64 | 64 | 64 |  |  | $\begin{aligned} & 196 \\ & 199 \end{aligned}$ |  |  |  |  |  | 368 | 368 | 368 | 368 |  |
| 650 | 675 | 66 | 66 | 66 | 66 | 2,000 |  |  |  |  |  |  |  | 373 378 | 373 378 | 373 378 | 373 |  |
| 675 | 700 | 69 | 69 | 69 | 69 |  |  |  |  |  |  |  | 3,800 3,850 <br> 3,850 3,900 <br> 3,900 3,950 <br> 3,950 4,000 |  | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ |
| 700 725 | 725 | 71 74 | 71 | 71 74 | 71 | 2,000 | 2,025 | 204 | 204 | 204 | 204 |  |  |  |  |  |  |  |  |
| 725 | 750 | 74 76 | 74 76 | 74 76 | 74 76 | 2,050 | 2,075 | 206 | 206 | 206 | 206 |  |  |  |  |  |  |  |  |
| 775 | 800 | 79 | 79 | 79 | 79 | 2,075 | 2,100 | 209 | 209 | 209 | 209 |  |  |  |  |  |  |  |  |
| 800 | 825 | 81 | 81 | 81 | 81 | 2,100 2,125 <br> 2,125 2,150 <br> 2,150 2,175 <br> 2,175 2,200 |  | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | 4,000 |  |  |  |  |  |  |
| 825 | 850 | 84 | 84 | 84 | 84 |  |  | 4,000 4,050 |  |  |  |  | 403 |  | 403 |  |  |  |
| 850 | 875 | 86 | 86 | 86 | 86 |  |  | 403 |  |  |  | 403 |  |  |  |  |  |  |
| 875 900 | 900 | 89 | 89 | 89 | 89 | $2,200$ | 2,225 |  |  |  | 221 | 221 | $\begin{aligned} & 221 \\ & 224 \\ & 226 \end{aligned}$ | $\begin{aligned} & 221 \\ & 224 \\ & 226 \end{aligned}$ | 4,100 | 4,150 | 413 | 413 | 413 | 413 |
| 900 925 | 925 950 | 91 94 | 91 94 | 91 94 | 91 94 | $\begin{aligned} & 2,225 \\ & 2,250 \\ & 2,275 \end{aligned}$ | 2,250 | $\begin{aligned} & 224 \\ & 226 \\ & 229 \end{aligned}$ | $\begin{aligned} & 224 \\ & 226 \end{aligned}$ | 4,200 | 418 | 418 |  |  |  | 418 | 418 |  |
| 950 | 975 | 96 | 96 | 96 | 96 |  | 2,275 |  |  | $\begin{aligned} & 4,200 \\ & 4,250 \end{aligned}$ | 4,250 | 423 |  |  | 423 | 423 | 423 |  |
| 975 | 1,000 | 99 | 99 | 99 | 99 |  | 2,300 | $\begin{aligned} & 229 \\ & 231 \end{aligned}$ | 229 |  | $229$ | $\begin{aligned} & 226 \\ & 229 \end{aligned}$ | $\begin{array}{ll} 4,250 & 4,300 \\ 4,300 & 4,350 \end{array}$ |  | 428 | 428 | 428 | 428 |
|  |  |  |  |  |  | $\begin{aligned} & 2,275 \\ & 2,300 \end{aligned}$ | 2,325 |  | $\begin{aligned} & 231 \\ & 234 \end{aligned}$ | 231 | 231 |  |  |  | 433 | 433 | 433 | 433 |
| 1,000 |  |  |  |  |  | $\begin{aligned} & 2,300 \\ & 2,325 \end{aligned}$ | 2,350 | 234 |  | 234236 | $\begin{aligned} & 234 \\ & 236 \end{aligned}$ | 4,350 4,400 |  | 438 | 438 | 438 | 438 |  |
| 1,000 | 1,025 | 101 | 101 | 101 | 101 | $\begin{aligned} & 2,350 \\ & 2,375 \end{aligned}$ | 2,400 | $\begin{array}{r} 236 \\ 239 \end{array}$ | $\begin{aligned} & 236 \\ & 239 \end{aligned}$ |  | $239$ | $\begin{aligned} & 4,400 \\ & 4,450 \\ & 4,500 \\ & 4,550 \end{aligned}$ | $\begin{aligned} & 4,450 \\ & 4,500 \\ & 4,550 \\ & 4,600 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ |  |
| 1,025 | 1,050 | 104 | 104 | 104 | 104 | 2,400 | 2,425 | $\begin{aligned} & 241 \\ & 244 \end{aligned}$ | $\begin{aligned} & 241 \\ & 244 \end{aligned}$ | 241 | 241 |  |  |  |  |  |  |  |
| 1,050 | 1,075 | 106 | 106 | 106 | 106 | 2,425 | 2,450 |  |  | 244 | 244 |  |  |  |  |  |  |  |
| 1,075 | 1,100 | 109 | 109 | 109 | 109 | $\begin{aligned} & 2,450 \\ & 2,475 \end{aligned}$ | 2,475 | 246 | 246 | 246 249 | 246 | 4,600 | 4,650 | 463 | 463 | 463 | 463 |  |
| 1,100 | 1,125 | 111 | 111 | 111 | 111 | 2,475 | 2,500 | 249 | 249 | 249 | 249 | 4,650 | 4,700 | 468 | 468 | 468 | 468 |  |
| 1,125 | 1,150 | 114 | 114 | 114 | 114 | 2,500 | 2,525 | 254 | 254 | 254 | 254 | 4,700 | 4,750 | 473 | 473 | 473 | 473 |  |
| 1,150 | 1,175 | 116 | 116 | 116 | 116 | 2,550 | 2,575 | 256 | 256 | 256 | 256 | 4,750 | 4,800 | 478 | 478 | 478 | 478 |  |
| 1,175 | 1,200 | 119 | 119 | 119 | 119 | 2,575 | 2,600 | 259 | 259 | 259 | 259 | 4,800 | 4,850 | 483 | 483 | 483 | 483 |  |
| 1,200 | 1,225 | 121 | 121 | 121 | 121 | 2,600 | 2,625 | 261 | 261 | 261 | 261 | 4,850 | 4,900 | 488 | 488 | 488 | 488 |  |
| 1,225 | 1,250 | 124 | 124 | 124 | 124 | 2,625 | 2,650 | 264 | 264 | 264 | 264 | 4,900 | 4,950 | 493 | 493 | 493 | 493 |  |
| 1,250 | 1,275 | 126 | 126 | 126 | 126 | 2,650 | 2,675 | 266 | 266 | 266 | 266 | 4,950 | 5,000 | 498 | 498 | 498 | 498 |  |
| 1,275 | 1,300 | 129 | 129 | 129 | 129 | 2,675 | 2,700 | 269 | 269 | 269 | 269 |  |  |  | (Contin | ued on | page 65) |  |

[^2]| If line 43 (taxable income) |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing jointly <br> Your ta | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your ta | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 5,000 |  |  |  |  |  | 8,000 |  |  |  |  |  | 11,000 |  |  |  |  |  |
| 5,000 | 5,050 | 503 | 503 | 503 | 503 | 8,000 | 8,050 | 839 | 803 | 839 | 803 | 11,000 | 11,050 | 1,289 | 1,103 | 1,289 | 1,131 |
| 5,050 | 5,100 | 508 | 508 | 508 | 508 | 8,050 | 8,100 | 846 | 808 | 846 | 808 | 11,050 | 11,100 | 1,296 | 1,108 | 1,296 | 1,139 |
| 5,100 | 5,150 | 513 | 513 | 513 | 513 | 8,100 | 8,150 | 854 | 813 | 854 | 813 | 11,100 | 11,150 | 1,304 | 1,113 | 1,304 | 1,146 |
| 5,150 | 5,200 | 518 | 518 | 518 | 518 | 8,150 | 8,200 | 861 | 818 | 861 | 818 | 11,150 | 11,200 | 1,311 | 1,118 | 1,311 | 1,154 |
| 5,200 | 5,250 | 523 | 523 | 523 | 523 | 8,200 | 8,250 | 869 | 823 | 869 | 823 | 11,200 | 11,250 | 1,319 | 1,123 | 1,319 | 1,161 |
| 5,250 | 5,300 | 528 | 528 | 528 | 528 | 8,250 | 8,300 | 876 | 828 | 876 | 828 | 11,250 | 11,300 | 1,326 | 1,128 | 1,326 | 1,169 |
| 5,300 | 5,350 | 533 | 533 | 533 | 533 | 8,300 | 8,350 | 884 | 833 | 884 | 833 | 11,300 | 11,350 | 1,334 | 1,133 | 1,334 | 1,176 |
| 5,350 | 5,400 | 538 | 538 | 538 | 538 | 8,350 | 8,400 | 891 | 838 | 891 | 838 | 11,350 | 11,400 | 1,341 | 1,138 | 1,341 | 1,184 |
| 5,400 | 5,450 | 543 | 543 | 543 | 543 | 8,400 | 8,450 | 899 | 843 | 899 | 843 | 11,400 | 11,450 | 1,349 | 1,143 | 1,349 | 1,191 |
| 5,450 | 5,500 | 548 | 548 | 548 | 548 | 8,450 | 8,500 | 906 | 848 | 906 | 848 | 11,450 | 11,500 | 1,356 | 1,148 | 1,356 | 1,199 |
| 5,500 | 5,550 | 553 | 553 | 553 | 553 | 8,500 | 8,550 | 914 | 853 | 914 | 853 | 11,500 | 11,550 | 1,364 | 1,153 | 1,364 | 1,206 |
| 5,550 | 5,600 | 558 | 558 | 558 | 558 | 8,550 | 8,600 | 921 | 858 | 921 | 858 | 11,550 | 11,600 | 1,371 | 1,158 | 1,371 | 1,214 |
| 5,600 | 5,650 | 563 | 563 | 563 | 563 | 8,600 | 8,650 | 929 | 863 | 929 | 863 | 11,600 | 11,650 | 1,379 | 1,163 | 1,379 | 1,221 |
| 5,650 | 5,700 | 568 | 568 | 568 | 568 | 8,650 | 8,700 | 936 | 868 | 936 | 868 | 11,650 | 11,700 | 1,386 | 1,168 | 1,386 | 1,229 |
| 5,700 | 5,750 | 573 | 573 | 573 | 573 | 8,700 | 8,750 | 944 | 873 | 944 | 873 | 11,700 | 11,750 | 1,394 | 1,173 | 1,394 | 1,236 |
| 5,750 | 5,800 | 578 | 578 | 578 | 578 | 8,750 | 8,800 | 951 | 878 | 951 | 878 | 11,750 | 11,800 | 1,401 | 1,178 | 1,401 | 1,244 |
| 5,800 | 5,850 | 583 | 583 | 583 | 583 | 8,800 | 8,850 | 959 | 883 | 959 | 883 | 11,800 | 11,850 | 1,409 | 1,183 | 1,409 | 1,251 |
| 5,850 | 5,900 | 588 | 588 | 588 | 588 | 8,850 | 8,900 | 966 | 888 | 966 | 888 | 11,850 | 11,900 | 1,416 | 1,188 | 1,416 | 1,259 |
| 5,900 | 5,950 | 593 | 593 | 593 | 593 | 8,900 | 8,950 | 974 | 893 | 974 | 893 | 11,900 | 11,950 | 1,424 | 1,193 | 1,424 | 1,266 |
| 5,950 | 6,000 | 598 | 598 | 598 | 598 | 8,950 | 9,000 | 981 | 898 | 981 | 898 | 11,950 | 12,000 | 1,431 | 1,198 | 1,431 | 1,274 |
| 6,0 |  |  |  |  |  | 9,00 |  |  |  |  |  | 12,00 | 00 |  |  |  |  |
| 6,000 | 6,050 | 603 | 603 | 603 | 603 | 9,000 | 9,050 | 989 | 903 | 989 | 903 | 12,000 | 12,050 | 1,439 | 1,203 | 1,439 | 1,281 |
| 6,050 | 6,100 | 608 | 608 | 608 | 608 | 9,050 | 9,100 | 996 | 908 | 996 | 908 | 12,050 | 12,100 | 1,446 | 1,208 | 1,446 | 1,289 |
| 6,100 | 6,150 | 613 | 613 | 613 | 613 | 9,100 | 9,150 | 1,004 | 913 | 1,004 | 913 | 12,100 | 12,150 | 1,454 | 1,213 | 1,454 | 1,296 |
| 6,150 | 6,200 | 618 | 618 | 618 | 618 | 9,150 | 9,200 | 1,011 | 918 | 1,011 | 918 | 12,150 | 12,200 | 1,461 | 1,218 | 1,461 | 1,304 |
| 6,200 | 6,250 | 623 | 623 | 623 | 623 | 9,200 | 9,250 | 1,019 | 923 | 1,019 | 923 | 12,200 | 12,250 | 1,469 | 1,223 | 1,469 | 1,311 |
| 6,250 | 6,300 | 628 | 628 | 628 | 628 | 9,250 | 9,300 | 1,026 | 928 | 1,026 | 928 | 12,250 | 12,300 | 1,476 | 1,228 | 1,476 | 1,319 |
| 6,300 | 6,350 | 633 | 633 | 633 | 633 | 9,300 | 9,350 | 1,034 | 933 | 1,034 | 933 | 12,300 | 12,350 | 1,484 | 1,233 | 1,484 | 1,326 |
| 6,350 | 6,400 | 638 | 638 | 638 | 638 | 9,350 | 9,400 | 1,041 | 938 | 1,041 | 938 | 12,350 | 12,400 | 1,491 | 1,238 | 1,491 | 1,334 |
| 6,400 | 6,450 | 643 | 643 | 643 | 643 | 9,400 | 9,450 | 1,049 | 943 | 1,049 | 943 | 12,400 | 12,450 | 1,499 | 1,243 | 1,499 | 1,341 |
| 6,450 | 6,500 | 648 | 648 | 648 | 648 | 9,450 | 9,500 | 1,056 | 948 | 1,056 | 948 | 12,450 | 12,500 | 1,506 | 1,248 | 1,506 | 1,349 |
| 6,500 | 6,550 | 653 | 653 | 653 | 653 | 9,500 | 9,550 | 1,064 | 953 | 1,064 | 953 | 12,500 | 12,550 | 1,514 | 1,253 | 1,514 | 1,356 |
| 6,550 | 6,600 | 658 | 658 | 658 | 658 | 9,550 | 9,600 | 1,071 | 958 | 1,071 | 958 | 12,550 | 12,600 | 1,521 | 1,258 | 1,521 | 1,364 |
| 6,600 | 6,650 | 663 | 663 | 663 | 663 | 9,600 | 9,650 | 1,079 | 963 | 1,079 | 963 | 12,600 | 12,650 | 1,529 | 1,263 | 1,529 | 1,371 |
| 6,650 | 6,700 | 668 | 668 | 668 | 668 | 9,650 | 9,700 | 1,086 | 968 | 1,086 | 968 | 12,650 | 12,700 | 1,536 | 1,268 | 1,536 | 1,379 |
| 6,700 | 6,750 | 673 | 673 | 673 | 673 | 9,700 | 9,750 | 1,094 | 973 | 1,094 | 973 | 12,700 | 12,750 | 1,544 | 1,273 | 1,544 | 1,386 |
| 6,750 | 6,800 | 678 | 678 | 678 | 678 | 9,750 | 9,800 | 1,101 | 978 | 1,101 | 978 | 12,750 | 12,800 | 1,551 | 1,278 | 1,551 | 1,394 |
| 6,800 | 6,850 | 683 | 683 | 683 | 683 | 9,800 | 9,850 | 1,109 | 983 | 1,109 | 983 | 12,800 | 12,850 | 1,559 | 1,283 | 1,559 | 1,401 |
| 6,850 | 6,900 | 688 | 688 | 688 | 688 | 9,850 | 9,900 | 1,116 | 988 | 1,116 | 988 | 12,850 | 12,900 | 1,566 | 1,288 | 1,566 | 1,409 |
| 6,900 | 6,950 | 693 | 693 | 693 | 693 | 9,900 | 9,950 | 1,124 | 993 | 1,124 | 993 | 12,900 | 12,950 | 1,574 | 1,293 | 1,574 | 1,416 |
| 6,950 | 7,000 | 698 | 698 | 698 | 698 | 9,950 | 10,000 | 1,131 | 998 | 1,131 | 998 | 12,950 | 13,000 | 1,581 | 1,298 | 1,581 | 1,424 |
| 7,0 |  |  |  |  |  |  | 000 |  |  |  |  | 13,0 | 000 |  |  |  |  |
| 7,000 | 7,050 | 703 | 703 | 703 | 703 | 10,000 | 10,050 | 1,139 | 1,003 | 1,139 | 1,003 | 13,000 | 13,050 | 1,589 | 1,303 | 1,589 | 1,431 |
| 7,050 | 7,100 | 708 | 708 | 708 | 708 | 10,050 | 10,100 | 1,146 | 1,008 | 1,146 | 1,008 | 13,050 | 13,100 | 1,596 | 1,308 | 1,596 | 1,439 |
| 7,100 | 7,150 | 713 | 713 | 713 | 713 | 10,100 | 10,150 | 1,154 | 1,013 | 1,154 | 1,013 | 13,100 | 13,150 | 1,604 | 1,313 | 1,604 | 1,446 |
| 7,150 | 7,200 | 718 | 718 | 718 | 718 | 10,150 | 10,200 | 1,161 | 1,018 | 1,161 | 1,018 | 13,150 | 13,200 | 1,611 | 1,318 | 1,611 | 1,454 |
| 7,200 | 7,250 | 723 | 723 | 723 | 723 | 10,200 | 10,250 | 1,169 | 1,023 | 1,169 | 1,023 | 13,200 | 13,250 | 1,619 | 1,323 | 1,619 | 1,461 |
| 7,250 | 7,300 | 728 | 728 | 728 | 728 | 10,250 | 10,300 | 1,176 | 1,028 | 1,176 | 1,028 | 13,250 | 13,300 | 1,626 | 1,328 | 1,626 | 1,469 |
| 7,300 | 7,350 | 734 | 733 | 734 | 733 | 10,300 | 10,350 | 1,184 | 1,033 | 1,184 | 1,033 | 13,300 | 13,350 | 1,634 | 1,333 | 1,634 | 1,476 |
| 7,350 | 7,400 | 741 | 738 | 741 | 738 | 10,350 | 10,400 | 1,191 | 1,038 | 1,191 | 1,038 | 13,350 | 13,400 | 1,641 | 1,338 | 1,641 | 1,484 |
| 7,400 | 7,450 | 749 | 743 | 749 | 743 | 10,400 | 10,450 | 1,199 | 1,043 | 1,199 | 1,043 | 13,400 | 13,450 | 1,649 | 1,343 | 1,649 | 1,491 |
| 7,450 | 7,500 | 756 | 748 | 756 | 748 | 10,450 | 10,500 | 1,206 | 1,048 | 1,206 | 1,049 | 13,450 | 13,500 | 1,656 | 1,348 | 1,656 | 1,499 |
| 7,500 | 7,550 | 764 | 753 | 764 | 753 | 10,500 | 10,550 | 1,214 | 1,053 | 1,214 | 1,056 | 13,500 | 13,550 | 1,664 | 1,353 | 1,664 | 1,506 |
| 7,550 | 7,600 | 771 | 758 | 771 | 758 | 10,550 | 10,600 | 1,221 | 1,058 | 1,221 | 1,064 | 13,550 | 13,600 | 1,671 | 1,358 | 1,671 | 1,514 |
| 7,600 | 7,650 | 779 | 763 | 779 | 763 | 10,600 | 10,650 | 1,229 | 1,063 | 1,229 | 1,071 | 13,600 | 13,650 | 1,679 | 1,363 | 1,679 | 1,521 |
| 7,650 | 7,700 | 786 | 768 | 786 | 768 | 10,650 | 10,700 | 1,236 | 1,068 | 1,236 | 1,079 | 13,650 | 13,700 | 1,686 | 1,368 | 1,686 | 1,529 |
| 7,700 | 7,750 | 794 | 773 | 794 | 773 | 10,700 | 10,750 | 1,244 | 1,073 | 1,244 | 1,086 | 13,700 | 13,750 | 1,694 | 1,373 | 1,694 | 1,536 |
| 7,750 | 7,800 | 801 | 778 | 801 | 778 | 10,750 | 10,800 | 1,251 | 1,078 | 1,251 | 1,094 | 13,750 | 13,800 | 1,701 | 1,378 | 1,701 | 1,544 |
| 7,800 | 7,850 | 809 | 783 | 809 | 783 | 10,800 | 10,850 | 1,259 | 1,083 | 1,259 | 1,101 | 13,800 | 13,850 | 1,709 | 1,383 | 1,709 | 1,551 |
| 7,850 | 7,900 | 816 | 788 | 816 | 788 | 10,850 | 10,900 | 1,266 | 1,088 | 1,266 | 1,109 | 13,850 | 13,900 | 1,716 | 1,388 | 1,716 | 1,559 |
| 7,900 | 7,950 | 824 | 793 | 824 | 793 | 10,900 | 10,950 | 1,274 | 1,093 | 1,274 | 1,116 | 13,900 | 13,950 | 1,724 | 1,393 | 1,724 | 1,566 |
| 7,950 | 8,000 | 831 | 798 | 831 | 798 | 10,950 | 11,000 | 1,281 | 1,098 | 1,281 | 1,124 | 13,950 | 14,000 | 1,731 | 1,398 | 1,731 | 1,574 |

2005 Tax Table-Continued

| If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less <br> than | Single | Married <br> filing jointly <br> Your ta | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But <br> less <br> than | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a house hold |
| 14,000 |  |  |  |  |  | 17,000 |  |  |  |  |  | 20,000 |  |  |  |  |  |
| 14,000 | 14,050 | 1,739 | 1,403 | 1,739 | 1,581 | 17,000 | 17,050 | 2,189 | 1,824 | 2,189 | 2,031 | 20,000 | 20,050 | 2,639 | 2,274 | 2,639 | 2,481 |
| 14,050 | 14,100 | 1,746 | 1,408 | 1,746 | 1,589 | 17,050 | 17,100 | 2,196 | 1,831 | 2,196 | 2,039 | 20,050 | 20,100 | 2,646 | 2,281 | 2,646 | 2,489 |
| 14,100 | 14,150 | 1,754 | 1,413 | 1,754 | 1,596 | 17,100 | 17,150 | 2,204 | 1,839 | 2,204 | 2,046 | 20,100 | 20,150 | 2,654 | 2,289 | 2,654 | 2,496 |
| 14,150 | 14,200 | 1,761 | 1,418 | 1,761 | 1,604 | 17,150 | 17,200 | 2,211 | 1,846 | 2,211 | 2,054 | 20,150 | 20,200 | 2,661 | 2,296 | 2,661 | 2,504 |
| 14,200 | 14,250 | 1,769 | 1,423 | 1,769 | 1,611 | 17,200 | 17,250 | 2,219 | 1,854 | 2,219 | 2,061 | 20,200 | 20,250 | 2,669 | 2,304 | 2,669 | 2,511 |
| 14,250 | 14,300 | 1,776 | 1,428 | 1,776 | 1,619 | 17,250 | 17,300 | 2,226 | 1,861 | 2,226 | 2,069 | 20,250 | 20,300 | 2,676 | 2,311 | 2,676 | 2,519 |
| 14,300 | 14,350 | 1,784 | 1,433 | 1,784 | 1,626 | 17,300 | 17,350 | 2,234 | 1,869 | 2,234 | 2,076 | 20,300 | 20,350 | 2,684 | 2,319 | 2,684 | 2,526 |
| 14,350 | 14,400 | 1,791 | 1,438 | 1,791 | 1,634 | 17,350 | 17,400 | 2,241 | 1,876 | 2,241 | 2,084 | 20,350 | 20,400 | 2,691 | 2,326 | 2,691 | 2,534 |
| 14,400 | 14,450 | 1,799 | 1,443 | 1,799 | 1,641 | 17,400 | 17,450 | 2,249 | 1,884 | 2,249 | 2,091 | 20,400 | 20,450 | 2,699 | 2,334 | 2,699 | 2,541 |
| 14,450 | 14,500 | 1,806 | 1,448 | 1,806 | 1,649 | 17,450 | 17,500 | 2,256 | 1,891 | 2,256 | 2,099 | 20,450 | 20,500 | 2,706 | 2,341 | 2,706 | 2,549 |
| 14,500 | 14,550 | 1,814 | 1,453 | 1,814 | 1,656 | 17,500 | 17,550 | 2,264 | 1,899 | 2,264 | 2,106 | 20,500 | 20,550 | 2,714 | 2,349 | 2,714 | 2,556 |
| 14,550 | 14,600 | 1,821 | 1,458 | 1,821 | 1,664 | 17,550 | 17,600 | 2,271 | 1,906 | 2,271 | 2,114 | 20,550 | 20,600 | 2,721 | 2,356 | 2,721 | 2,564 |
| 14,600 | 14,650 | 1,829 | 1,464 | 1,829 | 1,671 | 17,600 | 17,650 | 2,279 | 1,914 | 2,279 | 2,121 | 20,600 | 20,650 | 2,729 | 2,364 | 2,729 | 2,571 |
| 14,650 | 14,700 | 1,836 | 1,471 | 1,836 | 1,679 | 17,650 | 17,700 | 2,286 | 1,921 | 2,286 | 2,129 | 20,650 | 20,700 | 2,736 | 2,371 | 2,736 | 2,579 |
| 14,700 | 14,750 | 1,844 | 1,479 | 1,844 | 1,686 | 17,700 | 17,750 | 2,294 | 1,929 | 2,294 | 2,136 | 20,700 | 20,750 | 2,744 | 2,379 | 2,744 | 2,586 |
| 14,750 | 14,800 | 1,851 | 1,486 | 1,851 | 1,694 | 17,750 | 17,800 | 2,301 | 1,936 | 2,301 | 2,144 | 20,750 | 20,800 | 2,751 | 2,386 | 2,751 | 2,594 |
| 14,800 | 14,850 | 1,859 | 1,494 | 1,859 | 1,701 | 17,800 | 17,850 | 2,309 | 1,944 | 2,309 | 2,151 | 20,800 | 20,850 | 2,759 | 2,394 | 2,759 | 2,601 |
| 14,850 | 14,900 | 1,866 | 1,501 | 1,866 | 1,709 | 17,850 | 17,900 | 2,316 | 1,951 | 2,316 | 2,159 | 20,850 | 20,900 | 2,766 | 2,401 | 2,766 | 2,609 |
| 14,900 | 14,950 | 1,874 | 1,509 | 1,874 | 1,716 | 17,900 | 17,950 | 2,324 | 1,959 | 2,324 | 2,166 | 20,900 | 20,950 | 2,774 | 2,409 | 2,774 | 2,616 |
| 14,950 | 15,000 | 1,881 | 1,516 | 1,881 | 1,724 | 17,950 | 18,000 | 2,331 | 1,966 | 2,331 | 2,174 | 20,950 | 21,000 | 2,781 | 2,416 | 2,781 | 2,624 |
|  |  |  |  |  |  |  |  |  |  |  |  |  | 00 |  |  |  |  |
| 15,000 | 15,050 | 1,889 | 1,524 | 1,889 | 1,731 | 18,000 | 18,050 | 2,339 | 1,974 | 2,339 | 2,181 | 21,000 | 21,050 | 2,789 | 2,424 | 2,789 | 2,631 |
| 15,050 | 15,100 | 1,896 | 1,531 | 1,896 | 1,739 | 18,050 | 18,100 | 2,346 | 1,981 | 2,346 | 2,189 | 21,050 | 21,100 | 2,796 | 2,431 | 2,796 | 2,639 |
| 15,100 | 15,150 | 1,904 | 1,539 | 1,904 | 1,746 | 18,100 | 18,150 | 2,354 | 1,989 | 2,354 | 2,196 | 21,100 | 21,150 | 2,804 | 2,439 | 2,804 | 2,646 |
| 15,150 | 15,200 | 1,911 | 1,546 | 1,911 | 1,754 | 18,150 | 18,200 | 2,361 | 1,996 | 2,361 | 2,204 | 21,150 | 21,200 | 2,811 | 2,446 | 2,811 | 2,654 |
| 15,200 | 15,250 | 1,919 | 1,554 | 1,919 | 1,761 | 18,200 | 18,250 | 2,369 | 2,004 | 2,369 | 2,211 | 21,200 | 21,250 | 2,819 | 2,454 | 2,819 | 2,661 |
| 15,250 | 15,300 | 1,926 | 1,561 | 1,926 | 1,769 | 18,250 | 18,300 | 2,376 | 2,011 | 2,376 | 2,219 | 21,250 | 21,300 | 2,826 | 2,461 | 2,826 | 2,669 |
| 15,300 | 15,350 | 1,934 | 1,569 | 1,934 | 1,776 | 18,300 | 18,350 | 2,384 | 2,019 | 2,384 | 2,226 | 21,300 | 21,350 | 2,834 | 2,469 | 2,834 | 2,676 |
| 15,350 | 15,400 | 1,941 | 1,576 | 1,941 | 1,784 | 18,350 | 18,400 | 2,391 | 2,026 | 2,391 | 2,234 | 21,350 | 21,400 | 2,841 | 2,476 | 2,841 | 2,684 |
| 15,400 | 15,450 | 1,949 | 1,584 | 1,949 | 1,791 | 18,400 | 18,450 | 2,399 | 2,034 | 2,399 | 2,241 | 21,400 | 21,450 | 2,849 | 2,484 | 2,849 | 2,691 |
| 15,450 | 15,500 | 1,956 | 1,591 | 1,956 | 1,799 | 18,450 | 18,500 | 2,406 | 2,041 | 2,406 | 2,249 | 21,450 | 21,500 | 2,856 | 2,491 | 2,856 | 2,699 |
| 15,500 | 15,550 | 1,964 | 1,599 | 1,964 | 1,806 | 18,500 | 18,550 | 2,414 | 2,049 | 2,414 | 2,256 | 21,500 | 21,550 | 2,864 | 2,499 | 2,864 | 2,706 |
| 15,550 | 15,600 | 1,971 | 1,606 | 1,971 | 1,814 | 18,550 | 18,600 | 2,421 | 2,056 | 2,421 | 2,264 | 21,550 | 21,600 | 2,871 | 2,506 | 2,871 | 2,714 |
| 15,600 | 15,650 | 1,979 | 1,614 | 1,979 | 1,821 | 18,600 | 18,650 | 2,429 | 2,064 | 2,429 | 2,271 | 21,600 | 21,650 | 2,879 | 2,514 | 2,879 | 2,721 |
| 15,650 | 15,700 | 1,986 | 1,621 | 1,986 | 1,829 | 18,650 | 18,700 | 2,436 | 2,071 | 2,436 | 2,279 | 21,650 | 21,700 | 2,886 | 2,521 | 2,886 | 2,729 |
| 15,700 | 15,750 | 1,994 | 1,629 | 1,994 | 1,836 | 18,700 | 18,750 | 2,444 | 2,079 | 2,444 | 2,286 | 21,700 | 21,750 | 2,894 | 2,529 | 2,894 | 2,736 |
| 15,750 | 15,800 | 2,001 | 1,636 | 2,001 | 1,844 | 18,750 | 18,800 | 2,451 | 2,086 | 2,451 | 2,294 | 21,750 | 21,800 | 2,901 | 2,536 | 2,901 | 2,744 |
| 15,800 | 15,850 | 2,009 | 1,644 | 2,009 | 1,851 | 18,800 | 18,850 | 2,459 | 2,094 | 2,459 | 2,301 | 21,800 | 21,850 | 2,909 | 2,544 | 2,909 | 2,751 |
| 15,850 | 15,900 | 2,016 | 1,651 | 2,016 | 1,859 | 18,850 | 18,900 | 2,466 | 2,101 | 2,466 | 2,309 | 21,850 | 21,900 | 2,916 | 2,551 | 2,916 | 2,759 |
| 15,900 | 15,950 | 2,024 | 1,659 | 2,024 | 1,866 | 18,900 | 18,950 | 2,474 | 2,109 | 2,474 | 2,316 | 21,900 | 21,950 | 2,924 | 2,559 | 2,924 | 2,766 |
| 15,950 | 16,000 | 2,031 | 1,666 | 2,031 | 1,874 | 18,950 | 19,000 | 2,481 | 2,116 | 2,481 | 2,324 | 21,950 | 22,000 | 2,931 | 2,566 | 2,931 | 2,774 |
| 16 |  |  |  |  |  | 19 |  |  |  |  |  | 22 | 00 |  |  |  |  |
| 16,000 | 16,050 | 2,039 | 1,674 | 2,039 | 1,881 | 19,000 | 19,050 | 2,489 | 2,124 | 2,489 | 2,331 | 22,000 | 22,050 | 2,939 | 2,574 | 2,939 | 2,781 |
| 16,050 | 16,100 | 2,046 | 1,681 | 2,046 | 1,889 | 19,050 | 19,100 | 2,496 | 2,131 | 2,496 | 2,339 | 22,050 | 22,100 | 2,946 | 2,581 | 2,946 | 2,789 |
| 16,100 | 16,150 | 2,054 | 1,689 | 2,054 | 1,896 | 19,100 | 19,150 | 2,504 | 2,139 | 2,504 | 2,346 | 22,100 | 22,150 | 2,954 | 2,589 | 2,954 | 2,796 |
| 16,150 | 16,200 | 2,061 | 1,696 | 2,061 | 1,904 | 19,150 | 19,200 | 2,511 | 2,146 | 2,511 | 2,354 | 22,150 | 22,200 | 2,961 | 2,596 | 2,961 | 2,804 |
| 16,200 | 16,250 | 2,069 | 1,704 | 2,069 | 1,911 | 19,200 | 19,250 | 2,519 | 2,154 | 2,519 | 2,361 | 22,200 | 22,250 | 2,969 | 2,604 | 2,969 | 2,811 |
| 16,250 | 16,300 | 2,076 | 1,711 | 2,076 | 1,919 | 19,250 | 19,300 | 2,526 | 2,161 | 2,526 | 2,369 | 22,250 | 22,300 | 2,976 | 2,611 | 2,976 | 2,819 |
| 16,300 | 16,350 | 2,084 | 1,719 | 2,084 | 1,926 | 19,300 | 19,350 | 2,534 | 2,169 | 2,534 | 2,376 | 22,300 | 22,350 | 2,984 | 2,619 | 2,984 | 2,826 |
| 16,350 | 16,400 | 2,091 | 1,726 | 2,091 | 1,934 | 19,350 | 19,400 | 2,541 | 2,176 | 2,541 | 2,384 | 22,350 | 22,400 | 2,991 | 2,626 | 2,991 | 2,834 |
| 16,400 | 16,450 | 2,099 | 1,734 | 2,099 | 1,941 | 19,400 | 19,450 | 2,549 | 2,184 | 2,549 | 2,391 | 22,400 | 22,450 | 2,999 | 2,634 | 2,999 | 2,841 |
| 16,450 | 16,500 | 2,106 | 1,741 | 2,106 | 1,949 | 19,450 | 19,500 | 2,556 | 2,191 | 2,556 | 2,399 | 22,450 | 22,500 | 3,006 | 2,641 | 3,006 | 2,849 |
| 16,500 | 16,550 | 2,114 | 1,749 | 2,114 | 1,956 | 19,500 | 19,550 | 2,564 | 2,199 | 2,564 | 2,406 | 22,500 | 22,550 | 3,014 | 2,649 | 3,014 | 2,856 |
| 16,550 | 16,600 | 2,121 | 1,756 | 2,121 | 1,964 | 19,550 | 19,600 | 2,571 | 2,206 | 2,571 | 2,414 | 22,550 | 22,600 | 3,021 | 2,656 | 3,021 | 2,864 |
| 16,600 | 16,650 | 2,129 | 1,764 | 2,129 | 1,971 | 19,600 | 19,650 | 2,579 | 2,214 | 2,579 | 2,421 | 22,600 | 22,650 | 3,029 | 2,664 | 3,029 | 2,871 |
| 16,650 | 16,700 | 2,136 | 1,771 | 2,136 | 1,979 | 19,650 | 19,700 | 2,586 | 2,221 | 2,586 | 2,429 | 22,650 | 22,700 | 3,036 | 2,671 | 3,036 | 2,879 |
| 16,700 | 16,750 | 2,144 | 1,779 | 2,144 | 1,986 | 19,700 | 19,750 | 2,594 | 2,229 | 2,594 | 2,436 | 22,700 | 22,750 | 3,044 | 2,679 | 3,044 | 2,886 |
| 16,750 | 16,800 | 2,151 | 1,786 | 2,151 | 1,994 | 19,750 | 19,800 | 2,601 | 2,236 | 2,601 | 2,444 | 22,750 | 22,800 | 3,051 | 2,686 | 3,051 | 2,894 |
| 16,800 | 16,850 | 2,159 | 1,794 | 2,159 | 2,001 | 19,800 | 19,850 | 2,609 | 2,244 | 2,609 | 2,451 | 22,800 | 22,850 | 3,059 | 2,694 | 3,059 | 2,901 |
| 16,850 | 16,900 | 2,166 | 1,801 | 2,166 | 2,009 | 19,850 | 19,900 | 2,616 | 2,251 | 2,616 | 2,459 | 22,850 | 22,900 | 3,066 | 2,701 | 3,066 | 2,909 |
| 16,900 | 16,950 | 2,174 | 1,809 | 2,174 | 2,016 | 19,900 | 19,950 | 2,624 | 2,259 | 2,624 | 2,466 | 22,900 | 22,950 | 3,074 | 2,709 | 3,074 | 2,916 |
| 16,950 | 17,000 | 2,181 | 1,816 | 2,181 | 2,024 | 19,950 | 20,000 | 2,631 | 2,266 | 2,631 | 2,474 | 22,950 | 23,000 | 3,081 | 2,716 | 3,081 | 2,924 |

2005 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | $\begin{array}{\|l\|} \text { At } \\ \text { least } \end{array}$ |  | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a house hold | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 23,000 |  |  |  |  |  | 26,000 |  |  |  |  |  | 29,000 |  |  |  |  |  |
| 3,000 | 23,050 | 3,089 | 2,724 | 3,089 | 2,93 | 26,000 | 26,050 | 3,539 | 3, | 3,539 | 3,38 | 29,000 | 29,050 | 3,989 | 3,624 | 3,989 | 3,831 |
| 23,050 | 23,100 | 3,096 | 2,731 | 3,096 | 2,939 | 26,050 | 26,100 | 3,546 | 3,181 | 3,546 | 3,389 | 29,050 | 29,100 | 3,996 | 3,631 | 3,996 | 3,839 |
| 23,100 | 23,150 | 3,104 | 2,739 | 3,104 | 2,946 | 26,100 | 26,150 | 3,554 | 3,189 | 3,554 | 3,396 | 29,100 | 29,150 | 4,004 | 3,639 | 4,004 | 3,846 |
| 23,150 | 23,200 | 3,111 | 2,746 | 3,111 | 2,954 | 26,150 | 26,200 | 3,561 | 3,196 | 3,561 | 3,404 | 29,150 | 29,200 | 4,011 | 3,646 | 4,011 | 3,85 |
| 23,200 | 23,250 | 3,119 | 2,754 | 3,119 | 2,961 | 26 | 26,250 | 3,569 | 3,2 | 3,569 | 3,4 | 29,200 | 29,250 | 19 | 3,654 | 19 | 3,861 |
| 23,250 | 23,300 | 3,126 | 2,761 | 3,126 | 2,969 | 26,250 | 26,300 | 3,576 | 3,211 | 3,576 | 3,419 | 29,250 | 29,300 | 4,026 | 3,661 | 4,026 | 3,869 |
| 23,300 | 23,350 | 3,134 | 2,769 | 3,134 | 2,976 | 26,300 | 26,350 | 3,584 | 3,219 | 3,584 | 3,426 | 29,300 | 29,350 | 4,034 | 3,669 | 4,034 | 3,876 |
| 23,350 | 23,400 | 3,141 | 2,776 | 3,141 | 2,984 | 26,350 | 26,400 | 3,591 | 3,226 | 3,591 | 3,434 | 29,350 | 29,400 | 4,041 | 3,676 | 4,041 | 3,884 |
| 23,400 | 23,450 | 3,149 | 2,784 | 3,149 | 2,991 | 26,400 | 26,450 | 3,599 | 3,234 | 3,599 | 3,441 | 29,400 | 29,450 | 4,049 | 3,684 | 4,049 | 3,891 |
| 23,450 | 23,500 | 3,156 | 2,791 | 3,156 | 2,999 | 26,450 | 26,500 | 3,606 | 3,241 | 3,606 | 3,449 | 29,450 | 29,500 | 4,056 | 3,691 | 4,056 | 3,899 |
| 23,500 | 23,550 | 3,164 | 2,799 | 3,164 | 3,006 | 26,500 | 26,550 | 3,614 | 3,249 | 3,614 | 3,456 | 29,500 | 29,550 | 4,064 | 3,699 | 4,064 | 3,906 |
| 23,550 | 23,600 | 3,171 | 2,806 | 3,171 | 3,014 | 26,550 | 26,600 | 3,621 | 3,256 | 3,621 | 3,464 | 29,550 | 29,600 | 4,071 | 3,706 | 4,071 | 3,914 |
| 23,600 | 23,650 | 3,179 | 2,814 | 3,179 | 3,021 | 26,600 | 26,650 | 3,629 | 3,264 | 3,629 | 3,471 | 29,600 | 29,650 | 4,079 | 3,714 | 4,079 | 3,921 |
| 23,650 | 23,700 | 3,186 | 2,821 | 3,186 | 3,029 | 26,650 | 26,700 | 3,636 | 3,271 | 3,636 | 3,479 | 29,650 | 29,700 | 4,086 | 3,721 | 4,086 | 3,929 |
| 23,700 | 23,750 | 3,194 | 2,829 | 3,194 | 3,036 | 26,700 | 26,750 | 3,644 | 3,279 | 3,644 | 3,486 | 29,700 | 29,750 | 4,096 | 3,729 | 4,096 | 3,936 |
| 23,750 | 23,800 | 3,201 | 2,836 | 3,201 | 3,044 | 26,750 | 26,800 | 3,651 | 3,286 | 3,651 | 3,494 | 29,750 | 29,800 | 4,109 | 3,736 | 4,109 | 3,944 |
| 23,800 | 23,850 | 3,209 | 2,844 | 3,209 | 3,051 | 26,800 | 26,850 | 3,659 | 3,294 | 3,659 | 3,501 | 29,800 | 29,850 | 4,121 | 3,744 | 4,121 | 3,951 |
| 23,850 | 23,900 | 3,216 | 2,851 | 3,216 | 3,059 | 26,850 | 26,900 | 3,666 | 3,301 | 3,666 | 3,509 | 29,850 | 29,900 | 4,134 | 3,751 | 4,134 | 3,959 |
| 23,900 | 23,950 | 3,224 | 2,859 | 3,224 | 3,066 | 26,900 | 26,950 | 3,674 | 3,309 | 3,674 | 3,516 | 29,900 | 29,950 | 4,146 | 3,759 | 4,146 | 3,966 |
| 23,950 | 24,000 | 3,231 | 2,866 | 3,231 | 3,074 | 26,950 | 27,000 | 3,681 | 3,316 | 3,681 | 3,524 | 29,950 | 30,000 | 4,159 | 3,766 | 4,159 | 3,974 |
| 24,000 |  |  |  |  |  | 27,000 |  |  |  |  |  | 30,000 |  |  |  |  |  |
| 24,000 | 24,050 | 3,239 | 2,874 | 3,239 | 3,081 | 27,000 | 27,050 | 3,689 | 3,324 | 3,689 | 3,531 | 30,000 | 30,050 | 4,171 | 3,774 | 4,171 | 3,981 |
| 24,050 | 24,100 | 3,246 | 2,881 | 3,246 | 3,089 | 27,050 | 27,100 | 3,696 | 3,331 | 3,696 | 3,539 | 30,050 | 30,100 | 4,184 | 3,781 | 4,184 | 3,989 |
| 24,100 | 24,150 | 3,254 | 2,889 | 3,254 | 3,096 | 27,100 | 27,150 | 3,704 | 3,339 | 3,704 | 3,546 | 30,100 | 30,150 | 4,196 | 3,789 | 4,196 | 3,996 |
| 24,150 | 24,200 | 3,261 | 2,896 | 3,261 | 3,104 | 27,150 | 27,200 | 3,711 | 3,346 | 3,711 | 3,554 | 30,150 | 30,200 | 4,209 | 3,796 | 4,209 | 4,004 |
| 24,200 | 24,250 | 3,269 | 904 | 3,269 | 3,111 | 27,200 | 27,250 | 3,719 | 3,354 | 3,719 | 3,56 | 30,200 | 30,250 | 4,221 | 3,804 | 4,221 | 4,011 |
| 24,250 | 24,300 | 3,276 | 2,911 | 3,276 | 3,119 | 27,250 | 27,300 | 3,726 | 3,361 | 3,726 | 3,569 | 30,250 | 30,300 | 4,234 | 3,811 | 4,234 | 4,019 |
| 24,300 | 24,350 | 3,284 | 2,919 | 3,284 | 3,126 | 27,300 | 27,350 | 3,734 | 3,369 | 3,734 | 3,576 | 30,300 | 30,350 | 4,246 | 3,819 | 4,246 | 4,026 |
| 24,350 | 24,400 | 3,291 | 2,926 | 3,291 | 3,134 | 27,350 | 27,400 | 3,741 | 3,376 | 3,741 | 3,584 | 30,350 | 30,400 | 4,259 | 3,826 | 4,259 | 4,034 |
| 24,400 | 24,45 | 3,299 | 2,934 | 3,299 | 3,141 | 27,400 | 27,450 | 3,749 | 3,384 | 3,749 | 3,591 | 30,400 | 30,450 | 4,271 | 3,834 | 4,271 | 4,041 |
| 24,450 | 24,500 | 3,306 | 2,941 | 3,306 | 3,149 | 27,450 | 27,500 | 3,756 | 3,391 | 3,756 | 3,599 | 30,450 | 30,500 | 4,284 | 3,841 | 4,284 | 4,049 |
| 24,500 | 24,550 | 3,314 | 2,949 | 3,314 | 3,156 | 27,500 | 27,550 | 3,764 | 3,399 | 3,764 | 3,606 | 30,500 | 30,550 | 4,296 | 3,849 | 4,296 | 4,056 |
| 24,550 | 24,600 | 3,321 | 2,956 | 3,31 | 3,164 | 27,550 | 27,600 | 3,771 | 3,406 | 3,771 | 3,614 | , | 30,600 | 4,309 | , | 4,309 | 4,064 |
| 24,600 | 24,650 | 3,329 | 2,964 | 3,329 | 3,171 | 27,600 | 27,650 | 3,779 | 3,414 | 3,779 | 3,621 | 30,600 | 30,650 | 4,321 | 3,864 | 4,321 | 4,071 |
| 24,650 | 24,700 | 3,336 | 2,971 | 3,336 | 3,179 | 27,650 | 27,700 | 3,786 | 3,421 | 3,786 | 3,629 | 30,650 | 30,700 | 4,334 | 3,871 | 4,334 | 4,079 |
| 24,700 | 24,750 | 3,344 | 2,979 | 3,344 | 3,186 | 27,700 | 27,750 | 3,794 | 3,429 | 3,794 | 3,636 | 30,700 | 30,750 | 4,346 | 3,879 | 4,346 | 4,086 |
| 24,750 | 24,800 | 3,35 | 2,986 | 3,351 | 3,194 | 27,750 | 27,800 | 3,801 | 3,436 | 3,801 | 3,644 | 30,750 | 30,800 | 4,359 | 3,886 | 4,359 | 4,094 |
| 24,800 | 24,850 | 3,359 | ,994 | 3,359 | 3,201 | 27 | 27,850 | 3,809 | 3,444 | 3,809 | 3,651 | 30,800 | 30,850 | 4,371 | 3,894 | 4,371 | 4,101 |
| 24,850 | 24,900 | 3,366 | 3,001 | 3,366 | 3,209 | 27,850 | 27,900 | 3,816 | 3,451 | 3,816 | 3,659 | 30,850 | 30,900 | 4,384 | 3,901 | 4,384 | 4,109 |
| 24,900 | 24,950 | 3,374 | 3,009 | 3,374 | 3,216 | 27,900 | 27,950 | 3,824 | 3,459 | 3,824 | 3,666 | 30,900 | 30,950 | 4,396 | 3,909 | 4,396 | 4,116 |
| 24,950 | 25,000 | 3,381 | 3,016 | 3,381 | 3,224 | 27,950 | 28,000 | 3,831 | 3,466 | 3,831 | 3,674 | 30,950 | 31,000 | 4,409 | 3,916 | 4,409 | 4,124 |
| 25,000 |  |  |  |  |  | 28,000 |  |  |  |  |  | 31,000 |  |  |  |  |  |
| 25,000 | 25,050 | 3,389 | 3,024 | 3,389 | 3,231 | 28,000 | 28,050 | 3,839 | 3,474 | 3,839 | 3,681 | 31,000 | 31,050 | 4,421 | 3,924 | 4,421 | 4,131 |
| 25,050 | 25,100 | 3,396 | 3,031 | 3,396 | 3,239 | 28,050 | 28,100 | 3,846 | 3,481 | 3,846 | 3,689 | 31,050 | 31,100 | 4,434 | 3,931 | 4,434 | 4,139 |
| 25,100 | 25,150 | 3,404 | 3,039 | 3,404 | 3,246 | 28,100 | 28,150 | 3,854 | 3,489 | 3,854 | 3,696 | 31,100 | 31,150 | 4,446 | 3,939 | 4,446 | 4,146 |
| 25,150 | 25,200 | 3, | 3,046 | 3,411 | 3,254 | 28, | 28,200 | 3,86 | 3,496 | 3,861 | 3,704 | 31,150 | 31,200 | 4,459 | 3,9 | 4,459 | 4,15 |
| 25,200 | 25,250 | 3,419 | 3,054 | 3,419 | 3,261 | 28,200 | 28,250 | 3,869 | 3,504 | 3,869 | 3,711 | 31,200 | 31,250 | 4,471 | 3,954 | 4,471 | 4,161 |
| 25,250 | 25,300 | 3,426 | 3,061 | 3,426 | 3,269 | 28,250 | 28,300 | 3,876 | 3,511 | 3,876 | 3,719 | 31,250 | 31,300 | 4,484 | 3,961 | 4,484 | 4,169 |
| 25,300 | 25,350 | 3,434 | 3,069 | 3,434 | 3,276 | 28,300 | 28,350 | 3,884 | 3,519 | 3,884 | 3,726 | 31,300 | 31,350 | 4,496 | 3,969 | 4,496 | 4,176 |
| 25,350 | 25,400 | 3,441 | 3,076 | 3,441 | 3,284 | 28,350 | 28,400 | 3,891 | 3,526 | 3,891 | 3,734 | 31,350 | 31,400 | 4,509 | 3,976 | 4,509 | 4,184 |
| 25,400 | 25,450 | 3,449 | 3,084 | 3,449 | 3,291 | 28,400 | 28,450 | 3,899 | 3,534 | 3,899 | 3,741 | 31,400 | 31,450 | 4,521 | 3,984 | 4,521 | 4,191 |
| 25,450 | 25,500 | 3,456 | 3,091 | 3,456 | 3,299 | 28,450 | 28,500 | 3,906 | 3,541 | 3,906 | 3,749 | 31,450 | 31,500 | 4,534 | 3,991 | 4,534 | 4,199 |
| 25,500 | 25,550 | 3,464 | 3,099 | 3,464 | 3,306 | 28,500 | 28,550 | 3,914 | 3,549 | 3,914 | 3,756 | 31,500 | 31,550 | 4,546 | 3,999 | 4,546 | 4,206 |
| 25,550 | 25,600 | 3,471 | 3,106 | 3,471 | 3,314 | 28,550 | 28,600 | 3,921 | 3,556 | 3,921 | 3,764 | 31,550 | 31,600 | 4,559 | 4,006 | 4,559 | 4,214 |
| 25,600 | 25,650 | 3,479 | 3,114 | 3,479 | 3,321 | 28,600 | 28,650 | 3,929 | 3,564 | 3,929 | 3,771 | 31,600 | 31,650 | 4,571 | 4,014 | 4,571 | 4,221 |
| 25,650 | 25,700 | 3,486 | 3,121 | 3,486 | 3,329 | 28,650 | 28,700 | 3,936 | 3,571 | 3,936 | 3,779 | 31,650 | 31,700 | 4,584 | 4,021 | 4,584 | 4,229 |
| 25,700 | 25,750 | 3,494 | 3,129 | 3,494 | 3,336 | 28,700 | 28,750 | 3,944 | 3,579 | 3,944 | 3,786 | 31,700 | 31,750 | 4,596 | 4,029 | 4,596 | 4,236 |
| 25,750 | 25,800 | 3,50 | 3,136 | 3,501 | 3,3 | 28,750 | 28,800 | 3,951 | 3,586 | 3,951 | 3,794 | 31,750 | 31,800 | 4,609 | 4,036 | 4,609 | 4,244 |
| 25,800 | 25,850 | 3,509 | 3,144 | 3,509 | 3,351 | 28,800 | 28,850 | 3,959 | 3,594 | 3,959 | 3,801 | 31,800 | 31,850 | 4,621 | 4,044 | 4,621 | 4,251 |
| 25,850 | 25,900 | 3,516 | 3,151 | 3,516 | 3,359 | 28,850 | 28,900 | 3,966 | 3,601 | 3,966 | 3,809 | 31,850 | 31,900 | 4,634 | 4,051 | 4,634 | 4,259 |
| 25,900 | 25,950 | 3,524 | 3,159 | 3,524 | 3,366 | 28,900 | 28,950 | 3,974 | 3,609 | 3,974 | 3,816 | 31,900 | 31,950 | 4,646 | 4,059 | 4,646 | 4,266 |
| 25,950 | 26,000 | 3,531 | 3,166 | 3,531 | 3,374 | 28,950 | 29,000 | 3,981 | 3,616 | 3,981 | 3,824 | 31,950 | 32,000 | 4,659 | 4,066 | 4,659 | 4,274 |

[^3]2005 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married filing jointly <br> Your tax | Married filing separately x is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married filing separately ax is- | Head of a household |
| 32,000 |  |  |  |  |  | 35,000 |  |  |  |  |  | 38,000 |  |  |  |  |  |
| 32,000 | 32,050 | 4,671 | 4,074 | 4,671 | 4,281 | 35,000 | 35,050 | 5,421 | 4,524 | 5,421 | 4,731 | 38,000 | 38,050 | 6,171 | 4,974 | 6,171 | 5,181 |
| 32,050 | 32,100 | 4,684 | 4,081 | 4,684 | 4,289 | 35,050 | 35,100 | 5,434 | 4,531 | 5,434 | 4,739 | 38,050 | 38,100 | 6,184 | 4,981 | 6,184 | 5,189 |
| 32,100 | 32,150 | 4,696 | 4,089 | 4,696 | 4,296 | 35,100 | 35,150 | 5,446 | 4,539 | 5,446 | 4,746 | 38,100 | 38,150 | 6,196 | 4,989 | 6,196 | 5,196 |
| 32,150 | 32,200 | 4,709 | 4,096 | 4,709 | 4,304 | 35,150 | 35,200 | 5,459 | 4,546 | 5,459 | 4,754 | 38,150 | 38,200 | 6,209 | 4,996 | 6,209 | 5,204 |
| 32,200 | 32,250 | 4,721 | 4,104 | 4,721 | 4,311 | 35,200 | 35,250 | 5,471 | 4,554 | 5,471 | 4,761 | 38,200 | 38,250 | 6,221 | 5,004 | 6,221 | 5,211 |
| 32,250 | 32,300 | 4,734 | 4,111 | 4,734 | 4,319 | 35,250 | 35,300 | 5,484 | 4,561 | 5,484 | 4,769 | 38,250 | 38,300 | 6,234 | 5,011 | 6,234 | 5,219 |
| 32,300 | 32,350 | 4,746 | 4,119 | 4,746 | 4,326 | 35,300 | 35,350 | 5,496 | 4,569 | 5,496 | 4,776 | 38,300 | 38,350 | 6,246 | 5,019 | 6,246 | 5,226 |
| 32,350 | 32,400 | 4,759 | 4,126 | 4,759 | 4,334 | 35,350 | 35,400 | 5,509 | 4,576 | 5,509 | 4,784 | 38,350 | 38,400 | 6,259 | 5,026 | 6,259 | 5,234 |
| 32,400 | 32,450 | 4,771 | 4,134 | 4,771 | 4,341 | 35,400 | 35,450 | 5,521 | 4,584 | 5,521 | 4,791 | 38,400 | 38,450 | 6,271 | 5,034 | 6,271 | 5,241 |
| 32,450 | 32,500 | 4,784 | 4,141 | 4,784 | 4,349 | 35,450 | 35,500 | 5,534 | 4,591 | 5,534 | 4,799 | 38,450 | 38,500 | 6,284 | 5,041 | 6,284 | 5,249 |
| 32,500 | 32,550 | 4,796 | 4,149 | 4,796 | 4,356 | 35,500 | 35,550 | 5,546 | 4,599 | 5,546 | 4,806 | 38,500 | 38,550 | 6,296 | 5,049 | 6,296 | 5,256 |
| 32,550 | 32,600 | 4,809 | 4,156 | 4,809 | 4,364 | 35,550 | 35,600 | 5,559 | 4,606 | 5,559 | 4,814 | 38,550 | 38,600 | 6,309 | 5,056 | 6,309 | 5,264 |
| 32,600 | 32,650 | 4,821 | 4,164 | 4,821 | 4,371 | 35,600 | 35,650 | 5,571 | 4,614 | 5,571 | 4,821 | 38,600 | 38,650 | 6,321 | 5,064 | 6,321 | 5,271 |
| 32,650 | 32,700 | 4,834 | 4,171 | 4,834 | 4,379 | 35,650 | 35,700 | 5,584 | 4,621 | 5,584 | 4,829 | 38,650 | 38,700 | 6,334 | 5,071 | 6,334 | 5,279 |
| 32,700 | 32,750 | 4,846 | 4,179 | 4,846 | 4,386 | 35,700 | 35,750 | 5,596 | 4,629 | 5,596 | 4,836 | 38,700 | 38,750 | 6,346 | 5,079 | 6,346 | 5,286 |
| 32,750 | 32,800 | 4,859 | 4,186 | 4,859 | 4,394 | 35,750 | 35,800 | 5,609 | 4,636 | 5,609 | 4,844 | 38,750 | 38,800 | 6,359 | 5,086 | 6,359 | 5,294 |
| 32,800 | 32,850 | 4,871 | 4,194 | 4,871 | 4,401 | 35,800 | 35,850 | 5,621 | 4,644 | 5,621 | 4,851 | 38,800 | 38,850 | 6,371 | 5,094 | 6,371 | 5,301 |
| 32,850 | 32,900 | 4,884 | 4,201 | 4,884 | 4,409 | 35,850 | 35,900 | 5,634 | 4,651 | 5,634 | 4,859 | 38,850 | 38,900 | 6,384 | 5,101 | 6,384 | 5,309 |
| 32,900 | 32,950 | 4,896 | 4,209 | 4,896 | 4,416 | 35,900 | 35,950 | 5,646 | 4,659 | 5,646 | 4,866 | 38,900 | 38,950 | 6,396 | 5,109 | 6,396 | 5,316 |
| 32,950 | 33,000 | 4,909 | 4,216 | 4,909 | 4,424 | 35,950 | 36,000 | 5,659 | 4,666 | 5,659 | 4,874 | 38,950 | 39,000 | 6,409 | 5,116 | 6,409 | 5,324 |
| 33,000 |  |  |  |  |  | 36,000 |  |  |  |  |  | 39,000 |  |  |  |  |  |
| 33,000 | 33,050 | 4,921 | 4,224 | 4,921 | 4,431 | 36,000 | 36,050 | 5,671 | 4,674 | 5,671 | 4,881 | 39,000 | 39,050 | 6,421 | 5,124 | 6,421 | 5,331 |
| 33,050 | 33,100 | 4,934 | 4,231 | 4,934 | 4,439 | 36,050 | 36,100 | 5,684 | 4,681 | 5,684 | 4,889 | 39,050 | 39,100 | 6,434 | 5,131 | 6,434 | 5,339 |
| 33,100 | 33,150 | 4,946 | 4,239 | 4,946 | 4,446 | 36,100 | 36,150 | 5,696 | 4,689 | 5,696 | 4,896 | 39,100 | 39,150 | 6,446 | 5,139 | 6,446 | 5,346 |
| 33,150 | 33,200 | 4,959 | 4,246 | 4,959 | 4,454 | 36,150 | 36,200 | 5,709 | 4,696 | 5,709 | 4,904 | 39,150 | 39,200 | 6,459 | 5,146 | 6,459 | 5,354 |
| 33,200 | 33,250 | 4,971 | 4,254 | 4,971 | 4,461 | 36,200 | 36,250 | 5,721 | 4,704 | 5,721 | 4,911 | 39,200 | 39,250 | 6,471 | 5,154 | 6,471 | 5,361 |
| 33,250 | 33,300 | 4,984 | 4,261 | 4,984 | 4,469 | 36,250 | 36,300 | 5,734 | 4,711 | 5,734 | 4,919 | 39,250 | 39,300 | 6,484 | 5,161 | 6,484 | 5,369 |
| 33,300 | 33,350 | 4,996 | 4,269 | 4,996 | 4,476 | 36,300 | 36,350 | 5,746 | 4,719 | 5,746 | 4,926 | 39,300 | 39,350 | 6,496 | 5,169 | 6,496 | 5,376 |
| 33,350 | 33,400 | 5,009 | 4,276 | 5,009 | 4,484 | 36,350 | 36,400 | 5,759 | 4,726 | 5,759 | 4,934 | 39,350 | 39,400 | 6,509 | 5,176 | 6,509 | 5,384 |
| 33,400 | 33,450 | 5,021 | 4,284 | 5,021 | 4,491 | 36,400 | 36,450 | 5,771 | 4,734 | 5,771 | 4,941 | 39,400 | 39,450 | 6,521 | 5,184 | 6,521 | 5,391 |
| 33,450 | 33,500 | 5,034 | 4,291 | 5,034 | 4,499 | 36,450 | 36,500 | 5,784 | 4,741 | 5,784 | 4,949 | 39,450 | 39,500 | 6,534 | 5,191 | 6,534 | 5,399 |
| 33,500 | 33,550 | 5,046 | 4,299 | 5,046 | 4,506 | 36,500 | 36,550 | 5,796 | 4,749 | 5,796 | 4,956 | 39,500 | 39,550 | 6,546 | 5,199 | 6,546 | 5,406 |
| 33,550 | 33,600 | 5,059 | 4,306 | 5,059 | 4,514 | 36,550 | 36,600 | 5,809 | 4,756 | 5,809 | 4,964 | 39,550 | 39,600 | 6,559 | 5,206 | 6,559 | 5,414 |
| 33,600 | 33,650 | 5,071 | 4,314 | 5,071 | 4,521 | 36,600 | 36,650 | 5,821 | 4,764 | 5,821 | 4,971 | 39,600 | 39,650 | 6,571 | 5,214 | 6,571 | 5,421 |
| 33,650 | 33,700 | 5,084 | 4,321 | 5,084 | 4,529 | 36,650 | 36,700 | 5,834 | 4,771 | 5,834 | 4,979 | 39,650 | 39,700 | 6,584 | 5,221 | 6,584 | 5,429 |
| 33,700 | 33,750 | 5,096 | 4,329 | 5,096 | 4,536 | 36,700 | 36,750 | 5,846 | 4,779 | 5,846 | 4,986 | 39,700 | 39,750 | 6,596 | 5,229 | 6,596 | 5,436 |
| 33,750 | 33,800 | 5,109 | 4,336 | 5,109 | 4,544 | 36,750 | 36,800 | 5,859 | 4,786 | 5,859 | 4,994 | 39,750 | 39,800 | 6,609 | 5,236 | 6,609 | 5,444 |
| 33,800 | 33,850 | 5,121 | 4,344 | 5,121 | 4,551 | 36,800 | 36,850 | 5,871 | 4,794 | 5,871 | 5,001 | 39,800 | 39,850 | 6,621 | 5,244 | 6,621 | 5,454 |
| 33,850 | 33,900 | 5,134 | 4,351 | 5,134 | 4,559 | 36,850 | 36,900 | 5,884 | 4,801 | 5,884 | 5,009 | 39,850 | 39,900 | 6,634 | 5,251 | 6,634 | 5,466 |
| 33,900 | 33,950 | 5,146 | 4,359 | 5,146 | 4,566 | 36,900 | 36,950 | 5,896 | 4,809 | 5,896 | 5,016 | 39,900 | 39,950 | 6,646 | 5,259 | 6,646 | 5,479 |
| 33,950 | 34,000 | 5,159 | 4,366 | 5,159 | 4,574 | 36,950 | 37,000 | 5,909 | 4,816 | 5,909 | 5,024 | 39,950 | 40,000 | 6,659 | 5,266 | 6,659 | 5,491 |
| 34,000 |  |  |  |  |  | 37,000 |  |  |  |  |  | 40,000 |  |  |  |  |  |
| 34,000 | 34,050 | 5,171 | 4,374 | 5,171 | 4,581 | 37,000 | 37,050 | 5,921 | 4,824 | 5,921 | 5,031 | 40,000 | 40,050 | 6,671 | 5,274 | 6,671 | 5,504 |
| 34,050 | 34,100 | 5,184 | 4,381 | 5,184 | 4,589 | 37,050 | 37,100 | 5,934 | 4,831 | 5,934 | 5,039 | 40,050 | 40,100 | 6,684 | 5,281 | 6,684 | 5,516 |
| 34,100 | 34,150 | 5,196 | 4,389 | 5,196 | 4,596 | 37,100 | 37,150 | 5,946 | 4,839 | 5,946 | 5,046 | 40,100 | 40,150 | 6,696 | 5,289 | 6,696 | 5,529 |
| 34,150 | 34,200 | 5,209 | 4,396 | 5,209 | 4,604 | 37,150 | 37,200 | 5,959 | 4,846 | 5,959 | 5,054 | 40,150 | 40,200 | 6,709 | 5,296 | 6,709 | 5,541 |
| 34,200 | 34,250 | 5,221 | 4,404 | 5,221 | 4,611 | 37,200 | 37,250 | 5,971 | 4,854 | 5,971 | 5,061 | 40,200 | 40,250 | 6,721 | 5,304 | 6,721 | 5,554 |
| 34,250 | 34,300 | 5,234 | 4,411 | 5,234 | 4,619 | 37,250 | 37,300 | 5,984 | 4,861 | 5,984 | 5,069 | 40,250 | 40,300 | 6,734 | 5,311 | 6,734 | 5,566 |
| 34,300 | 34,350 | 5,246 | 4,419 | 5,246 | 4,626 | 37,300 | 37,350 | 5,996 | 4,869 | 5,996 | 5,076 | 40,300 | 40,350 | 6,746 | 5,319 | 6,746 | 5,579 |
| 34,350 | 34,400 | 5,259 | 4,426 | 5,259 | 4,634 | 37,350 | 37,400 | 6,009 | 4,876 | 6,009 | 5,084 | 40,350 | 40,400 | 6,759 | 5,326 | 6,759 | 5,591 |
| 34,400 | 34,450 | 5,271 | 4,434 | 5,271 | 4,641 | 37,400 | 37,450 | 6,021 | 4,884 | 6,021 | 5,091 | 40,400 | 40,450 | 6,771 | 5,334 | 6,771 | 5,604 |
| 34,450 | 34,500 | 5,284 | 4,441 | 5,284 | 4,649 | 37,450 | 37,500 | 6,034 | 4,891 | 6,034 | 5,099 | 40,450 | 40,500 | 6,784 | 5,341 | 6,784 | 5,616 |
| 34,500 | 34,550 | 5,296 | 4,449 | 5,296 | 4,656 | 37,500 | 37,550 | 6,046 | 4,899 | 6,046 | 5,106 | 40,500 | 40,550 | 6,796 | 5,349 | 6,796 | 5,629 |
| 34,550 | 34,600 | 5,309 | 4,456 | 5,309 | 4,664 | 37,550 | 37,600 | 6,059 | 4,906 | 6,059 | 5,114 | 40,550 | 40,600 | 6,809 | 5,356 | 6,809 | 5,641 |
| 34,600 | 34,650 | 5,321 | 4,464 | 5,321 | 4,671 | 37,600 | 37,650 | 6,071 | 4,914 | 6,071 | 5,121 | 40,600 | 40,650 | 6,821 | 5,364 | 6,821 | 5,654 |
| 34,650 | 34,700 | 5,334 | 4,471 | 5,334 | 4,679 | 37,650 | 37,700 | 6,084 | 4,921 | 6,084 | 5,129 | 40,650 | 40,700 | 6,834 | 5,371 | 6,834 | 5,666 |
| 34,700 | 34,750 | 5,346 | 4,479 | 5,346 | 4,686 | 37,700 | 37,750 | 6,096 | 4,929 | 6,096 | 5,136 | 40,700 | 40,750 | 6,846 | 5,379 | 6,846 | 5,679 |
| 34,750 | 34,800 | 5,359 | 4,486 | 5,359 | 4,694 | 37,750 | 37,800 | 6,109 | 4,936 | 6,109 | 5,144 | 40,750 | 40,800 | 6,859 | 5,386 | 6,859 | 5,691 |
| 34,800 | 34,850 | 5,371 | 4,494 | 5,371 | 4,701 | 37,800 | 37,850 | 6,121 | 4,944 | 6,121 | 5,151 | 40,800 | 40,850 | 6,871 | 5,394 | 6,871 | 5,704 |
| 34,850 | 34,900 | 5,384 | 4,501 | 5,384 | 4,709 | 37,850 | 37,900 | 6,134 | 4,951 | 6,134 | 5,159 | 40,850 | 40,900 | 6,884 | 5,401 | 6,884 | 5,716 |
| 34,900 | 34,950 | 5,396 | 4,509 | 5,396 | 4,716 | 37,900 | 37,950 | 6,146 | 4,959 | 6,146 | 5,166 | 40,900 | 40,950 | 6,896 | 5,409 | 6,896 | 5,729 |
| 34,950 | 35,000 | 5,409 | 4,516 | 5,409 | 4,724 | 37,950 | 38,000 | 6,159 | 4,966 | 6,159 | 5,174 | 40,950 | 41,000 | 6,909 | 5,416 | 6,909 | 5,741 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 69) |  |  |  |  |  |

2005 Tax Table-Continued

| If line (taxabl income |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> tax is- | $\begin{array}{\|l} \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array}$ | At least | But <br> less than | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> tax is- | Head of a household |
| 41,000 |  |  |  |  |  | 44,000 |  |  |  |  |  | 47,000 |  |  |  |  |  |
| 41,000 | 41,050 | 6,921 | 5,424 | 6,921 | 5,754 | 44,000 | 44,050 | 7,671 | 5,874 | 7,671 | 6,504 | 47,000 | 47,050 | 8,421 | 6,324 | 8,421 | 7,254 |
| 41,050 | 41,100 | 6,934 | 5,431 | 6,934 | 5,766 | 44,050 | 44,100 | 7,684 | 5,881 | 7,684 | 6,516 | 47,050 | 47,100 | 8,434 | 6,331 | 8,434 | 7,266 |
| 41,100 | 41,150 | 6,946 | 5,439 | 6,946 | 5,779 | 44,100 | 44,150 | 7,696 | 5,889 | 7,696 | 6,529 | 47,100 | 47,150 | 8,446 | 6,339 | 8,446 | 7,279 |
| 41,150 | 41,200 | 6,959 | 5,446 | 6,959 | 5,791 | 44,150 | 44,200 | 7,709 | 5,896 | 7,709 | 6,541 | 47,150 | 47,200 | 8,459 | 6,346 | 8,459 | 7,291 |
| 41,200 | 41,250 | 6,971 | 5,454 | 6,971 | 5,804 | 44,200 | 44,250 | 7,721 | 5,904 | 7,721 | 6,554 | 47,200 | 47,250 | 8,471 | 6,354 | 8,471 | 7,304 |
| 41,250 | 41,300 | 6,984 | 5,461 | 6,984 | 5,816 | 44,250 | 44,300 | 7,734 | 5,911 | 7,734 | 6,566 | 47,250 | 47,300 | 8,484 | 6,361 | 8,484 | 7,316 |
| 41,300 | 41,350 | 6,996 | 5,469 | 6,996 | 5,829 | 44,300 | 44,350 | 7,746 | 5,919 | 7,746 | 6,579 | 47,300 | 47,350 | 8,496 | 6,369 | 8,496 | 7,329 |
| 41,350 | 41,400 | 7,009 | 5,476 | 7,009 | 5,841 | 44,350 | 44,400 | 7,759 | 5,926 | 7,759 | 6,591 | 47,350 | 47,400 | 8,509 | 6,376 | 8,509 | 7,341 |
| 41,400 | 41,450 | 7,021 | 5,484 | 7,021 | 5,854 | 44,400 | 44,450 | 7,771 | 5,934 | 7,771 | 6,604 | 47,400 | 47,450 | 8,521 | 6,384 | 8,521 | 7,354 |
| 41,450 | 41,500 | 7,034 | 5,491 | 7,034 | 5,866 | 44,450 | 44,500 | 7,784 | 5,941 | 7,784 | 6,616 | 47,450 | 47,500 | 8,534 | 6,391 | 8,534 |  |
| 41,500 | 41,550 | 7,046 | 5,499 | 7,046 | 5,879 | 44,500 | 44,550 | 7,796 | 5,949 | 7,796 | 6,629 | 47,500 | 47,550 | 8,546 | 6,399 | 8,546 | 7,379 |
| 41,550 | 41,600 | 7,059 | 5,506 | 7,059 | 5,891 | 44,550 | 44,600 | 7,809 | 5,956 | 7,809 | 6,641 | 47,550 | 47,600 | 8,559 | 6,406 | 8,559 | 7,391 |
| 41,600 | 41,650 | 7,071 | 5,514 | 7,071 | 5,904 | 44,600 | 44,650 | 7,821 | 5,964 | 7,821 | 6,654 | 47,600 | 47,650 | 8,571 | 6,414 | 8,571 | 7,404 |
| 41,650 | 41,700 | 7,084 | 5,521 | 7,084 | 5,916 | 44,650 | 44,700 | 7,834 | 5,971 | 7,834 | 6,666 | 47,650 | 47,700 | 8,584 | 6,421 | 8,584 | 7,416 |
| 41,700 | 41,750 | 7,096 | 5,529 | 7,096 | 5,929 | 44,700 | 44,750 | 7,846 | 5,979 | 7,846 | 6,679 | 47,700 | 47,750 | 8,596 | 6,429 | 8,596 | 7,429 |
| 41,750 | 41,800 | 7,109 | 5,536 | 7,109 | 5,941 | 44,750 | 44,800 | 7,859 | 5,986 | 7,859 | 6,691 | 47,750 | 47,800 | 8,609 | 6,436 | 8,609 | 7,441 |
| 41,800 | 41,850 | 7,121 | 5,544 | 7,121 | 5,954 | 44,800 | 44,850 | 7,871 | 5,994 | 7,871 | 6,704 | 47,800 | 47,850 | 8,621 | 6,444 | 8,621 | 7,454 |
| 41,850 | 41,900 | 7,134 | 5,551 | 7,134 | 5,966 | 44,850 | 44,900 | 7,884 | 6,001 | 7,884 | 6,716 | 47,850 | 47,900 | 8,634 | 6,451 | 8,634 | 7,466 |
| 41,900 | 41,950 | 7,146 | 5,559 | 7,146 | 5,979 | 44,900 | 44,950 | 7,896 | 6,009 | 7,896 | 6,729 | 47,900 | 47,950 | 8,646 | 6,459 | 8,646 | 7,479 |
| 41,950 | 42,000 | 7,159 | 5,566 | 7,159 | 5,991 | 44,950 | 45,000 | 7,909 | 6,016 | 7,909 | 6,741 | 47,950 | 48,000 | 8,659 | 6,466 | 8,659 | 7,491 |
| 42,000 |  |  |  |  |  | 45,000 |  |  |  |  |  | 48,000 |  |  |  |  |  |
| 42,000 | 42,050 | 7,171 | 5,574 | 7,171 | 6,004 | 45,000 | 45,050 | 7,921 | 6,024 | 7,921 | 6,754 | 48,000 | 48,050 | 8,671 | 6,474 | 8,671 | 7,504 |
| 42,050 | 42,100 | 7,184 | 5,581 | 7,184 | 6,016 | 45,050 | 45,100 | 7,934 | 6,031 | 7,934 | 6,766 | 48,050 | 48,100 | 8,684 | 6,481 | 8,684 | 7,516 |
| 42,100 | 42,150 | 7,196 | 5,589 | 7,196 | 6,029 | 45,100 | 45,150 | 7,946 | 6,039 | 7,946 | 6,779 | 48,100 | 48,150 | 8,696 | 6,489 | 8,696 | 7,529 |
| 42,150 | 42,200 | 7,209 | 5,596 | 7,209 | 6,041 | 45,150 | 45,200 | 7,959 | 6,046 | 7,959 | 6,791 | 48,150 | 48,200 | 8,709 | 6,496 | 8,709 | 7,541 |
| 42,200 | 42,250 | 7,221 | 5,604 | 7,221 | 6,054 | 45,200 | 45,250 | 7,971 | 6,054 | 7,971 | 6,804 | 48,200 | 48,250 | 8,721 | 6,504 | 8,721 | 7,554 |
| 42,250 | 42,300 | 7,234 | 5,611 | 7,234 | 6,066 | 45,250 | 45,300 | 7,984 | 6,061 | 7,984 | 6,816 | 48,250 | 48,300 | 8,734 | 6,511 | 8,734 | 7,566 |
| 42,300 | 42,350 | 7,246 | 5,619 | 7,246 | 6,079 | 45,300 | 45,350 | 7,996 | 6,069 | 7,996 | 6,829 | 48,300 | 48,350 | 8,746 | 6,519 | 8,746 | 7,579 |
| 42,350 | 42,400 | 7,259 | 5,626 | 7,259 | 6,091 | 45,350 | 45,400 | 8,009 | 6,076 | 8,009 | 6,841 | 48,350 | 48,400 | 8,759 | 6,526 | 8,759 | 7,591 |
| 42,400 | 42,450 | 7,271 | 5,634 | 7,271 | 6,104 | 45,400 | 45,450 | 8,021 | 6,084 | 8,021 | 6,854 | 48,400 | 48,450 | 8,771 | 6,534 | 8,771 | 7,604 |
| 42,450 | 42,500 | 7,284 | 5,641 | 7,284 | 6,116 | 45,450 | 45,500 | 8,034 | 6,091 | 8,034 | 6,866 | 48,450 | 48,500 | 8,784 | 6,541 | 8,784 | 7,616 |
| 42,500 | 42,550 | 7,296 | 5,649 | 7,296 | 6,129 | 45,500 | 45,550 | 8,046 | 6,099 | 8,046 | 6,879 | 48,500 | 48,550 | 8,796 | 6,549 | 8,796 | 7,629 |
| 42,550 | 42,600 | 7,3 | 5,656 | 7,309 | 6,141 | 45,550 | 45,600 | 8,059 | 6,106 | 8,059 | 6,891 | 48,550 | 48,600 | 8,809 | 6,556 | 8,809 | 7,641 |
| 42,600 | 42,650 | 7,321 | 5,664 | 7,321 | 6,154 | 45,600 | 45,650 | 8,071 | 6,114 | 8,071 | 6,904 | 48,600 | 48,650 | 8,821 | 6,564 | 8,821 | 7,654 |
| 42,650 | 42,700 | 7,334 | 5,671 | 7,334 | 6,166 | 45,650 | 45,700 | 8,084 | 6,121 | 8,084 | 6,916 | 48,650 | 48,700 | 8,834 | 6,571 | 8,834 | 7,666 |
| 42,700 | 42,750 | 7,346 | 5,679 | 7,346 | 6,179 | 45,700 | 45,750 | 8,096 | 6,129 | 8,096 | 6,929 | 48,700 | 48,750 | 8,846 | 6,579 | 8,846 | 7,679 |
| 42,750 | 42,800 | 7,359 | 5,686 | 7,359 | 6,191 | 45,750 | 45,800 | 8,109 | 6,136 | 8,109 | 6,941 | 48,750 | 48,800 | 8,859 | 6,586 | 8,859 | 7,691 |
| 42,800 | 42,850 | 7,371 | 5,694 | 7,371 | 6,204 | 45,800 | 45,850 | 8,121 | 6,144 | 8,121 | 6,954 | 48,800 | 48,850 | 8,871 | 6,594 | 8,871 | 7,704 |
| 42,850 | 42,900 | 7,384 | 5,701 | 7,384 | 6,216 | 45,850 | 45,900 | 8,134 | 6,151 | 8,134 | 6,966 | 48,850 | 48,900 | 8,884 | 6,601 | 8,884 | 7,716 |
| 42,900 | 42,950 | 7,396 | 5,709 | 7,396 | 6,229 | 45,900 | 45,950 | 8,146 | 6,159 | 8,146 | 6,979 | 48,900 | 48,950 | 8,896 | 6,609 | 8,896 | 7,729 |
| 42,950 | 43,000 | 7,409 | 5,716 | 7,409 | 6,241 | 45,950 | 46,000 | 8,159 | 6,166 | 8,159 | 6,991 | 48,950 | 49,000 | 8,909 | 6,616 | 8,909 | 7,741 |


| 43,000 |  |  |  |  |  | 46,000 |  |  |  |  |  | 49,000 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 43,000 | 43,050 | 7,421 | 5,724 | 7,421 | 6,254 | 46,000 | 46,050 | 8,171 | 6,174 | 8,171 | 7,004 | 49,000 | 49,050 | 8,921 | 6,624 | 8,921 | 7,754 |
| 43,050 | 43,100 | 7,434 | 5,731 | 7,434 | 6,266 | 46,050 | 46,100 | 8,184 | 6,181 | 8,184 | 7,016 | 49,050 | 49,100 | 8,934 | 6,631 | 8,934 | 7,766 |
| 43,100 | 43,150 | 7,446 | 5,739 | 7,446 | 6,279 | 46,100 | 46,150 | 8,196 | 6,189 | 8,196 | 7,029 | 49,100 | 49,150 | 8,946 | 6,639 | 8,946 | 7,779 |
| 43,150 | 43,200 | 7,459 | 5,746 | 7,459 | 6,291 | 46,150 | 46,200 | 8,209 | 6,196 | 8,209 | 7,041 | 49,150 | 49,200 | 8,959 | 6,646 | 8,959 | 7,791 |
| 43,200 | 43,250 | 7,471 | 5,754 | 7,471 | 6,304 | 46,200 | 46,250 | 8,221 | 6,204 | 8,221 | 7,054 | 49,200 | 49,250 | 8,971 | 6,654 | 8,971 | 7,804 |
| 43,250 | 43,300 | 7,484 | 5,761 | 7,484 | 6,316 | 46,250 | 46,300 | 8,234 | 6,211 | 8,234 | 7,066 | 49,250 | 49,300 | 8,984 | 6,661 | 8,984 | 7,816 |
| 43,300 | 43,350 | 7,496 | 5,769 | 7,496 | 6,329 | 46,300 | 46,350 | 8,246 | 6,219 | 8,246 | 7,079 | 49,300 | 49,350 | 8,996 | 6,669 | 8,996 | 7,829 |
| 43,350 | 43,400 | 7,509 | 5,776 | 7,509 | 6,341 | 46,350 | 46,400 | 8,259 | 6,226 | 8,259 | 7,091 | 49,350 | 49,400 | 9,009 | 6,676 | 9,009 | 7,841 |
| 43,400 | 43,450 | 7,521 | 5,784 | 7,521 | 6,354 | 46,400 | 46,450 | 8,271 | 6,234 | 8,271 | 7,104 | 49,400 | 49,450 | 9,021 | 6,684 | 9,021 | 7,854 |
| 43,450 | 43,500 | 7,534 | 5,791 | 7,534 | 6,366 | 46,450 | 46,500 | 8,284 | 6,241 | 8,284 | 7,116 | 49,450 | 49,500 | 9,034 | 6,691 | 9,034 | 7,866 |
| 43,500 | 43,550 | 7,546 | 5,799 | 7,546 | 6,379 | 46,500 | 46,550 | 8,296 | 6,249 | 8,296 | 7,129 | 49,500 | 49,550 | 9,046 | 6,699 | 9,046 | 7,879 |
| 43,550 | 43,600 | 7,559 | 5,806 | 7,559 | 6,391 | 46,550 | 46,600 | 8,309 | 6,256 | 8,309 | 7,141 | 49,550 | 49,600 | 9,059 | 6,706 | 9,059 | 7,891 |
| 43,600 | 43,650 | 7,571 | 5,814 | 7,571 | 6,404 | 46,600 | 46,650 | 8,321 | 6,264 | 8,321 | 7,154 | 49,600 | 49,650 | 9,071 | 6,714 | 9,071 | 7,904 |
| 43,650 | 43,700 | 7,584 | 5,821 | 7,584 | 6,416 | 46,650 | 46,700 | 8,334 | 6,271 | 8,334 | 7,166 | 49,650 | 49,700 | 9,084 | 6,721 | 9,084 | 7,916 |
| 43,700 | 43,750 | 7,596 | 5,829 | 7,596 | 6,429 | 46,700 | 46,750 | 8,346 | 6,279 | 8,346 | 7,179 | 49,700 | 49,750 | 9,096 | 6,729 | 9,096 | 7,929 |
| 43,750 | 43,800 | 7,609 | 5,836 | 7,609 | 6,441 | 46,750 | 46,800 | 8,359 | 6,286 | 8,359 | 7,191 | 49,750 | 49,800 | 9,109 | 6,736 | 9,109 | 7,941 |
| 43,800 | 43,850 | 7,621 | 5,844 | 7,621 | 6,454 | 46,800 | 46,850 | 8,371 | 6,294 | 8,371 | 7,204 | 49,800 | 49,850 | 9,121 | 6,744 | 9,121 | 7,954 |
| 43,850 | 43,900 | 7,634 | 5,851 | 7,634 | 6,466 | 46,850 | 46,900 | 8,384 | 6,301 | 8,384 | 7,216 | 49,850 | 49,900 | 9,134 | 6,751 | 9,134 | 7,966 |
| 43,900 | 43,950 | 7,646 | 5,859 | 7,646 | 6,479 | 46,900 | 46,950 | 8,396 | 6,309 | 8,396 | 7,229 | 49,900 | 49,950 | 9,146 | 6,759 | 9,146 | 7,979 |
| 43,950 | 44,000 | 7,659 | 5,866 | 7,659 | 6,491 | 46,950 | 47,000 | 8,409 | 6,316 | 8,409 | 7,241 | 49,950 | 50,000 | 9,159 | 6,766 | 9,159 | 7,991 |
| This |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (Cont | on | 70) |

2005 Tax Table-Continued

| If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your tax | Married filing separately tax is- | Head of a household | At least | But <br> less <br> than | Single | Married <br> filing jointly Your | Married filing separately tax is- | Head of a household |
| 50,000 |  |  |  |  |  | 53,000 |  |  |  |  |  | 56,000 |  |  |  |  |  |
| 50,000 | 50,050 | 9,171 | 6,77 | 9,171 | 8,004 | 53,000 | 53,050 | 9,921 | 7,224 | 9,921 | 8,754 | 56,000 | 56,050 | 10,671 | 7,674 | 10,671 | 9,504 |
| 50,050 | 50,100 | 9,184 | 6,781 | 9,184 | 8,016 | 53,050 | 53,100 | 9,934 | 7,231 | 9,934 | 8,766 | 56,050 | 56,100 | 10,684 | 7,681 | 10,684 | 9,516 |
| 50,100 | 50,150 | 9,196 | 6,789 | 9,196 | 8,029 | 53,100 | 53,150 | 9,946 | 7,239 | 9,946 | 8,779 | 56,100 | 56,150 | 10,696 | 7,689 | 10,696 | 9,529 |
| 50,150 | 50,200 | 9,209 | 6,796 | 9,209 | 8,041 | 53,150 | 53,200 | 9,959 | 7,246 | 9,959 | 8,791 | 56,150 | 56,200 | 10,709 | 7,696 | 10,709 | 9,541 |
| 50,200 | 50,250 | 9,221 | 6,804 | 9,221 | 8,054 | 53,200 | 53,250 | 9,971 | 7,254 | 9,971 | 8,804 | 56,200 | 56,250 | 10,721 | 7,704 | 10,721 | 9,554 |
| 50,250 | 50,300 | 9,234 | 6,811 | 9,234 | 8,066 | 53,250 | 53,300 | 9,984 | 7,261 | 9,984 | 8,816 | 56,250 | 56,300 | 10,734 | 7,711 | 10,734 | 9,566 |
| 50,300 | 50,350 | 9,246 | 6,819 | 9,246 | 8,079 | 53,300 | 53,350 | 9,996 | 7,269 | 9,996 | 8,829 | 56,300 | 56,350 | 10,746 | 7,719 | 10,746 | 9,579 |
| 50,350 | 50,400 | 9,259 | 6,826 | 9,259 | 8,091 | 53,350 | 53,400 | 10,009 | 7,276 | 10,009 | 8,841 | 56,350 | 56,400 | 10,759 | 7,726 | 10,759 | 9,591 |
| 50,400 | 50,450 | 9,271 | 6,834 | 9,271 | 8,104 | 53,400 | 53,450 | 10,021 | 7,284 | 10,021 | 8,854 | 56,400 | 56,450 | 10,771 | 7,734 | 10,771 | 9,604 |
| 50,450 | 50,500 | 9,284 | 6,841 | 9,284 | 8,116 | 53,450 | 53,500 | 10,034 | 7,291 | 10,034 | 8,866 | 56,450 | 56,500 | 10,784 | 7,741 | 10,784 | 9,616 |
| 50,500 | 50,550 | 9,296 | 6,849 | 9,296 | 8,129 | 53,500 | 53,550 | 10,046 | 7,299 | 10,046 | 8,879 | 56,500 | 56,550 | 10,796 | 7,749 | 10,796 | 9,629 |
| 50,550 | 50,600 | 9,309 | 6,856 | 9,309 | 8,141 | 53,550 | 53,600 | 10,059 | 7,306 | 10,059 | 8,891 | 56,550 | 56,600 | 10,809 | 7,756 | 10,809 | 9,641 |
| 50,600 | 50,650 | 9,321 | 6,864 | 9,321 | 8,154 | 53,600 | 53,650 | 10,071 | 7,314 | 10,071 | 8,904 | 56,600 | 56,650 | 10,821 | 7,764 | 10,821 | 9,654 |
| 50,650 | 50,700 | 9,334 | 6,871 | 9,334 | 8,166 | 53,650 | 53,700 | 10,084 | 7,321 | 10,084 | 8,916 | 56,650 | 56,700 | 10,834 | 7,771 | 10,834 | 9,666 |
| 50,700 | 50,750 | 9,346 | 6,879 | 9,346 | 8,179 | 53,700 | 53,750 | 10,096 | 7,329 | 10,096 | 8,929 | 56,700 | 56,750 | 10,846 | 7,779 | 10,846 | 9,679 |
| 50,750 | 50,800 | 9,359 | 6,886 | 9,359 | 8,191 | 53,750 | 53,800 | 10,109 | 7,336 | 10,109 | 8,941 | 56,750 | 56,800 | 10,859 | 7,786 | 10,859 | 9,691 |
| 50,800 | 50,850 | 9,371 | 6,894 | 9,371 | 8,204 | 53,800 | 53,850 | 10,121 | 7,344 | 10,121 | 8,954 | 56,800 | 56,850 | 10,871 | 7,794 | 10,871 | 9,704 |
| 50,850 | 50,900 | 9,384 | 6,901 | 9,384 | 8,216 | 53,850 | 53,900 | 10,134 | 7,351 | 10,134 | 8,966 | 56,850 | 56,900 | 10,884 | 7,801 | 10,884 | 9,716 |
| 50,900 | 50,950 | 9,396 | 6,909 | 9,396 | 8,229 | 53,900 | 53,950 | 10,146 | 7,359 | 10,146 | 8,979 | 56,900 | 56,950 | 10,896 | 7,809 | 10,896 | 9,729 |
| 50,950 | 51,000 | 9,409 | 6,916 | 9,409 | 8,241 | 53,950 | 54,000 | 10,159 | 7,366 | 10,159 | 8,991 | 56,950 | 57,000 | 10,909 | 7,816 | 10,909 | 9,741 |
|  |  |  |  |  |  |  | 000 |  |  |  |  |  |  |  |  |  |  |
| 51,000 | 51,050 | 9,421 | 6,924 | 9,421 | 8,254 | 54,000 | 54,050 | 10,171 | 7,374 | 10,171 | 9,004 | 57,000 | 57,050 | 10,921 | 7,824 | 10,921 | 9,754 |
| 51,050 | 51,100 | 9,434 | 6,931 | 9,434 | 8,266 | 54,050 | 54,100 | 10,184 | 7,381 | 10,184 | 9,016 | 57,050 | 57,100 | 10,934 | 7,831 | 10,934 | 9,766 |
| 51,100 | 51,150 | 9,446 | 6,939 | 9,446 | 8,279 | 54,100 | 54,150 | 10,196 | 7,389 | 10,196 | 9,029 | 57,100 | 57,150 | 10,946 | 7,839 | 10,946 | 9,779 |
| 51,150 | 51,200 | 9,459 | 6,946 | 9,459 | 8,291 | 54,150 | 54,200 | 10,209 | 7,396 | 10,209 | 9,041 | 57,150 | 57,200 | 10,959 | 7,846 | 10,959 | 9,791 |
| 51,200 | 51,250 | 9,471 | 6,954 | 9,471 | 8,304 | 54,200 | 54,250 | 10,221 | 7,404 | 10,221 | 9,054 | 57,200 | 57,250 | 10,971 | 7,854 | 10,971 | 9,804 |
| 51,250 | 51,300 | 9,484 | 6,961 | 9,484 | 8,316 | 54,250 | 54,300 | 10,234 | 7,411 | 10,234 | 9,066 | 57,250 | 57,300 | 10,984 | 7,861 | 10,984 | 9,816 |
| 51,300 | 51,350 | 9,496 | 6,969 | 9,496 | 8,329 | 54,300 | 54,350 | 10,246 | 7,419 | 10,246 | 9,079 | 57,300 | 57,350 | 10,996 | 7,869 | 10,996 | 9,829 |
| 51,350 | 51,400 | 9,509 | 6,976 | 9,509 | 8,341 | 54,350 | 54,400 | 10,259 | 7,426 | 10,259 | 9,091 | 57,350 | 57,400 | 11,009 | 7,876 | 11,009 | 9,841 |
| 51,400 | 51,450 | 9,521 | 6,984 | 9,521 | 8,354 | 54,400 | 54,450 | 10,271 | 7,434 | 10,271 | 9,104 | 57,400 | 57,450 | 11,021 | 7,884 | 11,021 | 9,854 |
| 51,450 | 51,500 | 9,534 | 6,991 | 9,534 | 8,366 | 54,450 | 54,500 | 10,284 | 7,441 | 10,284 | 9,116 | 57,450 | 57,500 | 11,034 | 7,891 | 11,034 | 9,866 |
| 51,500 | 51,550 | 9,546 | 6,999 | 9,546 | 8,379 | 54,500 | 54,550 | 10,296 | 7,449 | 10,296 | 9,129 | 57,500 | 57,550 | 11,046 | 7,899 | 11,046 | 9,879 |
| 51,550 | 51,600 | 9,559 | 7,006 | 9,559 | 8,391 | 54,550 | 54,600 | 10,309 | 7,456 | 10,309 | 9,141 | 57,550 | 57,600 | 11,059 | 7,906 | 11,059 | 9,891 |
| 51,600 | 51,650 | 9,571 | 7,014 | 9,571 | 8,404 | 54,600 | 54,650 | 10,321 | 7,464 | 10,321 | 9,154 | 57,600 | 57,650 | 11,071 | 7,914 | 11,071 | 9,904 |
| 51,650 | 51,700 | 9,584 | 7,021 | 9,584 | 8,416 | 54,650 | 54,700 | 10,334 | 7,471 | 10,334 | 9,166 | 57,650 | 57,700 | 11,084 | 7,921 | 11,084 | 9,916 |
| 51,700 | 51,750 | 9,596 | 7,029 | 9,596 | 8,429 | 54,700 | 54,750 | 10,346 | 7,479 | 10,346 | 9,179 | 57,700 | 57,750 | 11,096 | 7,929 | 11,096 | 9,929 |
| 51,750 | 51,800 | 9,609 | 7,036 | 9,609 | 8,441 | 54,750 | 54,800 | 10,359 | 7,486 | 10,359 | 9,191 | 57,750 | 57,800 | 11,109 | 7,936 | 11,109 | 9,941 |
| 51,800 | 51,850 | 9,621 | 7,044 | 9,621 | 8,454 | 54,800 | 54,850 | 10,371 | 7,494 | 10,371 | 9,204 | 57,800 | 57,850 | 11,121 | 7,944 | 11,121 | 9,954 |
| 51,850 | 51,900 | 9,634 | 7,051 | 9,634 | 8,466 | 54,850 | 54,900 | 10,384 | 7,501 | 10,384 | 9,216 | 57,850 | 57,900 | 11,134 | 7,951 | 11,134 | 9,966 |
| 51,900 | 51,950 | 9,646 | 7,059 | 9,646 | 8,479 | 54,900 | 54,950 | 10,396 | 7,509 | 10,396 | 9,229 | 57,900 | 57,950 | 11,146 | 7,959 | 11,146 | 9,979 |
| 51,950 | 52,000 | 9,659 | 7,066 | 9,659 | 8,491 | 54,950 | 55,000 | 10,409 | 7,516 | 10,409 | 9,241 | 57,950 | 58,000 | 11,159 | 7,966 | 11,159 | 9,991 |
|  |  |  |  |  |  |  |  |  |  |  |  | 58 | 00 |  |  |  |  |
| 52,000 | 52,050 | 9,671 | 7,074 | 9,671 | 8,504 | 55,000 | 55,050 | 10,421 | 7,524 | 10,421 | 9,254 | 58,000 | 58,050 | 11,171 | 7,974 | 11,171 | 10,004 |
| 52,050 | 52,100 | 9,684 | 7,081 | 9,684 | 8,516 | 55,050 | 55,100 | 10,434 | 7,531 | 10,434 | 9,266 | 58,050 | 58,100 | 11,184 | 7,981 | 11,184 | 10,016 |
| 52,100 | 52,150 | 9,696 | 7,089 | 9,696 | 8,529 | 55,100 | 55,150 | 10,446 | 7,539 | 10,446 | 9,279 | 58,100 | 58,150 | 11,196 | 7,989 | 11,196 | 10,029 |
| 52,150 | 52,200 | 9,709 | 7,096 | 9,709 | 8,541 | 55,150 | 55,200 | 10,459 | 7,546 | 10,459 | 9,291 | 58,150 | 58,200 | 11,209 | 7,996 | 11,209 | 10,041 |
| 52,200 | 52,250 | 9,721 | 7,104 | 9,721 | 8,554 | 55,200 | 55,250 | 10,471 | 7,554 | 10,471 | 9,304 | 58,200 | 58,250 | 11,221 | 8,004 | 11,221 | 10,054 |
| 52,250 | 52,300 | 9,734 | 7,111 | 9,734 | 8,566 | 55,250 | 55,300 | 10,484 | 7,561 | 10,484 | 9,316 | 58,250 | 58,300 | 11,234 | 8,011 | 11,234 | 10,066 |
| 52,300 | 52,350 | 9,746 | 7,119 | 9,746 | 8,579 | 55,300 | 55,350 | 10,496 | 7,569 | 10,496 | 9,329 | 58,300 | 58,350 | 11,246 | 8,019 | 11,246 | 10,079 |
| 52,350 | 52,400 | 9,759 | 7,126 | 9,759 | 8,591 | 55,350 | 55,400 | 10,509 | 7,576 | 10,509 | 9,341 | 58,350 | 58,400 | 11,259 | 8,026 | 11,259 | 10,091 |
| 52,400 | 52,450 | 9,771 | 7,134 | 9,771 | 8,604 | 55,400 | 55,450 | 10,521 | 7,584 | 10,521 | 9,354 | 58,400 | 58,450 | 11,271 | 8,034 | 11,271 | 10,104 |
| 52,450 | 52,500 | 9,784 | 7,141 | 9,784 | 8,616 | 55,450 | 55,500 | 10,534 | 7,591 | 10,534 | 9,366 | 58,450 | 58,500 | 11,284 | 8,041 | 11,284 | 10,116 |
| 52,500 | 52,550 | 9,796 | 7,149 | 9,796 | 8,629 | 55,500 | 55,550 | 10,546 | 7,599 | 10,546 | 9,379 | 58,500 | 58,550 | 11,296 | 8,049 | 11,296 | 10,129 |
| 52,550 | 52,600 | 9,809 | 7,156 | 9,809 | 8,641 | 55,550 | 55,600 | 10,559 | 7,606 | 10,559 | 9,391 | 58,550 | 58,600 | 11,309 | 8,056 | 11,309 | 10,141 |
| 52,600 | 52,650 | 9,821 | 7,164 | 9,821 | 8,654 | 55,600 | 55,650 | 10,571 | 7,614 | 10,571 | 9,404 | 58,600 | 58,650 | 11,321 | 8,064 | 11,321 | 10,154 |
| 52,650 | 52,700 | 9,834 | 7,171 | 9,834 | 8,666 | 55,650 | 55,700 | 10,584 | 7,621 | 10,584 | 9,416 | 58,650 | 58,700 | 11,334 | 8,071 | 11,334 | 10,166 |
| 52,700 | 52,750 | 9,846 | 7,179 | 9,846 | 8,679 | 55,700 | 55,750 | 10,596 | 7,629 | 10,596 | 9,429 | 58,700 | 58,750 | 11,346 | 8,079 | 11,346 | 10,179 |
| 52,750 | 52,800 | 9,859 | 7,186 | 9,859 | 8,691 | 55,750 | 55,800 | 10,609 | 7,636 | 10,609 | 9,441 | 58,750 | 58,800 | 11,359 | 8,086 | 11,359 | 10,191 |
| 52,800 | 52,850 | 9,871 | 7,194 | 9,871 | 8,704 | 55,800 | 55,850 | 10,621 | 7,644 | 10,621 | 9,454 | 58,800 | 58,850 | 11,371 | 8,094 | 11,371 | 10,204 |
| 52,850 | 52,900 | 9,884 | 7,201 | 9,884 | 8,716 | 55,850 | 55,900 | 10,634 | 7,651 | 10,634 | 9,466 | 58,850 | 58,900 | 11,384 | 8,101 | 11,384 | 10,216 |
| 52,900 | 52,950 | 9,896 | 7,209 | 9,896 | 8,729 | 55,900 | 55,950 | 10,646 | 7,659 | 10,646 | 9,479 | 58,900 | 58,950 | 11,396 | 8,109 | 11,396 | 10,229 |
| 52,950 | 53,000 | 9,909 | 7,216 | 9,909 | 8,741 | 55,950 | 56,000 | 10,659 | 7,666 | 10,659 | 9,491 | 58,950 | 59,000 | 11,409 | 8,116 | 11,409 | 10,241 |
| * This | mn | als | use | a | ifying | dow |  |  |  |  |  |  |  |  | (Contin | ed on p | page 71) |

2005 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married filing jointly Your tax | Married <br> filing <br> sepa- <br> sately$\|$ | $\begin{array}{\|l\|l} \hline \text { Head } \\ \text { of a } \\ \text { house } \\ \text { hoold } \end{array}$ | $\begin{array}{\|l\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married filing jointly | Married filing sepa- rately |  | $\begin{array}{\|l\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { less } \end{aligned}$ | Sing | $\begin{aligned} & \text { Married } \\ & \begin{array}{l} \text { filing } \\ \text { jointly } \end{array} \\ & \text { Your t } \end{aligned}$ | Married <br> filing <br> sepa- rately <br> tax is- | $\begin{aligned} & \text { d } \begin{array}{l} \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array} \end{aligned}$ |
| 59,000 |  |  |  |  |  | 62,000 |  |  |  |  |  | 65,000 |  |  |  |  |  |
| 59,000 | 59,050 | 11,421 |  |  |  | 62,000 | 62,050 | 12,171 | 8,836 | 12,233 | 11,004 | 65,000 | 65,050 | 1 | 9,586 | 13,073 |  |
| 59,050 | 59,100 | 11,434 | 8,131 | 11,434 | 10, | 62,050 | 62,100 | 12,184 | 8,849 | 12,247 | 11,016 | 65,050 | 65,100 | 12,934 | 9,5 | 13,00 |  |
| 59,100 | 59,150 | 11,446 |  | 11, |  | 62,100 | 62,150 |  | 8,861 | 12,261 | 11,02 | 65,100 | 65,150 |  | 9,611 | ${ }^{13,1}$ |  |
| 59,150 | 59,200 | 11,459 | 8,1 | 11,459 | 10,291 | 62,150 | 62,200 | 12, | 8,874 | 12,275 | 11,041 | 65,150 | 200 | 12,959 | 9,624 | 13, | 11,791 |
| 59,200 | 59,250 | 11,471 | 8,154 | 11,471 | 10,304 | 62,200 | 62,250 | 12,221 | 8,886 | 12,289 | 11,054 | 65,200 | 65,250 | 12,971 | 9,636 | 13,129 |  |
| 59,250 | 59,300 | 11,484 | 8,161 | 11,484 |  | 62,250 | 62,300 | 12,2 | 8,899 | 12,30 | 11,0 | 65,250 | 65,300 |  | 9,649 |  |  |
| 59,300 | 59,350 |  | 8,169 |  | 10, | 62,300 | 62,350 |  | 8,911 | 12,31 | 11,0 | 65,300 | 65,350 |  | 9,6 | 13, |  |
| 59,350 | 59,400 | 11,5 | 8,176 | 11,509 | 10,3 | 62,350 | 62,400 | 12,21 | 8,924 | 12,331 | 11,09 | 65,350 | 65,40 | 9 | 9,6 | 13, | 11,841 |
|  | 59,450 | 11,521 | 8,186 | 11,521 | 10,3 | 62,400 | 62,450 | 12,271 | 8,936 | 12,345 | 11,10 |  |  | 13,021 |  |  |  |
|  | 59,500 |  | 8,199 | 11,53 |  |  | 62,500 | 12,284 | 8,949 | 12,359 | 11,11 | 65,450 | 65,500 |  |  | 13,1 |  |
|  |  |  | 8,211 |  |  |  |  |  | 8,96 |  |  | 65,500 65550 |  |  | 9,711 |  |  |
| 59,550 | 59,6 | 11,5 | 8,2 | 11,55 | 10,391 | 62,550 | 62,600 | 12,309 | 8,974 | 12,38 | 11,141 | 65,550 | 65,600 |  | 9,724 | 13,227 | 11,891 |
| 00 | 59 | 11,57 | 8,236 | 11,57 | 10, | 62,600 | 62,650 | 12, | 8,986 | 12,401 | 11,154 | 65,600 | 65,650 | 13,071 | 9,73 | 13,241 | 04 |
| 59,700 | 59,7 |  |  | 11,584 11,596 |  |  | 62,700 62750 | 12,3 | ${ }_{9}^{8,909}$ | 12.4 |  | 655,65 | 65,700 65750 | ${ }_{13}^{13}$ | 9,74 | 13 |  |
| 59,750 | 59,800 | 11,609 | 8,274 | 11,609 | 10,4 | 62,750 | 62,800 | 12,3 | 9,024 | 12,44 | 11,19 | 65,750 | 65,800 | 13,1 | 9,77 | 3,2 | 41 |
| 59,800 | 59,850 | 11,621 | 8,286 | 11,62 | 10,454 | 62,800 | 62,850 | 12,371 | 9,036 | 12,45 |  |  |  | 13,121 | 9,78 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59,950 | 60,000 |  | 8,324 | 11,659 |  | 62,950 | 63,000 |  | 9,0 | 2,499 | 11,241 | 65,950 | 66,000 |  |  |  |  |
| 60,000 |  |  |  |  |  | 63,000 |  |  |  |  |  | 66,000 |  |  |  |  |  |
| 60,000 | 60,050 | 11,671 | 8,336 | 11,673 | 504 | 63,000 | 63,050 | 12,421 | 9,086 |  |  | 66,000 | 66,050 | 13,171 | ,836 | 13,353 | 004 |
|  |  |  | 8,349 | 11,687 |  |  | 63,100 | 12,434 | 9,099 | 12,527 | 11,2 |  |  | 13,184 | 9,84 |  |  |
| 60,100 | 60,150 |  | 8,36 | 11,70 |  | 63,100 | 63,150 | 12,446 | 9,11 | 12,54 | 11,2 | 66,100 | 66,150 |  | 9,8 | 13,3 |  |
| 60, |  |  |  |  |  |  |  |  | 9,12 | , 55 | 1,291 |  |  |  | 987 |  | ,041 |
| 60,200 | 60,250 | 11,721 | 8,386 | 11,729 | 10,554 | 63,200 | 63,250 | 12,471 | 9,136 | 12,56 | 11,304 | 66,200 | 66,250 | 13,221 | 9,886 | 13,4 |  |
| 60,250 | 60,300 | 11,734 | 8,399 | 11,743 | 10,566 | 63,250 | 63,300 | 12,484 | 9,149 | 12,58 | 11,31 | 66,250 | 66,300 | 13,234 | 9,89 | 13,4 |  |
|  |  |  |  | 11,757 |  |  |  |  | 9,16 | 12,59 | 11,32 |  |  |  | 9,9 |  |  |
|  |  |  |  |  |  |  |  |  | 9,17 | 2,61 | 1,3 |  |  | 3,259 | 99 | 13, | 2,091 |
| 60,400 | 60,450 | 11,771 | 8,436 | 11,785 | 10,60 | 63,400 | 63,450 | 12,521 | 9,186 | 12,62 | 11,35 | 66,400 | 66,450 | 13,271 | 9,93 | 13,4 |  |
| 6,450 | 60,500 | 11,784 | 8,4 | 11,7 |  |  | 63,500 | 12, | 9,199 | 12,63 | 11,3 | 66,450 | 66,500 |  | 9,9 | 13,49 |  |
| 60,500 | 60,55 |  |  | 11,813 | 10,62 |  | 63,550 | 12,5 | 9,211 | 12,65 | 11,37 | 66,500 | 66,550 | 13,2 | 9,9 | 13,49 |  |
| 60,5 | 60, | 11, | 8,474 | 11,827 | 0,64 | 63,550 | 63,600 | 12,559 | 9,224 | 12,66 | 11,39 | 66,550 | 66,600 | 13,3 | 9,9 | 13,50 | 12,141 |
| 60,600 | 60,650 | 11,82 | 8,4 | 11,841 | 10,6 | 63,600 | 63,650 | 12,571 | 9,23 |  | 11,4 |  |  | 13,321 | 9,98 | 13,5 |  |
| 60, | 60, |  |  | 11,8 |  | 63,650 | 63,700 | 12, | 9,2 | 12,69 | 11, | 66,650 | 66,700 | 13,3 | 9,999 | 13,5 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0,0 |  |  |
| 60, | 60,8 | 11, | 8,524 | 11,8 | 10, | 63 | 63,800 | 12,609 | 9,27 | 12,72 | 1,4 | 66, | 66, | 13,359 | ,020 | 13, | 12,191 |
|  |  |  |  |  |  |  | 63,850 | 12, | 9,286 | 12,7 | 11, | 66, | 66,850 | 13,371 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 60,950 | 61,000 |  |  |  |  | 63,950 | 64,0 |  | 9,324 |  |  | 66,95 | 67,000 |  |  |  |  |
| 61,000 |  |  |  |  |  | 64,000 |  |  |  |  |  | 67,000 |  |  |  |  |  |
|  | 61,050 |  | 8,5 |  |  | 64,000 | 64,050 | 12,6 |  |  |  | 67,000 | 67,050 |  | 10,0 |  |  |
| 61,050 | 61,100 |  |  |  |  |  |  |  | 9,3 |  |  |  | 67,100 |  |  |  |  |
|  |  |  |  |  | 10,779 |  | 64,150 |  |  |  |  | 67,100 | 67,150 |  | 0,11 | 3,6 |  |
| 61,150 | 61,200 | 11,959 | 8,624 | 11,995 | 10,791 | 64,150 | 64,200 | 12,709 | 9,374 | 12,835 | 11,541 | 67,150 | 67,200 | 13,45 | 0,124 | 3,675 | 2,2 |
| ${ }^{61,200}$ | 61,250 | 11,971 | 8,636 | 12,009 | 10,804 | 64,200 | 64,250 | 12,721 | 9,386 | 12,84 | 11,554 | 67,200 | 67,250 | 13,471 | 10,136 | 13,6 | 12,3 |
| 61,250 | 61,300 | 11, |  | 23 | 10,816 | 64,250 | 64,300 |  | 9,399 |  | 11,56 | 67,250 | 67,300 |  | 10,1 | 13,7 |  |
| 61,300 | 61,350 |  |  |  | 10,829 | 64,300 | 64,350 | 12,746 | 9,41 | 12,87 | 11,579 | 000 | 67,350 | 13,496 | 10,1 | 13,717 | 29 |
| 61 | 61 | 12, | 8,674 | 12,051 | 10,841 | 64 | 00 | 12,759 | 9,424 | 12,891 | 11,591 | 67,350 | 67,400 | 13,509 | 10,174 | 13,731 | 12,341 |
| 61,400 | 61,450 | 12,021 | 8,686 | 12,065 | 10,854 | 64,400 | 64,450 | 12,771 | 9,436 | 12,905 | 11,604 | 67,400 | 67,450 | 13,521 | 10,18 | 13,74 | 12,3 |
| 61,450 | 61,500 | 12, | 8,6 | ,079 | 10,86 | 64,450 | 64,500 | 12,784 | 9,449 | 12,913 | 11,6 | 67,450 | 67,500 | 13,53 | 10,199 |  |  |
| 61,500 | 61,550 | 12,046 | 8,711 | 993 | 10,879 | 64,500 | 64,550 | 12,796 | 9,46 | 12,9 | 11,62 | 67,500 | 67,550 | 13,546 | 10,211 | 13,7 |  |
| 61,550 | 61,600 | 12,059 | 8,724 | 12,107 | 10,891 | 64,550 | 64,600 | 12,809 | 9,474 | 12,947 | 11,641 | 67,550 | 67,600 | 13,559 | 10,224 | 13,78 | 12,391 |
| 61,600 | 61,650 | 12,071 | 8,736 | 12,121 | 10,904 | 64,600 | 64,650 | 12,821 | 9,486 | 12,961 | 11,65 | 67,600 | 67,650 | 13,571 | 10,2 | 13,801 | 12,404 |
| 61,650 | 61,700 |  |  |  | 10, | 64,650 | 64,700 |  | 9,499 | 12,97 | 11,666 | 67,650 | 67,700 | 13,584 |  | 13,815 |  |
| 61,700 | 61,750 | . 096 |  |  |  | 64,700 | 64,750 | 12,846 | 9,51 | 2,989 | 1,67 | 67,70 | 67,750 | 13,59 | 10,261 | 3,8 | 12,429 |
| 61,750 | 61,8 | 12,109 | 8,774 | 12,163 | 10,941 | 64,750 | 64,800 | 12,859 | 9,524 | 13,003 | 11,691 | 67,750 | 67,800 | 13,609 | 10,27 | 13,8 | 12,441 |
| 61,8 | 61,850 | 12,121 | 8,786 | 12,177 | 10,954 |  | 64,850 | 12,871 | 9,536 | 13,017 | 11,70 | 67,800 | 67,850 | 13,621 | 10,286 | 13,857 |  |
| 61,850 | 61,90 |  | 8, | 191 | 10,966 | 64,850 | 64,900 | 12,884 | 9,549 | 13,031 | 11,716 | 67,850 | 67,900 | 13,634 | 10,299 | 13,871 |  |
| 61,900 | 61,950 | 12,146 | 8,881 | ,205 | 10,979 | 64,900 | 64,950 | 12,896 | 9,561 | 13,045 | 11,729 | 67,900 | 67,950 | 13,646 | 0,311 | 13,88 |  |
|  | 62,00 | 12,159 | 824 | 2,219 | 10,99 |  | 65,0 | 12,9 | 9,574 | 3,05 | 11,74 | 67,9 |  |  |  |  | 12,4 |

* This column must also be used by a qualifying widow(er).
(Continued on page 72)

2005 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less <br> than | Single | Married filing jointly Your ta | Married filing separately <br> tax is- | Head of a household | At least | But <br> less <br> than | Single | Married <br> filing jointly <br> Your tax | Married filing separately tax is- | Head of a household | At least | But <br> less <br> than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household |
| 68,000 |  |  |  |  |  | 71,000 |  |  |  |  |  | 74,000 |  |  |  |  |  |
| 68,000 | 68,050 | 13,67 | 10,336 | 13,913 | 12,504 | 11,000 71,050 |  |  |  |  |  | 74,000 74,050 |  |  |  |  |  |
| 68,050 | 68,100 | 13,684 | 10,349 | 13,927 | 12,516 | 71,050 | 71,100 | 14,434 | 11,099 | 14,767 | 13,266 | 74,050 | 74,100 | 15,248 | 11,849 | 15,607 | 14,016 |
| 68,100 | 68,150 | 13,696 | 10,361 | 13,941 | 12,529 | 71,100 | 71,150 | 14,446 | 11,111 | 14,781 | 13,279 | 74,100 | 74,150 | 15,262 | 11,861 | 15,621 | 14,029 |
| 68,150 | 68,200 | 13,709 | 10,374 | 13,955 | 12,541 | 71,150 | 71,200 | 14,459 | 11,124 | 14,795 | 13,291 | 74,150 | 74,200 | 15,276 | 11,874 | 15,635 | 14,041 |
| 68,200 | 68,250 | 13,721 | 10,386 | 13,969 | 12,554 | 71,200 | 71,250 | 14,471 | 11,136 | 14,809 | 13,304 | 74,200 | 74,250 | 15,290 | 11,886 | 15,649 | 14,054 |
| 68,250 | 68,300 | 13,734 | 10,399 | 13,983 | 12,566 | 71,250 | 71,300 | 14,484 | 11,149 | 14,823 | 13,316 | 74,250 | 74,300 | 15,304 | 11,899 | 15,663 | 14,066 |
| 68,300 | 68,350 | 13,746 | 10,411 | 13,997 | 12,579 | 71,300 | 71,350 | 14,496 | 11,161 | 14,837 | 13,329 | 74,300 | 74,350 | 15,318 | 11,911 | 15,677 | 14,079 |
| 68,350 | 68,400 | 13,759 | 10,424 | 14,011 | 12,591 | 71,350 | 71,400 | 14,509 | 11,174 | 14,851 | 13,341 | 74,350 | 74,400 | 15,332 | 11,924 | 15,691 | 14,091 |
| 68,400 | 68,450 | 13,771 | 10,436 | 14,025 | 12,604 | 71,400 | 71,450 | 14,521 | 11,186 | 14,865 | 13,354 | 74,400 | 74,450 | 15,346 | 11,936 | 15,705 | 14,104 |
| 68,450 | 68,500 | 13,784 | 10,449 | 14,039 | 12,616 | 71,450 | 71,500 | 14,534 | 11,199 | 14,879 | 13,366 | 74,450 | 74,500 | 15,360 | 11,949 | 15,719 | 14,116 |
| 68,500 | 68,550 | 13,796 | 10,461 | 14,053 | 12,629 | 71,500 | 71,550 | 14,546 | 11,211 | 14,893 | 13,379 | 74,500 | 74,550 | 15,374 | 11,961 | 15,733 | 14,129 |
| 68,550 | 68,600 | 13,809 | 10,474 | 14,067 | 12,641 | 71,550 | 71,600 | 14,559 | 11,224 | 14,907 | 13,391 | 74,550 | 74,600 | 15,388 | 11,974 | 15,747 | 14,141 |
| 68,600 | 68,650 | 13,821 | 10,486 | 14,081 | 12,654 | 71,600 | 71,650 | 14,571 | 11,236 | 14,921 | 13,404 | 74,600 | 74,650 | 15,402 | 11,986 | 15,761 | 14,154 |
| 68,650 | 68,700 | 13,834 | 10,499 | 14,095 | 12,666 | 71,650 | 71,700 | 14,584 | 11,249 | 14,935 | 13,416 | 74,650 | 74,700 | 15,416 | 11,999 | 15,775 | 14,166 |
| 68,700 | 68,750 | 13,846 | 10,511 | 14,109 | 12,679 | 71,700 | 71,750 | 14,596 | 11,261 | 14,949 | 13,429 | 74,700 | 74,750 | 15,430 | 12,011 | 15,789 | 14,179 |
| 68,750 | 68,800 | 13,859 | 10,524 | 14,123 | 12,691 | 71,750 | 71,800 | 14,609 | 11,274 | 14,963 | 13,441 | 74,750 | 74,800 | 15,444 | 12,024 | 15,803 | 14,191 |
| 68,800 | 68,850 | 13,871 | 10,536 | 14,137 | 12,704 | 71,800 | 71,850 | 14,621 | 11,286 | 14,977 | 13,454 | 74,800 | 74,850 | 15,458 | 12,036 | 15,817 | 14,204 |
| 68,850 | 68,900 | 13,884 | 10,549 | 14,151 | 12,716 | 71,850 | 71,900 | 14,634 | 11,299 | 14,991 | 13,466 | 74,850 | 74,900 | 15,472 | 12,049 | 15,831 | 14,216 |
| 68,900 | 68,950 | 13,896 | 10,561 | 14,165 | 12,729 | 71,900 | 71,950 | 14,646 | 11,311 | 15,005 | 13,479 | 74,900 | 74,950 | 15,486 | 12,061 | 15,845 | 14,229 |
| 68,950 | 69,000 | 13,909 | 10,574 | 14,179 | 12,741 | 71,950 | 72,000 | 14,660 | 11,324 | 15,019 | 13,491 | 74,950 | 75,000 | 15,500 | 12,074 | 15,859 | 14,241 |
| 69,000 |  |  |  |  |  | 72,000 |  |  |  |  |  | 75,000 |  |  |  |  |  |
| 69,000 | 69,050 | 13,921 | 10,586 | 14,193 | 12, | 72,000 | 72,050 | 14,674 | 11,336 | 15,033 | 13,504 | 75,000 | 75,050 | 15,514 | 12,086 | 15,873 | 14,254 |
| 69,050 | 69,100 | 13,934 | 10,599 | 14,207 | 12,766 | 72,050 | 72,100 | 14,688 | 11,349 | 15,047 | 13,516 | 75,050 | 75,100 | 15,528 | 12,099 | 15,887 | 14,266 |
| 69,100 | 69,150 | 13,946 | 10,611 | 14,221 | 12,779 | 72,100 | 72,150 | 14,702 | 11,361 | 15,061 | 13,529 | 75,100 | 75,150 | 15,542 | 12,111 | 15,901 | 14,279 |
| 69,150 | 69,200 | 13,959 | 10,624 | 14,235 | 12,791 | 72,150 | 72,200 | 14,716 | 11,374 | 15,075 | 13,541 | 75,150 | 75,200 | 15,556 | 12,124 | 15,915 | 14,291 |
| 69,200 | 69,250 | 13,971 | 10,636 | 14,249 | 12,804 | 72,200 | 72,250 | 14,730 | 11,386 | 15,089 | 13,554 | 75,200 | 75,250 | 15,570 | 12,136 | 15,929 | 14,304 |
| 69,250 | 69,300 | 13,984 | 10,649 | 14,263 | 12,816 | 72,250 | 72,300 | 14,744 | 11,399 | 15,103 | 13,566 | 75,250 | 75,300 | 15,584 | 12,149 | 15,943 | 14,316 |
| 69,300 | 69,350 | 13,996 | 10,661 | 14,277 | 12,829 | 72,300 | 72,350 | 14,758 | 11,411 | 15,117 | 13,579 | 75,300 | 75,350 | 15,598 | 12,161 | 15,957 | 14,329 |
| 69,350 | 69,400 | 14,009 | 10,674 | 14,291 | 12,841 | 72,350 | 72,400 | 14,772 | 11,424 | 15,131 | 13,591 | 75,350 | 75,400 | 15,612 | 12,174 | 15,971 | 14,341 |
| 69,400 | 69,450 | 14,021 | 10,686 | 14,305 | 12,854 | 72,400 | 72,450 | 14,786 | 11,436 | 15,145 | 13,604 | 75,400 | 75,450 | 15,626 | 12,186 | 15,985 | 14,354 |
| 69,450 | 69,500 | 14,034 | 10,699 | 14,319 | 12,866 | 72,450 | 72,500 | 14,800 | 11,449 | 15,159 | 13,616 | 75,450 | 75,500 | 15,640 | 12,199 | 15,999 | 14,366 |
| 69,500 | 69,550 | 14,046 | 10,711 | 14,333 | 12,879 | 72,500 | 72,550 | 14,814 | 11,461 | 15,173 | 13,629 | 75,500 | 75,550 | 15,654 | 12,211 | 16,013 | 14,379 |
| 69,550 | 69,600 | 14,059 | 10,724 | 14,347 | 12,891 | 72,550 | 72,600 | 14,828 | 11,474 | 15,187 | 13,641 | 75,550 | 75,600 | 15,668 | 12,224 | 16,027 | 14,391 |
| 69,600 | 69,650 | 14,071 | 10,736 | 14,361 | 12,904 | 72,600 | 72,650 | 14,842 | 11,486 | 15,201 | 13,654 | 75,600 | 75,650 | 15,682 | 12,236 | 16,041 | 14,404 |
| 69,650 | 69,700 | 14,084 | 10,749 | 14,375 | 12,916 | 72,650 | 72,700 | 14,856 | 11,499 | 15,215 | 13,666 | 75,650 | 75,700 | 15,696 | 12,249 | 16,055 | 14,416 |
| 69,700 | 69,750 | 14,096 | 10,761 | 14,389 | 12,929 | 72,700 | 72,750 | 14,870 | 11,511 | 15,229 | 13,679 | 75,700 | 75,750 | 15,710 | 12,261 | 16,069 | 14,429 |
| 69,750 | 69,800 | 14,109 | 10,774 | 14,403 | 12,941 | 72,750 | 72,800 | 14,884 | 11,524 | 15,243 | 13,691 | 75,750 | 75,800 | 15,724 | 12,274 | 16,083 | 14,441 |
| 69,800 | 69,850 | 14,121 | 10,786 | 14,417 | 12,954 | 72,800 | 72,850 | 14,898 | 11,536 | 15,257 | 13,704 | 75,800 | 75,850 | 15,738 | 12,286 | 16,097 | 14,454 |
| 69,850 | 69,900 | 14,134 | 10,799 | 14,431 | 12,966 | 72,850 | 72,900 | 14,912 | 11,549 | 15,271 | 13,716 | 75,850 | 75,900 | 15,752 | 12,299 | 16,111 | 14,466 |
| 69,900 | 69,950 | 14,146 | 10,811 | 14,445 | 12,979 | 72,900 | 72,950 | 14,926 | 11,561 | 15,285 | 13,729 | 75,900 | 75,950 | 15,766 | 12,311 | 16,125 | 14,479 |
| 69,950 | 70,000 | 14,159 | 10,824 | 14,459 | 12,991 | 72,950 | 73,000 | 14,940 | 11,574 | 15,299 | 13,741 | 75,950 | 76,000 | 15,780 | 12,324 | 16,139 | 14,491 |
| 70,000 |  |  |  |  |  | 73,000 |  |  |  |  |  | 76,000 |  |  |  |  |  |
| 70,000 | 70,050 | 14,171 | 10,836 | 14,473 | 13,004 | 73,000 | 73,050 | 14,954 | 11,586 | 15,313 | 13,754 | 76,000 | 76,050 | 15,794 | 12,336 | 16,153 | 14,504 |
| 70,050 | 70,100 | 14,184 | 10,849 | 14,487 | 13,016 | 73,050 | 73,100 | 14,968 | 11,599 | 15,327 | 13,766 | 76,050 | 76,100 | 15,808 | 12,349 | 16,167 | 14,516 |
| 70,100 | 70,150 | 14,196 | 10,861 | 14,501 | 13,029 | 73,100 | 73,150 | 14,982 | 11,611 | 15,341 | 13,779 | 76,100 | 76,150 | 15,822 | 12,361 | 16,181 | 14,529 |
| 70,150 | 70,200 | 14,209 | 10,874 | 14,515 | 13,041 | 73,150 | 73,200 | 14,996 | 11,624 | 15,355 | 13,791 | 76,150 | 76,200 | 15,836 | 12,374 | 16,195 | 14,541 |
| 70,200 | 70,250 | 14,221 | 10,886 | 14,529 | 13,054 | 73,200 | 73,250 | 15,010 | 11,636 | 15,369 | 13,804 | 76,200 | 76,250 | 15,850 | 12,386 | 16,209 | 14,554 |
| 70,250 | 70,300 | 14,234 | 10,899 | 14,543 | 13,066 | 73,250 | 73,300 | 15,024 | 11,649 | 15,383 | 13,816 | 76,250 | 76,300 | 15,864 | 12,399 | 16,223 | 14,566 |
| 70,300 | 70,350 | 14,246 | 10,911 | 14,557 | 13,079 | 73,300 | 73,350 | 15,038 | 11,661 | 15,397 | 13,829 | 76,300 | 76,350 | 15,878 | 12,411 | 16,237 | 14,579 |
| 70,350 | 70,400 | 14,259 | 10,924 | 14,571 | 13,091 | 73,350 | 73,400 | 15,052 | 11,674 | 15,411 | 13,841 | 76,350 | 76,400 | 15,892 | 12,424 | 16,251 | 14,591 |
| 70,400 | 70,450 | 14,271 | 10,936 | 14,585 | 13,104 | 73,400 | 73,450 | 15,066 | 11,686 | 15,425 | 13,854 | 76,400 | 76,450 | 15,906 | 12,436 | 16,265 | 14,604 |
| 70,450 | 70,500 | 14,284 | 10,949 | 14,599 | 13,116 | 73,450 | 73,500 | 15,080 | 11,699 | 15,439 | 13,866 | 76,450 | 76,500 | 15,920 | 12,449 | 16,279 | 14,616 |
| 70,500 | 70,550 | 14,296 | 10,961 | 14,613 | 13,129 | 73,500 | 73,550 | 15,094 | 11,711 | 15,453 | 13,879 | 76,500 | 76,550 | 15,934 | 12,461 | 16,293 | 14,629 |
| 70,550 | 70,600 | 14,309 | 10,974 | 14,627 | 13,141 | 73,550 | 73,600 | 15,108 | 11,724 | 15,467 | 13,891 | 76,550 | 76,600 | 15,948 | 12,474 | 16,307 | 14,641 |
| 70,600 | 70,650 | 14,321 | 10,986 | 14,641 | 13,154 | 73,600 | 73,650 | 15,122 | 11,736 | 15,481 | 13,904 | 76,600 | 76,650 | 15,962 | 12,486 | 16,321 | 14,654 |
| 70,650 | 70,700 | 14,334 | 10,999 | 14,655 | 13,166 | 73,650 | 73,700 | 15,136 | 11,749 | 15,495 | 13,916 | 76,650 | 76,700 | 15,976 | 12,499 | 16,335 | 14,666 |
| 70,700 | 70,750 | 14,346 | 11,011 | 14,669 | 13,179 | 73,700 | 73,750 | 15,150 | 11,761 | 15,509 | 13,929 | 76,700 | 76,750 | 15,990 | 12,511 | 16,349 | 14,679 |
| 70,750 | 70,800 | 14,359 | 11,024 | 14,683 | 13,191 | 73,750 | 73,800 | 15,164 | 11,774 | 15,523 | 13,941 | 76,750 | 76,800 | 16,004 | 12,524 | 16,363 | 14,691 |
| 70,800 | 70,850 | 14,371 | 11,036 | 14,697 | 13,204 | 73,800 | 73,850 | 15,178 | 11,786 | 15,537 | 13,954 | 76,800 | 76,850 | 16,018 | 12,536 | 16,377 | 14,704 |
| 70,850 | 70,900 | 14,384 | 11,049 | 14,711 | 13,216 | 73,850 | 73,900 | 15,192 | 11,799 | 15,551 | 13,966 | 76,850 | 76,900 | 16,032 | 12,549 | 16,391 | 14,716 |
| 70,900 | 70,950 | 14,396 | 11,061 | 14,725 | 13,229 | 73,900 | 73,950 | 15,206 | 11,811 | 15,565 | 13,979 | 76,900 | 76,950 | 16,046 | 12,561 | 16,405 | 14,729 |
| 70,950 | 71,000 | 14,409 | 11,074 | 14,739 | 13,241 | 73,950 | 74,000 | 15,220 | 11,824 | 15,579 | 13,991 | 76,950 | 77,000 | 16,060 | 12,574 | 16,419 | 14,741 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 73) |  |  |  |  |  |


| If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married filing separately tax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married filing separately tax is- | Head of a household | At least | But less than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household |
| 77,000 |  |  |  |  |  | 80,000 |  |  |  |  |  | 83,000 |  |  |  |  |  |
| 77,000 | 77,050 | 16,074 | 12,586 | 16,433 | 14 | 80,000 | 80,050 | 16,914 | 13,336 | 17,273 | 15, | 83,000 | 83,050 | 17,754 | 14,086 | 18,113 | 16,254 |
| 77,050 | 77,100 | 16,088 | 12,599 | 16,447 | 14,766 | 80,050 | 80,100 | 16,928 | 13,349 | 17,287 | 15,516 | 83,050 | 83,100 | 17,768 | 14,099 | 18,127 | 16,266 |
| 77,100 | 77,150 | 16,102 | 12,611 | 16,461 | 14,779 | 80,100 | 80,150 | 16,942 | 13,361 | 17,301 | 15,529 | 83,100 | 83,150 | 17,782 | 14,111 | 18,141 | 16,279 |
| 77,150 | 77,200 | 16,116 | 12,624 | 16,475 | 14,791 | 80,150 | 80,200 | 16,956 | 13,374 | 17,315 | 15,541 | 83,150 | 83,200 | 17,796 | 14,124 | 18,155 | 16,291 |
| 77,200 | 77,250 | 16,130 | 12,636 | 16,489 | 14,804 | 80,200 | 80,250 | 16,970 | 13,386 | 17,329 | 15,554 | 83,200 | 83,250 | 17,810 | 14,136 | 18,169 | 16,304 |
| 77,250 | 77,300 | 16,144 | 12,649 | 16,503 | 14,816 | 80,250 | 80,300 | 16,984 | 13,399 | 17,343 | 15,566 | 83,250 | 83,300 | 17,824 | 14,149 | 18,183 | 16,316 |
| 77,300 | 77,350 | 16,158 | 12,661 | 16,517 | 14,829 | 80,300 | 80,350 | 16,998 | 13,411 | 17,357 | 15,579 | 83,300 | 83,350 | 17,838 | 14,161 | 18,197 | 16,329 |
| 77,350 | 77,400 | 16,172 | 12,674 | 16,531 | 14,841 | 80,350 | 80,400 | 17,012 | 13,424 | 17,371 | 15,591 | 83,350 | 83,400 | 17,852 | 14,174 | 18,211 | 16,341 |
| 77,400 | 77,450 | 16,186 | 12,686 | 16,545 | 14,854 | 80,400 | 80,450 | 17,026 | 13,436 | 17,385 | 15,604 | 83,400 | 83,450 | 17,866 | 14,186 | 18,225 | 16,354 |
| 77,450 | 77,500 | 16,200 | 12,699 | 16,559 | 14,866 | 80,450 | 80,500 | 17,040 | 13,449 | 17,399 | 15,616 | 83,450 | 83,500 | 17,880 | 14,199 | 18,239 | 16,366 |
| 77,500 | 77,550 | 16,214 | 12,711 | 16,573 | 14,879 | 80,500 | 80,550 | 17,054 | 13,461 | 17,413 | 15,629 | 83,500 | 83,550 | 17,894 | 14,211 | 18,253 | 16,379 |
| 77,550 | 77,600 | 16,228 | 12,724 | 16,587 | 14,891 | 80,550 | 80,600 | 17,068 | 13,474 | 17,427 | 15,641 | 83,550 | 83,600 | 17,908 | 14,224 | 18,267 | 16,391 |
| 77,600 | 77,650 | 16,242 | 12,736 | 16,601 | 14,904 | 80,600 | 80,650 | 17,082 | 13,486 | 17,441 | 15,654 | 83,600 | 83,650 | 17,922 | 14,236 | 18,281 | 16,404 |
| 77,650 | 77,700 | 16,256 | 12,749 | 16,615 | 14,916 | 80,650 | 80,700 | 17,096 | 13,499 | 17,455 | 15,666 | 83,650 | 83,700 | 17,936 | 14,249 | 18,295 | 16,416 |
| 77,700 | 77,750 | 16,270 | 12,761 | 16,629 | 14,929 | 80,700 | 80,750 | 17,110 | 13,511 | 17,469 | 15,679 | 83,700 | 83,750 | 17,950 | 14,261 | 18,309 | 16,429 |
| 77,750 | 77,800 | 16,284 | 12,774 | 16,643 | 14,941 | 80,750 | 80,800 | 17,124 | 13,524 | 17,483 | 15,691 | 83,750 | 83,800 | 17,964 | 14,274 | 18,323 | 16,441 |
| 77,800 | 77,850 | 16,298 | 12,786 | 16,657 | 14,954 | 80,800 | 80,850 | 17,138 | 13,536 | 17,497 | 15,704 | 83,800 | 83,850 | 17,978 | 14,286 | 18,337 | 16,454 |
| 77,850 | 77,900 | 16,312 | 12,799 | 16,671 | 14,966 | 80,850 | 80,900 | 17,152 | 13,549 | 17,511 | 15,716 | 83,850 | 83,900 | 17,992 | 14,299 | 18,351 | 16,466 |
| 77,900 | 77,950 | 16,326 | 12,811 | 16,685 | 14,979 | 80,900 | 80,950 | 17,166 | 13,561 | 17,525 | 15,729 | 83,900 | 83,950 | 18,006 | 14,311 | 18,365 | 16,479 |
| 77,950 | 78,000 | 16,340 | 12,824 | 16,699 | 14,991 | 80,950 | 81,000 | 17,180 | 13,574 | 17,539 | 15,741 | 83,950 | 84,000 | 18,020 | 14,324 | 18,379 | 16,491 |
|  |  |  |  |  |  |  | 00 |  |  |  |  |  | 00 |  |  |  |  |
| 78,000 | 78,050 | 16,354 | 12,836 | 16,713 | 15,004 | 81,000 | 81,050 | 17,194 | 13,586 | 17,553 | 15,754 | 84,000 | 84,050 | 18,034 | 14,336 | 18,393 | 16,504 |
| 78,050 | 78,100 | 16,368 | 12,849 | 16,727 | 15,016 | 81,050 | 81,100 | 17,208 | 13,599 | 17,567 | 15,766 | 84,050 | 84,100 | 18,048 | 14,349 | 18,407 | 16,516 |
| 78,100 | 78,150 | 16,382 | 12,861 | 16,741 | 15,029 | 81,100 | 81,150 | 17,222 | 13,611 | 17,581 | 15,779 | 84,100 | 84,150 | 18,062 | 14,361 | 18,421 | 16,529 |
| 78,150 | 78,200 | 16,396 | 12,874 | 16,755 | 15,041 | 81,150 | 81,200 | 17,236 | 13,624 | 17,595 | 15,791 | 84,150 | 84,200 | 18,076 | 14,374 | 18,435 | 16,541 |
| 78,200 | 78,250 | 16,410 | 12,886 | 16,769 | 15,054 | 81,200 | 81,250 | 17,250 | 13,636 | 17,609 | 15,804 | 84,200 | 84,250 | 18,090 | 14,386 | 18,449 | 16,554 |
| 78,250 | 78,300 | 16,424 | 12,899 | 16,783 | 15,066 | 81,250 | 81,300 | 17,264 | 13,649 | 17,623 | 15,816 | 84,250 | 84,300 | 18,104 | 14,399 | 18,463 | 16,566 |
| 78,300 | 78,350 | 16,438 | 12,911 | 16,797 | 15,079 | 81,300 | 81,350 | 17,278 | 13,661 | 17,637 | 15,829 | 84,300 | 84,350 | 18,118 | 14,411 | 18,477 | 16,579 |
| 78,350 | 78,400 | 16,452 | 12,924 | 16,811 | 15,091 | 81,350 | 81,400 | 17,292 | 13,674 | 17,651 | 15,841 | 84,350 | 84,400 | 18,132 | 14,424 | 18,491 | 16,591 |
| 78,400 | 78,450 | 16,466 | 12,936 | 16,825 | 15,104 | 81,400 | 81,450 | 17,306 | 13,686 | 17,665 | 15,854 | 84,400 | 84,450 | 18,146 | 14,436 | 18,505 | 16,604 |
| 78,450 | 78,500 | 16,480 | 12,949 | 16,839 | 15,116 | 81,450 | 81,500 | 17,320 | 13,699 | 17,679 | 15,866 | 84,450 | 84,500 | 18,160 | 14,449 | 18,519 | 16,616 |
| 78,500 | 78,550 | 16,494 | 12,961 | 16,853 | 15,129 | 81,500 | 81,550 | 17,334 | 13,711 | 17,693 | 15,879 | 84,500 | 84,550 | 18,174 | 14,461 | 18,533 | 16,629 |
| 78,550 | 78,600 | 16,508 | 12,974 | 16,867 | 15,141 | 81,550 | 81,600 | 17,348 | 13,724 | 17,707 | 15,891 | 84,550 | 84,600 | 18,188 | 14,474 | 18,547 | 16,641 |
| 78,600 | 78,650 | 16,522 | 12,986 | 16,881 | 15,154 | 81,600 | 81,650 | 17,362 | 13,736 | 17,721 | 15,904 | 84,600 | 84,650 | 18,202 | 14,486 | 18,561 | 16,654 |
| 78,650 | 78,700 | 16,536 | 12,999 | 16,895 | 15,166 | 81,650 | 81,700 | 17,376 | 13,749 | 17,735 | 15,916 | 84,650 | 84,700 | 18,216 | 14,499 | 18,575 | 16,666 |
| 78,700 | 78,750 | 16,550 | 13,011 | 16,909 | 15,179 | 81,700 | 81,750 | 17,390 | 13,761 | 17,749 | 15,929 | 84,700 | 84,750 | 18,230 | 14,511 | 18,589 | 16,679 |
| 78,750 | 78,800 | 16,564 | 13,024 | 16,923 | 15,191 | 81,750 | 81,800 | 17,404 | 13,774 | 17,763 | 15,941 | 84,750 | 84,800 | 18,244 | 14,524 | 18,603 | 16,691 |
| 78,800 | 78,850 | 16,578 | 13,036 | 16,937 | 15,204 | 81,800 | 81,850 | 17,418 | 13,786 | 17,777 | 15,954 | 84,800 | 84,850 | 18,258 | 14,536 | 18,617 | 16,704 |
| 78,850 | 78,900 | 16,592 | 13,049 | 16,951 | 15,216 | 81,850 | 81,900 | 17,432 | 13,799 | 17,791 | 15,966 | 84,850 | 84,900 | 18,272 | 14,549 | 18,631 | 16,716 |
| 78,900 | 78,950 | 16,606 | 13,061 | 16,965 | 15,229 | 81,900 | 81,950 | 17,446 | 13,811 | 17,805 | 15,979 | 84,900 | 84,950 | 18,286 | 14,561 | 18,645 | 16,729 |
| 78,950 | 79,000 | 16,620 | 13,074 | 16,979 | 15,241 | 81,950 | 82,000 | 17,460 | 13,824 | 17,819 | 15,991 | 84,950 | 85,000 | 18,300 | 14,574 | 18,659 | 16,741 |
|  | 00 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 79,000 | 79,050 | 16,634 | 13,086 | 16,993 | 15,254 | 82,000 | 82,050 | 17,474 | 13,836 | 17,833 | 16,004 | 85,000 | 85,050 | 18,314 | 14,586 | 18,673 | 16,754 |
| 79,050 | 79,100 | 16,648 | 13,099 | 17,007 | 15,266 | 82,050 | 82,100 | 17,488 | 13,849 | 17,847 | 16,016 | 85,050 | 85,100 | 18,328 | 14,599 | 18,687 | 16,766 |
| 79,100 | 79,150 | 16,662 | 13,111 | 17,021 | 15,279 | 82,100 | 82,150 | 17,502 | 13,861 | 17,861 | 16,029 | 85,100 | 85,150 | 18,342 | 14,611 | 18,701 | 16,779 |
| 79,150 | 79,200 | 16,676 | 13,124 | 17,035 | 15,291 | 82,150 | 82,200 | 17,516 | 13,874 | 17,875 | 16,041 | 85,150 | 85,200 | 18,356 | 14,624 | 18,715 | 16,791 |
| 79,200 | 79,250 | 16,690 | 13,136 | 17,049 | 15,304 | 82,200 | 82,250 | 17,530 | 13,886 | 17,889 | 16,054 | 85,200 | 85,250 | 18,370 | 14,636 | 18,729 | 16,804 |
| 79,250 | 79,300 | 16,704 | 13,149 | 17,063 | 15,316 | 82,250 | 82,300 | 17,544 | 13,899 | 17,903 | 16,066 | 85,250 | 85,300 | 18,384 | 14,649 | 18,743 | 16,816 |
| 79,300 | 79,350 | 16,718 | 13,161 | 17,077 | 15,329 | 82,300 | 82,350 | 17,558 | 13,911 | 17,917 | 16,079 | 85,300 | 85,350 | 18,398 | 14,661 | 18,757 | 16,829 |
| 79,350 | 79,400 | 16,732 | 13,174 | 17,091 | 15,341 | 82,350 | 82,400 | 17,572 | 13,924 | 17,931 | 16,091 | 85,350 | 85,400 | 18,412 | 14,674 | 18,771 | 16,841 |
| 79,400 | 79,450 | 16,746 | 13,186 | 17,105 | 15,354 | 82,400 | 82,450 | 17,586 | 13,936 | 17,945 | 16,104 | 85,400 | 85,450 | 18,426 | 14,686 | 18,785 | 16,854 |
| 79,450 | 79,500 | 16,760 | 13,199 | 17,119 | 15,366 | 82,450 | 82,500 | 17,600 | 13,949 | 17,959 | 16,116 | 85,450 | 85,500 | 18,440 | 14,699 | 18,799 | 16,866 |
| 79,500 | 79,550 | 16,774 | 13,211 | 17,133 | 15,379 | 82,500 | 82,550 | 17,614 | 13,961 | 17,973 | 16,129 | 85,500 | 85,550 | 18,454 | 14,711 | 18,813 | 16,879 |
| 79,550 | 79,600 | 16,788 | 13,224 | 17,147 | 15,391 | 82,550 | 82,600 | 17,628 | 13,974 | 17,987 | 16,141 | 85,550 | 85,600 | 18,468 | 14,724 | 18,827 | 16,891 |
| 79,600 | 79,650 | 16,802 | 13,236 | 17,161 | 15,404 | 82,600 | 82,650 | 17,642 | 13,986 | 18,001 | 16,154 | 85,600 | 85,650 | 18,482 | 14,736 | 18,841 | 16,904 |
| 79,650 | 79,700 | 16,816 | 13,249 | 17,175 | 15,416 | 82,650 | 82,700 | 17,656 | 13,999 | 18,015 | 16,166 | 85,650 | 85,700 | 18,496 | 14,749 | 18,855 | 16,916 |
| 79,700 | 79,750 | 16,830 | 13,261 | 17,189 | 15,429 | 82,700 | 82,750 | 17,670 | 14,011 | 18,029 | 16,179 | 85,700 | 85,750 | 18,510 | 14,761 | 18,869 | 16,929 |
| 79,750 | 79,800 | 16,844 | 13,274 | 17,203 | 15,441 | 82,750 | 82,800 | 17,684 | 14,024 | 18,043 | 16,191 | 85,750 | 85,800 | 18,524 | 14,774 | 18,883 | 16,941 |
| 79,800 | 79,850 | 16,858 | 13,286 | 17,217 | 15,454 | 82,800 | 82,850 | 17,698 | 14,036 | 18,057 | 16,204 | 85,800 | 85,850 | 18,538 | 14,786 | 18,897 | 16,954 |
| 79,850 | 79,900 | 16,872 | 13,299 | 17,231 | 15,466 | 82,850 | 82,900 | 17,712 | 14,049 | 18,071 | 16,216 | 85,850 | 85,900 | 18,552 | 14,799 | 18,911 | 16,966 |
| 79,900 | 79,950 | 16,886 | 13,311 | 17,245 | 15,479 | 82,900 | 82,950 | 17,726 | 14,061 | 18,085 | 16,229 | 85,900 | 85,950 | 18,566 | 14,811 | 18,925 | 16,979 |
| 79,950 | 80,000 | 16,900 | 13,324 | 17,259 | 15,491 | 82,950 | 83,000 | 17,740 | 14,074 | 18,099 | 16,241 | 85,950 | 86,000 | 18,580 | 14,824 | 18,939 | 16,991 |

* This column must also be used by a qualifying widow(er).
(Continued on page 74)

2005 Tax Table-Continued

| If line (taxab incom |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less <br> than | Single | Married filing jointly Your | Married filing separately tax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married filing separately tax is- | $\begin{array}{\|l\|} \hline \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array}$ | At least | But less than | Single | Married filing jointly Your tax | Married filing separately tax is- | Head of a household |
| 86,000 |  |  |  |  |  | 89,000 |  |  |  |  |  | $92,000$ |  |  |  |  |  |
| 86,000 | 86,050 | 18,594 | 14,836 | 18,953 | 17,004 | 89,000 | 89,050 | 19,434 | 15,586 | 19,793 | 17 | 92,000 | 92,050 | 20,274 | 16,336 | 20,664 | 18,504 |
| 86,050 | 86,100 | 18,608 | 14,849 | 18,967 | 17,016 | 89,050 | 89,100 | 19,448 | 15,599 | 19,807 | 17,766 | 92,050 | 92,100 | 20,288 | 16,349 | 20,681 | 18,516 |
| 86,100 | 86,150 | 18,622 | 14,861 | 18,981 | 17,029 | 89,100 | 89,150 | 19,462 | 15,611 | 19,821 | 17,779 | 92,100 | 92,150 | 20,302 | 16,361 | 20,697 | 18,529 |
| 86,150 | 86,200 | 18,636 | 14,874 | 18,995 | 17,041 | 89,150 | 89,200 | 19,476 | 15,624 | 19,835 | 17,791 | 92,150 | 92,200 | 20,316 | 16,374 | 20,714 | 18,541 |
| 86,200 | 86,250 | 18,65 | 14,886 | 19,009 | 17, | 89,200 | 89,250 | 19,490 | 15,636 | 19,849 | 17, | 92,200 | 92,250 | 20,330 | 16,386 | 20,730 | 18,554 |
| 86,250 | 86,300 | 18,664 | 14,899 | 19,023 | 17,066 | 89,250 | 89,300 | 19,504 | 15,649 | 19,863 | 17,816 | 92,250 | 92,300 | 20,344 | 16,399 | 20,747 | 18,566 |
| 86,300 | 86,350 | 18,678 | 14,911 | 19,037 | 17,079 | 89,300 | 89,350 | 19,518 | 15,661 | 19,877 | 17,829 | 92,300 | 92,350 | 20,358 | 16,411 | 20,763 | 18,579 |
| 86,350 | 86,400 | 18,692 | 14,924 | 19,051 | 17,091 | 89,350 | 89,400 | 19,532 | 15,674 | 19,891 | 17,841 | 92,350 | 92,400 | 20,372 | 16,424 | 20,780 | 18,591 |
| 86,400 | 86,450 | 18,706 | 14,936 | 19,065 | 17,104 | 89,400 | 89,450 | 19,546 | 15,686 | 19,905 | 17, | 92,400 | 92,450 | 20,386 | 16,436 | 20,796 | 18,604 |
| 86,450 | 86,500 | 18,720 | 14,949 | 19,079 | 17,116 | 89,450 | 89,500 | 19,560 | 15,699 | 19,919 | 17,866 | 92,450 | 92,500 | 20,400 | 16,449 | 20,813 | 18,616 |
| 86,500 | 86,550 | 18,734 | 14,961 | 19,093 | 17,129 | 89,500 | 89,550 | 19,574 | 15,711 | 19,933 | 17,879 | 92,500 | 92,550 | 20,414 | 16,461 | 20,829 | 18,629 |
| 86,550 | 86,600 | 18,748 | 14,974 | 19,107 | 17,141 | 89,550 | 89,600 | 19,588 | 15,724 | 19,947 | 17,891 | 92,550 | 92,600 | 20,428 | 16,474 | 20,846 | 18,641 |
| 86,600 | 86,650 | 18,762 | 14,986 | 19,121 | 17,154 | 89,600 | 89,650 | 19,602 | 15,736 | 19,961 | 17,904 | 92,600 | 92,650 | 20,442 | 16,486 | 20,862 | 18,654 |
| 86,650 | 86,700 | 18,776 | 14,999 | 19,135 | 17,166 | 89,650 | 89,700 | 19,616 | 15,749 | 19,975 | 17,916 | 92,650 | 92,700 | 20,456 | 16,499 | 20,879 | 18,666 |
| 86,700 | 86,750 | 18,790 | 15,011 | 19,149 | 17,179 | 89,700 | 89,750 | 19,630 | 15,761 | 19,989 | 17,929 | 92,700 | 92,750 | 20,470 | 16,511 | 20,895 | 18,679 |
| 86,750 | 86,800 | 18,804 | 15,024 | 19,163 | 17,191 | 89,750 | 89,800 | 19,644 | 15,774 | 20,003 | 17,941 | 92,750 | 92,800 | 20,484 | 16,524 | 20,912 | 18,691 |
| 86,800 | 86,850 | 18,818 | 15,036 | 19,177 | 17,204 | 89,800 | 89,850 | 19,658 | 15,786 | 20,017 | 17,954 | 92,800 | 92,850 | 20,498 | 16,536 | 20,928 | 18,704 |
| 86,850 | 86,900 | 18,832 | 15,049 | 19,191 | 17,216 | 89,850 | 89,900 | 19,672 | 15,799 | 20,031 | 17,966 | 92,850 | 92,900 | 20,512 | 16,549 | 20,945 | 18,716 |
| 86,900 | 86,950 | 18,846 | 15,061 | 19,205 | 17,229 | 89,900 | 89,950 | 19,686 | 15,811 | 20,045 | 17,979 | 92,900 | 92,950 | 20,526 | 16,561 | 20,961 | 18,729 |
| 86,950 | 87,000 | 18,860 | 15,074 | 19,219 | 17,241 | 89,950 | 90,000 | 19,700 | 15,824 | 20,059 | 17,991 | 92,950 | 93,000 | 20,540 | 16,574 | 20,978 | 18,741 |
| 87,000 |  |  |  |  |  | 90,000 |  |  |  |  |  | 93,000 |  |  |  |  |  |
| 87,000 | 87,050 | 18,874 | 15,086 | 19,233 | 17,254 | 90,000 | 90,050 | 19,714 | 15,836 | 20,073 | 18,004 | 93,000 | 93,050 | 20,554 | 16,586 | 20,994 | 18,754 |
| 87,050 | 87,100 | 18,888 | 15,099 | 19,247 | 17,266 | 90,050 | 90,100 | 19,728 | 15,849 | 20,087 | 18,016 | 93,050 | 93,100 | 20,568 | 16,599 | 21,011 | 18,766 |
| 87,100 | 87,150 | 18,902 | 15,111 | 19,261 | 17,279 | 90,100 | 90,150 | 19,742 | 15,861 | 20,101 | 18,029 | 93,100 | 93,150 | 20,582 | 16,611 | 21,027 | 18,779 |
| 87,150 | 87,200 | 18,916 | 15,124 | 19,275 | 17,291 | 90,150 | 90,200 | 19,756 | 15,874 | 20,115 | 18,041 | 93,150 | 93,200 | 20,596 | 16,624 | 21,044 | 18,791 |
| 87,200 | 87,250 | 18,930 | 15,136 | 19,289 | 17,304 | 90,200 | 90,250 | 19,770 | 15,886 | 20,129 | 18,054 | 93,200 | 93,250 | 20,610 | 16,636 | 21,060 | 18,804 |
| 87,250 | 87,300 | 18,944 | 15,149 | 19,303 | 17,316 | 90,250 | 90,300 | 19,784 | 15,899 | 20,143 | 18,066 | 93,250 | 93,300 | 20,624 | 16,649 | 21,077 | 18,816 |
| 87,300 | 87,350 | 18,958 | 15,161 | 19,317 | 17,329 | 90,300 | 90,350 | 19,798 | 15,911 | 20,157 | 18,079 | 93,300 | 93,350 | 20,638 | 16,661 | 21,093 | 18,829 |
| 87,350 | 87,400 | 18,972 | 15,174 | 19,331 | 17,341 | 90,350 | 90,400 | 19,812 | 15,924 | 20,171 | 18,091 | 93,350 | 93,400 | 20,652 | 16,674 | 21,110 | 18,841 |
| 87,400 | 87,450 | 18,986 | 15,186 | 19,345 | 17,354 | 90,400 | 90,450 | 19,826 | 15,936 | 20,185 | 18,104 | 93,400 | 93,450 | 20,666 | 16,686 | 21,126 | 18,854 |
| 87,450 | 87,500 | 19,000 | 15,199 | 19,359 | 17,366 | 90,450 | 90,500 | 19,840 | 15,949 | 20,199 | 18,116 | 93,450 | 93,500 | 20,680 | 16,699 | 21,143 | 18,866 |
| 87,500 | 87,550 | 19,014 | 15,211 | 19,373 | 17,379 | 90,500 | 90,550 | 19,854 | 15,961 | 20,213 | 18,129 | 93,500 | 93,550 | 20,694 | 16,711 | 21,159 | 18,879 |
| 87,550 | 87,600 | 19,028 | 15,224 | 19,387 | 17,391 | 90,550 | 90,600 | 19,868 | 15,974 | 20,227 | 18,141 | 93,550 | 93,600 | 20,708 | 16,724 | 21,176 | 18,891 |
| 87,600 | 87,650 | 19,042 | 15,236 | 19,401 | 17,404 | 90,600 | 90,650 | 19,882 | 15,986 | 20,241 | 18,154 | 93,600 | 93,650 | 20,722 | 16,736 | 21,192 | 18,904 |
| 87,650 | 87,700 | 19,056 | 15,249 | 19,415 | 17,416 | 90,650 | 90,700 | 19,896 | 15,999 | 20,255 | 18,166 | 93,650 | 93,700 | 20,736 | 16,749 | 21,209 | 18,916 |
| 87,700 | 87,750 | 19,070 | 15,261 | 19,429 | 17,429 | 90,700 | 90,750 | 19,910 | 16,011 | 20,269 | 18,179 | 93,700 | 93,750 | 20,750 | 16,761 | 21,225 | 18,929 |
| 87,750 | 87,800 | 19,084 | 15,274 | 19,443 | 17,441 | 90,750 | 90,800 | 19,924 | 16,024 | 20,283 | 18,191 | 93,750 | 93,800 | 20,764 | 16,774 | 21,242 | 18,941 |
| 87,800 | 87,850 | 19,098 | 15,286 | 19,457 | 17,454 | 90,800 | 90,850 | 19,938 | 16,036 | 20,297 | 18,204 | 93,800 | 93,850 | 20,778 | 16,786 | 21,258 | 18,954 |
| 87,850 | 87,900 | 19,112 | 15,299 | 19,471 | 17,466 | 90,850 | 90,900 | 19,952 | 16,049 | 20,311 | 18,216 | 93,850 | 93,900 | 20,792 | 16,799 | 21,275 | 18,966 |
| 87,900 | 87,950 | 19,126 | 15,311 | 19,485 | 17,479 | 90,900 | 90,950 | 19,966 | 16,061 | 20,325 | 18,229 | 93,900 | 93,950 | 20,806 | 16,811 | 21,291 | 18,979 |
| 87,950 | 88,000 | 19,140 | 15,324 | 19,499 | 17,491 | 90,950 | 91,000 | 19,980 | 16,074 | 20,339 | 18,241 | 93,950 | 94,000 | 20,820 | 16,824 | 21,308 | 18,991 |
| 88,000 |  |  |  |  |  | 91,000 |  |  |  |  |  | 94,000 |  |  |  |  |  |
| 88,000 | 88,050 | 19,154 | 15,336 | 19,513 | 17,504 | 91,000 | 91,050 | 19,994 | 16,086 | 20,353 | 18,254 | 94,000 | 94,050 | 20,834 | 16,836 | 21,324 | 19,004 |
| 88,050 | 88,100 | 19,168 | 15,349 | 19,527 | 17,516 | 91,050 | 91,100 | 20,008 | 16,099 | 20,367 | 18,266 | 94,050 | 94,100 | 20,848 | 16,849 | 21,341 | 19,016 |
| 88,100 | 88,150 | 19,182 | 15,361 | 19,541 | 17,529 | 91,100 | 91,150 | 20,022 | 16,111 | 20,381 | 18,279 | 94,100 | 94,150 | 20,862 | 16,861 | 21,357 | 19,029 |
| 88,150 | 88,200 | 19,196 | 15,374 | 19,555 | 17,541 | 91,150 | 91,200 | 20,036 | 16,124 | 20,395 | 18,291 | 94,150 | 94,200 | 20,876 | 16,874 | 21,374 | 19,041 |
| 88,200 | 88,250 | 19,210 | 15,386 | 19,569 | 17,554 | 91,200 | 91,250 | 20,050 | 16,136 | 20,409 | 18,304 | 94,200 | 94,250 | 20,890 | 16,886 | 21,390 | 19,054 |
| 88,250 | 88,300 | 19,224 | 15,399 | 19,583 | 17,566 | 91,250 | 91,300 | 20,064 | 16,149 | 20,423 | 18,316 | 94,250 | 94,300 | 20,904 | 16,899 | 21,407 | 19,066 |
| 88,300 | 88,350 | 19,238 | 15,411 | 19,597 | 17,579 | 91,300 | 91,350 | 20,078 | 16,161 | 20,437 | 18,329 | 94,300 | 94,350 | 20,918 | 16,911 | 21,423 | 19,079 |
| 88,350 | 88,400 | 19,252 | 15,424 | 19,611 | 17,591 | 91,350 | 91,400 | 20,092 | 16,174 | 20,451 | 18,341 | 94,350 | 94,400 | 20,932 | 16,924 | 21,440 | 19,091 |
| 88,400 | 88,450 | 19,266 | 15,436 | 19,625 | 17,604 | 91,400 | 91,450 | 20,106 | 16,186 | 20,466 | 18,354 | 94,400 | 94,450 | 20,946 | 16,936 | 21,456 | 19,104 |
| 88,450 | 88,500 | 19,280 | 15,449 | 19,639 | 17,616 | 91,450 | 91,500 | 20,120 | 16,199 | 20,483 | 18,366 | 94,450 | 94,500 | 20,960 | 16,949 | 21,473 | 19,116 |
| 88,500 | 88,550 | 19,294 | 15,461 | 19,653 | 17,629 | 91,500 | 91,550 | 20,134 | 16,211 | 20,499 | 18,379 | 94,500 | 94,550 | 20,974 | 16,961 | 21,489 | 19,129 |
| 88,550 | 88,600 | 19,308 | 15,474 | 19,667 | 17,641 | 91,550 | 91,600 | 20,148 | 16,224 | 20,516 | 18,391 | 94,550 | 94,600 | 20,988 | 16,974 | 21,506 | 19,141 |
| 88,600 | 88,650 | 19,322 | 15,486 | 19,681 | 17,654 | 91,600 | 91,650 | 20,162 | 16,236 | 20,532 | 18,404 | 94,600 | 94,650 | 21,002 | 16,986 | 21,522 | 19,154 |
| 88,650 | 88,700 | 19,336 | 15,499 | 19,695 | 17,666 | 91,650 | 91,700 | 20,176 | 16,249 | 20,549 | 18,416 | 94,650 | 94,700 | 21,016 | 16,999 | 21,539 | 19,166 |
| 88,700 | 88,750 | 19,350 | 15,511 | 19,709 | 17,679 | 91,700 | 91,750 | 20,190 | 16,261 | 20,565 | 18,429 | 94,700 | 94,750 | 21,030 | 17,011 | 21,555 | 19,179 |
| 88,750 | 88,800 | 19,364 | 15,524 | 19,723 | 17,691 | 91,750 | 91,800 | 20,204 | 16,274 | 20,582 | 18,441 | 94,750 | 94,800 | 21,044 | 17,024 | 21,572 | 19,191 |
| 88,800 | 88,850 | 19,378 | 15,536 | 19,737 | 17,704 | 91,800 | 91,850 | 20,218 | 16,286 | 20,598 | 18,454 | 94,800 | 94,850 | 21,058 | 17,036 | 21,588 | 19,204 |
| 88,850 | 88,900 | 19,392 | 15,549 | 19,751 | 17,716 | 91,850 | 91,900 | 20,232 | 16,299 | 20,615 | 18,466 | 94,850 | 94,900 | 21,072 | 17,049 | 21,605 | 19,216 |
| 88,900 | 88,950 | 19,406 | 15,561 | 19,765 | 17,729 | 91,900 | 91,950 | 20,246 | 16,311 | 20,631 | 18,479 | 94,900 | 94,950 | 21,086 | 17,061 | 21,621 | 19,229 |
| 88,950 | 89,000 | 19,420 | 15,574 | 19,779 | 17,741 | 91,950 | 92,000 | 20,260 | 16,324 | 20,648 | 18,491 | 94,950 | 95,000 | 21,100 | 17,074 | 21,638 | 19,241 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 75) |  |  |  |  |  |


| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If line 43 (taxable income) is- |  | And you are- |  |  |  | If line 43 (taxable income) is- |  | And you are- |  |  |  |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \\ & \text { tax is- } \end{aligned}$ | $\begin{array}{\|l\|} \hline \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array}$ | At least | But less than | Single | Married filing jointly Your $t$ | Married <br> filing <br> sepa- <br> rately | Head <br> of a <br> house- <br> hold |
| 95,000 |  |  |  |  |  | 98,000 |  |  |  |  |  |
| 95,000 | 95,050 | 21,114 | 17,086 | 21,654 | 19,254 | 98,000 | 98,050 | 21,954 | 17,836 | 22,644 | 20,004 |
| 95,050 | 95,100 | 21,128 | 17,099 | 21,671 | 19,266 | 98,050 | 98,100 | 21,968 | 17,849 | 22,661 | 20,016 |
| 95,100 | 95,150 | 21,142 | 17,111 | 21,687 | 19,279 | 98,100 | 98,150 | 21,982 | 17,861 | 22,677 | 20,029 |
| 95,150 | 95,200 | 21,156 | 17,124 | 21,704 | 19,291 | 98,150 | 98,200 | 21,996 | 17,874 | 22,694 | 20,041 |
| 95,200 | 95,250 | 21,170 | 17,136 | 21,720 | 19,304 | 98,200 | 98,250 | 22,010 | 17,886 | 22,710 | 20,054 |
| 95,250 | 95,300 | 21,184 | 17,149 | 21,737 | 19,316 | 98,250 | 98,300 | 22,024 | 17,899 | 22,727 | 20,066 |
| 95,300 | 95,350 | 21,198 | 17,161 | 21,753 | 19,329 | 98,300 | 98,350 | 22,038 | 17,911 | 22,743 | 20,079 |
| 95,350 | 95,400 | 21,212 | 17,174 | 21,770 | 19,341 | 98,350 | 98,400 | 22,052 | 17,924 | 22,760 | 20,091 |
| 95,400 | 95,450 | 21,226 | 17,186 | 21,786 | 19,354 | 98,400 | 98,450 | 22,066 | 17,936 | 22,776 | 20,104 |
| 95,450 | 95,500 | 21,240 | 17,199 | 21,803 | 19,366 | 98,450 | 98,500 | 22,080 | 17,949 | 22,793 | 20,116 |
| 95,500 | 95,550 | 21,254 | 17,211 | 21,819 | 19,379 | 98,500 | 98,550 | 22,094 | 17,961 | 22,809 | 20,129 |
| 95,550 | 95,600 | 21,268 | 17,224 | 21,836 | 19,391 | 98,550 | 98,600 | 22,108 | 17,974 | 22,826 | 20,141 |
| 95,600 | 95,650 | 21,282 | 17,236 | 21,852 | $19,404$ | 98,600 | $98,650$ | 22,122 | 17,986 | $22,842$ | $20,154$ |
| 95,650 95,700 | 95,700 | 21,296 21,310 | 17,249 | 21,869 21885 | 19,416 19,429 | 98,650 | 98,700 | 22,136 | 17,999 | 22,859 22,875 | $\begin{aligned} & 20,166 \\ & 20 \end{aligned}$ |
| 95,700 | 95,750 | 21,310 | 17,261 17,274 | 21,885 | 19,429 19,441 | 98,700 | 98,750 | 22,150 | 18,011 18,024 | 22,875 | 20,179 20,191 |
| 95,800 | 95,850 | 21,338 | 17,286 | 21,918 | 19,454 | 98,800 | 98,850 | 22,178 | 18,036 | 22,908 | 20,204 |
| 95,850 | 95,900 | 21,352 | 17,299 | 21,935 | 19,466 | 98,850 | 98,900 | 22,192 | 18,049 | 22,925 | 20,216 |
| 95,900 | 95,950 | 21,366 | 17,311 | 21,951 | 19,479 | 98,900 | 98,950 | 22,206 | 18,061 | 22,941 | 20,229 |
| 95,950 | 96,000 | 21,380 | 17,324 | 21,968 | 19,491 | 98,950 | 99,000 | 22,220 | 18,074 | 22,958 | 20,241 |
| 96,000 |  |  |  |  |  | 99,000 |  |  |  |  |  |
| 96,000 | 96,050 | 21,394 | 17,336 | 21,984 | 19,504 | 99,000 | 99,050 | 22,234 | 18,086 | 22,974 | 20,254 |
| 96,050 | 96,100 | 21,408 | 17,349 | 22,001 | 19,516 | 99,050 | 99,100 | 22,248 | 18,099 | 22,991 | 20,266 |
| 96,100 | 96,150 | 21,422 | 17,361 | 22,017 | 19,529 | 99,100 | 99,150 | 22,262 | 18,111 | 23,007 | 20,279 |
| 96,150 | 96,200 | 21,436 | 17,374 | 22,034 | 19,541 | 99,150 | 99,200 | 22,276 | 18,124 | 23,024 | 20,291 |
| 96,200 | 96,250 | 21,450 | 17,386 | 22,050 | 19,554 | 99,200 | 99,250 | 22,290 | 18,136 | 23,040 | 20,304 |
| 96,250 | 96,300 | 21,464 | 17,399 | 22,067 | 19,566 | 99,250 | 99,300 | 22,304 | 18,149 | 23,057 | 20,316 |
| 96,300 | 96,350 | 21,478 | 17,411 | 22,083 | 19,579 | 99,300 | 99,350 | 22,318 | 18,161 | 23,073 | 20,329 |
| 96,350 | 96,400 | 21,492 | 17,424 | 22,100 | 19,591 | 99,350 | 99,400 | 22,332 | 18,174 | 23,090 | 20,341 |
| 96,400 | 96,450 | 21,506 | 17,436 | 22,116 | 19,604 | 99,400 | 99,450 | 22,346 | 18,186 | 23,106 | 20,354 |
| 96,450 | 96,500 | 21,520 | 17,449 | 22,133 | 19,616 | 99,450 | 99,500 | 22,360 | 18,199 | 23,123 | 20,366 |
| 96,500 | 96,550 | 21,534 | 17,461 | 22,149 | 19,629 | 99,500 | 99,550 | 22,374 | 18,211 | 23,139 | 20,379 |
| 96,550 | 96,600 | 21,548 | 17,474 | 22,166 | 19,641 | 99,550 | 99,600 | 22,388 | 18,22 | 23,156 | 20,391 |
| 96,600 | 96,650 | 21,562 | 17,486 | 22,182 | 19,654 | 99,600 | 99,650 | 22,402 | 18,236 | 23,172 | 20,404 |
| 96,650 | 96,700 | 21,576 | 17,499 | 22,199 | 19,666 | 99,650 | 99,700 | 22,416 | 18,249 | 23,189 | 20,416 |
| 96,700 | 96,750 | 21,590 | 17,511 | 22,215 | 19,679 | 99,700 | 99,750 | 22,430 | 18,261 | 23,205 | 20,429 |
| 96,750 | 96,800 | 21,604 | 17,524 | 22,232 | 19,691 | 99,750 | 99,800 | 22,444 | 18,274 | 23,222 | 20,441 |
| 96,800 | 96,850 | 21,618 | 17,536 | 22,248 | 19,704 | 99,800 | 99,850 | 22,458 | 18,286 | 23,238 | 20,454 |
| 96,850 | 96,900 | 21,632 | 17,549 | 22,265 | 19,716 | 99,850 | 99,900 | 22,472 | 18,299 | 23,255 | 20,466 |
| 96,900 | 96,950 | 21,646 | 17,561 | 22,281 | 19,729 | 99,900 | 99,950 | 22,486 | 18,311 | 23,271 | 20,479 |
| 96,950 | 97,000 | 21,660 | 17,574 | 22,298 | 19,741 | 99,950 | 100,000 | 22,500 | 18,324 | 23,288 | 20,491 |
| 97,000 |  |  |  |  |  | \$100,000 <br> or over - <br> use the Tax <br> Computation Worksheet on page 72 |  |  |  |  |  |
| 97,000 | 97,050 | 21,674 | 17,586 | 22,314 | 19,754 |  |  |  |  |  |  |
| 97,050 | 97,100 | 21,688 | 17,599 | 22,331 | 19,766 |  |  |  |  |  |  |
| 97,100 | 97,150 | 21,702 | 17,611 | 22,347 | 19,779 |  |  |  |  |  |  |
| 97,150 | 97,200 | 21,716 | 17,624 | 22,364 | 19,791 |  |  |  |  |  |  |
| 97,200 | 97,250 | 21,730 | 17,636 | 22,380 | 19,804 |  |  |  |  |  |  |
| 97,250 | 97,300 | 21,744 | 17,649 | 22,397 | 19,816 |  |  |  |  |  |  |
| 97,300 | 97,350 | 21,758 | 17,661 | 22,413 | 19,829 |  |  |  |  |  |  |
| 97,350 | 97,400 | 21 |  | 22,430 | 19,841 |  |  |  |  |  |  |
| 97,400 | 97,450 | 21,786 | 17,686 | 22,446 | 19,854 |  |  |  |  |  |  |
| 97,450 | 97,500 | 21,800 | 17,699 | 22,463 | 19,866 |  |  |  |  |  |  |
| 97,500 | 97,550 | 21,814 | 17,711 | 22,479 | 19,879 |  |  |  |  |  |  |
| 97,550 | 97,600 | 21,828 | 17,724 | 22,496 | 19,891 |  |  |  |  |  |  |
| 97,600 | 97,650 | 21,842 | 17,736 | 22,512 | 19,904 |  |  |  |  |  |  |
| 97,650 | 97,700 | 21,856 | 17,749 | 22,529 | 19,916 |  |  |  |  |  |  |
| 97,700 | 97,750 | 21,870 | 17,761 | 22,545 | 19,929 |  |  |  |  |  |  |
| 97,750 | 97,800 | 21,884 | 17,774 | 22,562 | 19,941 |  |  |  |  |  |  |
| 97,800 | 97,850 | 21,898 | 17,786 | 22,578 | 19,954 |  |  |  |  |  |  |
| 97,850 | 97,900 | 21,912 | 17,799 | 22,595 | 19,966 |  |  |  |  |  |  |
| 97,900 | 97,950 | 21,926 | 17,811 | 22,611 | 19,979 |  |  |  |  |  |  |
| 97,950 | 98,000 | 21,940 | 17,824 | 22,628 | 19,991 |  |  |  |  |  |  |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  |

## 2005 Tax Computation Worksheet-Line 44

See the instructions for line 44 that begin on page 37 to see if you must use the worksheet below to figure your tax.

Note. If you are required to use this worksheet to figure the tax on an amount from another form or worksheet, such as the Capital Gain Tax Worksheet, the Schedule D Tax Worksheet, Schedule J, or Form 8615, enter the amount from that form or worksheet in column (a) of the row that applies to the amount you are looking up. Enter the result on the appropriate line of the form or worksheet that you are completing.

Section A-Use if your filing status is Single. Complete the row below that applies to you.

| Taxable income. If line 43 is - | (a) <br> Enter the amount from line 43 | (b) <br> Multiplication amount | (c) Multiply (a) by (b) | (d) <br> Subtraction amount | Tax. <br> Subtract (d) from (c). Enter the result here and on Form 1040, line 44 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| At least \$100,000 but not over \$150,150 | \$ | $\times 28 \%$ (.28) | \$ | \$ 5,493.50 | \$ |
| Over $\$ 150,150$ but not over \$326,450 | \$ | $\times 33 \%$ (.33) | \$ | \$ 13,001.00 | \$ |
| Over \$326,450 | \$ | $\times 35 \%$ (.35) | \$ | \$ 19,530.00 | \$ |

Section B—Use if your filing status is Married filing jointly or qualifying widow(er). Complete the row below that applies to you.

| Taxable income. <br> If line 43 is- | (a) <br> Enter the amount from <br> line 43 | (b) <br> Multiplication <br> amount | (c) <br> Multiply <br> (a) by (b) | (d) <br> Subtraction <br> amount | Tax. <br> Subtract (d) from (c). <br> Enter the result here and <br> on Form 1040, line 44 |
| :--- | :--- | :---: | :--- | :--- | :--- |
| At least $\$ 100,000$ but not over <br> $\$ 119,950$ | $\$$ | $\times 25 \%(.25)$ | $\$$ | $\$ 6,670.00$ | $\$$ |
| Over $\$ 119,950$ but not over <br> $\$ 182,800$ | $\$$ | $\times 28 \%(.28)$ | $\$$ | $\$ 10,268.50$ | $\$$ |
| Over $\$ 182,800$ but not over <br> $\$ 326,450$ | $\$$ | $\times 33 \%(.33)$ | $\$$ | $\$ 19,408.50$ | $\$$ |
| Over $\$ 326,450$ | $\$ 35 \%(.35)$ | $\$$ | $\$ 25,937.50$ | $\$$ |  |

Section C-Use if your filing status is Married filing separately. Complete the row below that applies to you.

| Taxable income. <br> If line 43 is- | (a) <br> Enter the amount from <br> line 43 | (b) <br> Multiplication <br> amount | (c) <br> Multiply <br> (a) by (b) | (d) <br> Subtraction <br> amount | Tax. <br> Subtract (d) from (c). <br> Enter the result here and <br> on Form 1040, line 44 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| At least $\$ 100,000$ but not over <br> $\$ 163,225$ | $\$$ | $\times 33 \%(.33)$ | $\$$ | $\$ 9,704.25$ | $\$$ |
| Over $\$ 163,225$ | $\$$ | $\times 35 \%(.35)$ | $\$$ | $\$ 12,968.75$ | $\$$ |

Section D—Use if your filing status is Head of household. Complete the row below that applies to you.

| Taxable income. If line 43 is- | (a) <br> Enter the amount from line 43 | (b) <br> Multiplication amount | (c) Multiply (a) by (b) | (d) <br> Subtraction amount | Tax. <br> Subtract (d) from (c). Enter the result here and on Form 1040, line 44 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| At least $\$ 100,000$ but not over \$102,800 | \$ | $\times 25 \%(.25)$ | \$ | \$ 4,502.50 | \$ |
| Over $\$ 102,800$ but not over \$166,450 | \$ | $\times 28 \%$ (.28) | \$ | \$ 7,586.50 | \$ |
| Over $\$ 166,450$ but not over \$326,450 | \$ | $\times 33 \%$ (.33) | \$ | \$ 15,909.00 | \$ |
| Over \$326,450 | \$ | $\times 35 \%$ (.35) | \$ | \$ 22,438.00 | \$ |

## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require 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 requires that you provide your social security number or individual taxpayer identification 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 or for the third-party designee. You also do not have to provide your daytime phone number.

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.
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.

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.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligi-
bility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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 email us at *taxforms@irs.gov. Please put "Forms Comment" on the subject line. Or you can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send your return to this address. Instead, see the back cover.

## Estimated Preparation Time

| Form | Recordkeeping | Learning about the law or the form | Preparing the form | Copying, assembling, and sending the form to the IRS | Totals |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Form 1040 | 2 hr ., 46 min . | $3 \mathrm{hr} ., 58 \mathrm{~min}$. | $6 \mathrm{hr} ., 17 \mathrm{~min}$. | 34 min . | 13 hr ., 35 min . |
| Sch. A | 3 hr ., 4 min . | 39 min . | 1 hr ., 34 min . | 20 min . | $5 \mathrm{hr} ., 37 \mathrm{~min}$. |
| Sch. B | 33 min . | 8 min . | 25 min . | 20 min . | $1 \mathrm{hr} ., 26 \mathrm{~min}$. |
| Sch. C | 6 hr ., 4 min . | $1 \mathrm{hr} ., 51 \mathrm{~min}$. | 2 hr ., 19 min . | 41 min . | 10 hr ., 55 min . |
| Sch. C-EZ | 45 min . | 3 min . | 35 min . | 20 min . | 1 hr ., 43 min . |
| Sch. D | 55 min . | $2 \mathrm{hr} ., 30 \mathrm{~min}$. | 2 hr ., 18 min . | 27 min . | $6 \mathrm{hr} ., 10 \mathrm{~min}$. |
| Sch. D-1 | 13 min . | 1 min . | 11 min . | 34 min . | 59 min . |
| Sch. E | 3 hr . | $1 \mathrm{hr} ., 13 \mathrm{~min}$. | 1 hr ., 27 min . | 34 min . | $6 \mathrm{hr} ., 14 \mathrm{~min}$. |
| Sch. EIC | -- - - | 1 min . | 13 min . | 20 min . | 34 min . |
| Sch. F: |  |  |  |  |  |
| Cash Method | $3 \mathrm{hr} ., 29 \mathrm{~min}$. | 36 min . | 1 hr ., 27 min . | 20 min . | $5 \mathrm{hr} ., 52 \mathrm{~min}$. |
| Accrual Method | 3 hr ., 36 min . | 26 min . | 1 hr ., 25 min . | 20 min . | 5 hr ., 47 min . |
| Sch. H | 1 hr ., 38 min . | 30 min . | 53 min . | 34 min . | $3 \mathrm{hr} ., 35 \mathrm{~min}$. |
| Sch. J | 19 min . | 13 min . | 2 hr ., 16 min . | 20 min . | 3 hr ., 8 min . |
| Sch. R | 19 min . | 16 min . | 35 min . | 34 min . | $1 \mathrm{hr} ., 44 \mathrm{~min}$. |
| Sch. SE: |  |  |  |  |  |
| Short | 13 min . | 14 min . | 13 min . | 13 min . | 53 min . |
| Long | 26 min . | 20 min . | 35 min . | 20 min . | $1 \mathrm{hr} ., 41 \mathrm{~min}$. |

## Order Blank for Forms and Publications

## 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. An

The most frequently ordered forms and publications are listed on the order blank below. We will mail you two copies of each form and one copy of each publication 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, such as by Internet, see page 7.
accurate address will ensure delivery of your order. Cut the order blank on the dotted line. Enclose the order blank in your own envelope and send it to the IRS address shown on this page. You should receive your order within 10 days after we receive your request.

Do not send your tax return to the address listed on this page. Instead, see the back cover.

## Mail Your Order Blank To:

Internal Revenue Service
National Distribution Center
P.O. Box 8903

Bloomington, IL 61702-8903

## Order Blank

Fill in your name and address.

Circle the forms and publications you need. The instructions for any form you order will be included.

|  | Cut here |  |
| :--- | :--- | :--- |
| Name |  |  |
| Postal mailing address | State | Apt./Suite/Room |
| City |  | International postal code |
| Foreign country |  |  |
| Daytime phone number <br> ( |  |  |

You can download all these items from the Internet at www.irs.gov or place an electronic order for them. The items in bold can be picked up at many IRS offices, post offices, and libraries.

| 1040 | Schedule F (1040) | Schedule 3 <br> (1040A) | 4506 | 8822 | Pub. 501 | Pub. 550 | Pub. 972 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Schedules A\&B <br> (1040) | Schedule H <br> (1040) | 1040EZ | 4562 | 8829 | Pub. 502 | Pub. 554 |  |
| Schedule C (1040) | Schedule J <br> (1040) | $\begin{gathered} \text { 1040-ES } \\ (2005) \end{gathered}$ | 4868 | 8863 | Pub. 505 | Pub. 575 |  |
| Schedule C-EZ (1040) | Schedule R (1040) | 1040-V | 6251 | 9465 | Pub. 523 | Pub. 590 |  |
| Schedule D <br> (1040) | Schedule SE <br> (1040) | 1040X | 8283 | Pub. 1 | Pub. 525 | Pub. 596 |  |
| Schedule D-1 <br> (1040) | 1040A | 2106 | 8582 | Pub. 17 | Pub. 527 | Pub. 910 |  |
| Schedule E (1040) | Schedule 1 (1040A) | 2106-EZ | 8606 | Pub. 334 | Pub. 529 | Pub. 926 |  |
| Schedule EIC (1040A or 1040) | Schedule 2 <br> (1040A) | 2441 | 8812 | Pub. 463 | Pub. 535 | Pub. 970 |  |

## Major Categories of Federal Income and Outlays for Fiscal Year 2004

Income and Outlays. These pie charts show the relative sizes of the major categories of federal income and outlays for fiscal year 2004.


On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit 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 the surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2004 (which began on October 1, 2003, and ended on September 30, 2004), federal income was $\$ 1.9$ trillion and
outlays were $\$ 2.3$ trillion, leaving a deficit of $\$ 0.4$ trillion.

## Footnotes for Certain Federal Outlays

1. Social security, Medicare, and other retirement: These programs provide income support for the retired and disabled and medical care for the elderly.
2. National defense, veterans, and foreign affairs: About $19 \%$ of outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about $3 \%$ were for veterans benefits and services; and about $1 \%$ were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.
3. Physical, human, and community development: These outlays were for agriculture; natural resources; environment; transportation; aid for elementary and secondary education and direct assistance to college students; job training; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.
4. Social programs: About $14 \%$ of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.
[^4]
## 2005

Tax Rate
The Tax Rate Schedules are shown so you can see the tax rate that applies to all levels of taxable income. Do not use them to figure your tax. Instead, see the instructions for line 44 that begin on page 37. Schedules

Schedule X—If your filing status is Single

| If your taxable income is: | The tax is: |  |  |
| :---: | :---: | :---: | :---: |
|  |  |  | of th |
|  | But not over- |  | amount over- |
| \$0 | \$7,300 | 10\% | \$0 |
| 7,300 | 29,700 | \$730.00 + 15\% | 7,300 |
| 29,700 | 71,950 | 4,090.00 + 25\% | 29,700 |
| 71,950 | 150,150 | 14,652.50 + 28\% | 71,950 |
| 150,150 | 326,450 | 36,548.50 + 33\% | 150,150 |
| 326,450 |  | 94,727.50 + 35\% | 326,450 |

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

| If your taxable income is: | The tax is: |  |  |
| :---: | :---: | :---: | :---: |
|  |  |  | of th |
|  | But not over- |  | amount over- |
| \$0 | \$14,600 | 10\% | \$0 |
| 14,600 | 59,400 | \$1,460.00 + 15\% | 14,600 |
| 59,400 | 119,950 | 8,180.00 + 25\% | 59,400 |
| 119,950 | 182,800 | 23,317.50 + 28\% | 119,950 |
| 182,800 | 326,450 | 40,915.50 + 33\% | 182,800 |
| 326,450 |  | 88,320.00 + 35\% | 326,450 |

Schedule Y-2—If your filing status is Married filing separately

| If your taxable income is: | The tax is: |  |  |
| :---: | :---: | :---: | :---: |
|  |  |  | of th |
|  | But not |  | amount |
| Over- | over- |  | over- |
| \$0 | \$7,300 | .- 10\% | \$0 |
| 7,300 | 29,700 | \$730.00 + 15\% | 7,300 |
| 29,700 | 59,975 | 4,090.00 + 25\% | 29,700 |
| 59,975 | 91,400 | 11,658.75 + 28\% | 59,975 |
| 91,400 | 163,225 | 20,457.75 + 33\% | 91,400 |
| 163,225 | --------- | 44,160.00 + 35\% | 163,225 |

Schedule Z—If your filing status is Head of household

| If your taxable income is: | The tax is: |  |  |
| :---: | :---: | :---: | :---: |
|  |  |  | of the |
|  | But not over- |  | amount over- |
| \$0 | \$10,450 | 10\% | \$0 |
| 10,450 | 39,800 | \$1,045.00 + 15\% | 10,450 |
| 39,800 | 102,800 | $5,447.50+25 \%$ | 39,800 |
| 102,800 | 166,450 | 21,197.50 + 28\% | 102,800 |
| 166,450 | 326,450 | 39,019.50 + 33\% | 166,450 |
| 326,450 |  | 91,819.50 + 35\% | 326,450 |


| A |  |
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| Addresses of IRS Centers | Back Cover |
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|  |  |
| $3,7$ | $59,60, ~$ |
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[^5]Where Do You File?

If an envelope addressed to "Internal Revenue Service Center" came with this 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 shown that applies to you.

TIP
Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over $1 / 4$ " thick). Also, include your complete return address.

| IF you live in... | THEN use this address if you: |  |
| :---: | :---: | :---: |
|  | Are not enclosing a check or money order... | Are enclosing a check or money order... |
| Alabama, Delaware, Florida, Georgia, North Carolina, Rhode Island, South Carolina, Virginia | Internal Revenue Service Center Atlanta, GA 39901-0002 | Internal Revenue Service Center Atlanta, GA 39901-0102 |
| District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New York, Vermont | Internal Revenue Service Center Andover, MA 05501-0002 | Internal Revenue Service Center Andover, MA 05501-0102 |
| Connecticut, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, North Dakota, Ohio, Wisconsin | Internal Revenue Service Center Kansas City, MO 64999-0002 | Internal Revenue Service Center Kansas City, MO 64999-0102 |
| New Jersey, Pennsylvania | Internal Revenue Service Center Philadelphia, PA 19255-0002 | Internal Revenue Service Center Philadelphia, PA 19255-0102 |
| Arkansas, Kansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas, West Virginia | Internal Revenue Service Center Austin, TX 73301-0002 | Internal Revenue Service Center Austin, TX 73301-0102 |
| Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Washington, Wyoming | Internal Revenue Service Center Fresno, CA 93888-0002 | Internal Revenue Service Center Fresno, CA 93888-0102 |
| American Samoa, nonpermanent residents of Guam or the Virgin Islands*, Puerto Rico (or if excluding income under Internal Revenue Code section 933), dual-status aliens, and those filing Form 4563 | Internal Revenue Service Center Philadelphia, PA 19255-0215 USA | Internal Revenue Service Center Philadelphia, PA 19255-0215 USA |
| All APO and FPO addresses, a foreign country: U.S. citizens and those filing Form 2555 or 2555-EZ | Internal Revenue Service Center Austin, TX 73301-0215 USA | Internal Revenue Service Center Austin, TX 73301-0215 USA |

[^6]
## What's Inside?

Instructions for Form 1040
IRS e-file and free file options (page 3)
Commissioner's message (page 2)
Index (inside back cover)
When to file (page 12)
What's new for 2005 (page 11)
How to comment on forms (page 78)
How to avoid common mistakes (page 62)

Help with unresolved tax issues (page 6)
Free tax help (pages 7 and 63)
How to get forms and publications (page 7)
Tax table (page 65)
How to make a gift to reduce debt held by the public (page 63)

Department of the Treasury-Internal Revenue Service
U.S. Individual Income Tax Return

IRS Use Only-Do not write or staple in this space.

| Label |  |
| :--- | :--- |
| LSee |  |
| instructions | A |
| on page 16.) | B |
| Use the IRS | L |
| label. |  |
| Otherwise, | H |
| please print | R |
| or type. | E |
|  |  |


| For the year Jan. 1-Dec. 31, 2005, or other tax year beginning |  | , 20 | OMB No. 1545-0074 |
| :---: | :---: | :---: | :---: |
| Your first name and initial | Last name |  | Your social security number |
| If a joint return, spouse's first name and initial | Last name |  | Spouse's social security number |
| Home address (number and street). If you have a P.O. box, see page 16. |  | Apt. no. | You must enter your SSN(s) above. |
| City, town or post office, state, and ZIP code. If you have address, see page 16. |  |  | Checking a box below will not change your tax or refund. |



Check here if you, or your spouse if filing a joint return, want $\$ 3$ to go to this fund (see page 16)

$\square$ Spouse

Filing Status
Check only one box.

## Exemptions

If more than four dependents, see page 18.

## Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 19.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.
 and full name here.
$4 \square$ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here.
5
 Qualifying widow(er) with dependent child (see page 17)

6a $\square$ Yourself. If someone can claim you as a dependent, do not check box 6a
d
b Tax-exempt interest. Do not include on line 8a
9a Ordinary dividends. Attach Schedule B if required
b Qualified dividends (see page 20)
10 Taxable refunds, credits, or offsets of state and local income taxes (see page 20)
11 Alimony received
12 Business income or (loss). Attach Schedule C or C-EZ
$\square$
14

$$
\text { Other gains or (losses). Attach Form } 4797
$$

15a
16a
17
18
19
20a
21
 Income
c Dependents:
(1) First name

Last name

$$
\text { Capital gain or (loss). Attach Schedule } D \text { if required. If } n
$$

| IRA distributions |  |  |  |
| :--- | :--- | :--- | :--- |
| Pensions and annuities | $15 a$ |  |  |
| $16 a$ |  |  |  | b Taxable amount (see page 22) b Taxable amount (see page 22)

Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E Farm income or (loss). Attach Schedule F
Unemployment compensation
Social security benefits . $\mathbf{2 0 a}$ $\qquad$ b Taxable amount (see page 24)
Other income. List type and amount (see page 24) Add the amounts in the far right column for lines 7 through 21. This is your total income Educator expenses (see page 26)
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ Health savings account deduction. Attach Form 8889.

|  |  |
| :--- | :--- |
| $n$ |  |
|  | 23 |
|  |  |

IRA deduction (seo page XX
33 Student loan interest deduction (see page $X X$ ).
34 Tuition and fees deduction (see page XX)
35 Domestic production activities deduction. Attach Form 8903
36 Add lines 23 through 31a and 32 through 35
37 Subtract line 36 from line 22. This is your adjusted gross income

## Moving expenses. Attach Form 3903

One-half of self-employment tax. Attach Schedule SE Self-employed SEP, SIMPLE, and qualified plans Self-employed health insurance deduction (see page XX) Penalty on early withdrawal of savings
Alimony paid b Recipient's SSN

## -

,

## Tax and

 Credits
## Standard <br> Deduction

 for-- People who checked any box on line 39 a or 39b or who can be claimed as a dependent, see page 31.
- All others:

Single or Married filing separately, \$5,000
Married filing jointly or Qualifying widow(er), \$10,000
Head of household, \$7,300

|  |
| :--- |
| Other <br> Taxes |

51
52 Child tax credit (see page 37). Attach Form 8901 if required
53 Adoption credit. Attach Form 8839
b $\square$ Form 8859 . Other credits. Check applicable box(es): a $\square$ Form 3800 b $\square$ Form $8801 \quad$ c $\square$ Specify Add lines 47 through 55. These are your total credits Subtract line 56 from line 46 . If line 56 is more than line 46 , enter -0 -

58 Self-employment tax. Attach Schedule SE
59 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137
60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required
61 Advance earned income credit payments from Form(s) W-2
62 Household employment taxes. Attach Schedule H
63 Add lines 57 through 62. This is your total tax

66a Earned income credit (EIC)
If you have a
qualifying
child, attach
Schedule EIC.
b Nontaxable combat pay election


66b
67 Excess social security and tier 1 RRTA tax withheld (see page 54)
68 Additional child tax credit. Attach Form 8812
69 Amount paid with request for extension to file (see page 54)
70 Payments from: a $\square$ Form 2439 b $\square$ Form 4136 c $\square$ Form 8885
71 Add lines 64, 65, 66a, and 67 through 70 . These are your total payments
72 If line 71 is more than line 63, subtract line 63 from line 71. This is the amount you overpaid
73a Amount of line 72 you want refunded to you
Refund
Direct deposit? See page 54 and fill in 73b, 73c, and 73d.

## Amount You Owe

Third Party Designee

$$
\begin{aligned}
& \text { Do you want to allow another person to discuss this retu } \\
& \text { Desianee's }
\end{aligned}
$$

| Sign | 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. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Here <br> Joint return? <br> See page 17. <br> Keep a copy for your records. | Your signature | Date |  |  | Daytime phone number ( ) |
|  | Spouse's signature. If a joint return, both must sign. | Date |  |  |  |
| Paid Preparer's Use Only | Preparer's signature |  | Date | Check if self-employed $\square$ | Preparer's SSN or PTIN |
|  | Firm's name (or |  |  | EIN |  |
|  | yours if self-employed), address, and ZIP code |  |  | Phone no. | ( ) |

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## Part I

## Interest

(See back of schedule and the instructions for Form 1040A, line 8a.)

## Part II

Ordinary dividends
(See back of schedule and the instructions for Form 1040A, line 9 a .)

1 List name of payer. If any interest is from a seller-financed mortgage
and the buyer used the property as a personal residence, see back of schedule and list this interest first. Also, show that buyer's social security number and address.

Amount

| Amount |  |  |
| :--- | :--- | :--- | :--- |
|  |  |  |

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, enter the firm's name and the total interest shown on that form.

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, enter the firm's name and the ordinary dividends shown on that form.
5 List name of payer.

| 5 List name of payer. | Amount |  |  |
| :---: | :---: | :---: | :---: |
|  | 5 |  |  |
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|  |  |  |  |
| 6 Add the amounts on line 5. Enter the total here and on Form 1040A, line 9a. | 6 |  |  |

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This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

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Before you begin: You need to understand the following terms. See Definitions on page 1 of the separate instructions.

- Qualifying person(s)
- Qualified expenses
(a) Care provider's
1 name

Persons or organizations who provided the care

You must complete this part.

(If you need more space, use the bottom of page 2.)


Caution. If the care was provided in your home, you may owe employment taxes. If you do, you must use Form 1040. See Schedule H and its instructions for details.

## Part II

Credit for child and dependent care expenses

2 Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions.


Part III Dependent
care benefits

12 Enter the total amount of dependent care benefits you received for 2005. This amount should be shown in box 10 of your Form(s) W-2. Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2.

12

13 Enter the amount forfeited, if any. See the instructions. 13

14 Subtract line 13 from line 12.
14
15 Enter the total amount of qualified expenses incurred in 2005 for the care of the qualifying person(s).

16 Enter the smaller of line 14 or 15.
17 Enter your earned income. See the instructions.

## 17

18 Enter the amount shown below that applies to you.

- If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5).
- If married filing separately, see the instructions for the amount to enter.
- All others, enter the amount from line 17.

19 Enter the smallest of line 16,17 , or 18. 19
20 Excluded benefits. Enter here the smaller of the following:

- The amount from line 19, or
- \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18).
21 Taxable benefits. Subtract line 20 from line 14. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB."

To claim the child and dependent care credit, complete lines 22-26 below.

| 22 | Enter \$3,000 (\$6,000 if two or more qualifying persons). | 22 |
| :---: | :---: | :---: |
| 23 | Enter the amount from line 20. | 23 |
| 24 | Subtract line 23 from line 22. If zero or less, stop. You cannot take the credit. Exception. If you paid 2004 expenses in 2005, see the instructions for line 9. | 24 |
| 25 | Complete line 2 on the front of this schedule. Do not include in column (c) any benefits shown on line 20 above. Then, add the amounts in column (c) and enter the total here. | 25 |
| 26 | Enter the smaller of line 24 or 25 . Also, enter this amount on line 3 on the front of this schedule and complete lines 4-11. | 26 |

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

You may be able to take this credit and reduce your tax if by the end of 2005:

- You were age 65 or older or - You were under age 65, you retired on permanent and total disability, and you received taxable disability income.
But you must also meet other tests. See the separate instructions for Schedule 3.
TIP In most cases, the IRS can figure the credit for you. See the instructions.


## Part I

Check the box for your filing status and age

## If your filing status is:

Single,
Head of household, or Qualifying widow(er)

And by the end of 2005:
Check only one box:

1 You were 65 or older
2 You were under 65 and you retired on permanent and total disability

3 Both spouses were 65 or older
4 Both spouses were under 65, but only one spouse retired on permanent and total disability


5 Both spouses were under 65, and both retired on permanent and total disability.


6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability

7 One spouse was 65 or older, and the other spouse was under 65 and not retired on permanent and total disability

8 You were 65 or older and you lived apart from your spouse for all of 2005.

9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 2005

1


Married filing jointly

$$
-1 .
$$



## Part II

## Statement of

 permanent and total disabilityComplete this part only if you checked box $2,4,5,6$, or 9 above.

If: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line $B$ on the statement, and
2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2005, check this box

- If you checked this box, you do not have to get another statement for 2005.
- If you did not check this box, have your physician complete the statement on page 4 of the instructions. You must keep the statement for your records.


## Part III

Figure your credit

10 If you checked (in Part I):

## Enter:

Box 1, 2, 4, or 7 . . . . . . . . . . . . . . \$5,000

Box 3, 5, or 6 . . . . . . . . . . . . . . . . \$7,500
Box 8 or 9
$\$ 3,750$
10

## Did you check $\quad$ Yes - $\longrightarrow$ You must complete line 11. box 2, 4, 5, 6, or 9 in Part I? on line 12 and go to line 13.

11 If you checked (in Part 1 ):

- Box 6 , add $\$ 5,000$ to the taxable disability income of the spouse who was under age 65. Enter the total.
- Box 2, 4, or 9, enter your taxable disability income.
- Box 5 , add your taxable disability income to your spouse's taxable disability income. Enter the total.
Tip For more details on what to include on line 11, see the instructions.
12 If you completed line 11, enter the smaller of line 10 or line 11; all others, enter the amount from line 10.
13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2005.
a Nontaxable part of social security benefits and
Nontaxable part of railroad retirement benefits treated as social security (see the instructions). 13a
b Nontaxable veterans' pensions and
Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see the instructions).

c Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c. 13c
14 Enter the amount from Form 1040A, line 22.
15 If you checked (in Part I):


## Enter:

Box 1 or 2
\$7,500
Box $3,4,5,6$, or 7 . . . . . . $\$ 10,000$

|  | Box 8 or 9 |
| :--- | :--- | :--- | :--- | :--- |

18 Add lines 13c and 17.
19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20.

18

20 Multiply line 19 by 15\% (.15).
21 Enter the amount from Form 1040A, line 28, minus any amount on Form 1040A, line 29.
22 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 21 here and on Form 1040A, line 30.

22

# 2006 Form 1040-ES (OCR) Estimated Tax Payment Voucher 

| Purpose: | This is the first circulated draft of the 2006 Form 1040-ES (OCR) <br> Estimated Tax Payment Voucher, for your review and comments. The <br> major changes are discussed below. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The 2005 Form 1040-ES (OCR) Estimated Tax Payment Voucher is <br> not available online. However, you can have a pdf copy sent to you by <br> making a request to the TLS shown below. |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by May 19, 2005. |

## Bob Lemonds

Tax Law Specialist W:CAR:MP:T:I:F
Room: 6423 - Main
Phone: 202-927-9906
Fax: 202-927-6234
Email: Robert.W.Lemonds@irs.gov

## Date: April 21, 2005

## Major Changes

The text of the third dingbat has been replaced with: "If any information is incorrect, see instructions". SE:W:CAR:MP:T:I

The first two sentences under the third dingbat have been removed. The remaining text begins: "For Privacy Act..." SE:W:CAR:MP:T:I:F

The year and payment due dates have been revised. SE:W:CAR:MP:T:I:F

Make your check or money order payable to "United States Treasury."
Write your social security number and "2006 Form 1040-ES" on your payment.

- If any information is incorrect, see instructions.

Amount of estimated tax you are paying by check or money order.

| Form 1040-ES (OCR) <br> Department of the Treasury Internal Revenue Service | 2006 <br> OMB No. 1545-0087 | Estimated Tax |  | Payment Voucher | Calendar yearDue June 15, 2006 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Write your social security num If any information is incorrect, | " 2006 Form 1040 structions. | Treasury." <br> n your payment | Amount of estimated tax you are paying by check or money order. |  | Dollars | Cents |


| Form 1040-ES (OCR) <br> Department of the Treasury Internal Revenue Service | OMB No. 1545-0087 | Estimated Tax |  | Payment Voucher | Calendar yearDue Sept. 15, 2006 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| - Make your check or money o <br> - Write your social security num <br> - If any information is incorrect, | payable to "United S nd "2006 Form 1040 structions. | Treasury." <br> n your payment | Amount of est paying by che | tax you money or | Dollars | Cents |

For Privacy Act and Paperwork Reduction Act Notice, see instructions.


## 2005 Form 1040-V OCR, Payment Voucher

Purpose: This is the first circulated draft of the 2005 Form 1040-V OCR for your review and comments. The major change is shown below.

TPCC Meeting: None, but may be arranged if requested.
The 2004 Form is available at: http://publish.no.irs.gov/PACKAGES/PDF/32205Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by April 22, 2005.

Kevin Coulter<br>Tax Forms and Publications<br>SE:W:CAR:MP:T:I:F<br>Email: Kevin.C.Coulter@irs.gov<br>Phone: 202-622-3716<br>Fax: 202-927-6234

Major Change to 2005 Form 1040-V OCR

1. Line reference to Form 1040 has been updated.

Use Form 1040-V only if you have a balance due on line 75 of your 2005 Form 1040 and you make your payment by check or money order. Use the envelope that came with your 2005 Form 1040 instruction booklet to mail your 2005 tax return, payment, and Form 1040-V. See the instructions below and on the envelope.

## Instructions for Form 1040-V

## Do You Have To Use Form 1040-V?

We strongly encourage you to use Form $1040-\mathrm{V}$, but there is no penalty if you do not. If you file Form 1040A or Form 1040EZ, do not use Form 1040-V.

## You Received Additional <br> Forms 1040-V. Which One

 Should You Use?Use this one because it has your name, address, and social security number (SSN) preprinted on it. This saves you the trouble of entering the information and allows us to process your payment more accurately and efficiently. If you received another Form 1040-V with the information preprinted, you can use either one. The Form 1040-V in your 2005 Form 1040 instruction booklet does not have the information preprinted.

## How To Fill In Form 1040-V

- Enter the amount you are paying by check or money order in the space provided.
- If your name, address, or SSN is not shown correctly on Form 1040-V, cross out the incorrect information and print the correct information.
- Use only this original Form 1040-V. Do not use a photocopy.


## How To Prepare Your Payment

- Make your check or money order payable to the "United States Treasury." Do not send cash.
- Make sure your name and address appear on your check or money order. - Enter "2005 Form 1040," your daytime phone number, and your SSN on your check or money order. If you are filing a joint return, enter the SSN shown first on your return.
- To help process your payment, enter the amount on the right side of your check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX—" or "\$ XXX $\frac{6 X}{100}$ ").


## How To Send In Your 2005 Tax Return, Payment, and Form 1040-V

- Do not staple or otherwise attach your payment or Form 1040-V to your return or to each other. Instead, just put them loose in the envelope.
- Mail your 2005 tax return, payment, and Form 1040-V in the envelope that came with your 2005 Form 1040 instruction booklet.

Note. If you do not have that envelope or you moved during the year, see Where Do You File? on the back cover of your 2005 Form 1040 instruction booklet.

What if you file electronically? If you file electronically and have a balance due, you must use Form 1040-V if you make your payment by check or money order. Follow your preparer's or transmitter's instructions for mailing your payment and Form $1040-\mathrm{V}$. If you pay the balance due electronically, do not use Form 1040-V. For more information on electronic payment options, you can refer to your 2005 Form 1040 instruction booklet or your preparer's or transmitter's instructions.

Form 1040-V , Payment Voucher
See instructions above.

[^7]Amount you are paying by check or money order.

## Instructions



## A Message From the Commissioner

## Dear Taxpayer,

As our nation moves forward in this still young century, the Internal Revenue Service will focus on three areas of tax administration:

- Improving taxpayer service;
- Enhancing enforcement of the tax law; and
- Modernizing the IRS through its people, processes, and technology.

Our working equation at the IRS is simple: service plus enforcement equals compliance. Not service or enforcement, but service and enforcement. We must do both in a balanced and consistent manner, with full respect for, and attention to, taxpayer rights.

By service, we mean helping people understand their federal tax obligations and facilitating their participation in the tax system. Enforcing the law is equally essential to our system of individual self-assessment. Americans need to be confident that when they pay their taxes, their neighbors and competitors are doing the same.

As you prepare your taxes, I encourage you to file electronically. Last year, more than 61 million Americans did. And we expect even more to file electronically this year. E-file benefits both the taxpayer and the government. E-file promotes greater reliability and faster processing. If you're getting a refund, you'll get it sooner.

To learn more, go online. Check out www.irs.gov and click on "1040 Central" for the tax forms, information, and updates you need. For example, you can find out whether you are eligible for the earned income credit. Also, like more than 23 million people last year, you can check the status of your refund online. Just click on "Where's My Refund?"

I hope this tax booklet is useful to you. For further information, you may contact us at www.irs.gov or call our toll-free numbers 1-800-829-1040 for individuals and 1-800-829-4933 for businesses.

Sincerely,
 w. Eann

Mark W. Everson

## The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.


## consider it done

## What is IRS e-file?

It's the fastest, easiest, and most convenient way to file your income tax return electronically. So easy, over XX million taxpayers preferred $e$-file over filing a paper income tax return last year. Visit the IRS website at $w w w$.irs.gov/efile for all the details and latest information.

## What are the benefits?

## Free File Options!

- All taxpayers are eligible to use free commercial online tax preparation software to e-file.
- Visit www.irs.gov to access these free services offered by the tax software industry (not the IRS).


## Fast! Easy! Convenient!

- Get your refund in half the time as paper filers do, even faster and safer with Direct Deposit. See page 50.
- Sign electronically and file a completely paperless return. See page 52.
- Receive an electronic proof of receipt within 48 hours that the IRS received your return.
- If you owe, you can $e$-file and authorize an electronic funds withdrawal or pay by credit card. If you e-file before April 17, 2006, you can schedule an electronic funds withdrawal from your checking or sayings account as late as April 17, 2006. See page 51.
- Prepare and file your federal and state returns together and save time.


## Accurate! Secure!

- IRS computers quickly and automatically check for errors or other missing information.
- The chance of being audited does not differ whether you $e$-file or file a paper income tax return.
- Your bank account information is safeguarded along with other tax return information. The IRS does not have access to credit card numbers.

Visit the IRS website at www.irs.gov/efile for details.

## How to e-file?

## Use an Authorized IRS e-file Provider

## AUTHORIZED

 Crite PROVIDERMany tax professionals electronically file tax returns for their clients. As a taxpayer, you have two options:

1. You can prepare your return, take it to an Authorized IRS $e$-file Provider, and have the provider transmit it electronically to the IRS; or
2. You can have a tax professional prepare your return and transmit it for you electronically.

Tax professionals can charge a fee for IRS $e$-file. Fees can vary depending on the professional and the specific services rendered.

## Use a Personal Computer



You can file your income tax return in a fast, easy, convenient way using your personal computer. A computer with a modem or Internet access and tax preparation software are all you need. Best of all, you can e-file from the comfort of your home 24 hours a day, 7 days a week. Visit www.irs.gov for details.
IRS approved tax preparation software is available for online use on the Internet, for download from the Internet, and in retail stores. Visit www.irs.gov/efile for details.

## Tax Return Page References

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


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

| Form 1040A |
| :--- |
| Tax, |
| credits, |
| and |
| payments |

Standard Deduction for-

- People who checked any box on line
23a or 23b or who can be claimed as a dependent, see page 31 .
- All others:

Single or Married filing separately, \$5,000
Married filing
jointly or Qualifying widow(er),
\$10,000
Head of household, \$7,300

$$
\mid
$$




b If you are married filing separately and your spouse itemizes deductions, see page 30 and check here
$24 \quad$ Enter your standard deduction (see left margin).


25 Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.


26 If line 22 is $\$ 109,475$ or less, multiply $\$ 3,200$ by the total number of exemptions claimed on line 6d. If line 22 is over $\$ 109,475$, see the worksheet on page 32.
27 Subtract line 26 from line 25. If line 26 is more than line 25 , enter $-0-$ This is your taxable income.
28 Tax, including any alternative minimum tax (see page 31). - 27

28 Tax, including any alternative minimum tax (see Attach Schedule 2.
30 Credit for the elderly or the disabled. Attach Schedule 3.
31 Education credits. Attach Form 8863.
32 Retirement savings contributions credit. Attach Form 8880.
$33 \quad$ Child tax credit (see page 36). Attach

If you have
a qualifying
child, attach
Schedule
EIC.

|  | Form 8901 if required. | 33 |
| :--- | :--- | ---: |
| 34 | Adoption credit. Attach Form 8839. | 34 |
| 35 | Add lines 29 through 34. These are your total credits. |  |

36 Subtract line 35 from line 28. If line 35 is more than line 28 , enter -0 -
37 Advance earned income credit payments from Form(s) W-2.
38 Add lines 36 and 37. This is your total tax.


39 Federal income tax withheld from Forms W-2 and 1099. 39
402005 estimated tax payments and amount

| 41 a | Earned income credit (EIC). |
| :---: | :---: |
| $\mathbf{b}$ | Nontaxable combat pay election. 41 b |
| 42 | Additional child tax credit. Attach Form |


 40
(41) 41 a

42 Additional child tax credit. Attach Form $8812 . \quad 42$


43 Add lines 39, 40, 41a, and 42. These are your total payments. $>43$

## Refund

Direct
deposit?
See page 50
and fill in 45b, 45c, and 45d.



## IRS Customer Service Standards

At the IRS, our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas:

- Easier filing and payment options.
- Access to information.
- Accuracy.
- Prompt refunds.
- Canceling penalties.
- Resolving problems.
- Simpler forms.

If you would like information about the IRS standards and a report of our accomplishments, see Pub. 2183.

## Help With Unresolved Tax Issues

## Office of the Taxpayer Advocate

## Contacting Your Taxpayer Advocate

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

## Handling Your Tax Problems

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A "fresh look" at your new or on-going problem,
- Timely acknowledgment,
- The name and phone number of the individual assigned to your case,
- Updates on progress,
- Timeframes for action,
- Speedy resolution, and
- Courteous service.


## Information You Should Be Prepared To Provide

- Your name, address, and social security number (or employer identification number),
- Your telephone number and hours you can be reached,
- The type of tax return and year(s) involved,
- A detailed description of your problem,
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing and supporting documentation (if applicable).


## How To Contact Your Taxpayer Advocate

- Call the Taxpayer Advocate's toll-free number: 1-877-777-4778.
- Call, write, or fax the Taxpayer Advocate office in your area (see Pub. 1546 for addresses and phone numbers).
- TTY/TDD help is available by calling 1-800-829-4059.
- Visit the website at www.irs.gov/advocate.


## Quick and Easy Access to Tax Help and Forms

If you live outside the United States, see Pub. 54 to find out how to get help and forms.

## Internet

You can access the IRS website 24 hours a day, 7 days a week, at $w w w . i r s . g o v ~ t o: ~$

- Eriflo Access commercial tax preparation and e-file services available for free to eligible taxpayers;
- Check the status of your 2005 refund;
- Download forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- Figure your withholding allowances using our W-4 calculator; and
- Sign up to receive local and national tax news by email.



## Mail

You can order forms, instructions, and publications by completing the order blank on page 59. You should receive your order within 10 days after we receive your request.


## Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.


## Phone

You can order forms and publications and receive automated information by phone.

Forms and publications. Call 1-800-TAX-FORM (1-800-829-3676) during the hours shown on page 10 to order current year forms, instructions, and publications, and prior year forms and instructions. You should receive your order within 10 days.

TeleTax topics. Call 1-800-829-4477 24 hours a day, 7 days a week, to listen to pre-recorded messages covering about 150 tax topics. See pages 8 and 9 for a list of the topics.
Refund information. You can check the status of your 2005 refund 24 hours a day, 7 days a week. See page 8 for details.

## CD-ROM

Order Pub. 1796, Federal Tax Products CD-ROM, and get:

- Current year forms, instructions, and publications;

Prior year forms, instructions, and publications;

- Frequently requested tax forms that can be filled in electronically, printed out for submission, and saved for recordkeeping; and
- The Internal Revenue Bulletin.

Buy the CD-ROM on the Internet at www.irs.gov/ cdorders from the National Technical Information Service (NTIS) for $\$ 22$ (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD-ROM for $\$ 22$ (plus a $\$ 5$ handling fee).

Other ways to get help. See page 57 for information.

# Refund Information 

You can check on the status of your 2005 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). But if you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically).

Be sure to have a copy of your 2005 tax return available because you will need to know the filing status and the exact whole-dollar amount of your refund. Then, do one of the following.

- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information.
- Call 1-800-829-1954 during the hours shown on page 10 .


Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
Do not send in a copy of your return unless asked to do so.
To get a refund, you generally must file your return within 3 years from the date the return was due (including extensions).

## What Is TeleTax?

## Recorded Tax Information

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

## Topics by Internet

TeleTax topics are also available through the IRS website at www.irs.gov.

## TeleTax Topics

All topics are available in Spanish.

## 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 Intro. to federal taxes for small businesses/self-employed
104 Taxpayer Advocate Program - Help for problem situations

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
1542005 Form W-2 and Form 1099-R - 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 IRS
158 Ensuring proper credit of payments
159 Prior year(s) Form W-2-How to get a copy of

## Collection

201 The collection process
202 What to do if you can't pay your tax
203 Failure to pay child support and federal nontax and state income tax obligations
204 Offers in compromise

## Topic

No.
205

## Innocent spouse relief (and separation of liability and equitable relief)

Alternative Filing Methods
251 Electronic signatures
252 Electronic filing
253 Substitute tax forms
254 How to choose a paid tax preparer
256 Filing business returns electronically
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 Roth IRA contributions
310 Coverdell education savings accounts
311 Power of attorney information
312 Disclosure authorizations
313 Qualified tuition programs (QTPs)

## 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
357 Tax information for parents of kidnapped children

## Topic

No.

## Subject 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 method
412 Lump-sum distributions
413 Rollovers from retirement plans
414 Rental income and expenses
415 Renting residential and vacation property
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
426 Other income
427 Stock options
428 Roth IRA distributions
429 Traders in securities (information for Form 1040 filers)
430 Exchange of policyholder interest for stock

## Adjustments to Income

451 Individual retirement arrangements (IRAs)
452 Alimony paid
TeleTax Topics
(Continued)

## Topic <br> No.

453 Bad debt deduction
454 Tax shelters
455 Moving expenses
456 Student loan interest deduction
457 Tuition and fees deduction
458 Educator expense deduction

## 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 and theft 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 Casualty, disaster, and theft 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 Ten-year tax option for lump-sum distributions
556 Alternative minimum tax
557 Tax on early distributions from traditional and Roth IRAs
558 Tax on early distributions from retirement plans

| Topic |  |
| :--- | :--- |
| No. Subject |  |

## 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
605 Education credits
606 Child tax credits
607 Adoption credit
608 Excess social security and RRTA tax withheld
610 Retirement savings contributions credit

## IRS Notices

651 Notices - What to do
652 Notice of underreported incomeCP 2000
653 IRS notices and bills, penalties, and interest charges

Basis of Assets, Depreciation, and Sale of Assets
701 Sale of your home
703 Basis of assets
704 Depreciation
705 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
759 Form 940 and 940-EZ—Deposit requirements

Topic
No.

## Subject

760 Form 940 and Form 940-EZEmployer's Annual Federal Unemployment Tax Returns
761 Tips-Withholding and reporting
762 Independent contractor vs. employee

## Magnetic Media Filers-1099 Series and Related Information Returns

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 exclusionGeneral
854 Foreign earned income exclusion Who qualifies?
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## Tax Information for Puerto Rico Residents (in Spanish only)

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Topic numbers are effective January 1, 2006.

## Calling the IRS

If you cannot find the answer to your question using one of the methods listed on page 7 , please call us for assistance at 1-800-829-1040. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 8:00 a.m. to 8:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.

If you want to check the status of your 2005 refund, see Refund Information on page 8.

## Before You Call

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

- The tax form, schedule, or notice to which your question relates.
- 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.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The "Caller ID Number" shown at the top of any notice you received.
- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.
- Your ZIP code.

If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.
Evaluation of services provided. The IRS uses several methods to evaluate our telephone service. One method is to record telephone calls for quality purposes only. A random sample of recorded calls is selected for review through the quality assurance process. Other methods include listening to live calls in progress and random selection of customers for participation in a customer satisfaction survey.

## Making the Call

Call 1-800-829-1040 (for TTY/TDD help, call 1-800-829-4059). Our menus allow callers with pulse or rotary dial telephones to speak their responses when requested to do so. First, you will be provided a series of options that will request touch-tone responses. If a touch-tone response is not received, you will then hear a series of options and be asked to speak your selections. After your touch-tone or spoken response is received, the system will direct your call to the appropriate assistance. You can do the following within the system.

- Order tax forms and publications.
- Find out what you owe.
- Determine if we have adjusted your account or received payments you made.
- Request a transcript of your tax return or account.
- Find out where to send your tax return or payment.
- Request more time to pay or set up a monthly installment agreement.
- Find out if you qualify for innocent spouse relief.


## 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. He or she will be happy to take additional time to be sure your question is answered fully.

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.

# Before You Fill In Form 1040A 

For details on these and other changes for 2005 and 2006, see Pub. 553.

## What's New for 2005?

New definition of a qualifying child. A new definition of a "qualifying child" applies for each of the following tax benefits.

- Dependency exemption.
- Head of household filing status.
- Earned income credit (EIC).
- Child tax credit.
- Credit for child and dependent care expenses.

See the instructions for each of these benefits for details.
Dependents cannot claim exemptions for dependents. If you are claimed as a dependent on someone else's return, you cannot claim any exemptions for dependents.
IRA deduction expanded. You, and your spouse if filing jointly, may each be able to deduct up to $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005). You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income (AGI) is less than $\$ 60,000$ ( $\$ 80,000$ if married filing jointly or qualifying widow(er)). See the instructions for line 17 that begin on page 28.
Earned income credit (EIC). You may be able to take the EIC if:

- A child lived with you and you earned less than \$35,263 ( $\$ 37,263$ if married filing jointly), or
- A child did not live with you and you earned less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly).

See the instructions for lines 41a and 41b that begin on page 41 .

Mailing your return. You may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. If you received an envelope with your tax package, please use it. Otherwise, see Where Do You File? on the back cover.

## What's New for 2006?

Personal exemption phaseouts reduced. The phaseout of the personal exemptions will be reduced by $1 / 3$.

Certain credits no longer allowed against alternative minimum tax (AMT). The credit for child and dependent care expenses, credit for the elderly or the disabled, and education credits are no longer allowed against AMT and a new tax liability limit applies. For most people, this limit is your regular tax minus any tentative minimum tax.

AMT exemption amount decreased. The AMT exemption amount will decrease to $\$ 33,750$ ( $\$ 45,000$ if married filing jointly or a qualifying widow(er); $\$ 22,500$ if married filing separately).

Educator expense deduction expires. The deduction for educator expenses from AGI will expire. To deduct educator expenses, you must file Form 1040 and itemize your deductions.

Tuition and fees deduction expires. You cannot take a deduction for qualified tuition and fees paid in 2006. But you still may be able to take a credit for these expenses.

IRA deduction expanded. If you were covered by a retirement plan, you may be able to take an IRA deduction if your 2006 modified AGI is less than $\$ 85,000$ and you are married filing jointly or qualifying widow(er). You, and your spouse if filing jointly, may each be able to deduct up to $\$ 5,000$ if age 50 or over at the end of 2006.

## Do You Have To File?

Use Chart A, B, or C to see if you must file a return.
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, the additional child tax credit, or the health coverage tax credit.

Have you tried IRS e-file? It's the fastest way to get your refund and it's free if you are eligible. Visit www.irs.gov/efile for details.

Exception for children under age 14. If you are planning to file a return for your child who was under age 14 at the end of 2005, and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 1040 and Form 8814 to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 8) or see Form 8814.

A child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8814 for such a child.
Resident aliens. These rules also apply if you were a resident alien. Also, you may qualify for certain tax treaty benefits. See Pub. 519 for details.

Nonresident aliens and dual-status aliens. These rules also apply if you were a nonresident alien or dual-status alien and both of the following apply.

- You were married to a U.S. citizen or resident at the end of 2005.
- You elected to be taxed as a resident alien. See Pub. 519 for details.


## When Should You File?

Not later than April 17, 2006. If you file after this date, you may have to pay interest and penalties. See page 57.

If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone, qualified hazardous duty area, or a contingency operation (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.

## What If You Cannot File on Time?

You can get an automatic 6-month extension if, no later than April 17, 2006, you file Form 4868. For details, see Form 4868.

However, even if you get an extension, the tax you owe is still due April 17, 2006. If you make a payment with your extension request, see the instructions for line 43 on page 53.

## Where Do You File?

See the back cover for filing instructions and addresses.
Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

## Chart A—For Most People

| IF your filing status is ... | AND at the end of 2005 you were* | THEN file a return if your gross income** was at least . . . |
| :---: | :---: | :---: |
| Single | under 65 <br> 65 or older | $\begin{array}{r} \$ 8,200 \\ 9,450 \end{array}$ |
| Married filing jointly*** | under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses) |  |
| Married filing separately | any age | \$3,200 |
| Head of household (see page 19) | under 65 <br> 65 or older | $\begin{array}{r} \$ 10,500 \\ 11,750 \end{array}$ |
| Qualifying widow(er) with dependent child (see page 19) | under 65 <br> 65 or older | $\begin{array}{r} \$ 13,200 \\ 14,200 \end{array}$ |

* If you were born on January 1, 1941, you are considered to be age 65 at the end of 2005.
** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2005.
*** If you did not live with your spouse at the end of 2005 (or on the date your spouse died) and your gross income was at least $\$ 3,200$, you must file a return regardless of your age.


## Chart B—For Children and Other Dependents

See the instructions for line 6 c that begin on page 21 to find out if someone can claim you as a dependent.

## If someone 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, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of your unearned and earned income.

Single dependents. Were you either age 65 or older or blind?
$\square \quad$ No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 800$.
- Your earned income was over $\$ 5,000$.
- Your gross income was more than the larger of-
- $\$ 800$, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.
$\square \quad$ Yes. You must file a return if any of the following apply.
- Your unearned income was over $\$ 2,050$ ( $\$ 3,300$ if 65 or older and blind).
- Your earned income was over $\$ 6,250$ ( $\$ 7,500$ if 65 or older and blind).
- Your gross income was more than-

The larger of:

- $\$ 800$, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.


## Plus This amount:

$\$ 1,250$ (\$2,500 if 65
or older and blind)

Married dependents. Were you either age 65 or older or blind?No. You must file a return if any of the following apply.

- Your unearned income was over $\$ 800$.
- Your earned income was over $\$ 5,000$.
- 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
- $\$ 800$, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.
$\square \quad$ Yes. You must file a return if any of the following apply.
- Your unearned income was over $\$ 1,800$ ( $\$ 2,800$ if 65 or older and blind).
- Your earned income was over $\$ 6,000$ ( $\$ 7,000$ 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:

- $\$ 800$, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.


## Plus <br> ) $\$ 1,000(\$ 2,000$ if 65 or older and blind)

## Chart C—Other Situations When You Must File

You must file a return if either of the following applies for 2005.

- You received any advance earned income credit (EIC) payments from your employer. These payments are shown in Form W-2, box 9.
- You owe tax from the recapture of an education credit or the alternative minimum tax. See the instructions for line 28 that begin on page 33.

You must file a return using Form 1040 if any of the following apply for 2005.

- You owe any special taxes, such as social security and Medicare tax on tips you did not report to your employer.
- You owe uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on your group-term life insurance.
- You had net earnings from self-employment of at least $\$ 400$.
- 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.
- You owe additional tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file Form $\mathbf{5 3 2 9}$ by itself.


## Would It Help You To Itemize Deductions on Form $1040 ?$

You may be able to reduce your tax by itemizing deductions on Schedule A (Form 1040). Itemized deductions include amounts you paid for state and local income or sales taxes, real estate taxes, personal property taxes, and mortgage interest. You may also include gifts to charity and part of the amount you paid for medical and dental expenses. You would usually benefit by itemizing if -


* If you can take an exemption for your spouse, see Standard Deduction Chart for People Born Before January 2, 1941, or Who Were Blind on page 33 for the amount that applies to you.
If someone can claim you as a dependent, it would benefit you to itemize deductions if they total more than your standard deduction figured on the Standard Deduction Worksheet for Dependents on page 33.


## Where To Report Certain Items From 2005 Forms W-2, 1098, and 1099

ortile
IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

If any federal income tax withheld is shown on these forms, include the tax withheld on Form 1040A, line 39.


| Form | Item and Box in Which it Should Appear | Where To Report on Form 1040A |
| :--- | :--- | :--- |
| 1099-R | Distributions from IRAs* <br> Distributions from pensions, annuities, etc. <br> Capital gain (box 3) | See the instructions for lines 11a and 11b that begin on page 25 <br> See the instructions for lines 12a and 12b that begin on page 26 <br> See the instructions on Form 1099-R |
| 1099-S | Gross proceeds from real estate transactions <br> (box 2) <br> Buyer's part of real estate tax (box 5) | Must file Form 1040 if required to report the sale (see Pub. 523) |
| 1099-SA | Distributions from HSAs and MSAs** | Must file Form 1040 |
| *This includes distributions from Roth, SEP, and SIMPLE IRAs. | Must file Form 1040 |  |
| **This includes distributions from Archer and Medicare Advantage MSAs. |  |  |

## Who Can Use Form 1040A?

| You can use Form 1040A if all six of the following apply. | 4. Your taxable income (line 27) is less than \$100,000. |
| :---: | :---: |
| 1. You only had income from the following sources: | 5. The only tax credits you can claim are: |
| a. Wages, salaries, tips. | a. Child tax credit. |
| b. Interest and ordinary dividends. | b. Additional child tax credit. |
| c. Capital gain distributions. | c. Education credits. |
| d. Taxable scholarship and fellowship grants. | d. Earned income credit. |
| e. Pensions, annuities, and IRAs. | e. Credit for child and dependent care expenses. |
| f. Unemployment compensation. | f. Credit for the elderly or the disabled. |
| g. Taxable social security and railroad retirement benefits. | g. Adoption credit. |
| h. Alaska Permanent Fund dividends. | h. Retirement savings contributions credit. |
| 2. The only adjustments to income you can claim are: | 6. You did not have an alternative minimum tax adjustment on stock you acquired from the exercise of an incentive stock option |
| a. Educator expenses. | (see Pub. 525). |
| b. IRA deduction. |  |
| c. Student loan interest deduction. | You can also use Form 1040A if you received advance earned income credit (EIC) payments, dependent care benefits, or |
| d. Tuition and fees deduction | mployer-provided adoption benefits, or if you owe tax from the |
| 3. You do not itemize deductions. | recapture of an education credit or the alternative minimum tax. |

## When Must You Use Form 1040?

You must use Form 1040 if any of the following apply

1. You received any of the following types of income:
a. Income from self-employment (business or farm income).
b. Certain tips you did not report to your employer. See the instructions for Form 1040A, line 7, on page 24.
c. Nondividend distributions (Form 1099-DIV, box 3) required to be reported as capital gains.
d. Income received as a partner in a partnership, shareholder in an $S$ corporation, or a beneficiary of an estate or trust.
e. Tax-exempt interest from private activity bonds issued after August 7, 1986.
2. You received or paid interest on securities transferred between interest payment dates.
3. You can exclude either of the following types of income:
a. Foreign earned income you received as a U.S. citizen or resident alien.
b. Certain income received from sources in a U.S. possession if you were a bona fide resident of American Samoa for all of 2005.
4. You have an alternative minimum tax adjustment on stock you acquired from the exercise of an incentive stock option (see Pub. 525).
5. You had a financial account in a foreign country, such as a bank account or securities account. Exception. If the combined value of the accounts was $\$ 10,000$ or less during all of 2005 or if the accounts were with a U.S. military banking facility operated by a U.S. financial institution, you may file Form 1040A.
6. You received a distribution from a foreign trust.
7. You owe the excise tax on insider stock compensation from an expatriated corporation.
8. You are reporting original issue discount (OID) in an amount more or less than the amount shown on Form 1099-OID.
9. You owe household employment taxes. See Schedule H (Form 1040) and its instructions to find out if you owe these taxes.
10. You are eligible for the health coverage tax credit. See Form 8885 for details.
11. Your Form W-2 shows an amount in box 12 with a code Z .

## Line Instructions for Form 1040A

IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

## Name and Address

## Use the Peel-Off Label

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

Address change. If the address on your peel-off label is not your current address, cross out the old address and print your new address. If you plan to move after filing your return, use Form 8822 to notify the IRS of your new address.
Name change. If you changed your name because of marriage, divorce, etc., be sure to report the change to your local Social Security Administration office before you file your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. See page 56 for more details. If you received a peel-off label, cross out your former name and print your new name.
What if you do not have a label? Print or type the information 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.


If you filed a joint return for 2004 and you are filing a joint return for 2005 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2004 return.
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, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.
What if a taxpayer died? See Death of a taxpayer beginning on page 56.

## Social Security Number (SSN)

An incorrect or missing SSN may increase your tax or reduce your refund. To apply for an SSN, fill in Form SS-5 and return it to the Social Security Administration (SSA). You can get Form SS-5 online at www.socialsecurity.gov, from your local SSA office, or by calling the SSA at $1-800-772-1213$. It usually takes about 2 weeks to get an SSN.

Check that your SSN on your Forms W-2 and 1099 agrees with your social security card. If not, see page 56 for more details.

IRS individual taxpayer identification numbers (ITINs) for aliens. If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

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.

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 ITIN.

## 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 box. If you are filing a joint return, your spouse can also have $\$ 3$ go to the fund. If you check a box, 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.


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

Line 1

## Single

You can check the box on line 1 if any of the following was true on December 31, 2005.

- You were never married.
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance.
- You were widowed before January 1, 2005, and did not remarry in 2005. But, if you have a dependent child, you may be able to use the qualifying widow(er) filing status. See the instructions for line 5 on page 19 .


## Line 2

## Married Filing Jointly

You can check the box on line 2 if any of the following apply.

- You were married as of December 31, 2005, even if you did not live with your spouse at the end of 2005.
- Your spouse died in 2005 and you did not remarry in 2005.
- You were married as of December 31, 2005, and your spouse died in 2006 before filing a 2005 return.

A marriage means only a legal union between a man and a woman as husband and wife. A husband and wife can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint
return for 2005, you cannot, after the due date for filing that return, amend it to file as married filing separately.
Joint and several tax liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Innocent spouse relief on page 56.
Nonresident aliens and dual-status aliens. You may be able to file a joint return. See Pub. 519 for details.

## Line 3

## Married Filing Separately

If you are married and file a separate return, you will usually pay more tax than if you use another filing status that you qualify for. Also, if you file a separate return, you cannot take the student loan interest deduction, the tuition and fees deduction, the education credits, or the earned income credit. You also cannot take the standard deduction if your spouse itemizes deductions.

Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people in community property states. See page 24 .

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 2005. See Married persons who live apart on this 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 below.) You can check the box on line 4 only if as of December 31, 2005, you were unmarried or legally separated (according to your state law) under a decree of divorce or separate maintenance and either 1 or 2 below applies to you.

1. You paid over half the cost of keeping up a home that was the main home for all of 2005 of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.
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 Exception on this page).
a. Your qualifying child (as defined in Step 1 on page 21, but without regard to the rule for Children of divorced or separated parents on page 22). If the child is married at the end of 2005 , he or she must be your dependent (as defined in Step 2 on page 21, but without regard to question 3). If your qualifying child is not your dependent, 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.
b. Any other relative whom you can claim as a dependent. But you cannot use head of household filing status based on any person who is your dependent only because he or she lived with you for all of 2005 .

You cannot file as head of household based on a dependent claimed under the rules for Multiple support agreements on page 23.

Married persons who live apart. Even if you were not divorced or legally separated in 2005, you may be able to file as head of
household. You can check the box on line 4 if all of the following apply.

- You must have lived apart from your spouse for the last 6 months of 2005. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.
- You file a separate return from your spouse.
- You paid over half the cost of keeping up your home for 2005.
- Your home was the main home of your child, stepchild, or foster child for more than half of 2005 (if half or less, see Exception on this page).
- 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 that begin on page 22. 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.
Keeping up a home. To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) 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.
Dependent. To find out if someone is your dependent, see the instructions for line 6c that begin on page 21.
Exception. You can count temporary absences for special circumstances, such as for school, vacation, medical care, or military service, as time lived in the home. If the person for whom you kept up a home was born or died in 2005, 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 can check the box on line 5 and use joint return tax rates for 2005 if all of the following apply.

- Your spouse died in 2003 or 2004 and you did not remarry in 2005.
- You have a child or stepchild whom you claim as a dependent.
- This child lived in your home for all of 2005. If the child did not live with you for the required time, see the Exception on page 20.
- You paid over half the cost of keeping up your home.
- 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 2005, you cannot file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2.

Keeping up a home. To find out what is included in the cost of keeping up a home, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) 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.
Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Dependent. To find out if someone is your dependent, see the instructions for line 6 c that begin on page 21.
Exception. Temporary absences for special circumstances, such as for school, vacation, medical care, or military service, count as time lived in the home. A child is considered to have lived with you for all of 2005 if the child was born or died in 2005 and your home was the child's home for the entire time he or she was alive. Also see Kidnapped child on page 23, if applicable.

## Exemptions

You usually can deduct $\$ 3,200$ on line 26 for each exemption you can take.

## Line 6b

## Spouse

Check the box on line 6 b if either of the following apply.

1. Your filing status is married filing jointly.
2. You were married as of December 31, 2005, your filing status is married filing separately or head of household, and both of the following apply.
a. Your spouse had no income and is not filing a return.
b. Your spouse cannot be claimed as a dependent on another person's return.

If your filing status is head of household and you check the box on line 6 b , enter the name of your spouse on the dotted line next to line 6 b . Also, enter your spouse's social security number in the space provided at the top of your return. If you were divorced or legally separated at the end of 2005 , you cannot take an exemption for your former spouse. If, at the end of 2005, your divorce was not final (an interlocutory decree), you are considered married for the whole year.

Death of your spouse. If your spouse died in 2005 and you did not remarry by the end of 2005 , check the box on line 6 b if you could have taken an exemption for your spouse on the date of death. For other filing instructions, see Death of a taxpayer beginning on page 56 .

## Line 6c-Dependents

## Dependents and Qualifying Child for Child Tax Credit

You can take an exemption for each of your dependents. In general, a person must be either a qualifying child or a qualifying relative to be your dependent. Certain qualifying children may allow you to take the child tax credit on line 33, and the additional child tax credit on line 42 . Follow the steps below to find out if a person qualifies as your dependent, qualifies you to take the child tax credit, or both. If you have more than six dependents, attach a statement to your return with the required information.

## Step 1 Qualifying Child

## A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)


Under age 19 at the end of 2005
or
Under age 24 at the end of 2005 and a student (see page 23)
or
Any age and permanently and totally disabled (see page 23)

who...
Did not provide over half of his or her own support for 2005 (see Pub. 501)

## AND

## who...

Lived with you for more than half of 2005. If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 23.

1. Do you have a child who meets the conditions to be your qualifying child?Yes. ContinueNo. Go to Step 4 on page 22 to see if you can claim a qualifying relative as a dependent.
}
2. Does the child meet the conditions to be a qualifying child of any other person (other than your spouse if filing jointly) for 2005?

Yes. See QualifyingNo. Go to Step 2. child of more than one person on page 23.

## Step 2 Qualifying Child Dependent

1. Was the child a U.S. citizen, U.S. national, or a resident of the United States, Canada, or Mexico? If the child was adopted, see Exception to citizen test on page 22.Yes. Continue
No. stop
Go to Form 1040A, line 7.
2. Was the child married?
Yes. See Married
No. Continue person on page 23.
3. Look at the qualifying child and qualifying relative conditions in Steps 1, 2, and 4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2005 tax return?

Yes. You cannot claim any dependents. Go to Step 3 to see if you can claim the child as a qualifying child for the child tax credit.

No. You can claim this child as a dependent. Complete Form 1040A, line 6c, columns (1) through (3) for this child. Then, go to Step 3 to see if you can check the box on line 6 c , column (4).

## Step 3 Child Tax Credit

1. Was your qualifying child under age 17 at the end of 2005?Yes. Continue No. stop
Go to Form 1040A, line 7.
2. Was the child a U.S. citizen, U.S. national, or a resident of the United States? If the child was adopted, see Exception to citizen test on page 22.

Yes. This child is a qualifying child for the child tax credit. If this child is your dependent, check the box on Form 1040A, line 6c, column (4). Otherwise, you must complete and attach Form 8901.

## Step 4 Qualifying Relative Dependent

## A qualifying relative is a person who is your...

Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild)
or
Brother, sister, or a son or daughter of either of them (for example, your niece or nephew)
or
Father, mother, or an ancestor or sibling of either of them (for example, your grandmother, grandfather, aunt, or uncle)
or
Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law

## or

Any other person (other than your spouse) who lived with
you all year as a member of your household if your relationship does not violate local law

## AND

who was not...
A qualifying child (see Step 1) of any other person for 2005

## AND

who...
Had gross income of less than $\$ 3,200$ in 2005. If the person was permanently and totally disabled, see Exception to gross income test on page 23


## For whom you provided...

Over half of his or her support in 2005. But see the exceptions for Children of divorced or separated parents on this page, Multiple support agreements on page 23, and Kidnapped child on page 23.

1. Does any person meet the conditions to be your qualifying relative?Yes. ContinueNo. stop
Go to Form 1040A, line 7.
2. Was your qualifying relative a U.S. citizen, U.S. national, or a resident of the United States, Canada, or Mexico? If your qualifying relative was adopted, see Exception to the citizen test below.
Yes. Continue
$\square$ No. STOP
Go to Form 1040A, line 7.
3. Was your qualifying relative married?

Yes. See MarriedNo. Continue
person on page 23.
4. Look at the qualifying child and qualifying relative conditions in Steps 1, 2, and 4. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2005 tax return?


You cannot claim any dependents. Go to Form 1040A, line 7.

No. You can claim this person as a dependent. Complete Form 1040A, line 6 c , columns (1) through (3) for this qualifying relative. Do not check the box on Form 1040A, line 6 c , column (4).

## Definitions and Special Rules

(listed in alphabetical order)
Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Children of divorced or separated parents. A child will be treated as being the qualifying child or qualifying relative of his or her noncustodial parent if all of the following apply.

- The parents are divorced or legally separated or lived apart at all times during the last 6 months of 2005 .
- The child received over half of his or her support for 2005 from the parents.
- The child is in custody of one or both of the parents for more than half of 2005.
- A decree of divorce or separate maintenance or written separation agreement that applies to 2005 provides that (a) the noncustodial parent can claim the child as a dependent, or (b) the custodial parent will sign a written declaration that he or she will not claim the child as a dependent for 2005. If the divorce or separation agreement went into effect before 1985, this requirement is met if the noncustodial parent provides at least $\$ 600$ for the support of the child for 2005.

This rule does not apply for head of household filing status, the credit for child and dependent care expenses, or the earned income credit. See Pub. 501 for more details.

Exception to citizen test. If you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household in 2005, that child meets the citizen test.

Exception to gross income test. If your relative is permanently and totally disabled (defined on this page), do not include any income for services performed at a sheltered workshop if the main reason for the relative's presence at the workshop is medical care and the income is only from activities at the workshop that are incident to such medical care. A sheltered workshop is an eligible institution that provides special instruction or training designed to alleviate the disability. For details on eligible institutions, see Pub. 501.

Exception to "timed lived with you" condition. A child is considered to have lived with you for all of 2005 if the child was born or died in 2005 and your home was this child's home for the entire time he or she was alive. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home. Also see Children of divorced or separated parents on page 22, or Kidnapped child below.

Foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Kidnapped child. A child is considered to have lived with you for more than half of 2005 if all of the following apply.

1. The child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member.
2. In the year the kidnapping occurred, the child lived with you for more than half of the portion of the year before the date of the kidnapping.
3. The child was under age 18 at the end of 2004.
4. The child was not determined to be dead at the end of 2004.

For a qualifying relative, your child is considered to have received over half of his or her support from you if items (1), (3), and (4) above are met and the child received over half of his or her support from you during the portion of the year before the date of the kidnapping.

This rule does not apply for the credit for child and dependent care expenses.


Married person. If the person is married and files a joint return, you cannot claim that person as your dependent. However, you may be able to claim that person as your dependent if the joint return was filed only to get a refund and no tax liability would exist for either spouse if they had filed separate returns. If the person meets this exception, go to Step 2, question 3, on page 21 (for a qualifying child) or Step 4, question 4 , on page 22 (for a qualifying relative). If the person does not meet this exception, go to Step 3 on page 21 (for a qualifying child) or Form 1040A, line 7 (for a qualifying relative).
Multiple support agreements. If no one person contributed over half of the support of the relative, you can claim that person as your qualifying relative if all of the following apply.

- You and another person(s) provided more than half of your relative's support.
- You and that other person(s) would otherwise be able to claim your relative as a dependent in 2005.
- You contributed over $10 \%$ of your relative's support.
- All other persons described above who contributed over $10 \%$ of the support signs a statement agreeing not to claim your relative as a dependent for 2005.
You must keep any signed statements for your records. You must also attach to your return a multiple support declaration identifying each of the other persons who agreed not to claim the exemption. You can use Form 2120 for this purpose.

Permanently and totally disabled. A person who, at any time in 2005, cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can lead to death.

Qualifying child of more than one person. If the child is the qualifying child of more than one person, only one person can claim the child as a qualifying child. If you and the other person(s) cannot agree who will claim the child as a qualifying child, the IRS will apply the following rules.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time in 2005. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2005.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2005.
Example. You and your 5 -year-old daughter moved in with your mother in April 2005. 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. If you and your mother both claim the child as a qualifying child, the rules above apply. Under these rules, you are entitled to treat your daughter as a qualifying child because you are the child's parent.

If you can claim the child as a qualifying child, go to Step 2 on page 21. Otherwise, stop; you cannot claim a dependency exemption or the child tax credit based on this child. Go to Form 1040A, line 7.

Student. A child who during any 5 months of 2005:

- Was enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.
A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.


## Income

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes $\$ 1$ and $\$ 2.50$ becomes $\$ 3$.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.
Example. You received two Forms W-2, one showing wages of $\$ 5,009.55$ and one showing wages of $\$ 8,760.73$. On Form 1040A, line 7, you would enter $\$ 13,770(\$ 5,009.55+\$ 8,760.73=$ $\$ 13,770.28$ ).

## Refunds of State or Local Income Taxes

If you received a refund, credit, or offset of state or local income taxes in 2005, you may receive a Form 1099-G.

For the year the tax was paid to the state or other taxing authority, did you itemize deductions?
$\square$ No. None of your refund is taxable.
$\square$ Yes.
You may have to report part or all of the refund as income on Form 1040 for 2005. Use TeleTax topic 405 (see page 8) or see Pub. 525 for details.

## 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

## Foreign Retirement Plans

If you were a beneficiary of a foreign retirement plan, you may have to report the undistributed income earned in your plan. However, if you were the beneficiary of a Canadian registered retirement plan, see Form 8891 to find out if you can elect to defer tax on the undistributed income.

Report distributions from foreign pension plans on lines 12a and 12 b .

## 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 Form(s) W-2, box 1.

Wages received as a household employee. Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than $\$ 1,400$ in 2005 must be included in the total on line 7. Also, enter "HSH" and the amount not reported on a Form W-2 in the space to the left of line 7.

Tip income. Tip income you did not report to your employer must be included in the total on line 7. But you must use Form 1040 and Form 4137 if you received tips of $\$ 20$ or more in any month and did not report the full amount to your employer, or your Form(s) W-2
shows allocated tips that you must report as income. You must report the allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in Form(s) W-2, box 8. They are not included as income in box 1 . See Pub. 531 for more details.
Dependent care benefits. Dependent care benefits, which should be shown in Form(s) W-2, box 10 must be included in the total on line 7. But first complete Schedule 2 to see if you may exclude part or all of the benefits.

Employer-provided adoption benefits. Employer-provided adoption benefits, which should be shown in Form(s) W-2, box 12, with code T, must be included in the total on line 7 . You also may be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2005. But see the Instructions for Form 8839 to find out if you can exclude part or all of the benefits.
Scholarship and fellowship grants. Scholarship and fellowship grants not reported on Form W-2 must be included in the total on line 7. Also, enter "SCH" and the amount in the space to the left of line 7. However, 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.
Disability pensions. Disability pensions shown on Form 1099-R if you have not reached the minimum retirement age set by your employer must be included in the total on line 7 . Disability pensions received after you reach that age and other payments shown on Form 1099-R (other than payments from an IRA*) are reported on lines 12a and 12 b of Form 1040A. Payments from an IRA are reported on lines 11a and 11b.

* This includes a Roth, SEP, or SIMPLE IRA.

Missing or incorrect Form W-2? Your employer is required to provide or send Form W-2 to you no later than January 31, 2006. If you do not receive it by early February, use TeleTax topic 154 (see page 8) to find out what to do. Even if you do not get a Form W-2, you must still report your earnings on line 7. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

## Line 8a

## Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Enter your total taxable interest income on line 8a. But you must fill in and attach Schedule 1, Part I, if the total is over $\$ 1,500$ or any of the other conditions listed at the beginning of the Schedule 1 instructions apply to you.

Include taxable interest from seller-financed mortgages, banks, savings and loan associations, money market certificates, credit unions, savings bonds, etc. Interest credited in 2005 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 2005 income. For details, see Pub. 550.


If you get a 2005 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2005, see Pub. 550.

## Line 8b

## Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, report it on line 8 b . Include any exempt-interest dividends from a mutual fund. Do not include interest earned on your IRA or Coverdell education savings account.

If you received tax-exempt interest from private activity bonds issued after August 7, 1986, you must use Form 1040.

## Line 9a

## Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9a. This amount should be shown in Form(s) 1099-DIV, box 1a. But you must fill in and attach Schedule 1, Part II, if the total is over $\$ 1,500$ or you received, as a nominee, ordinary dividends that actually belong to someone else. You must use Form 1040 if you received nondividend distributions (Form 1099-DIV, box 3) required to be reported as capital gains.

For more details, see Pub. 550.

## Line 9b

## Qualified Dividends

Enter your total qualified dividends on line 9b. Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in Form(s) 1099-DIV, box 1b. See Pub. 550 for the definition of qualified dividends if you received dividends not reported on Form 1099-DIV.

Exception. Some dividends may be reported as qualified dividends in box 1b of Form 1099-DIV but are not qualified dividends. These include:

- Dividends you received as a nominee. See the instructions for Schedule 1.
- Dividends you received on any share of stock that you held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples below. Also, when counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details.
- Dividends attributable to periods totaling more than 366 days that you received on any share of preferred stock held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.
- Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividends.

Example 1. You bought 5,000 shares of XYZ Corp. common stock on November 30, 2005. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was December 8, 2005. Your Form 1099-DIV from XYZ Corp. shows $\$ 500$ in box 1a (ordinary dividends) and in box 1 b (qualified dividends). However, you sold the 5,000 shares on January 3, 2006. You held your shares of XYZ Corp. for only 34 days (from December 1, 2005, through January 3, 2006) of the 121-day period. The 121-day period began on October 9, 2005 ( 60 days before the ex-dividend date) and ended on February 6,2006 . You have no qualified dividends from XYZ Corp. because you held the XYZ stock for less than 61 days.

Example 2. Assume the same facts as in Example 1 except that you bought the stock on December 7, 2005 (the day before the ex-dividend date), and you sold the stock on February 8, 2006. You held the stock for 63 days (from December 8, 2005, through February 8,2006 ). The $\$ 500$ of qualified dividends shown in box 1 b of your Form 1099-DIV are all qualified dividends because you held the stock for 61 days of the 121-day period (from October 9, 2005, through February 6, 2006).

Example 3. You bought 10,000 shares of ABC Mutual Fund common stock on November 30, 2005. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was December 8, 2005. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of $\$ 1,000$, and qualified dividends of $\$ 200$. However, you sold the 10,000 shares on January 3, 2006. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.
IIP
Be sure you use the Qualified Dividends and Capital Gain Tax Worksheet on page 36 to figure your tax. Your tax may be less if you use this worksheet.

## Line 10

## Capital Gain Distributions

Each payer should send you a Form 1099-DIV. Do any of the Forms 1099-DIV or substitute statements you, or your spouse if filing a joint return, received have an amount in box $2 b$ (unrecaptured section 1250 gain), box 2c (section 1202 gain), or box 2 d (collectibles ( $28 \%$ ) gain)?

## $\square$ Yes. You must use Form 1040.

No. You may use Form 1040A. Enter your capital gain
distributions on line 10. Also, be sure you use the
Qualified Dividends and Capital Gain Tax Worksheet on page 36 to figure your tax. Your tax may be less if you use this worksheet.

If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 10 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Schedule 1 instructions for filing requirements for Forms 1099-DIV and 1096.

## Lines 11a and 11b



You may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled over, or (b) you were born before July 1, 1934, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. To find out if you owe this tax, see Pub. 590. If you do owe this tax, you must use Form 1040.

## IRA Distributions

You should receive a Form 1099-R showing the amount of any distribution from your IRA. Unless otherwise noted in the line 11a and 11b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided on page 26, leave line 11a blank and enter the total distribution on line 11b.

Exception 1. Enter the total distribution on line 11a if you rolled over part or all of the distribution from one (a) IRA to another IRA
of the same type (for example, from one traditional IRA to another traditional IRA), or (b) SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 11b. If the total distribution was rolled over in a qualified rollover, enter -0 - on line 11 b . If the total distribution was not rolled over in a qualified rollover, enter the part not rolled over on line 11b unless Exception 2 below applies to the part not rolled over. Generally, a qualified rollover must be made within 60 days after the day you received the distribution. For more details on rollovers, see Pub. 590.

If you rolled over the distribution (a) in 2006, or (b) from an IRA into a qualified plan (other than an IRA), attach a statement explaining what you did.
Exception 2. If any of the following apply, enter the total distribution on line 11a and see Form 8606 and its instructions to figure the amount to enter on line 11b.

1. You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2005 or an earlier year. If you made nondeductible contributions to these IRAs for 2005, also see Pub. 590.
2. You received a distribution from a Roth IRA. But if either (a) or (b) below applies, enter $-0-$ on line 11 b ; you do not have to see Form 8606 or its instructions.
a. Distribution code T is shown in Form 1099-R, box 7, and you made a contribution (including a conversion) to a Roth IRA for 2000 or an earlier year.
b. Distribution code Q is shown in Form 1099-R, box 7.
3. You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2005.
4. You had a 2004 or 2005 IRA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.
5. You made excess contributions to your IRA for an earlier year and had them returned to you in 2005.
6. You recharacterized part or all of a contribution to a RothIRA as a traditional IRA contribution, or vice yersa.


If you (or your spouse if filing jointly) received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 11b. Enter the total amount of those distributions on line 11a.

## Lines 12a and 12b

## Pensions and Annuities

You should receive a Form 1099-R showing the amount of your pension and annuity payments. See this page for details on rollovers and page 27 for details on lump-sum distributions.

Do not report on lines 12a and 12b disability pensions received before you reach the minimum retirement age set by your employer. Instead, report them on line 7.


Attach Form(s) 1099-R to Form 1040A if any federal income tax was withheld.

Fully taxable pensions and annuities. If your pension or annuity is fully taxable, enter it on line 12b; do not make an entry on line 12a. Your payments are fully taxable if (a) you did not contribute to the cost (see this page) of your pension or annuity, or (b) you got back your entire cost tax free before 2005.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability
pensions, see Pub. 525. If you received a Form RRB-1099-R, see Pub. 575 to find out how to report your benefits.
Partially taxable pensions and annuities. Enter the total pension or annuity payments you received in 2005 on line 12a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in Pub. 939 to figure the taxable part to enter on line 12b. But if your annuity starting date (defined below) was after July 1, 1986, see this page to find out if you must use the Simplified Method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a $\$ 95$ fee. For details, see Pub. 939.

If your Form 1099-R shows a taxable amount, you may report that amount on line 12b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method.
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 Method. You must use the Simplified Method if either of the following applies.

1. Your annuity starting date (defined above) was after July 1, 1986, and you used this method last year to figure the taxable part.
2. Your annuity starting date was after November 18, 1996, and both of the following apply.
a. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
b. On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer than 5 . See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 27 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or Pub. 721 for U.S. Civil Service retirement benefits.


If you received U.S. Civil Service retirement benefits and you chose the alternative annuity option, see Pub. 721 to figure the taxable part of your annuity. Do not use the worksheet on page 27.
Age (or combined ages) 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. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the annuity starting date.

If you are the beneficiary of an employee who died or there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure your taxable amount.
Cost. Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions. Your net investment should be shown in Form 1099-R, box 9b, for the first year you received payments from the plan.
Rollovers. Generally, a qualified rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan within 60 days of receiving the distribution. Use lines 12 a and 12 b to report a qualified rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 12a the total distribution before income tax or other deductions were withheld. This amount should be shown in Form 1099-R, box 1 . From the total on line 12a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount of the qualified rollover. Enter the remaining amount, even if zero, on line 12b. Also, enter "Rollover" next to line 12b.

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 2 b checked. You must use Form 1040 if you owe additional tax because you received an early distribution from a qualified retirement plan and the total amount was not rolled over in a qualified rollover. See Pub. 575 to find out if you owe this tax.

Enter the total distribution on line 12a and the taxable part on line 12b.

TIP
You may be able to pay less tax on the distribution if you were born before January 2, 1936, or you are the beneficiary of a deceased employee who was born before January 2, 1936. But you must use Form 1040 to do so. For details, see Form 4972.

## Line 13

## Unemployment Compensation and Alaska Permanent Fund Dividends

Unemployment compensation. You should receive a Form 1099-G showing the total unemployment compensation paid to you in 2005.

## Simplified Method Worksheet-Lines 12a and 12b

Before you begin: $\sqrt{ }$ If you are the beneficiary of a deceased employee or former employee who died before August 21,1996 , include any death benefit exclusion that you are entitled to (up to $\$ 5,000$ ) in the amount entered on line 2 below.
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 1040A, line 12b. Enter the total pension or annuity payments received in 2005 on Form 1040A, line 12a.

1. Enter the total pension or annuity payments received in 2005. Also, enter this amount on Form 1040A, line 12a
2. 
3. Enter your cost in the plan at the annuity starting date
4. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below
5. Divide line 2 by the number on line 3
6. 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.
7. 
8. Enter the amount, if any, recovered tax free in years after 1986
9. 
10. Subtract line 6 from line 2

2 . . . .
7.
8. Enter the smaller of line 5 or line 7
$\qquad$
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040A, line 12b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R.
$\qquad$
$\qquad$
Table 1 for Line 3 Above

IF the age at annuity starting
date (see page 26) was . . .
55 or under
56-60
61-65
66-70
71 or older

AND your annuity starting date was-
before November 19, 1996, enter on line 3 . . .
after November 18, 1996, enter on line $3 \ldots$
$\begin{array}{ll}300 & 360 \\ 260 & 310\end{array}$
$\begin{array}{ll}300 & 360 \\ 260 & 310\end{array}$
$240 \quad 260$
170
210
120
160

Table 2 for Line 3 Above

IF the combined ages at annuity
starting date (see page 26 ) were . . .

| 110 or under | 410 |  |
| :--- | :--- | :--- |
| $111-120$ |  | 360 |
| $121-130$ | 310 |  |
| $131-140$ | 260 |  |
| 141 or older | 210 |  |

If you received an overpayment of unemployment compensation in 2005 and you repaid any of it in 2005, subtract the amount you repaid from the total amount you received. Include the result in the total on line 13. Also, enter "Repaid" and the amount you repaid in the space to the left of line 13. If you repaid unemployment compensation in 2005 that you included in gross income in an earlier year, you can deduct the amount repaid. But you must use Form 1040 to do so. See Pub. 525 for details.
Alaska Permanent Fund dividends. Include the dividends in the total on line 13.

## Lines 14a and 14b

## 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 2005. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1099.

Use the worksheet on page 29 to see if any of your benefits are taxable.
Exception. Do not use the worksheet on page 29 if any of the following apply.

- You made contributions to a traditional IRA for 2005 and you or your spouse were covered by a retirement plan at work. 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 2005 and your total repayments (box 4) were more than your total benefits for 2005 (box 3). None of your benefits are taxable for 2005. Also, you may be able to take an itemized deduction or a credit for part of the excess repayments if they were for benefits you included in gross income in an earlier year. But you must use Form 1040 to do so. See Pub. 915.
- You file Form 8815 or you exclude employer-provided adoption benefits. Instead, use the worksheet in Pub. 915.


## Adjusted Gross Income

## Line 16



## Educator Expenses

If you were an eligible educator in 2005, you can deduct up to $\$ 250$ of qualified expenses you paid in 2005. If you and your spouse are filing jointly and both of you were eligible educators, the maximum deduction is $\$ 500$. However, neither spouse can deduct more than $\$ 250$ of his or her qualified expenses. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for nonathletic supplies for courses in health or physical education. You must reduce your qualified expenses by the following amounts.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any reimbursements you received for these expenses that were not reported to you in Form W-2, box 1 .

For more details, use TeleTax topic 458 (see page 8).

## Line 17

## IRA Deduction



If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2005, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2005, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. A statement should be sent to you by May 31, 2006, that shows all contributions to your traditional IRA for 2005.

Use the worksheet on page 30 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

- If you were age $701 / 2$ or older at the end of 2005 , you cannot deduct any contributions made to your traditional IRA for 2005 or treat them as nondeductible contributions.
- You cannot deduct contributions to a Roth IRA. But you may be able to take the retirement savings contributions credit. See the instructions for line 32 on page 37.


If you made contributions to both a traditional IRA and a Roth IRA for 2005, do not use the worksheet on page 30. Instead, see Pub. 590 to figure the amount, if any, of your IRA deduction.

- You cannot deduct elective deferrals to a $401(\mathrm{k})$ plan, section 457 plan, SIMPLE plan, or the federal Thrift Savings Plan. These amounts are not included as income in your Form W-2, box 1. But you may be able to take the retirement savings contributions credit. See the instructions for line 32 on page 37 .
- If you made contributions to your IRA in 2005 that you deducted for 2004, do not include them in the worksheet.
- If you received a distribution from a nonqualified deferred compensation plan or nongovernmental section 457 plan that is included in Form W-2, box 1, do not include that distribution on line 8 of the worksheet. The distribution should be shown in Form W-2, box 11. If it is not, contact your employer for the amount of the distribution.
- You must file a joint return to deduct contributions to your spouse's IRA. Enter the total IRA deduction for you and your spouse on line 17.
- Do not include qualified rollover contributions in figuring your deduction. Instead, see the instructions for lines 11a and 11b that begin on page 25 .
- Do not include trustees' fees that were billed separately and paid by you for your IRA. You may be able to deduct those fees as an itemized deduction. But you must use Form 1040 to do so.
- If the total of your IRA deduction on line 17 plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 2005, see Pub. 590 for special rules.

Before you begin: $\sqrt{ }$ Complete Form 1040A, lines 16 and 17, if they apply to you.
$\checkmark$ If you are married filing separately and you lived apart from your spouse for all of 2004, enter "D" to the right of the word "benefits" on line 14 a.
$\checkmark$ Be sure you have read the Exception on page 28 to see if you can use this worksheet instead of a publication to find out if any of your benefits are taxable.

1. Enter the total amount from box $\mathbf{5}$ of all your Forms SSA-1099 and Forms RRB-1099 $\square$
2. Enter one-half of line 1
3. $\qquad$
4. Enter the total of the amounts from Form 1040A, lines 7, 8a, 9a, 10, 11b, 12b, and 13
5. $\qquad$
6. Enter the amount, if any, from Form 1040A, line 8b
7. 
8. Add lines 2,3 , and 4
9. $\qquad$
10. Enter the total of the amounts from Form 1040A, lines 16 and 17
11. $\qquad$
12. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. STOP None of your social security benefits are taxable.
$\square \quad$ Yes. Subtract line 6 from line 5
13. $\qquad$
14. If you are:

- Married filing jointly, enter $\$ 32,000$.
- Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2005, enter $\$ 25,000$.

8. $\qquad$

- Married filing separately and you lived with your spouse at any time in 2005, skip lines 8 through 15 ; multiply line 7 by $85 \%(.85)$ and enter the result on line 16 . Then go to line 17 .

9. Is the amount on line 8 less than the amount on line 7?


None of your social security benefits are taxable. You do not have to enter any amount on line 14a or 14b of Form 1040A. But if you are married filing separately and you lived apart from your spouse for all of 2005, enter -0 - on line 14 b. Be sure you entered "D" to the right of the word "benefits" on line 14a.
Yes. Subtract line 8 from line 7 $\square$
10. Enter: $\$ 12,000$ if married filing jointly; $\$ 9,000$ if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2005
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 . $\qquad$

- Enter the amount from line 1 above on Form 1040A, line 14a.
- Enter the amount from line 18 above on Form 1040A, line 14b.

TIP If any of your benefits are taxable for 2005 and they include a lump-sum benefit payment that was for an earlier year, you may be able to reduce the taxable amount. See Pub. 915 for details.

By April 1 of the year after the year in which you reach age $70^{1 / 2}$, you must start taking minimum required distributions from your traditional 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.

You must use Form 1040 if you owe tax on any excess contributions made to an IRA or any excess accumulations in an IRA. For details, see Pub. 590.

## IRA Deduction Worksheet—Line 17

Before you begin: $\sqrt{ }$ Be sure you have read the list that begins on page 28.

1a. Were you covered by a retirement plan (see page 31)?
b. If married filing jointly, was your spouse covered by a retirement plan?

Next. If you checked "No" on line 1 a (and "No" on line 1 b if married filing jointly), skip lines 2 through 6 , enter $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005) on line 7a (and 7 b if applicable), and go to line 8. Otherwise, go to line 2.
2. Enter the amount shown below that applies to you.

- Single, head of household, or married filing separately and you lived apart from your spouse for all of 2005, enter $\$ 60,000$
- Qualifying widow(er), enter $\$ 80,000$
- Married filing jointly, enter $\$ 80,000$ in both columns. But if you checked "No" on either line 1a or 1 b , enter $\$ 160,000$ for the person who was not covered by a plan
- Married filing separately and you lived with your spouse at any time in 2005, enter $\$ 10,000$

3. Enter the amount from Form 1040A, line 15
4. Enter the amount, if any, from Form 1040A,
line 16
5. Subtract line 4 from line 3 . Enter the result in both columns
6. Is the amount on line 5 less than the amount on line 2 ?
No.
None of your IRA contributions are deductible. For details on nondeductible IRA contributions, see Form 8606. Subtract line 5 from line 2 in each column. If the result is $\$ 10,000$ or more, enter $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005 ) on line 7 for that column and go to line 8. Otherwise, go to line 7.
 $\underline{\text { Your IRA }}$
1a. $\square$ Yes $\square$ No
$\qquad$ Spouse's IRA

1b. $\qquad$ Yes $\square$ No No
$\square$



Were you covered by a retirement plan? If you were covered by a retirement plan (401(k), SIMPLE, etc.) at work, 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 "Retirement plan" box in Form W-2, box 13, should be checked if you were covered by a plan at work even if you were not vested in the plan.

If you were covered by a retirement plan and you file Form 8815 or you excluded employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Married persons filing separately. 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 2005.

## Line 18

## Student Loan Interest Deduction

You can take this deduction only if all of the following apply.

- You paid interest in 2005 on a qualified student loan (see below).
- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is less than: $\$ 65,000$ if single, head of household, or qualifying widow(er); $\$ 135,000$ if married filing jointly. Use lines 2 through 4 of the worksheet below to figure your modified AGI.
- You are not claimed as a dependent on someone's (such as your parent's) 2005 tax return.

Use the worksheet below to figure your student loan interest deduction.

A qualified student loan is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (defined onthis page). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes, or (b) the loan was from either a related person or a person who
borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970.

Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following benefits.

- Employer-provided educational assistance benefits that are not included in Form(s) W-2, box 1.
- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.
An eligible student is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution, and
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.


## Line 19

## Tuition and Fees Deduction

You can take this deduction only if all of the following apply.

- You paid qualified tuition and fees (see page 32) in 2005 for yourself, your spouse, or your dependent(s).
(Continued on page 32)


## Student Loan Interest Deduction Worksheet—Line 18

## Before you begin: $\sqrt{ }$ See the instructions for line 18 above.

1. Enter the total interest you paid in 2005 on qualified student loans (see above). Do not enter more than $\$ 2,500$
2. 
3. Enter the amount from Form 1040A, line 15 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2.
4. 
5. Subtract line 3 from line 2
6. 
7. Enter the amount shown below for your filing status.

- Single, head of household, or qualifying widow(er) - \$50,000
- Married filing jointly - $\$ 105,000$

6. Is the amount on line 4 more than the amount on line 5 ?
$\square$ No. Skip lines 6 and 7 , enter -0 - on line 8 , and go to line 9 .
$\square$ Yes. Subtract line 5 from line 4
7. 
8. Divide line 6 by $\$ 15,000$ ( $\$ 30,000$ if married filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000
9. 
10. Multiply line 1 by line 7 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8.
11. Student loan interest deduction. Subtract line 8 from line 1. Enter the result here and on Form 1040A, line 18
12. $\square$

- Your filing status is any status except married filing separately.
- Your modified adjusted gross income (AGI) is not more than: $\$ 80,000$ if single, head of household, or qualifying widow(er); $\$ 160,000$ if married filing jointly. Use lines 1 through 3 of the worksheet below to figure your modified AGI.
- You cannot be claimed as a dependent on someone's (such as your parent's) 2005 tax return.
- You are not claiming an education credit for the same student. See the instructions for line 31 on page 36.
- You were a U.S. citizen or resident alien for all of 2005, or you were a nonresident alien for any part of 2005 and you are filing a joint return.

Use the worksheet below to figure your tuition and fees deductions.

Qualified tuition and fees are amounts paid in 2005 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution during 2005. Tuition and fees paid in 2005 for an academic period that begins in the first 3 months of 2006 can also be used in figuring your deduction. Amounts paid include those paid by credit card or with borrowed funds. An eligible educational institution includes most colleges, universities, and certain vocational schools.

Qualified tuition and fees do not include amounts paid for the following amounts.

- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Course-related books, supplies, equipment, and nonacademic activities, except for fees required to be paid to the institution as a condition of enrollment or attendance.
- Any course involving sports, games, or hobbies, unless such course is part of the student's degree program.

Qualified tuition and fees must be reduced by the following benefits.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details, use TeleTax topic 457 (see page 8) or see Pub. 970.

You may be able to take a credit for your educational expenses instead of a deduction. See the instructions for line 31 on page 36 for details.

## Tax, Credits, and Payments

## Line 23a

If you were born before January 2, 1941, or were blind at the end of 2005 , check the appropriate boxes on line 23a. If you were married and checked the box on Form 1040A, line 6b, and your spouse was born before January 2, 1941, or was blind at the end of 2005, also check the appropriate boxes for your spouse. Be sure to enter the total number of boxes checked in the box provided on line 23a.

Blindness. If you were partially blind as of December 31, 2005, you must get 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, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

## Line 23b

If you are married filing a separate return and your spouse itemizes deductions on Form 1040, check the box on line 23b. You cannot take the standard deduction even if you were born before January 2, 1941, or were blind (that is, you completed line 23a). Enter -0- on line 24 and go to line 25 .


In most cases, your federal income tax will be less if you take any itemized deductions that you may have, such as state and local income taxes, but you must use Form 1040 to do so.

Before you begin: $\sqrt{ }$ See the instructions for line 19 that begin on page 31 .

1. Enter the amount from Form 1040A, line 15
2. Enter the total of the amounts from Form 1040A, lines 16 through 18
3. Subtract line 2 from line 1. If the result is more than $\$ 80,000$ ( $\$ 160,000$ if married filing jointly),

You cannot take the deduction for tuition and fees.
3.
4. Tuition and fees deduction. Is the amount on line 3 more than $\$ 65,000$ ( $\$ 130,000$ if married filing jointly)?
$\square$ Yes. Enter the total qualified tuition and fees (defined above) you paid in 2005. Do not enter more than \$2,000. Also, enter this amount on Form 1040A, line 19.
$\square$ No. Enter the total qualified tuition and fees (defined above) you paid in 2005. Do not enter more than $\$ 4,000$. Also, enter this amount on Form 1040A, line 19.
4.

## Line 24

## Standard Deduction

Most people can find their standard deduction by looking at the amounts listed under "All others" to the left of Form 1040A, line 24. But if you, or your spouse if filing jointly, can be claimed as a dependent on someone's 2005 return or you checked any box on line 23a, use the chart or worksheet below that applies to you to figure your standard deduction. Also, if you checked the box on line 23 b , you cannot take the standard deduction even if you were born before January 2, 1941, or were blind.

## Line 28

## Tax

Do you want the IRS to figure your tax for you?
$\square$ Yes. See Pub. 967 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill. $\square$ No. Use the Tax Table on pages 61-72 to figure your tax unless you are required to use Form 8615 (see page 34) or the Qualified Dividends and Capital Gain Tax Worksheet (see page 35). Also include in the total on line 28 any of the following taxes.

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

1. Is your earned income more than $\$ 550$ ?
$\square$ Yes. Add $\$ 250$ to your earned income. Enter the total
No. Enter $\$ 800$
2. Enter the amount shown below for your filing status.

- Single or married filing separately- $\$ 5,000$
- Married filing jointly or qualifying widow(er) - $\$ 10,000$
- Head of household-\$7,300

3. Standard deduction.
a. Enter the smaller of line 1or line 2. If born after January 1, 1941, and not blind, stop here and enter this amount on Form 1040A, line 24. Otherwise, go to line $3 \mathrm{~b} \ldots \ldots . \ldots$........
$3 a$.
b. If born before January 2, 1941, or blind, multiply the number on Form 1040A, line 23a, by: $\$ 1,000$ ( $\$ 1,250$ if single or head of household). .

3b.
c. Add lines 3a and 3b. Enter the total here and on Form 1040A, line 24.

3c. $\qquad$

## Standard Deduction Chart for People Who Were Born Before January 2, 1941, or Who Were BlindLine 24

Do not use this chart if someone can claim you, or your spouse if married filing jointly, as a dependent. Instead, use the worksheet above.
Enter the number from the box on line
23a of Form 1040A. . . . . . . . . . $\quad \square \quad \begin{aligned} & \text { Do not use the number of exemptions } \\ & \text { from line 6d. }\end{aligned}$

| IF your filing <br> status is . . | AND the number in <br> the box above is . . | THEN your standard <br> deduction is . . |
| :--- | :---: | :---: |
| Single | 1 | $\$ 6,250$ |
|  | 2 | 7,500 |
| Married filing jointly | or | 1 |
| Qualifying widow(er) | 2 | $\$ 11,000$ |
|  | 3 | 12,000 |
|  | 4 | 13,000 |
| Married filing separately | 1 | 14,000 |
|  | 2 | $\$ 6,000$ |
|  | 3 | 7,000 |
| Head of household | 4 | 8,000 |
|  | 1 | 9,000 |

Tax from recapture of education credits. You may owe this tax if (a) you claimed an education credit in an earlier year, and (b) you, your spouse if filing jointly, or your dependent received in 2005 either tax-free educational assistance or a refund of qualified expenses. See Form 8863 for more details. If you owe this tax, enter the amount and "ECR" to the left of the entry space for line 28.
Alternative minimum tax. If both 1 and 2 next apply to you, use the worksheet on page 35 to see if you owe this tax and, if you do, the amount to include on line 28.

1. The amount on Form 1040A, line 26, is: $\$ 19,200$ or more if single; $\$ 16,000$ or more if married filing jointly, or qualifying widow(er); $\$ 9,600$ or more if head of household; $\$ 6,400$ or more if married filing separately.
2. The amount on Form 1040A, line 22, is more than: $\$ 40,250$ if single or head of household; $\$ 58,000$ if married filing jointly or qualifying widow(er); $\$ 29,000$ if married filing separately.

If filing for a child who was under age 14 at the end of 2005, and the amount on Form 1040A, line 22, is more than the total of $\$ 5,850$ plus the amount on Form 1040A, line 7, do not file this form. Instead, file Form 1040 for the child. Use Form 6251 to see if the child owes this tax.

## Form 8615

Form 8615 must generally be used to figure the tax if this return is for a child who was under age 14 at the end of 2005, and who had more than $\$ 1,600$ of investment income, such as taxable interest, ordinary dividends, or capital gain distributions. But if neither of the child's parents was alive at the end of 2005, do not use Form 8615 to figure the child's tax.

A child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8615 for such a child.

## Deduction for Exemptions Worksheet—Line 26

1. Is the amount on Form 1040A, line 22, more than the amount shown on line 4 below for your filing status?


Multiply $\$ 3,200$ by the total number of exemptions claimed on Form 1040A, line 6d, and enter the result on Form 1040A, line 26.Yes. Continue $\downarrow$
2. Multiply $\$ 3,200$ by the total number of exemptions claimed on Form 1040A, line 6 d
. 3. $\qquad$
3. Enter the amount from Form 1040A, line 22
4. Enter the amount shown below for your filing status.

- Single- $\$ 145,950$
- Married filing jointly or qualifying widow(er) - $\$ 218,950$
- Married filing separately $-\$ 109,475$
- Head of household- $\$ 182,450$

5. Subtract line 4 from line 3. If the result is more than $\$ 122,500$ ( $\$ 61,250$ if married filing separately), STOP. You cannot take a deduction for exemptions
6. 
7. Divide line 5 by $\$ 2,500$ ( $\$ 1,250$ if married filing separately). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1 )
8. $\qquad$
9. Multiply line 6 by $2 \%$ (.02) and enter the result as a decimal
10. 


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 1040A, line 26
9.
$\square$

Before you begin: $\sqrt{ }$ Figure the tax you would enter on Form 1040A, line 28, if you do not owe this tax.

1. Enter the amount from Form 1040A, line 22
2. $\square$
3. Enter the amount shown below for your filing status.

- Single or head of household- $\$ 40,250$
- Married filing jointly or qualifying widow(er) - $\$ 58,000$
- Married filing separately - \$29,000

2. $\qquad$
3. 
4. Subtract line 2 from line 1 . If zero or less, stop here; you do not owe this tax
5. $\qquad$
$\}$
6. 

$\qquad$

- Single or head of household-\$112,500
- Married filing jointly or qualifying widow(er) - \$150,000
- Married filing separately - \$75,000

5. Subtract line 4 from line 1 . If zero or less, enter -0 - here and on line 6 , and go to line 7 .
6. Multiply line 5 by $25 \%$ (.25)
7. Add lines 3 and 6

8. If line 7 is $\$ 175,000$ or less ( $\$ 87,500$ or less if married filing separately), multiply line 7 by $26 \%$ (.26). Otherwise, multiply line 7 by $28 \%$ (.28) and subtract $\$ 3,500(\$ 1,750$ if married filing separately) from the result
9. Did you use the Qualified Dividends and Capital Gain Tax Worksheet on page 36 to figure the tax on the amount on Form 1040A, line 27?

No. Skip lines 9 through 20; enter the amount from line 8 on line 21 and go to line 22 .
Yes. Enter the amount from line 4 of that worksheet

## 9. $\cap$

6. $\qquad$
7. 
8. Enter the amount shown below for your filing status.

## Qualified Dividends and Capital Gain Tax Worksheet

If you received qualified dividends or capital gain distributions, use the worksheet below to figure your tax.

## Line 29

## 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. For details, use TeleTax topic 602 (see page 8) or see Schedule 2 and its instructions.

## Line 30

## Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 2005 (a) you were age 65 or older, or (b) 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 1040A, line 22, is $\$ 17,500$ or more ( $\$ 20,000$ or more if married filing jointly and only one spouse is eligible for the credit; $\$ 25,000$ or more if married filing jointly and both spouses are eligible; $\$ 12,500$ or more if
married filing separately). See Schedule 3 and its instructions for details.
Credit figured by the IRS. If you can take this credit and you want us to figure it for you, see the Instructions for Schedule 3.

## Line 31

## Education Credits

If you (or your dependent) paid qualified expenses in 2005 for yourself, your spouse, or your dependent to enroll in or attend an eligible educational institution, you may be able to take an education credit. See Form 8863 for details. However, you cannot take an education credit if any of the following apply.

- You are claimed as a dependent on someone's (such as your parent's) 2005 tax return.
- Your filing status is married filing separately.
- The amount on Form 1040A, line 22, is $\$ 53,000$ or more ( $\$ 107,000$ or more if married filing jointly).
- You are taking a deduction for tuition and fees on Form 1040A, line 19, for the same student.
- You (or your spouse) were a nonresident alien for any part of 2005 unless your filing status is married filing jointly.

Qualified Dividends and Capital Gain Tax Worksheet—Line 28
Before you begin: $\sqrt{ }$ Be sure you do not have to file Form 1040 (see the instructions for Form 1040A, line 10 , on page 25 ).

1. Enter the amount from Form 1040A, line 27
2. Enter the amount from Form 1040A, line $9 b$
3. 
4. Enter the amount from Form 1040A, line 10
5. Add lines 2 and 3 .
6. Subtract line 4 from line 1 . If zero or less, enter -0 -
7. Enter the smaller of:

- The amount on line 1 , or
- $\$ 29,700$ if single or married filing separately, $\$ 59,400$ if married filing jointly or qualifying widow(er), or $\$ 39,800$ if head of household.

6. $\qquad$
7. Is the amount on line 5 equal to or more than the amount on line 6 ?
$\square$ Yes. Skip lines 7 through 9; go to line 10 and check the "No"' box.
$\square$ No. Enter the amount from line 5
8. 
9. Subtract line 7 from line 6
10. $\qquad$
11. $\qquad$
12. Are the amounts on lines 4 and 8 the same?
$\square$ Yes. Skip lines 10 through 13; go to line 14 .
$\square$ No. Enter the smaller of line 1 or line 4
13. 
14. Enter the amount from line 8 (if line 8 is blank, enter $-0-$ ) . . . . . . . . . . . . . . . 11.
15. Subtract line 11 from line 10
16. 
17. Multiply line 12 by $15 \%$ (.15)
18. 
19. Figure the tax on the amount on line 5. Use the Tax Table on pages 61-72. Enter tax here
20. 
21. Add lines 9,13 , and 14
22. 
23. Figure the tax on the amount on line 1. Use the Tax Table on pages $61-72$. Enter tax here
24. 
25. Tax on all taxable income. Enter the smaller of line 15 or line 16 here and on Form 1040A, line 28
26. 

## Line 32

## Retirement Savings Contributions Credit

You may be able to take this credit if you, or your spouse if filing jointly, made (a) contributions to a traditional or Roth IRA; (b) elective deferrals to a 401(k), 403(b), governmental 457, SEP, or SIMPLE plan; (c) voluntary employee contributions to a qualified retirement plan (including the federal Thrift Savings Plan); or (d) contributions to a $501(\mathrm{c})(18)(\mathrm{D})$ plan.

However, you cannot take the credit if either of the following applies.

1. The amount on Form 1040A, line 22, is more than $\$ 25,000$ ( $\$ 37,500$ if head of household; $\$ 50,000$ if married filing jointly).
2. The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1988, (b) is claimed as a
dependent on someone else's 2005 tax return, or (c) was a student (defined below).

You were a student if during any 5 months of 2005 you:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

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

For more details, use TeleTax topic 610 (see page 8) or see Form 8880.

## Line 33—Child Tax Credit

## Three Steps To Take the Child Tax Credit!

Step 1. Make sure you have a qualifying child for the child tax credit (defined below).
Step 2. Make sure that for each qualifying child you either checked the box on Form 1040A, line bc, column (4), or completed Form 8901 (if the child is not your dependent).
Step 3. Answer the questions on this page to see if you may use the worksheet on page 39 to figure your credit or if you must use Pub. 972, Child Tax Credit. If you need Pub. 972, see page 7.

## A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

was ...
Under age 17 at the end of 2005

## AND

who...
Did not provide over half of his or her own support for 2005

who...
Lived with you for more than half of 2005. If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 23 .

## AND

who...
Was a U.S. citizen, U.S. national, or a resident of the United States. If the child was adopted, see Exception to citizen test on page 22 .

The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

Note. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Questions Who Must Use Pub. 972


Is the amount on Form 1040A, line 22, more than the amount shown below for your filing status?

- Married filing jointly - \$110,000
- Single, head of household, or qualifying widower) \$75,000
- Married filing separately - \$55,000No. Continue
 Yes. stop
You must use Pub. 972 to figure your credit.

2. Are you claiming the adoption credit on Form 8839 (see the instructions for Form 1040A, line 34, on page 40)?

No. Use the worksheet on page 39 to figure your child tax credit.
$\square$ Yes. You must use Pub. 972 to figure your child tax credit. You will also need Form 8839.

- To be a qualifying child for the child tax credit, the child must be under age $\mathbf{1 7}$ at the end of 2005 and meet the other requirements listed on page 36.

GAUTION

- Do not use this worksheet if you answered "Yes" to question 1 or 2 on page 36 . Instead, use Pub. 972.

1. Number of qualifying children: $\qquad$ $\times \$ 1,000$. Enter the result. $\square$
2. Enter the amount from Form 1040A, line 28. $\square$
$\qquad$
3. Add the amounts from Form 1040A:

4. Are the amounts on lines 2 and 3 the same?Yes. STOP
You cannot take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See the TIP below.No. Subtract line 3 from line 2 .

5. Is the amount on line 1 more than the amount on line 4 ?Yes. Enter the amount from line 4. Also, you may be able to take the additional child tax credit. See the TIP below.

No. Enter the amount from line 1.

This is your child tax credit.


Enter this amount on Form 1040A, line 33.

You may be able to take the additional child tax credit on Form 1040A, line 42, if you answered "Yes" on line 4 or line 5 above.


- First, complete your Form 1040A through line 41a.
- Then, use Form 8812 to figure any additional child tax credit.


## Line 34

## Adoption Credit

You may be able to take this credit if either of the following applies.

- You paid expenses to adopt a child.
- You adopted a child with special needs and the adoption became final in 2005.

See the Instructions for Form 8839 for details.

## Line 37

## Advance Earned Income Credit Payments

Enter the total amount of advance earned income credit (EIC) payments you received. These payments are shown in Form(s) W-2, box 9 .

## Line 39

## Federal Income Tax Withheld

Add the amounts shown as federal income tax withheld on your Forms W-2 and 1099-R. Enter the total on line 39. The amount of federal income tax withheld should be shown in Form W-2, box 2, and in Form 1099-R, box 4. Attach Form(s) 1099-R to the front of your return if federal income tax was withheld.

If you received a 2005 Form 1099 showing federal income tax withheld on dividends, interest income, unemployment compensa-
tion, or social security benefits, include the amount withheld in the total on line 39. This should be shown in Form 1099, box 4, or Form SSA-1099, box 6 . If federal income tax was withheld from your Alaska Permanent Fund dividends, include the tax withheld in the total on line 39.

## Line 40

## 2005 Estimated Tax Payments

Enter any estimated federal income tax payments you made using Form 1040-ES for 2005. Include any overpayment from your 2004 return that you applied to your 2005 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, you can divide the amount paid in any way you choose as long as you both agree. If you cannot agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2005. For an example of how to do this, see Pub. 505. 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 2005 or in 2006 before filing a 2005 return. Also, see Pub. 505 if either of the following apply.

- You got divorced in 2005 and you made joint estimated tax payments with your former spouse.
- You changed your name and you made estimated tax payments using your former name.


## Lines 41a and 41b- <br> Earned Income Credit (EIC)

## What is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

## To Take the EIC:

- Follow the steps below.
- Complete the worksheet on page 45 or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.


If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, that begins on page 43. You may also have to pay penalties.

## Step 1 All Filers

1. If, in 2005:

- 2 children lived with you, is the amount on Form 1040A, line 22 , less than $\$ 35,263$ ( $\$ 37,263$ if married filing jointly)?
- 1 child lived with you, is the amount on Form 1040A, line 22 , less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly)?
- No children lived with you, is the amount on Form 1040A, line 22, less than $\$ 11,750(\$ 13,750$ if married filing jointly)?Yes. Continue
No. (stop
You cannot take the credit.

2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 44)?


No. STOP
You cannot take the credit. Put "No" to the left of the entry space for line 41a.
3. Is your filing status married filing separately?Yes. stop
$\square$ No. Continue
You cannot take the credit.
4. Were you a nonresident alien for any part of 2005?
$\square$ Yes. See Nonresident $\square$ No. Go to Step 2. aliens on page 44.

## Step 2 Investment Income

1. Add the amounts from Form 1040A:

Line 8 a
Line 8b +
Line 9a
Line 10 $\qquad$

$$
\text { Investment Income }=\square
$$

2. Is your investment income more than $\$ 2,700$ ?


No. Continue
You cannot take the credit.
3. Did a child live with you in 2005?Yes. Go to Step 3 on page 42 .

No. Go to Step 4 on page 42.

## Step 3 Qualifying Child

A qualifying child is a child who is your...
Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

## AND

was ...
Under age 19 at the end of 2005
or
Under age 24 at the end of 2005 and a student (see page 44)
or
Any age and permanently and totally disabled (see page 44)

## AND

who...
Lived with you in the United States for more than half of 2005.
If the child did not live with you for the required time, see Exception to "time lived with you" condition on page 43.


If the child was married, see page 44.

1. Look at the qualifying child conditions above. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2005?
$\square$ Yes. sTOPNo. Continue
You cannot take the credit. Put "No" to the left of the entry space for line 41a.
2. Do you have at least one child who meets the above conditions to be your qualifying child?
$\square$ Yes. Go to
question 3.
No. Go to Step 4, question 2.
3. Does the child meet the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 2005?

Yes. See Qualifying child of more than one person on page 44.

No. This child is your qualifying child. The child must have a valid social security number as defined on page 44 unless the child was born and died in 2005. Skip Step 4; go to Step 5 on page 43 .

## Step 4 Filers Without a Qualifying Child

1. Look at the qualifying child conditions in Step 3. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2005?Yes. stop
$\square$ No. Continue
You cannot take the
credit. Put "No" to the
left of the entry space
for line 41a.
2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2005 tax return?
$\square$ Yes. stop
No. Continue
You cannot take the
credit.
3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2005?Yes. ContinueNo. stop
You cannot take the credit.
4. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2005? Members of the military stationed outside the United States, see page 44 before you answer.

Yes. Go to Step 5 on page 43 .

No. STOP
You cannot take the credit. Put "No" to the left of the entry space for line 41a.

## Step 5 Earned Income

1. Figure earned income:

Form 1040A, line 7
Subtract, if included on line 7, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount paid to an inmate in a penal institution for work (put "PRI" and the amount subtracted to the left of the entry space for Form 1040A, line 7).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (put "DFC" and the amount subtracted to the left of the entry space for Form 1040A, line 7). This amount may be shown in Form W-2, box 11. If you received such an amount but it is not reported on Form W-2, contact your employer for the amount received as a pension or annuity.

Add all of your nontaxable combat pay if you elect to include it in earned income.* Also enter this amount on Form 1040A, line 41b. See Combat pay, nontaxable, on this page.

$\triangle$
Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.
$\square$
2. If you have:

- 2 or more qualifying children, is your earned income less than $\$ 35,263$ ( $\$ 37,263$ if married filing jointly)?
- 1 qualifying child, is your earned income less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly)?
- No qualifying children, is your earned income less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?Yes. Go to Step 6.
No. STOP
You cannot take the credit.


## Step 6 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?Yes. See Credit fig-
No. Go to the worksheet ured by the IRS on this page.

## Definitions and Special Rules

(listed in alphabetical order)
Adopted child. An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption even if the adoption is not final.

Combat pay, nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See Combat Zone Exclusion in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in Form(s) W-2, box 12, with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.
Credit figured by the IRS. To have the IRS figure the credit for you:

1. Put "EIC" to the left of the entry space for Form 1040A, line 41a.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040A, line 41b. See Combat pay, nontaxable above.
3. If you have a qualifying child, complete and attach Schedule EIC. If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, who must file, below.

Exception to "time lived with you" condition. A child is considered to have lived with you for all of 2005 if the child was born or died in 2005 and your home was this child's home for the entire time he or she was alive in 2005. Temporary absences for special circumstances, such as for school, vacation, medical care, military service, or detention in a juvenile facility, count as time lived at home. Also see Kidnapped child on page 23, if applicable. If you were in the military stationed outside the United States, see Members of the military on page 44 .

Form 8862, who must file. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But you do not have to file Form 8862 if either of the following applies.

1. After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 (or other documents) and your EIC was then allowed, and (b) your EIC has not been reduced or
disallowed again for any reason other than a math or clerical error.
2. You are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.

Also, do not file Form 8862 or take the credit for:

- 2 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to reckless or intentional disregard of the EIC rules, or
- 10 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to fraud.
Foster child. A foster child is any child placed with you by an authorized placement agency or by judgement, decree, or other order of any court of competent jurisdiction.

Married child. A child who was married at the end of 2004 is a qualifying child only if (a) you can claim him or her as your dependent on Form 1040A, line 6c, or (b) this child's other parent claims him or her as a dependent under the rules for children of divorced or separated parents.
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. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.

Nonresident aliens. If your filing status is married filing jointly, go to Step 2 on page 41. Otherwise, stop; you cannot take the EIC.

Permanently and totally disabled. A person who, at any time in 2005, cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can lead to death.

Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only one person can take the EIC based on that child. The other person(s) cannot take the EIC for people without a qualifying child, but may take the EIC based on a different qualifying child. If you and the other person(s) cannot agree who will take the EIC based on the same child, the IRS will apply the following rules.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived
for the longer period of time during 2005. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for 2005.
- If none of the persons is the child's parent, the child will be treated as the qualifying child of the person who had the highest AGI for 2005.
The child must have a valid social security number as defined below unless the child was born and died in 2005. If you do not have a qualifying child, stop; you cannot take the EIC. Put "No" to the left of the entry space for line 41a. If you have a qualifying child, skip Step 4; go to Step 5 on page 43.

Example. You and your 5 -year-old daughter moved in with your mother in April 2005. 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. If you and your mother cannot agree on who will treat your daughter as a qualifying child, the above rules apply. Under these rules, you are entitled to treat your daughter as a qualifying child because you are the child's parent. Your mother would not be entitled to take the EIC unless she has a different qualifying child.

Social security number (SSN). For purposes of taking the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit.

To find out how to get an SSN, see page 18. If you will not have an SSN by April 17, 2006, see What If You Cannot File on Time? on page 12 .
Student. A child who during any 5 months of 2005:

- Was enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.
A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.

Welfare benefits, effect of credit on. Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs or how much you can receive from them. But if the refund you receive because of the EIC is not spent within a certain period of time, it may count as an asset (or resource) and affect your eligibility.

- Temporary Assistance for Needy Families (TANF).
- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.


## Part 1

## All Filers

1. Enter your earned income from Step 5 on page 41 . $\square$
1
2. Look up the amount on line 1 above in the EIC Table on pages 44-49 to find the credit. Be sure you use the correct column for your filing status and the number of children you have. Enter the credit here.

If line 2 is zero,


You cannot take the credit.
Put "No" to the left of the entry space for line 41a.
3. Enter the amount from Form 1040A, line 22.

4. Are the amounts on lines 3 and 1 the same?Yes. Skip line 5; enter the amount from line 2 on line 6.No. Go to line 5 .

## Part 2

Filers Who
Answered
"No" on
Line 4
5. If you have:

- No qualifying children, is the amount on line 3 less than $\$ 6,550(\$ 8,550$ if married filing jointly)?
- 1 or more qualifying children, is the amount on line 3 less than $\$ 14,400$ ( $\$ 16,400$ if married filing jointly)?Yes. Leave line 5 blank; enter the amount from line 2 on line 6.No. Look up the amount on line 3 in the EIC Table on pages 44-49 to find the credit. Be sure you use the correct
 column for your filing status and the number of children you have. Enter the credit here.

Look at the amounts on lines 5 and 2.
Then, enter the smaller amount on line 6.

## Part 3

Your Earned Income Credit
6. This is your earned income credit.

## Reminder-

$\checkmark$ If you have a qualifying child, complete and attach Schedule EIC.


Enter this amount on Form 1040A, line 41a.


If your EIC for a year after 1996 was reduced or disallowed, see the instructions that begin on page 41 to find out if you must file Form 8862 to take the credit for 2005.

## 2005 Earned Income Credit (EIC) Table Caution. This is not a tax table.

|  | If the amount you are looking up from the worksheet is- | And your filing status is- |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  |
|  | At least But less than | Your credit is- |  |  |
|  | 2,400 2,450 | 186 | 825 | 970 |
|  | 2,450 2,500 | 189 | 842 |  |
|  |  | / |  |  |

1. To find your credit, read
down the "At least - But less
than" columns and find the
line that includes the amount
you were told to look up from
your ElC Worksheet. If the amount you are
looking up from the looking up from th
worksheet is-
2. Then, go to the column Example. If your filing that includes your filing status status is single, you have one and the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet. qualifying child, and the amount you are looking up from your EIC Worksheet is $\$ 2,455$, you would enter $\$ 842$.
than

And your filing status isAt least $\quad$ But less than

If the amount you are
looking up from the looking up from th
worksheet isworksheet is-



And your filing status is-

| \$1 | \$50 | \$2 | \$9 | \$10 | \$2 | \$9 | \$10 | 2,750 | 2,800 | 212 | 944 | 1,110 | 212 | 944 | 1,110 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 50 | 100 | 6 | 26 | 30 | 6 | 26 | 30 | 2,800 | 2,850 | 216 | 961 | 1,130 | 216 | 961 | 1,130 |
| 100 | 150 | 10 | 43 | 50 | 10 | 43 | 50 | 2,850 | 2,900 | 220 | 978 | 1,150 | 220 | 978 | 1,150 |
| 150 | 200 | 13 | 60 | 70 | 13 | 60 | 70 | 2,900 | 2,950 | 224 | 995 | 1,170 | 224 | 995 | 1,170 |
| 200 | 250 | 17 | 77 | 90 | 17 | 77 | 90 | 2,950 | 3,000 | 228 | 1,012 | 1,190 | 228 | 1,012 | 1,190 |
| 250 | 300 | 21 | 94 | 110 | 21 | 94 | 110 | 3,000 | 3,050 | 231 | 1,029 | 1,210 | 231 | 1,029 | 1,210 |
| 300 | 350 | 25 | 111 | 130 | 25 | 111 | 130 | 3,050 | 3,100 | 235 | 1,046 | 1,230 | 235 | 1,046 | 1,230 |
| 350 | 400 | 29 | 128 | 150 | 29 | 128 | 150 | 3,100 | 3,150 | 239 | 1,063 | 1,250 | 239 | 1,063 | 1,250 |
| 400 | 450 | 33 | 145 | 170 | 33 | 145 | 170 | 3,150 | 3,200 | 243 | 1,080 | 1,270 | 243 | 1,080 | 1,270 |
| 450 | 500 | 36 | 162 | 190 | 36 | 162 | 190 | 3,200 | 3,250 | 247 | 1,097 | 1,290 | 247 | 1,097 | 1,290 |
| 500 | 550 | 40 | 179 | 210 | 40 | 179 | 210 | 3,250 | 3,300 | 251 | 1,114 | 1,310 | 251 | 1,114 | 1,310 |
| 550 | 600 | 44 | 196 | 230 | 44 | 196 | 230 | 3,300 | 3,350 | 254 | 1,131 | 1,330 | 254 | 1,131 | 1,330 |
| 600 | 650 | 48 | 213 | 250 | 48 | 213 | 250 | 3,350 | 3,400 | 258 | 1,148 | 1,350 | 258 | 1,148 | 1,350 |
| 650 | 700 | 52 | 230 | 270 | 52 | 230 | 270 | 3,400 | 3,450 | 262 | 1,165 | 1,370 | 262 | 1,165 | 1,370 |
| 700 | 750 | 55 | 247 | 290 | 55 | 247 | 290 | 3,450 | 3,500 | 266 | 1,182 | 1,390 | 266 | 1,182 | 1,390 |
| 750 | 800 | 59 | 264 | 310 | 59 | 264 | 310 | 3,500 | 3,550 | 270 | 1,199 | 1,410 | 270 | 1,199 | 1,410 |
| 800 | 850 | 63 | 281 | 330 | 63 | 281 | 330 | 3,550 | 3,600 | 273 | 1,216 | 1,430 | 273 | 1,216 | 1,430 |
| 850 | 900 | 67 | 298 | 350 | 67 | 298 | 350 | 3,600 | 3,650 | 277 | 1,233 | 1,450 | 277 | 1,233 | 1,450 |
| 900 | 950 | 71 | 315 | 370 | 71 | 315 | 370 | 3,650 | 3,700 | 281 | 1,250 | 1,470 | 281 | 1,250 | 1,470 |
| 950 | 1,000 | 75 | 332 | 390 | 75 | 332 | 390 | 3,700 | 3,750 | 285 | 1,267 | 1,490 | 285 | 1,267 | 1,490 |
| 1,000 | 1,050 | 78 | 349 | 410 | 78 | 349 | 410 | 3,750 | 3,800 | 289 | 1,284 | 1,510 | 289 | 1,284 | 1,510 |
| 1,050 | 1,100 | 82 | 366 | 430 | 82 | 366 | 430 | 3,800 | 3,850 | 293 | 1,301 | 1,530 | 293 | 1,301 | 1,530 |
| 1,100 | 1,150 | 86 | 383 | 450 | 86 | 383 | 450 | 3,850 | 3,900 | 296 | 1,318 | 1,550 | 296 | 1,318 | 1,550 |
| 1,150 | 1,200 | 90 | 400 | 470 | 90 | 400 | 470 | 3,900 | 3,950 | 300 | 1,335 | 1,570 | 300 | 1,335 | 1,570 |
| 1,200 | 1,250 | 94 | 417 | 490 | 94 | 417 | 490 | 3,950 | 4,000 | 304 | 1,352 | 1,590 | 304 | 1,352 | 1,590 |
| 1,250 | 1,300 | 98 | 434 | 510 |  | 434 | 510 | 4,000 | 4,050 | 308 | 1,369 | 1,610 | 308 | 1,369 | 1,610 |
| 1,300 | 1,350 | 101 | 451 | 530 | 101 | 451 | 530 | 4,050 | 4,100 | 312 | 1,386 | 1,630 | 312 | 1,386 | 1,630 |
| 1,350 | 1,400 | 105 | 468 | 550 | 105 | 468 | 550 | 4,100 | 4,150 | 316 | 1,403 | 1,650 | 316 | 1,403 | 1,650 |
| 1,400 | 1,450 | 109 | 485 | 570 | 109 | 485 | 570 | 4,150 | 4,200 | 319 | 1,420 | 1,670 | 319 | 1,420 | 1,670 |
| 1,450 | 1,500 | 113 | 502 | 590 | 113 | 502 | 590 | 4,200 | 4,250 | 323 | 1,437 | 1,690 | 323 | 1,437 | 1,690 |
| 1,500 | 1,550 | 117 | 519 | 610 | 117 | 519 | 610 | 4,250 | 4,300 | 327 | 1,454 | 1,710 | 327 | 1,454 | 1,710 |
| 1,550 | 1,600 | 120 | 536 | 630 | 120 | 536 | 630 | 4,300 | 4,350 | 331 | 1,471 | 1,730 | 331 | 1,471 | 1,730 |
| 1,600 | 1,650 | 124 | 553 | 650 | 124 | 553 | 650 | 4,350 | 4,400 | 335 | 1,488 | 1,750 | 335 | 1,488 | 1,750 |
| 1,650 | 1,700 | 128 | 570 | 670 | 128 | 570 | 670 | 4,400 | 4,450 | 339 | 1,505 | 1,770 | 339 | 1,505 | 1,770 |
| 1,700 | 1,750 | 132 | 587 | 690 | 132 | 587 | 690 | 4,450 | 4,500 | 342 | 1,522 | 1,790 | 342 | 1,522 | 1,790 |
| 1,750 | 1,800 | 136 | 604 | 710 | 136 | 604 | 710 | 4,500 | 4,550 | 346 | 1,539 | 1,810 | 346 | 1,539 | 1,810 |
| 1,800 | 1,850 | 140 | 621 | 730 | 140 | 621 | 730 | 4,550 | 4,600 | 350 | 1,556 | 1,830 | 350 | 1,556 | 1,830 |
| 1,850 | 1,900 | 143 | 638 | 750 | 143 | 638 | 750 | 4,600 | 4,650 | 354 | 1,573 | 1,850 | 354 | 1,573 | 1,850 |
| 1,900 | 1,950 | 147 | 655 | 770 | 147 | 655 | 770 | 4,650 | 4,700 | 358 | 1,590 | 1,870 | 358 | 1,590 | 1,870 |
| 1,950 | 2,000 | 151 | 672 | 790 | 151 | 672 | 790 | 4,700 | 4,750 | 361 | 1,607 | 1,890 | 361 | 1,607 | 1,890 |
| 2,000 | 2,050 | 155 | 689 | 810 | 155 | 689 | 810 | 4,750 | 4,800 | 365 | 1,624 | 1,910 | 365 | 1,624 | 1,910 |
| 2,050 | 2,100 | 159 | 706 | 830 | 159 | 706 | 830 | 4,800 | 4,850 | 369 | 1,641 | 1,930 | 369 | 1,641 | 1,930 |
| 2,100 | 2,150 | 163 | 723 | 850 | 163 | 723 | 850 | 4,850 | 4,900 | 373 | 1,658 | 1,950 | 373 | 1,658 | 1,950 |
| 2,150 | 2,200 | 166 | 740 | 870 | 166 | 740 | 870 | 4,900 | 4,950 | 377 | 1,675 | 1,970 | 377 | 1,675 | 1,970 |
| 2,200 | 2,250 | 170 | 757 | 890 | 170 | 757 | 890 | 4,950 | 5,000 | 381 | 1,692 | 1,990 | 381 | 1,692 | 1,990 |
| 2,250 | 2,300 |  |  |  | 174 | 774 | 910 | 5,000 | 5,050 | 384 | 1,709 | 2,010 | 384 | 1,709 | 2,010 |
| 2,300 | 2,350 | 178 | 791 | 930 | 178 | 791 | 930 | 5,050 | 5,100 | 388 | 1,726 | 2,030 | 388 | 1,726 | 2,030 |
| 2,350 | 2,400 | 182 | 808 | 950 | 182 | 808 | 950 | 5,100 | 5,150 | 392 | 1,743 | 2,050 | 392 | 1,743 | 2,050 |
| 2,400 | 2,450 | 186 | 825 | 970 | 186 | 825 | 970 | 5,150 | 5,200 | 396 | 1,760 | 2,070 | 396 | 1,760 | 2,070 |
| 2,450 | 2,500 | 189 | 842 | 990 | 189 | 842 | 990 | 5,200 | 5,250 | 399 | 1,777 | 2,090 | 399 | 1,777 | 2,090 |
| 2,500 | 2,550 | 193 | 859 | 1,010 | 193 | 859 | 1,010 | 5,250 | 5,300 | 399 | 1,794 | 2,110 | 399 | 1,794 | 2,110 |
| 2,550 | 2,600 | 197 | 876 | 1,030 | 197 | 876 | 1,030 | 5,300 | 5,350 | 399 | 1,811 | 2,130 | 399 | 1,811 | 2,130 |
| 2,600 | 2,650 | 201 | 893 | 1,050 | 201 | 893 | 1,050 | 5,350 | 5,400 | 399 | 1,828 | 2,150 | 399 | 1,828 | 2,150 |
| 2,650 | 2,700 | 205 | 910 | 1,070 | 205 | 910 | 1,070 | 5,400 | 5,450 | 399 | 1,845 | 2,170 | 399 | 1,845 | 2,170 |
| 2,700 | 2,750 | 208 | 927 | 1,090 | 208 | 927 | 1,090 | 5,450 | 5,500 | 399 | 1,862 | 2,190 | 399 | 1,862 | 2,190 |

(Continued on page 45 )

| 2005 Earned Income Credit (EIC) Table-Continued |  |  |  |  |  |  |  | (Caution. This is not a tax table.) |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
|  |  | Single, or quali you hav No children | head of h fying wido One child | usehold, w(er) and <br> Two children | $\begin{array}{\|c} \hline \text { Married } \\ \text { you ha } \\ \text { No } \\ \text { children } \end{array}$ | d filing jo ave- <br> One child | ntly and <br> Two children |  |  | Single <br> or qua <br> you ha <br> No <br> childre | head of fying wido | usehold, $w(e r)$ and <br> Two children | Married you ha <br> No children | filing jo ve- <br> One child | tly and <br> Two children |
| At least | But less than |  | Your credit | is- |  | ur credit | s- | At least | But less than |  | Your credit | is- |  | Your credi | is- |
| 5,500 | 5,550 | 399 | 1,879 | 2,210 | 399 | 1,879 | 2,210 | 8,500 | 8,550 | 247 | 2,662 | 3,410 | 399 | 2,662 | 3,410 |
| 5,550 | 5,600 | 399 | 1,896 | 2,230 | 399 | 1,896 | 2,230 | 8,550 | 8,600 | 243 | 2,662 | 3,430 | 396 | 2,662 | 3,430 |
| 5,600 | 5,650 | 399 | 1,913 | 2,250 | 399 | 1,913 | 2,250 | 8,600 | 8,650 | 239 | 2,662 | 3,450 | 392 | 2,662 | 3,450 |
| 5,650 | 5,700 | 399 | 1,930 | 2,270 | 399 | 1,930 | 2,270 | 8,650 | 8,700 | 235 | 2,662 | 3,470 | 388 | 2,662 | 3,470 |
| 5,700 | 5,750 | 399 | 1,947 | 2,290 | 399 | 1,947 | 2,290 | 8,700 | 8,750 | 231 | 2,662 | 3,490 | 384 | 2,662 | 3,490 |
| 5,750 | 5,800 | 399 | 1,964 | 2,310 | 399 | 1,964 | 2,310 | 8,750 | 8,800 | 228 | 2,662 | 3,510 | 381 | 2,662 | 3,510 |
| 5,800 | 5,850 | 399 | 1,981 | 2,330 | 399 | 1,981 | 2,330 | 8,800 | 8,850 | 224 | 2,662 | 3,530 | 377 | 2,662 | 3,530 |
| 5,850 | 5,900 | 399 | 1,998 | 2,350 | 399 | 1,998 | 2,350 | 8,850 | 8,900 | 220 | 2,662 | 3,550 | 373 | 2,662 | 3,550 |
| 5,900 | 5,950 | 399 | 2,015 | 2,370 | 399 | 2,015 | 2,370 | 8,900 | 8,950 | 216 | 2,662 | 3,570 | 369 | 2,662 | 3,570 |
| 5,950 | 6,000 | 399 | 2,032 | 2,390 | 399 | 2,032 | 2,390 | 8,950 | 9,000 | 212 | 2,662 | 3,590 | 365 | 2,662 | 3,590 |
| 6,000 | 6,050 | 399 | 2,049 | 2,410 | 399 | 2,049 | 2,410 | 9,000 | 9,050 | 208 | 2,662 | 3,610 | 361 | 2,662 | 3,610 |
| 6,050 | 6,100 | 399 | 2,066 | 2,430 | 399 | 2,066 | 2,430 | 9,050 | 9,100 | 205 | 2,662 | 3,630 | 358 | 2,662 | 3,630 |
| 6,100 | 6,150 | 399 | 2,083 | 2,450 | 399 | 2,083 | 2,450 | 9,100 | 9,150 | 201 | 2,662 | 3,650 | 354 | 2,662 | 3,650 |
| 6,150 | 6,200 | 399 | 2,100 | 2,470 | 399 | 2,100 | 2,470 | 9,150 | 9,200 | 197 | 2,662 | 3,670 | 350 | 2,662 | 3,670 |
| 6,200 | 6,250 | 399 | 2,117 | 2,490 | 399 | 2,117 | 2,490 | 9,200 | 9,250 | 193 | 2,662 | 3,690 | 346 | 2,662 | 3,690 |
| 6,250 | 6,300 | 399 | 2,134 | 2,510 | 399 | 2,134 | 2,510 | 9,250 | 9,300 | 189 | 2,662 | 3,710 | 342 | 2,662 | 3,710 |
| 6,300 | 6,350 | 399 | 2,151 | 2,530 | 399 | 2,151 | 2,530 | 9,300 | 9,350 | 186 | 2,662 | 3,730 | 339 | 2,662 | 3,730 |
| 6,350 | 6,400 | 399 | 2,168 | 2,550 | 399 | 2,168 | 2,550 | 9,350 | 9,400 | 182 | 2,662 | 3,750 | 335 | 2,662 | 3,750 |
| 6,400 | 6,450 | 399 | 2,185 | 2,570 | 399 | 2,185 | 2,570 | 9,400 | 9,450 | 178 | 2,662 | 3,770 | 331 | 2,662 | 3,770 |
| 6,450 | 6,500 | 399 | 2,202 | 2,590 | 399 | 2,202 | 2,590 | 9,450 | 9,500 | 174 | 2,662 | 3,790 | 327 | 2,662 | 3,790 |
| 6,500 | 6,550 | 399 | 2,219 | 2,610 | 399 | 2,219 | 2,610 | 9,500 | 9,550 | 170 | 2,662 | 3,810 | 323 | 2,662 | 3,810 |
| 6,550 | 6,600 | 396 | 2,236 | 2,630 | 399 | 2,236 | 2,630 | 9,550 | 9,600 | 166 | 2,662 | 3,830 | 319 | 2,662 | 3,830 |
| 6,600 | 6,650 | 392 | 2,253 | 2,650 | 399 | 2,253 | 2,650 | 9,600 | 9,650 | 163 | 2,662 | 3,850 | 316 | 2,662 | 3,850 |
| 6,650 | 6,700 | 388 | 2,270 | 2,670 | 399 | 2,270 | 2,670 | 9,650 | 9,700 | 159 | 2,662 | 3,870 | 312 | 2,662 | 3,870 |
| 6,700 | 6,750 | 384 | 2,287 | 2,690 | 399 | 2,287 | 2,690 | 9,700 | 9,750 | 155 | 2,662 | 3,890 | 308 | 2,662 | 3,890 |
| 6,750 | 6,800 | 381 | 2,304 | 2,710 | 399 | 2,304 | 2,710 | 9,750 | 9,800 | 151 | 2,662 | 3,910 | 304 | 2,662 | 3,910 |
| 6,800 | 6,850 | 377 | 2,321 | 2,730 | 399 | 2,321 | 2,730 | 9,800 | 9,850 | 147 | 2,662 | 3,930 | 300 | 2,662 | 3,930 |
| 6,850 | 6,900 | 373 | 2,338 | 2,750 | 399 | 2,338 | 2,750 | 9,850 | 9,900 | 143 | 2,662 | 3,950 | 296 | 2,662 | 3,950 |
| 6,900 | 6,950 | 369 | 2,355 | 2,770 | 399 | 2,355 | 2,770 | 9,900 | 9,950 | 140 | 2,662 | 3,970 | 293 | 2,662 | 3,970 |
| 6,950 | 7,000 | 365 | 2,372 | 2,790 | 399 | 2,372 | 2,790 | 9,950 | 10,000 | 136 | 2,662 | 3,990 | 289 | 2,662 | 3,990 |
| 7,000 | 7,050 | 361 | 2,389 | 2,810 | 399 | 2,389 | 2,810 | 10,000 | 10,050 | 132 | 2,662 | 4,010 | 285 | 2,662 | 4,010 |
| 7,050 | 7,100 | 358 | 2,406 | 2,830 | 399 | 2,406 | 2,830 | 10,050 | 10,100 | 128 | 2,662 | 4,030 | 281 | 2,662 | 4,030 |
| 7,100 | 7,150 | 354 | 2,423 | 2,850 | 399 | 2,423 | 2,850 | 10,100 | 10,150 | 124 | 2,662 | 4,050 | 277 | 2,662 | 4,050 |
| 7,150 | 7,200 | 350 | 2,440 | 2,870 | 399 | 2,440 | 2,870 | 10,150 | 10,200 | 120 | 2,662 | 4,070 | 273 | 2,662 | 4,070 |
| 7,200 | 7,250 | 346 | 2,457 | 2,890 | 399 | 2,457 | 2,890 | 10,200 | 10,250 | 117 | 2,662 | 4,090 | 270 | 2,662 | 4,090 |
| 7,250 | 7,300 | 342 | 2,474 | 2,910 | 399 | 2,474 | 2,910 | 10,250 | 10,300 | 113 | 2,662 | 4,110 | 266 | 2,662 | 4,110 |
| 7,300 | 7,350 | 339 | 2,491 | 2,930 | 399 | 2,491 | 2,930 | 10,300 | 10,350 | 109 | 2,662 | 4,130 | 262 | 2,662 | 4,130 |
| 7,350 | 7,400 | 335 | 2,508 | 2,950 | 399 | 2,508 | 2,950 | 10,350 | 10,400 | 105 | 2,662 | 4,150 | 258 | 2,662 | 4,150 |
| 7,400 | 7,450 | 331 | 2,525 | 2,970 | 399 | 2,525 | 2,970 | 10,400 | 10,450 | 101 | 2,662 | 4,170 | 254 | 2,662 | 4,170 |
| 7,450 | 7,500 | 327 | 2,542 | 2,990 | 399 | 2,542 | 2,990 | 10,450 | 10,500 | 98 | 2,662 | 4,190 | 251 | 2,662 | 4,190 |
| 7,500 | 7,550 | 323 | 2,559 | 3,010 | 399 | 2,559 | 3,010 | 10,500 | 10,550 | 94 | 2,662 | 4,210 | 247 | 2,662 | 4,210 |
| 7,550 | 7,600 | 319 | 2,576 | 3,030 | 399 | 2,576 | 3,030 | 10,550 | 10,600 | 90 | 2,662 | 4,230 | 243 | 2,662 | 4,230 |
| 7,600 | 7,650 | 316 | 2,593 | 3,050 | 399 | 2,593 | 3,050 | 10,600 | 10,650 | 86 | 2,662 | 4,250 | 239 | 2,662 | 4,250 |
| 7,650 | 7,700 | 312 | 2,610 | 3,070 | 399 | 2,610 | 3,070 | 10,650 | 10,700 | 82 | 2,662 | 4,270 | 235 | 2,662 | 4,270 |
| 7,700 | 7,750 | 308 | 2,627 | 3,090 | 399 | 2,627 | 3,090 | 10,700 | 10,750 | 78 | 2,662 | 4,290 | 231 | 2,662 | 4,290 |
| 7,750 | 7,800 | 304 | 2,644 | 3,110 | 399 | 2,644 | 3,110 | 10,750 | 10,800 | 75 | 2,662 | 4,310 | 228 | 2,662 | 4,310 |
| 7,800 | 7,850 | 300 | 2,662 | 3,130 | 399 | 2,662 | 3,130 | 10,800 | 10,850 | 71 | 2,662 | 4,330 | 224 | 2,662 | 4,330 |
| 7,850 | 7,900 | 296 | 2,662 | 3,150 | 399 | 2,662 | 3,150 | 10,850 | 10,900 | 67 | 2,662 | 4,350 | 220 | 2,662 | 4,350 |
| 7,900 | 7,950 | 293 | 2,662 | 3,170 | 399 | 2,662 | 3,170 | 10,900 | 10,950 | 63 | 2,662 | 4,370 | 216 | 2,662 | 4,370 |
| 7,950 | 8,000 | 289 | 2,662 | 3,190 | 399 | 2,662 | 3,190 | 10,950 | 11,000 | 59 | 2,662 | 4,390 | 212 | 2,662 | 4,390 |
| 8,000 | 8,050 | 285 | 2,662 | 3,210 | 399 | 2,662 | 3,210 | 11,000 | 11,050 | 55 | 2,662 | 4,400 | 208 | 2,662 | 4,400 |
| 8,050 | 8,100 | 281 | 2,662 | 3,230 | 399 | 2,662 | 3,230 | 11,050 | 11,100 | 52 | 2,662 | 4,400 | 205 | 2,662 | 4,400 |
| 8,100 | 8,150 | 277 | 2,662 | 3,250 | 399 | 2,662 | 3,250 | 11,100 | 11,150 | 48 | 2,662 | 4,400 | 201 | 2,662 | 4,400 |
| 8,150 | 8,200 | 273 | 2,662 | 3,270 | 399 | 2,662 | 3,270 | 11,150 | 11,200 | 44 | 2,662 | 4,400 | 197 | 2,662 | 4,400 |
| 8,200 | 8,250 | 270 | 2,662 | 3,290 | 399 | 2,662 | 3,290 | 11,200 | 11,250 | 40 | 2,662 | 4,400 | 193 | 2,662 | 4,400 |
| 8,250 | 8,300 | 266 | 2,662 | 3,310 | 399 | 2,662 | 3,310 | 11,250 | 11,300 | 36 | 2,662 | 4,400 | 189 | 2,662 | 4,400 |
| 8,300 | 8,350 | 262 | 2,662 | 3,330 | 399 | 2,662 | 3,330 | 11,300 | 11,350 | 33 | 2,662 | 4,400 | 186 | 2,662 | 4,400 |
| 8,350 | 8,400 | 258 | 2,662 | 3,350 | 399 | 2,662 | 3,350 | 11,350 | 11,400 | 29 | 2,662 | 4,400 | 182 | 2,662 | 4,400 |
| 8,400 | 8,450 | 254 | 2,662 | 3,370 | 399 | 2,662 | 3,370 | 11,400 | 11,450 | 25 | 2,662 | 4,400 | 178 | 2,662 | 4,400 |
| 8,450 | 8,500 | 251 | 2,662 | 3,390 | 399 | 2,662 | 3,390 | 11,450 | 11,500 | 21 | 2,662 | 4,400 | 174 | 2,662 | 4,400 |


| 2005 Earned Income Credit (EIC) Table-Continued |  |  |  |  |  |  |  | (Caution. This is not a tax table.) |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
|  |  | Single, h <br> or qualify <br> you have <br> No <br> children | head of h fying wido | ousehold, $w(e r)$ and Two children | Married <br> you hav <br> No <br> children | $\begin{aligned} & \text { ed filing joi } \\ & \text { ave- } \\ & \begin{array}{c\|c} \text { One } \\ \text { child } \end{array} \\ & \hline \end{aligned}$ | intly and <br> Two children |  |  |  | head of hou fying wido v- <br> One child | ousehold, w(er) and <br> Two children | Married you hav <br> No children | filing jo e- <br> One child | tly and <br> Two children |
| At least | But less than |  | ur credit | is- |  | ur credit | is- | At least | But less than |  | Your credi | is- |  | ur credit | is- |
| 11,500 | 11,550 | 17 | 2,662 | 4,400 | 170 | 2,662 | 4,400 | 15,100 | 15,150 | 0 | 2,542 | 4,241 | 0 | 2,662 | 4,400 |
| 11,550 | 11,600 | 13 | 2,662 | 4,400 | 166 | 2,662 | 4,400 | 15,150 | 15,200 | 0 | 2,534 | 4,230 | 0 | 2,662 | 4,400 |
| 11,600 | 11,650 | 10 | 2,662 | 4,400 | 163 | 2,662 | 4,400 | 15,200 | 15,250 | 0 | 2,526 | 4,220 | 0 | 2,662 | 4,400 |
| 11,650 | 11,700 | 6 | 2,662 | 4,400 | 159 | 2,662 | 4,400 | 15,250 | 15,300 | 0 | 2,518 | 4,209 | 0 | 2,662 | 4,400 |
| 11,700 | 11,750 | 2 | 2,662 | 4,400 | 155 | 2,662 | 4,400 | 15,300 | 15,350 | 0 | 2,510 | 4,199 | 0 | 2,662 | 4,400 |
| 11,750 | 11,800 | 0 | 2,662 | 4,400 | 151 | 2,662 | 4,400 | 15,350 | 15,400 | 0 | 2,502 | 4,188 | 0 | 2,662 | 4,400 |
| 11,800 | 11,850 | 0 | 2,662 | 4,400 | 147 | 2,662 | 4,400 | 15,400 | 15,450 | 0 | 2,494 | 4,178 | 0 | 2,662 | 4,400 |
| 11,850 | 11,900 | 0 | 2,662 | 4,400 | 143 | 2,662 | 4,400 | 15,450 | 15,500 | 0 | 2,486 | 4,167 | 0 | 2,662 | 4,400 |
| 11,900 | 11,950 | 0 | 2,662 | 4,400 | 140 | 2,662 | 4,400 | 15,500 | 15,550 | 0 | 2,478 | 4,157 | 0 | 2,662 | 4,400 |
| 11,950 | 12,000 | 0 | 2,662 | 4,400 | 136 | 2,662 | 4,400 | 15,550 | 15,600 | 0 | 2,470 | 4,146 | 0 | 2,662 | 4,400 |
| 12,000 | 12,050 | 0 | 2,662 | 4,400 | 132 | 2,662 | 4,400 | 15,600 | 15,650 | 0 | 2,462 | 4,136 | 0 | 2,662 | 4,400 |
| 12,050 | 12,100 | 0 | 2,662 | 4,400 | 128 | 2,662 | 4,400 | 15,650 | 15,700 | 0 | 2,454 | 4,125 | 0 | 2,662 | 4,400 |
| 12,100 | 12,150 | 0 | 2,662 | 4,400 | 124 | 2,662 | 4,400 | 15,700 | 15,750 | 0 | 2,446 | 4,115 | 0 | 2,662 | 4,400 |
| 12,150 | 12,200 | 0 | 2,662 | 4,400 | 120 | 2,662 | 4,400 | 15,750 | 15,800 | 0 | 2,438 | 4,104 | 0 | 2,662 | 4,400 |
| 12,200 | 12,250 | 0 | 2,662 | 4,400 | 117 | 2,662 | 4,400 | 15,800 | 15,850 | 0 | 2,430 | 4,094 | 0 | 2,662 | 4,400 |
| 12,250 | 12,300 | 0 | 2,662 | 4,400 | 113 | 2,662 | 4,400 | 15,850 | 15,900 | 0 | 2,422 | 4,083 | 0 | 2,662 | 4,400 |
| 12,300 | 12,350 | 0 | 2,662 | 4,400 | 109 | 2,662 | 4,400 | 15,900 | 15,950 | 0 | 2,414 | 4,073 | 0 | 2,662 | 4,400 |
| 12,350 | 12,400 | 0 | 2,662 | 4,400 | 105 | 2,662 | 4,400 | 15,950 | 16,000 | 0 | 2,406 | 4,062 | 0 | 2,662 | 4,400 |
| 12,400 | 12,450 | 0 | 2,662 | 4,400 | 101 | 2,662 | 4,400 | 16,000 | 16,050 | 0 | 2,398 | 4,051 | 0 | 2,662 | 4,400 |
| 12,450 | 12,500 | 0 | 2,662 | 4,400 | 98 | 2,662 | 4,400 | 16,050 | 16,100 | 0 | 2,390 | 4,041 | 0 | 2,662 | 4,400 |
| 12,500 | 12,550 | 0 | 2,662 | 4,400 | 94 | 2,662 | 4,400 | 16,100 | 16,150 | 0 | 2,382 | 4,030 | 0 | 2,662 | 4,400 |
| 12,550 | 12,600 | 0 | 2,662 | 4,400 | 90 | 2,662 | 4,400 | 16,150 | 16,200 | 0 | 2,374 | 4,020 | 0 | 2,662 | 4,400 |
| 12,600 | 12,650 | 0 | 2,662 | 4,400 | 86 | 2,662 | 4,400 | 16,200 | 16,250 | 0 | 2,366 | 4,009 | 0 | 2,662 | 4,400 |
| 12,650 | 12,700 | 0 | 2,662 | 4,400 | 82 | 2,662 | 4,400 | 16,250 | 16,300 | 0 | 2,358 | 3,999 | 0 | 2,662 | 4,400 |
| 12,700 | 12,750 | 0 | 2,662 | 4,400 | 78 | 2,662 | 4,400 | 16,300 | 16,350 | 0 | 2,350 | 3,988 | 0 | 2,662 | 4,400 |
| 12,750 | 12,800 | 0 | 2,662 | 4,400 | 75 | 2,662 | 4,400 | 16,350 | 16,400 |  | 2,342 | 3,978 | 0 | 2,662 | 4,400 |
| 12,800 | 12,850 | 0 | 2,662 | 4,400 | 71 | 2,662 | 4,400 | 16,400 | 16,450 | 0 | 2,334 | 3,967 | 0 | 2,653 | 4,388 |
| 12,850 | 12,900 | 0 | 2,662 | 4,400 | 67 | 2,662 | 4,400 | 16,450 | 16,500 | 0 | 2,326 | 3,957 | 0 | 2,645 | 4,378 |
| 12,900 | 12,950 | 0 | 2,662 | 4,400 | 63 | 2,662 | 4,400 | 16,500 | 16,550 | 0 | 2,318 | 3,946 | 0 | 2,637 | 4,367 |
| 12,950 | 13,000 | 0 | 2,662 | 4,400 | 59 | 2,662 | 4,400 | 16,550 | 16,600 | 0 | 2,310 | 3,936 | 0 | 2,629 | 4,357 |
| 13,000 | 13,050 | 0 | 2,662 | 4,400 | 55 | 2,662 | 4,400 | 16,600 | 16,650 | 0 | 2,302 | 3,925 | 0 | 2,621 | 4,346 |
| 13,050 | 13,100 | 0 | 2,662 | 4,400 | 52 | 2,662 | 4,400 | 16,650 | 16,700 | 0 | 2,294 | 3,915 | 0 | 2,613 | 4,336 |
| 13,100 | 13,150 | 0 | 2,662 | 4,400 | 48 | 2,662 | 4,400 | 16,700 | 16,750 | 0 | 2,286 | 3,904 | 0 | 2,605 | 4,325 |
| 13,150 | 13,200 | 0 | 2,662 | 4,400 | 44 | 2,662 | 4,400 | 16,750 | 16,800 | 0 | 2,278 | 3,894 | 0 | 2,597 | 4,315 |
| 13,200 | 13,250 | 0 | 2,662 | 4,400 | 40 | 2,662 | 4,400 | 16,800 | 16,850 | 0 | 2,270 | 3,883 | 0 | 2,589 | 4,304 |
| 13,250 | 13,300 | 0 | 2,662 | 4,400 | 36 | 2,662 | 4,400 | 16,850 | 16,900 | 0 | 2,262 | 3,872 | 0 | 2,582 | 4,294 |
| 13,300 | 13,350 | 0 | 2,662 | 4,400 | 33 | 2,662 | 4,400 | 16,900 | 16,950 | 0 | 2,254 | 3,862 | 0 | 2,574 | 4,283 |
| 13,350 | 13,400 | 0 | 2,662 | 4,400 | 29 | 2,662 | 4,400 | 16,950 | 17,000 | 0 | 2,246 | 3,851 | 0 | 2,566 | 4,273 |
| 13,400 | 13,450 | 0 | 2,662 | 4,400 | 25 | 2,662 | 4,400 | 17,000 | 17,050 | 0 | 2,238 | 3,841 | 0 | 2,558 | 4,262 |
| 13,450 | 13,500 | 0 | 2,662 | 4,400 | 21 | 2,662 | 4,400 | 17,050 | 17,100 | 0 | 2,230 | 3,830 | 0 | 2,550 | 4,252 |
| 13,500 | 13,550 | 0 | 2,662 | 4,400 | 17 | 2,662 | 4,400 | 17,100 | 17,150 | 0 | 2,222 | 3,820 | 0 | 2,542 | 4,241 |
| 13,550 | 13,600 | 0 | 2,662 | 4,400 | 13 | 2,662 | 4,400 | 17,150 | 17,200 | 0 | 2,214 | 3,809 | 0 | 2,534 | 4,230 |
| 13,600 | 13,650 | 0 | 2,662 | 4,400 | 10 | 2,662 | 4,400 | 17,200 | 17,250 | 0 | 2,206 | 3,799 | 0 | 2,526 | 4,220 |
| 13,650 | 13,700 | 0 | 2,662 | 4,400 | 6 | 2,662 | 4,400 | 17,250 | 17,300 | 0 | 2,198 | 3,788 | 0 | 2,518 | 4,209 |
| 13,700 | 13,750 | 0 | 2,662 | 4,400 | 2 | 2,662 | 4,400 | 17,300 | 17,350 | 0 | 2,190 | 3,778 | 0 | 2,510 | 4,199 |
| 13,750 | 14,400 | 0 | 2,662 | 4,400 | 0 | 2,662 | 4,400 | 17,350 | 17,400 | 0 | 2,182 | 3,767 | 0 | 2,502 | 4,188 |
| 14,400 | 14,450 | 0 | 2,653 | 4,388 | 0 | 2,662 | 4,400 | 17,400 | 17,450 | 0 | 2,174 | 3,757 | 0 | 2,494 | 4,178 |
| 14,450 | 14,500 | 0 | 2,645 | 4,378 | 0 | 2,662 | 4,400 | 17,450 | 17,500 | 0 | 2,166 | 3,746 | 0 | 2,486 | 4,167 |
| 14,500 | 14,550 | 0 | 2,637 | 4,367 | 0 | 2,662 | 4,400 | 17,500 | 17,550 | 0 | 2,158 | 3,736 | 0 | 2,478 | 4,157 |
| 14,550 | 14,600 | 0 | 2,629 | 4,357 | 0 | 2,662 | 4,400 | 17,550 | 17,600 | 0 | 2,150 | 3,725 | 0 | 2,470 | 4,146 |
| 14,600 | 14,650 | 0 | 2,621 | 4,346 | 0 | 2,662 | 4,400 | 17,600 | 17,650 | 0 | 2,142 | 3,714 | 0 | 2,462 | 4,136 |
| 14,650 | 14,700 | 0 | 2,613 | 4,336 | 0 | 2,662 | 4,400 | 17,650 | 17,700 | 0 | 2,134 | 3,704 | 0 | 2,454 | 4,125 |
| 14,700 | 14,750 | 0 | 2,605 | 4,325 | 0 | 2,662 | 4,400 | 17,700 | 17,750 | 0 | 2,126 | 3,693 | 0 | 2,446 | 4,115 |
| 14,750 | 14,800 | 0 | 2,597 | 4,315 | 0 | 2,662 | 4,400 | 17,750 | 17,800 | 0 | 2,118 | 3,683 | 0 | 2,438 | 4,104 |
| 14,800 | 14,850 | 0 | 2,589 | 4,304 | 0 | 2,662 | 4,400 | 17,800 | 17,850 | 0 | 2,110 | 3,672 | 0 | 2,430 | 4,094 |
| 14,850 | 14,900 | 0 | 2,582 | 4,294 | 0 | 2,662 | 4,400 | 17,850 | 17,900 | 0 | 2,102 | 3,662 | 0 | 2,422 | 4,083 |
| 14,900 | 14,950 | 0 | 2,574 | 4,283 | 0 | 2,662 | 4,400 | 17,900 | 17,950 | 0 | 2,094 | 3,651 | 0 | 2,414 | 4,073 |
| 14,950 | 15,000 | 0 | 2,566 | 4,273 | 0 | 2,662 | 4,400 | 17,950 | 18,000 | 0 | 2,086 | 3,641 | 0 | 2,406 | 4,062 |
| 15,000 | 15,050 | 0 | 2,558 | 4,262 | 0 | 2,662 | 4,400 | 18,000 | 18,050 | 0 | 2,078 | 3,630 | 0 | 2,398 | 4,051 |
| 15,050 | 15,100 | 0 | 2,550 | 4,252 | 0 | 2,662 | 4,400 | 18,050 | 18,100 | 0 | 2,070 | 3,620 | 0 | 2,390 | 4,041 |

2005 Earned Income Credit (EIC) Table-Continued

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- <br> Your credit is- |  |  | Married filing jointly and you have- |  |  |
| At least | But less than |  |  |  |  | ur credit | s- |
| 18,100 | 18,150 | 0 | 2,062 | 3,609 | 0 | 2,382 | 4,030 |
| 18,150 | 18,200 | 0 | 2,054 | 3,599 | 0 | 2,374 | 4,020 |
| 18,200 | 18,250 | 0 | 2,046 | 3,588 | 0 | 2,366 | 4,009 |
| 18,250 | 18,300 | 0 | 2,038 | 3,578 | 0 | 2,358 | 3,999 |
| 18,300 | 18,350 | 0 | 2,030 | 3,567 | 0 | 2,350 | 3,988 |
| 18,350 | 18,400 | 0 | 2,022 | 3,557 | 0 | 2,342 | 3,978 |
| 18,400 | 18,450 | 0 | 2,014 | 3,546 | 0 | 2,334 | 3,967 |
| 18,450 | 18,500 | 0 | 2,006 | 3,535 | 0 | 2,326 | 3,957 |
| 18,500 | 18,550 | 0 | 1,998 | 3,525 | 0 | 2,318 | 3,946 |
| 18,550 | 18,600 | 0 | 1,990 | 3,514 | 0 | 2,310 | 3,936 |
| 18,600 | 18,650 | 0 | 1,982 | 3,504 | 0 | 2,302 | 3,925 |
| 18,650 | 18,700 | 0 | 1,974 | 3,493 | 0 | 2,294 | 3,915 |
| 18,700 | 18,750 | 0 | 1,966 | 3,483 | 0 | 2,286 | 3,904 |
| 18,750 | 18,800 | 0 | 1,958 | 3,472 | 0 | 2,278 | 3,894 |
| 18,800 | 18,850 | 0 | 1,950 | 3,462 | 0 | 2,270 | 3,883 |
| 18,850 | 18,900 | 0 | 1,942 | 3,451 | 0 | 2,262 | 3,872 |
| 18,900 | 18,950 | 0 | 1,934 | 3,441 | 0 | 2,254 | 3,862 |
| 18,950 | 19,000 | 0 | 1,926 | 3,430 | 0 | 2,246 | 3,851 |
| 19,000 | 19,050 | 0 | 1,918 | 3,420 | 0 | 2,238 | 3,841 |
| 19,050 | 19,100 | 0 | 1,910 | 3,409 | 0 | 2,230 | 3,830 |
| 19,100 | 19,150 | 0 | 1,902 | 3,399 | 0 | 2,222 | 3,820 |
| 19,150 | 19,200 | 0 | 1,894 | 3,388 | 0 | 2,214 | 3,809 |
| 19,200 | 19,250 | 0 | 1,886 | 3,378 | 0 | 2,206 | 3,799 |
| 19,250 | 19,300 | 0 | 1,878 | 3,367 | 0 | 2,198 | 3,788 |
| 19,300 | 19,350 | 0 | 1,870 | 3,356 | 0 | 2,190 | 3,778 |
| 19,350 | 19,400 | 0 | 1,862 | 3,346 | 0 | 2,182 | 3,767 |
| 19,400 | 19,450 | 0 | 1,854 | 3,335 | 0 | 2,174 | 3,757 |
| 19,450 | 19,500 | 0 | 1,846 | 3,325 | 0 | 2,166 | 3,746 |
| 19,500 | 19,550 | 0 | 1,838 | 3,314 | 0 | 2,158 | 3,736 |
| 19,550 | 19,600 | 0 | 1,830 | 3,304 | 0 | 2,150 | 3,725 |
| 19,600 | 19,650 | 0 | 1,822 | 3,293 | 0 | 2,142 | 3,714 |
| 19,650 | 19,700 | 0 | 1,814 | 3,283 | 0 | 2,134 | 3,704 |
| 19,700 | 19,750 | 0 | 1,806 | 3,272 | 0 | 2,126 | 3,693 |
| 19,750 | 19,800 | 0 | 1,798 | 3,262 | 0 | 2,118 | 3,683 |
| 19,800 | 19,850 | 0 | 1,790 | 3,251 | 0 | 2,110 | 3,672 |
| 19,850 | 19,900 | 0 | 1,783 | 3,241 | 0 | 2,102 | 3,662 |
| 19,900 | 19,950 | 0 | 1,775 | 3,230 | 0 | 2,094 | 3,651 |
| 19,950 | 20,000 | 0 | 1,767 | 3,220 | 0 | 2,086 | 3,641 |
| 20,000 | 20,050 | 0 | 1,759 | 3,209 | 0 | 2,078 | 3,630 |
| 20,050 | 20,100 | 0 | 1,751 | 3,199 | 0 | 2,070 | 3,620 |
| 20,100 | 20,150 | 0 | 1,743 | 3,188 | 0 | 2,062 | 3,609 |
| 20,150 | 20,200 | 0 | 1,735 | 3,177 | 0 | 2,054 | 3,599 |
| 20,200 | 20,250 | 0 | 1,727 | 3,167 | 0 | 2,046 | 3,588 |
| 20,250 | 20,300 | 0 | 1,719 | 3,156 | 0 | 2,038 | 3,578 |
| 20,300 | 20,350 | 0 | 1,711 | 3,146 | 0 | 2,030 | 3,567 |
| 20,350 | 20,400 | 0 | 1,703 | 3,135 | 0 | 2,022 | 3,557 |
| 20,400 | 20,450 | 0 | 1,695 | 3,125 | 0 | 2,014 | 3,546 |
| 20,450 | 20,500 | 0 | 1,687 | 3,114 | 0 | 2,006 | 3,535 |
| 20,500 | 20,550 | 0 | 1,679 | 3,104 | 0 | 1,998 | 3,525 |
| 20,550 | 20,600 | 0 | 1,671 | 3,093 | 0 | 1,990 | 3,514 |
| 20,600 | 20,650 | 0 | 1,663 | 3,083 | 0 | 1,982 | 3,504 |
| 20,650 | 20,700 | 0 | 1,655 | 3,072 | 0 | 1,974 | 3,493 |
| 20,700 | 20,750 | 0 | 1,647 | 3,062 | 0 | 1,966 | 3,483 |
| 20,750 | 20,800 | 0 | 1,639 | 3,051 | 0 | 1,958 | 3,472 |
| 20,800 | 20,850 | 0 | 1,631 | 3,041 | 0 | 1,950 | 3,462 |
| 20,850 | 20,900 | 0 | 1,623 | 3,030 | 0 | 1,942 | 3,451 |
| 20,900 | 20,950 | 0 | 1,615 | 3,020 | 0 | 1,934 | 3,441 |
| 20,950 | 21,000 | 0 | 1,607 | 3,009 | 0 | 1,926 | 3,430 |
| 21,000 | 21,050 | 0 | 1,599 | 2,998 | 0 | 1,918 | 3,420 |
| 21,050 | 21,100 | 0 | 1,591 | 2,988 | 0 | 1,910 | 3,409 |

(Caution. This is not a tax table.)

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 21,100 | 21,150 | 0 | 1,583 | 2,977 | 0 | 1,902 | 3,399 |
| 21,150 | 21,200 | 0 | 1,575 | 2,967 | 0 | 1,894 | 3,388 |
| 21,200 | 21,250 | 0 | 1,567 | 2,956 | 0 | 1,886 | 3,378 |
| 21,250 | 21,300 | 0 | 1,559 | 2,946 | 0 | 1,878 | 3,367 |
| 21,300 | 21,350 | 0 | 1,551 | 2,935 | 0 | 1,870 | 3,356 |
| 21,350 | 21,400 | 0 | 1,543 | 2,925 | 0 | 1,862 | 3,346 |
| 21,400 | 21,450 | 0 | 1,535 | 2,914 | 0 | 1,854 | 3,335 |
| 21,450 | 21,500 | 0 | 1,527 | 2,904 | 0 | 1,846 | 3,325 |
| 21,500 | 21,550 | 0 | 1,519 | 2,893 | 0 | 1,838 | 3,314 |
| 21,550 | 21,600 | 0 | 1,511 | 2,883 | 0 | 1,830 | 3,304 |
| 21,600 | 21,650 | 0 | 1,503 | 2,872 | 0 | 1,822 | 3,293 |
| 21,650 | 21,700 | 0 | 1,495 | 2,862 | 0 | 1,814 | 3,283 |
| 21,700 | 21,750 | 0 | 1,487 | 2,851 | 0 | 1,806 | 3,272 |
| 21,750 | 21,800 | 0 | 1,479 | 2,841 | 0 | 1,798 | 3,262 |
| 21,800 | 21,850 | 0 | 1,471 | 2,830 | 0 | 1,790 | 3,251 |
| 21,850 | 21,900 | 0 | 1,463 | 2,819 | 0 | 1,783 | 3,241 |
| 21,900 | 21,950 | 0 | 1,455 | 2,809 | 0 | 1,775 | 3,230 |
| 21,950 | 22,000 | 0 | 1,447 | 2,798 | 0 | 1,767 | 3,220 |
| 22,000 | 22,050 | 0 | 1,439 | 2,788 | 0 | 1,759 | 3,209 |
| 22,050 | 22,100 | 0 | 1,431 | 2,777 | 0 | 1,751 | 3,199 |
| 22,100 | 22,150 | 0 | 1,423 | 2,767 | 0 | 1,743 | 3,188 |
| 22,150 | 22,200 | 0 | 1,415 | 2,756 | 0 | 1,735 | 3,177 |
| 22,200 | 22,250 | 0 | 1,407 | 2,746 | 0 | 1,727 | 3,167 |
| 22,250 | 22,300 | 0 | 1,399 | 2,735 | 0 | 1,719 | 3,156 |
| 22,300 | 22,350 | 0 | 1,391 | 2,725 | 0 | 1,711 | 3,146 |
| 22,350 | 22,400 | 0 | 1,383 | 2,714 | 0 | 1,703 | 3,135 |
| 22,400 | 22,450 | 0 | 1,375 | 2,704 | 0 | 1,695 | 3,125 |
| 22,450 | 22,500 | 0 | 1,367 | 2,693 | 0 | 1,687 | 3,114 |
| 22,500 | 22,550 | 0 | 1,359 | 2,683 | 0 | 1,679 | 3,104 |
| 22,550 | 22,600 | 0 | 1,351 | 2,672 | 0 | 1,671 | 3,093 |
| 22,600 | 22,650 | 0 | 1,343 | 2,661 | 0 | 1,663 | 3,083 |
| 22,650 | 22,700 | 0 | 1,335 | 2,651 | 0 | 1,655 | 3,072 |
| 22,700 | 22,750 | 0 | 1,327 | 2,640 | 0 | 1,647 | 3,062 |
| 22,750 | 22,800 | 0 | 1,319 | 2,630 | 0 | 1,639 | 3,051 |
| 22,800 | 22,850 | 0 | 1,311 | 2,619 | 0 | 1,631 | 3,041 |
| 22,850 | 22,900 | 0 | 1,303 | 2,609 | 0 | 1,623 | 3,030 |
| 22,900 | 22,950 | 0 | 1,295 | 2,598 | 0 | 1,615 | 3,020 |
| 22,950 | 23,000 | 0 | 1,287 | 2,588 | 0 | 1,607 | 3,009 |
| 23,000 | 23,050 | 0 | 1,279 | 2,577 | 0 | 1,599 | 2,998 |
| 23,050 | 23,100 | 0 | 1,271 | 2,567 | 0 | 1,591 | 2,988 |
| 23,100 | 23,150 | 0 | 1,263 | 2,556 | 0 | 1,583 | 2,977 |
| 23,150 | 23,200 | 0 | 1,255 | 2,546 | 0 | 1,575 | 2,967 |
| 23,200 | 23,250 | 0 | 1,247 | 2,535 | 0 | 1,567 | 2,956 |
| 23,250 | 23,300 | 0 | 1,239 | 2,525 | 0 | 1,559 | 2,946 |
| 23,300 | 23,350 | 0 | 1,231 | 2,514 | 0 | 1,551 | 2,935 |
| 23,350 | 23,400 | 0 | 1,223 | 2,504 | 0 | 1,543 | 2,925 |
| 23,400 | 23,450 | 0 | 1,215 | 2,493 | 0 | 1,535 | 2,914 |
| 23,450 | 23,500 | 0 | 1,207 | 2,482 | 0 | 1,527 | 2,904 |
| 23,500 | 23,550 | 0 | 1,199 | 2,472 | 0 | 1,519 | 2,893 |
| 23,550 | 23,600 | 0 | 1,191 | 2,461 | 0 | 1,511 | 2,883 |
| 23,600 | 23,650 | 0 | 1,183 | 2,451 | 0 | 1,503 | 2,872 |
| 23,650 | 23,700 | 0 | 1,175 | 2,440 | 0 | 1,495 | 2,862 |
| 23,700 | 23,750 | 0 | 1,167 | 2,430 | 0 | 1,487 | 2,851 |
| 23,750 | 23,800 | 0 | 1,159 | 2,419 | 0 | 1,479 | 2,841 |
| 23,800 | 23,850 | 0 | 1,151 | 2,409 | 0 | 1,471 | 2,830 |
| 23,850 | 23,900 | 0 | 1,143 | 2,398 | 0 | 1,463 | 2,819 |
| 23,900 | 23,950 | 0 | 1,135 | 2,388 | 0 | 1,455 | 2,809 |
| 23,950 | 24,000 | 0 | 1,127 | 2,377 | 0 | 1,447 | 2,798 |
| 24,000 | 24,050 | 0 | 1,119 | 2,367 | 0 | 1,439 | 2,788 |
| 24,050 | 24,100 | 0 | 1,111 | 2,356 | 0 | 1,431 | 2,777 |


| 2005 Earned Income Credit (EIC) Table-Continued |  |  |  |  |  |  |  | (Caution. This is not a tax table.) |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
|  |  | Single, head of household,   <br> or qualifying widow(er) and   <br> you have-   <br> yo   <br> No One Two <br> children child children |  |  | Married filing jointly and you have- |  |  |  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married you ha No children | One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 24,100 | 24,150 | 0 | 1,103 | 2,346 | 0 | 1,423 | 2,767 | 27,100 | 27,150 | 0 | 624 | 1,714 | 0 | 944 | 2,135 |
| 24,150 | 24,200 | 0 | 1,095 | 2,335 | 0 | 1,415 | 2,756 | 27,150 | 27,200 | 0 | 616 | 1,703 | 0 | 936 | 2,124 |
| 24,200 | 24,250 | 0 | 1,087 | 2,325 | 0 | 1,407 | 2,746 | 27,200 | 27,250 | 0 | 608 | 1,693 | 0 | 928 | 2,114 |
| 24,250 | 24,300 | 0 | 1,079 | 2,314 | 0 | 1,399 | 2,735 | 27,250 | 27,300 | 0 | 600 | 1,682 | 0 | 920 | 2,103 |
| 24,300 | 24,350 | 0 | 1,071 | 2,303 | 0 | 1,391 | 2,725 | 27,300 | 27,350 | 0 | 592 | 1,672 | 0 | 912 | 2,093 |
| 24,350 | 24,400 | 0 | 1,063 | 2,293 | 0 | 1,383 | 2,714 | 27,350 | 27,400 | 0 | 584 | 1,661 | 0 | 904 | 2,082 |
| 24,400 | 24,450 | 0 | 1,055 | 2,282 | 0 | 1,375 | 2,704 | 27,400 | 27,450 | 0 | 576 | 1,651 | 0 | 896 | 2,072 |
| 24,450 | 24,500 | 0 | 1,047 | 2,272 | 0 | 1,367 | 2,693 | 27,450 | 27,500 | 0 | 568 | 1,640 | 0 | 888 | 2,061 |
| 24,500 | 24,550 | 0 | 1,039 | 2,261 | 0 | 1,359 | 2,683 | 27,500 | 27,550 | 0 | 560 | 1,630 | 0 | 880 | 2,051 |
| 24,550 | 24,600 | 0 | 1,031 | 2,251 | 0 | 1,351 | 2,672 | 27,550 | 27,600 | 0 | 552 | 1,619 | 0 | 872 | 2,040 |
| 24,600 | 24,650 | 0 | 1,023 | 2,240 | 0 | 1,343 | 2,661 | 27,600 | 27,650 | 0 | 544 | 1,608 | 0 | 864 | 2,030 |
| 24,650 | 24,700 | 0 | 1,015 | 2,230 | 0 | 1,335 | 2,651 | 27,650 | 27,700 | 0 | 536 | 1,598 | 0 | 856 | 2,019 |
| 24,700 | 24,750 | 0 | 1,007 | 2,219 | 0 | 1,327 | 2,640 | 27,700 | 27,750 | 0 | 528 | 1,587 | 0 | 848 | 2,009 |
| 24,750 | 24,800 | 0 | 999 | 2,209 | 0 | 1,319 | 2,630 | 27,750 | 27,800 | 0 | 520 | 1,577 | 0 | 840 | 1,998 |
| 24,800 | 24,850 | 0 | 991 | 2,198 | 0 | 1,311 | 2,619 | 27,800 | 27,850 | 0 | 512 | 1,566 | 0 | 832 | 1,988 |
| 24,850 | 24,900 | 0 | 984 | 2,188 | 0 | 1,303 | 2,609 | 27,850 | 27,900 | 0 | 504 | 1,556 | 0 | 824 | 1,977 |
| 24,900 | 24,950 | 0 | 976 | 2,177 | 0 | 1,295 | 2,598 | 27,900 | 27,950 | 0 | 496 | 1,545 | 0 | 816 | 1,967 |
| 24,950 | 25,000 | 0 | 968 | 2,167 | 0 | 1,287 | 2,588 | 27,950 | 28,000 | 0 | 488 | 1,535 | 0 | 808 | 1,956 |
| 25,000 | 25,050 | 0 | 960 | 2,156 | 0 | 1,279 | 2,577 | 28,000 | 28,050 | 0 | 480 | 1,524 | 0 | 800 | 1,945 |
| 25,050 | 25,100 | 0 | 952 | 2,146 | 0 | 1,271 | 2,567 | 28,050 | 28,100 | 0 | 472 | 1,514 | 0 | 792 | 1,935 |
| 25,100 | 25,150 | 0 | 944 | 2,135 | 0 | 1,263 | 2,556 | 28,100 | 28,150 | 0 | 464 | 1,503 | 0 | 784 | 1,924 |
| 25,150 | 25,200 | 0 | 936 | 2,124 | 0 | 1,255 | 2,546 | 28,150 | 28,200 | 0 | 456 | 1,493 | 0 | 776 | 1,914 |
| 25,200 | 25,250 | 0 | 928 | 2,114 | 0 | 1,247 | 2,535 | 28,200 | 28,250 | 0 | 448 | 1,482 | 0 | 768 | 1,903 |
| 25,250 | 25,300 | 0 | 920 | 2,103 | 0 | 1,239 | 2,525 | 28,250 | 28,300 | 0 | 440 | 1,472 | 0 | 760 | 1,893 |
| 25,300 | 25,350 | 0 | 912 | 2,093 | 0 | 1,231 | 2,514 | 28,300 | 28,350 | 0 | 432 | 1,461 | 0 | 752 | 1,882 |
| 25,350 | 25,400 | 0 | 904 | 2,082 | 0 | 1,223 | 2,504 | 28,350 | 28,400 | 0 | 424 | 1,451 | 0 | 744 | 1,872 |
| 25,400 | 25,450 | 0 | 896 | 2,072 | 0 | 1,215 | 2,493 | 28,400 | 28,450 | 0 | 416 | 1,440 | 0 | 736 | 1,861 |
| 25,450 | 25,500 | 0 | 888 | 2,061 | 0 | 1,207 | 2,482 | 28,450 | 28,500 | 0 | 408 | 1,429 | 0 | 728 | 1,851 |
| 25,500 | 25,550 | 0 | 880 | 2,051 | 0 | 1,199 | 2,472 | 28,500 | 28,550 | 0 | 400 | 1,419 | 0 | 720 | 1,840 |
| 25,550 | 25,600 | 0 | 872 | 2,040 | - | 1,191 | 2,461 | 28,550 | 28,600 | 0 | 392 | 1,408 | 0 | 712 | 1,830 |
| 25,600 | 25,650 | 0 | 864 | 2,030 | 0 | 1,183 | 2,451 | 28,600 | 28,650 | 0 | 384 | 1,398 | 0 | 704 | 1,819 |
| 25,650 | 25,700 | 0 | 856 | 2,019 | 0 | 1,175 | 2,440 | 28,650 | 28,700 | 0 | 376 | 1,387 | 0 | 696 | 1,809 |
| 25,700 | 25,750 | 0 | 848 | 2,009 |  | 1,167 | 2,430 | 28,700 | 28,750 | 0 | 368 | 1,377 | 0 | 688 | 1,798 |
| 25,750 | 25,800 | 0 | 840 | 1,998 | 0 | 1,159 | 2,419 | 28,750 | 28,800 | 0 | 360 | 1,366 | 0 | 680 | 1,788 |
| 25,800 | 25,850 | 0 | 832 | 1,988 | 0 | 1,151 | 2,409 | 28,800 | 28,850 | 0 | 352 | 1,356 | 0 | 672 | 1,777 |
| 25,850 | 25,900 | 0 | 824 | 1,977 | 0 | 1,143 | 2,398 | 28,850 | 28,900 | 0 | 344 | 1,345 | 0 | 664 | 1,766 |
| 25,900 | 25,950 | 0 | 816 | 1,967 | 0 | 1,135 | 2,388 | 28,900 | 28,950 | 0 | 336 | 1,335 | 0 | 656 | 1,756 |
| 25,950 | 26,000 | 0 | 808 | 1,956 | 0 | 1,127 | 2,377 | 28,950 | 29,000 | 0 | 328 | 1,324 | 0 | 648 | 1,745 |
| 26,000 | 26,050 | 0 | 800 | 1,945 | 0 | 1,119 | 2,367 | 29,000 | 29,050 | 0 | 320 | 1,314 | 0 | 640 | 1,735 |
| 26,050 | 26,100 | 0 | 792 | 1,935 | 0 | 1,111 | 2,356 | 29,050 | 29,100 | 0 | 312 | 1,303 | 0 | 632 | 1,724 |
| 26,100 | 26,150 | 0 | 784 | 1,924 | 0 | 1,103 | 2,346 | 29,100 | 29,150 | 0 | 304 | 1,293 | 0 | 624 | 1,714 |
| 26,150 | 26,200 | 0 | 776 | 1,914 | 0 | 1,095 | 2,335 | 29,150 | 29,200 | 0 | 296 | 1,282 | 0 | 616 | 1,703 |
| 26,200 | 26,250 | 0 | 768 | 1,903 | 0 | 1,087 | 2,325 | 29,200 | 29,250 | 0 | 288 | 1,272 | 0 | 608 | 1,693 |
| 26,250 | 26,300 | 0 | 760 | 1,893 | 0 | 1,079 | 2,314 | 29,250 | 29,300 | 0 | 280 | 1,261 | 0 | 600 | 1,682 |
| 26,300 | 26,350 | 0 | 752 | 1,882 | 0 | 1,071 | 2,303 | 29,300 | 29,350 | 0 | 272 | 1,250 | 0 | 592 | 1,672 |
| 26,350 | 26,400 | 0 | 744 | 1,872 | 0 | 1,063 | 2,293 | 29,350 | 29,400 | 0 | 264 | 1,240 | 0 | 584 | 1,661 |
| 26,400 | 26,450 | 0 | 736 | 1,861 | 0 | 1,055 | 2,282 | 29,400 | 29,450 | 0 | 256 | 1,229 | 0 | 576 | 1,651 |
| 26,450 | 26,500 | 0 | 728 | 1,851 | 0 | 1,047 | 2,272 | 29,450 | 29,500 | 0 | 248 | 1,219 | 0 | 568 | 1,640 |
| 26,500 | 26,550 | 0 | 720 | 1,840 | 0 | 1,039 | 2,261 | 29,500 | 29,550 | 0 | 240 | 1,208 | 0 | 560 | 1,630 |
| 26,550 | 26,600 | 0 | 712 | 1,830 | 0 | 1,031 | 2,251 | 29,550 | 29,600 | 0 | 232 | 1,198 | 0 | 552 | 1,619 |
| 26,600 | 26,650 | 0 | 704 | 1,819 | 0 | 1,023 | 2,240 | 29,600 | 29,650 | 0 | 224 | 1,187 | 0 | 544 | 1,608 |
| 26,650 | 26,700 | 0 | 696 | 1,809 | 0 | 1,015 | 2,230 | 29,650 | 29,700 | 0 | 216 | 1,177 | 0 | 536 | 1,598 |
| 26,700 | 26,750 | 0 | 688 | 1,798 | 0 | 1,007 | 2,219 | 29,700 | 29,750 | 0 | 208 | 1,166 | 0 | 528 | 1,587 |
| 26,750 | 26,800 | 0 | 680 | 1,788 | 0 | 999 | 2,209 | 29,750 | 29,800 | 0 | 200 | 1,156 | 0 | 520 | 1,577 |
| 26,800 | 26,850 | 0 | 672 | 1,777 | 0 | 991 | 2,198 | 29,800 | 29,850 | 0 | 192 | 1,145 | 0 | 512 | 1,566 |
| 26,850 | 26,900 | 0 | 664 | 1,766 | 0 | 984 | 2,188 | 29,850 | 29,900 | 0 | 185 | 1,135 | 0 | 504 | 1,556 |
| 26,900 | 26,950 | 0 | 656 | 1,756 | 0 | 976 | 2,177 | 29,900 | 29,950 | 0 | 177 | 1,124 | 0 | 496 | 1,545 |
| 26,950 | 27,000 | 0 | 648 | 1,745 | 0 | 968 | 2,167 | 29,950 | 30,000 | 0 | 169 | 1,114 | 0 | 488 | 1,535 |
| 27,000 | 27,050 | 0 | 640 | 1,735 | 0 | 960 | 2,156 | 30,000 | 30,050 | 0 | 161 | 1,103 | 0 | 480 | 1,524 |
| 27,050 | 27,100 | 0 | 632 | 1,724 | 0 | 952 | 2,146 | 30,050 | 30,100 | 0 | 153 | 1,093 | 0 | 472 | 1,514 |

2005 Earned Income Credit (EIC) Table—Continued

| If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Single, head of household, or qualifying widow(er) and you have- |  |  | Married filing jointly and you have- |  |  |  |  | Single, h or qualify you have No children | ad of hou ng wido <br> One child | usehold, $w(e r)$ and <br> Two children |  | filing jo <br> One child | tly and <br> Two children |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least But less than |  | Your credit is- |  |  | Your credit is- |  |  |
| 30,100 | 30,150 | 0 | 145 | 1,082 | 0 | 464 | 1,503 | 33,100 | 33,150 | 0 | 0 | 450 | 0 | 0 | 871 |
| 30,150 | 30,200 | 0 | 137 | 1,071 | 0 | 456 | 1,493 | 33,150 | 33,200 | 0 | 0 | 440 | 0 | 0 | 861 |
| 30,200 | 30,250 | 0 | 129 | 1,061 | 0 | 448 | 1,482 | 33,200 | 33,250 | 0 | 0 | 429 | 0 | 0 | 850 |
| 30,250 | 30,300 | 0 | 121 | 1,050 | 0 | 440 | 1,472 | 33,250 | 33,300 | 0 | 0 | 419 | 0 | 0 | 840 |
| 30,300 | 30,350 | 0 | 113 | 1,040 | 0 | 432 | 1,461 | 33,300 | 33,350 | 0 | 0 | 408 | 0 | 0 | 829 |
| 30,350 | 30,400 | 0 | 105 | 1,029 | 0 | 424 | 1,451 | 33,350 | 33,400 | 0 | 0 | 398 | 0 | 0 | 819 |
| 30,400 | 30,450 | 0 | 97 | 1,019 | 0 | 416 | 1,440 | 33,400 | 33,450 | 0 | 0 | 387 | 0 | 0 | 808 |
| 30,450 | 30,500 | 0 | 89 | 1,008 | 0 | 408 | 1,429 | 33,450 | 33,500 | 0 | 0 | 376 | 0 | 0 | 798 |
| 30,500 | 30,550 | 0 | 81 | 998 | 0 | 400 | 1,419 | 33,500 | 33,550 | 0 | 0 | 366 | 0 | 0 | 787 |
| 30,550 | 30,600 | 0 | 73 | 987 | 0 | 392 | 1,408 | 33,550 | 33,600 | 0 | 0 | 355 | 0 | 0 | 777 |
| 30,600 | 30,650 | 0 | 65 | 977 | 0 | 384 | 1,398 | 33,600 | 33,650 | 0 | 0 | 345 | 0 | 0 | 766 |
| 30,650 | 30,700 | 0 | 57 | 966 | 0 | 376 | 1,387 | 33,650 | 33,700 | 0 | 0 | 334 | 0 | 0 | 756 |
| 30,700 | 30,750 | 0 | 49 | 956 | 0 | 368 | 1,377 | 33,700 | 33,750 | 0 | 0 | 324 | 0 | 0 | 745 |
| 30,750 | 30,800 | 0 | 41 | 945 | 0 | 360 | 1,366 | 33,750 | 33,800 | 0 | 0 | 313 | 0 | 0 | 735 |
| 30,800 | 30,850 | 0 | 33 | 935 | 0 | 352 | 1,356 | 33,800 | 33,850 | 0 | 0 | 303 | 0 | 0 | 724 |
| 30,850 | 30,900 | 0 | 25 | 924 | 0 | 344 | 1,345 | 33,850 | 33,900 | 0 | 0 | 292 | 0 | 0 | 713 |
| 30,900 | 30,950 | 0 | 17 | 914 | 0 | 336 | 1,335 | 33,900 | 33,950 | 0 | 0 | 282 | 0 | 0 | 703 |
| 30,950 | 31,000 | 0 | 9 | 903 | 0 | 328 | 1,324 | 33,950 | 34,000 | 0 | 0 | 271 | 0 | 0 | 692 |
| 31,000 | 31,050 | 0 | * | 892 | 0 | 320 | 1,314 | 34,000 | 34,050 | 0 | 0 | 261 | 0 | 0 | 682 |
| 31,050 | 31,100 | 0 | 0 | 882 | 0 | 312 | 1,303 | 34,050 | 34,100 | 0 | 0 | 250 | 0 | 0 | 671 |
| 31,100 | 31,150 | 0 | 0 | 871 | 0 | 304 | 1,293 | 34,100 | 34,150 | 0 | 0 | 240 | 0 | 0 | 661 |
| 31,150 | 31,200 | 0 | 0 | 861 | 0 | 296 | 1,282 | 34,150 | 34,200 | 0 | 0 | 229 | 0 | 0 | 650 |
| 31,200 | 31,250 | 0 | 0 | 850 | 0 | 288 | 1,272 | 34,200 | 34,250 | 0 | 0 | 219 | 0 | 0 | 640 |
| 31,250 | 31,300 | 0 | 0 | 840 | 0 | 280 | 1,261 | 34,250 | 34,300 | 0 | 0 | 208 | 0 | 0 | 629 |
| 31,300 | 31,350 | 0 | 0 | 829 | 0 | 272 | 1,250 | 34,300 | 34,350 | 0 | 0 | 197 | 0 | 0 | 619 |
| 31,350 | 31,400 | 0 | 0 | 819 | 0 | 264 | 1,240 | 34,350 | 34,400 | 0 | 0 | 187 | 0 | 0 | 608 |
| 31,400 | 31,450 | 0 | 0 | 808 | 0 | 256 | 1,229 | 34,400 | 34,450 | 0 | 0 | 176 | 0 | 0 | 598 |
| 31,450 | 31,500 | 0 | 0 | 798 |  | 248 | 1,219 | 34,450 | 34,500 | 0 | 0 | 166 | 0 | 0 | 587 |
| 31,500 | 31,550 | 0 | 0 | 787 | 0 | 240 | 1,208 | 34,500 | 34,550 | 0 | 0 | 155 | 0 | 0 | 577 |
| 31,550 | 31,600 | 0 | 0 | 777 | 0 | 232 | 1,198 | 34,550 | 34,600 | 0 | 0 | 145 | 0 | 0 | 566 |
| 31,600 | 31,650 | 0 | 0 | 766 | 0 | 224 | 1,187 | 34,600 | 34,650 | 0 | 0 | 134 | 0 | 0 | 555 |
| 31,650 | 31,700 | 0 | 0 | 756 | 0 | 216 | 1,177 | 34,650 | 34,700 | 0 | 0 | 124 | 0 | 0 | 545 |
| 31,700 | 31,750 | 0 | 0 | 745 | 0 | 208 | 1,166 | 34,700 | 34,750 | 0 | 0 | 113 | 0 | 0 | 534 |
| 31,750 | 31,800 | 0 | 0 | 735 |  | 200 | 1,156 | 34,750 | 34,800 | 0 | 0 | 103 | 0 | 0 | 524 |
| 31,800 | 31,850 | 0 | 0 | 724 |  | 192 | 1,145 | 34,800 | 34,850 | 0 | 0 | 92 | 0 | 0 | 513 |
| 31,850 | 31,900 | 0 | 0 | 713 | 0 | 185 | 1,135 | 34,850 | 34,900 | 0 | 0 | 82 | 0 | 0 | 503 |
| 31,900 | 31,950 | 0 | 0 | 703 | 0 | 177 | 1,124 | 34,900 | 34,950 | 0 | 0 | 71 | 0 | 0 | 492 |
| 31,950 | 32,000 | 0 | 0 | 692 | 0 | 169 | 1,114 | 34,950 | 35,000 | 0 | 0 | 61 | 0 | 0 | 482 |
| 32,000 | 32,050 | 0 | 0 | 682 | 0 | 161 | 1,103 | 35,000 | 35,050 | 0 | 0 | 50 | 0 | 0 | 471 |
| 32,050 | 32,100 | 0 | 0 | 671 | 0 | 153 | 1,093 | 35,050 | 35,100 | 0 | 0 | 40 | 0 | 0 | 461 |
| 32,100 | 32,150 | 0 | 0 | 661 | 0 | 145 | 1,082 | 35,100 | 35,150 | 0 | 0 | 29 | 0 | 0 | 450 |
| 32,150 | 32,200 | 0 | 0 | 650 | 0 | 137 | 1,071 | 35,150 | 35,200 | 0 | 0 | 18 | 0 | 0 | 440 |
| 32,200 | 32,250 | 0 | 0 | 640 | 0 | 129 | 1,061 | 35,200 | 35,250 | 0 | 0 | 8 | 0 | 0 | 429 |
| 32,250 | 32,300 | 0 | 0 | 629 | 0 | 121 | 1,050 | 35,250 | 35,300 | 0 | 0 | ** | 0 | 0 | 419 |
| 32,300 | 32,350 | 0 | 0 | 619 | 0 | 113 | 1,040 | 35,300 | 35,350 | 0 | 0 | 0 | 0 | 0 | 408 |
| 32,350 | 32,400 | 0 | 0 | 608 | 0 | 105 | 1,029 | 35,350 | 35,400 | 0 | 0 | 0 | 0 | 0 | 398 |
| 32,400 | 32,450 | 0 | 0 | 598 | 0 | 97 | 1,019 | 35,400 | 35,450 | 0 | 0 | 0 | 0 | 0 | 387 |
| 32,450 | 32,500 | 0 | 0 | 587 | 0 | 89 | 1,008 | 35,450 | 35,500 | 0 | 0 | 0 | 0 | 0 | 376 |
| 32,500 | 32,550 | 0 | 0 | 577 | 0 | 81 | 998 | 35,500 | 35,550 | 0 | 0 | 0 | 0 | 0 | 366 |
| 32,550 | 32,600 | 0 | 0 | 566 | 0 | 73 | 987 | 35,550 | 35,600 | 0 | 0 | 0 | 0 | 0 | 355 |
| 32,600 | 32,650 | 0 | 0 | 555 | 0 | 65 | 977 | 35,600 | 35,650 | 0 | 0 | 0 | 0 | 0 | 345 |
| 32,650 | 32,700 | 0 | 0 | 545 | 0 | 57 | 966 | 35,650 | 35,700 | 0 | 0 | 0 | 0 | 0 | 334 |
| 32,700 | 32,750 | 0 | 0 | 534 | 0 | 49 | 956 | 35,700 | 35,750 | 0 | 0 | 0 | 0 | 0 | 324 |
| 32,750 | 32,800 | 0 | 0 | 524 | 0 | 41 | 945 | 35,750 | 35,800 | 0 | 0 | 0 | 0 | 0 | 313 |
| 32,800 | 32,850 | 0 | 0 | 513 | 0 | 33 | 935 | 35,800 | 35,850 | 0 | 0 | 0 | 0 | 0 | 303 |
| 32,850 | 32,900 | 0 | 0 | 503 | 0 | 25 | 924 | 35,850 | 35,900 | 0 | 0 | 0 | 0 | 0 | 292 |
| 32,900 | 32,950 | 0 | 0 | 492 | 0 | 17 | 914 | 35,900 | 35,950 | 0 | 0 | 0 | 0 | 0 | 282 |
| 32,950 | 33,000 | 0 | 0 | 482 | 0 | 9 | 903 | 35,950 | 36,000 | 0 | 0 | 0 | 0 | 0 | 271 |
| 33,000 | 33,050 | 0 | 0 | 471 | 0 | * | 892 | 36,000 | 36,050 | 0 | 0 | 0 | 0 | 0 | 261 |
| 33,050 | 33,100 | 0 | 0 | 461 | 0 | 0 | 882 | 36,050 | 36,100 | 0 | 0 | 0 | 0 | 0 | 250 |

*If the amount you are looking up from the worksheet is at least $\$ 31,000$ ( $\$ 33,000$ if married filing jointly) but less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly), your credit is $\$ 2$. Otherwise, you cannot take the credit.
${ }^{* *}$ If the amount you are looking up from the worksheet is at least $\$ 35,250$ but less than $\$ 35,263$, your credit is $\$ 1$. Otherwise, you cannot take the credit.

| 2005 Earned Income Credit (EIC) Table-Continued |  |  |  |  |  |  |  | (Caution. This is not a tax table.) |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | And your filing status is- |  |  |  |  |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |  |  |  |  |
| If the am looking workshe | unt you are from the is- | $\|$Single, head of household, <br> or qualifying widow(er) and <br> you have- <br> yo <br> No <br> childrenchildchildTwo <br> children |  |  | Married filing jointly and you have- |  |  |  |  | Single, head of household,   <br> or qualifying widow(er) and   <br> you have-   <br> No   <br> No   <br> children One Thild <br> childo   <br> children   |  |  |  |  |  |
| At least | But less than | Your credit is- |  |  | Your credit is- |  |  | At least | But less than | Your credit is- |  |  | Your credit is- |  |  |
| 36,100 | 36,150 | 0 | 0 | 0 | 0 | 0 | 240 | 36,850 | 36,900 | 0 | 0 | 0 | 0 | 0 | 82 |
| 36,150 | 36,200 | 0 | 0 | 0 | 0 | 0 | 229 | 36,900 | 36,950 | 0 | 0 | 0 | 0 | 0 | 71 |
| 36,200 | 36,250 | 0 | 0 | 0 | 0 | 0 | 219 | 36,950 | 37,000 | 0 | 0 | 0 | 0 | 0 | 61 |
| 36,250 | 36,300 | 0 |  | 0 | 0 | 0 | 208 | 37,000 | 37,050 | 0 | 0 | 0 | 0 | 0 | 50 |
| 36,300 | 36,350 | 0 | 0 |  | 0 | 0 | 197 | 37,050 | 37,100 | 0 | 0 | 0 | 0 | 0 | 40 |
| 36,350 | 36,400 | 0 | 0 | 0 | 0 | 0 | 187 | 37,100 | 37,150 | 0 | 0 | 0 | 0 | 0 | 29 |
| 36,400 | 36,450 | 0 | 0 | 0 | 0 | 0 | 176 | 37,150 | 37,200 | 0 | 0 | 0 | 0 | 0 | 18 |
| 36,450 | 36,500 | 0 | 0 | 0 | 0 | 0 | 166 | 37,200 | 37,250 | 0 | 0 | 0 | 0 | 0 | 8 |
| 36,500 | 36,550 | 0 | 0 | 0 | 0 | 0 | 155 | 37,250 | 37,263 | 0 | 0 | 0 | 0 | 0 | 1 |
| 36,550 | 36,600 | 0 | 0 | 0 | 0 | 0 | 145 | 37,263 or | more | 0 | 0 | 0 | 0 | 0 | 0 |
| 36,600 | 36,650 | 0 | 0 | 0 | 0 | 0 | 134 |  |  |  |  |  |  |  |  |
| 36,650 | 36,700 | 0 | 0 | 0 | 0 | 0 | 124 |  |  |  |  |  |  |  |  |
| 36,700 | 36,750 | 0 | 0 | 0 | 0 | 0 | 113 |  |  |  |  |  |  |  |  |
| 36,750 | 36,800 | 0 | 0 | 0 | 0 | 0 | 103 |  |  |  |  |  |  |  |  |
| 36,800 | 36,850 | 0 | 0 | 0 | 0 | 0 | 92 |  |  |  |  |  |  |  |  |

## Line 42

## Additional Child Tax Credit

## What Is the Additional Child Tax Credit?

This credit is for certain people who have a qualifying child as defined in the instructions for line 33, on page 38. The additional child tax credit may give you a refund even if you do not owe any tax.

## Two Steps To Take the Additional Child Tax Credit!

Step 1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for Form 1040A, line 33, that begin on page 38.
Step 2. Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the condition given in that TIP.

## Line 43

Include in the total on line 43 any amount paid with an extension of time to file. If you filed Form 4868 include any amount you paid with that form or by electronic funds withdrawal or credit card. If you paid by credit card, do not include on line 43 the convenience fee you were charged. To the left of the entry space for line 43 , enter "Form 4868" and show the amount paid.
Excess social security and tier 1 railroad retirement (RRTA) tax withheld. If you, or your spouse if filing a joint return, had more than one employer for 2005 and total wages of more than $\$ 90,000$, too much social security or tier 1 RRTA tax may have been withheld. For more details, including how to figure the amount to include on line 43, see Pub. 505.

## Refund

## Line 44

## Amount Overpaid

If line 44 is under $\$ 1$, we will send the refund only if you request it when you file your return.

If you want to check the status of your refund, please wait at least 6 weeks ( 3 weeks if you filed electronically) from the date you filed to do so. But if you filed Form 8379 with your return, allow 14 weeks ( 11 weeks if you filed electronically). See page 8 for details.

(10)If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay by filing a new Form $W-4$. See Income tax withholding and estimated tax payments for 2006 on
page 56.
Refund offset. If you owe past-due federal tax, state income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of the overpayment on line 44 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). For federal tax offsets, you will receive a notice from the IRS. For all other offsets, you will receive a notice from FMS. To find out if you may have an offset or if you have a question about it, contact the agency(ies) you owe the debt to.

Injured spouse claim. If you file a joint return and your spouse has not paid past-due federal tax, state income tax, child support, spousal support, or a federal nontax debt, such as a student loan, part or all of the overpayment on line 44 may be used (offset) to pay the past-due amount. But your part of the overpayment may be refunded to you if certain conditions apply and you complete Form 8379. For details, use TeleTax topic 203 (see page 8) or see Form 8379.

## Lines 45b Through 45d

## DIRECT DEPOSIT

Simple. Safe. Secure.
Fast Refunds! Choose direct deposit—a fast, simple, safe, secure way to have your refund deposited automatically into your checking or savings account.

Complete lines 45 b through 45d if you want us to directly deposit the amount shown on line 45 a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.
Note. If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 45 b and 45d.

## Why Use Direct Deposit?

- You get your refund fast - in half the time as paper filers if you e-file.
- 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.


You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 45 b through 45 d , you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.
Line 45b. The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check on page 54 , the routing number is 250250025 .

Your check may state that it is payable through a financial institution different from the one 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 line 45 b.
Line 45d. 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 page 54, the account number is 20202086 . Do not include the check number.


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 rejects a direct deposit. If the direct deposit is rejected, a check will be sent instead.

## Sample Check—Lines 45b Through 45d



The routing and account numbers may be in different places on your check.

## Line 46

## Amount Applied to Your 2006 Estimated Tax

Enter on line 46 the amount, if any, of the overpayment on line 44 you want applied to your estimated tax for 2006. 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 in the attached statement.

This election to apply part or all of the amount overpaid to your 2006 estimated tax cannot be changed later.

## Amount You Owe

## Eritis

IRS e-file offers an additional payment option: Electronic funds withdrawal. This option allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 17, 2006. Visit www.irs.gov/efile for details.

## Line 47

## Amount You Owe



Pay your taxes in full by April 17, 2006, to save interest and penalty. You do not have to pay if line 47 is under $\$ 1$.

Include any estimated tax penalty from line 48 in the amount you enter on line 47.

You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2006 in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

To pay by check or money order. Enclose in the envelope with your return a check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2005 Form 1040A" 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.

To help process your payment, enter the amount on the right side of the check like this: \$XXX.XX. Do not use dashes or lines (for example, do not enter "\$XXX-" or "\$XXX $\frac{X X " \text { " }}{100}$ ).

To pay by credit card. You may use your American Express® ${ }^{\circledR}$ Card, Discover ${ }^{\circledR}$ Card, MasterCard ${ }^{\circledR}$ card, or Visa ${ }^{\circledR}$ card. To pay by credit card, call toll free or visit the website of either service provider listed on this page and follow the instructions. A convenience fee will be charged by the service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website. If you pay by credit card before filing your return, please enter on page 1 of Form 1040A in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

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Link2Gov Corporation
1-888-PAY-1040}\mp@subsup{}{}{\mathrm{ SM ( (1-888-729-1040)}
1-888-658-5465 (Customer Service)
wWw.PAY1040.com
Official Payments Corporation
1-800-2PAY-TAX \({ }^{\text {SM }}\) (1-800-272-9829)
1-877-754-4413 (Customer Service)
www.officialpayments.com
```

You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4, or (b) make estimated tax payments for 2006. See Income tax withholding and estimated tax payments for 2006 on

## What If You Cannot Pay?

If you cannot pay the full amount shown on line 47 when you file, you can ask to make monthly installment payments for the full or a partial amount. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 17, 2006, 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 or credit card payment.

To ask for an installment agreement, use Form 9465. 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 48

## Estimated Tax Penalty

You may owe this penalty if:

- Line 47 is at least $\$ 1,000$ 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.

The "tax shown on your return" is the amount on line 38 minus the total of any amounts shown on lines 41a and 42.
Exception. You will not owe the penalty if your 2004 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax liability for 2004 and you were a U.S. citizen or resident for all of 2004, or
2. The total of lines 39 and 40 on your 2005 return is at least as much as the tax liability shown on your 2004 return. Your estimated tax payments for 2005 must have been made on time and for the required amount.

If your 2005 filing status is married filing separately and your 2004 adjusted gross income was over \$75,000, item 2 above may not apply. For details, see Form 2210 and its instructions.

Figuring the penalty. If the Exception that begins on page 54 does not apply and you choose to figure the penalty yourself, see Form 2210 to find out if you owe the penalty. If you do, you can use the form to figure the amount. Enter the penalty on Form 1040A, line 48. Add the penalty to any tax due and enter the total on line 47 . If you are due a refund, subtract the penalty from the overpayment you show on line 44 . Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.


Because Form 2210 is complicated, if you want to, you can leave line 48 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. If your income varied during the year, the annualized income installment method may lower the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2005 tax return with the IRS, check the "Yes" box in the "Third party designee" area of your return. Also, enter the designee's name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you, and your spouse if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2006 tax return. This is April 16, 2007, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

## Sign Your Return

Form 1040A is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see Pub. 501. Be sure to date your
return and enter your occupation(s). If you are filing a joint return as a surviving spouse, see Death of a taxpayer beginning on page 56 .
Child's return. If your child cannot sign the return, either parent can sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."
Daytime phone number. Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, credit for child and dependent care expenses, etc. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you may enter either your or your spouse's daytime phone number.
Paid preparer must sign your return. Generally, anyone you pay to prepare your return must sign it in the space provided. 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.

## जEET Fill <br> Electronic Return Signatures!

Create your own personal identification number (PIN) and file a paperless return electronically or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail-not even your Forms W-2. For more details, visit www.irs. gov/efile and click on "e-file for Individual Taxpayers."

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2004 federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X), math error notice, or an IRS examination report. AGI is the amount shown on your 2004 Form 1040, line 35; Form 1040A, line 22; Form 1040EZ, line 4; and on the TeleFile Tax Record, line I. If you don't have your 2004 income tax return, call the IRS at 1-800-829-1040 to get a free transcript of your return. You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual social security statement.

You cannot sign your return electronically if you are a first-time filer under age 16 at the end of 2005.

If you use a paid preparer, ask to sign your return electronically!
Forms 8453 and $\mathbf{8 4 5 3 - O L}$. Your return is not complete without your signature. If you are not eligible or choose not to sign your return electronically, you must complete, sign, and file Form 8453 or Form 8453-OL, whichever applies.

## Attach Required Forms and Schedules

Attach Form(s) W-2 to the front of Form 1040A. Attach all other schedules and forms behind Form 1040A in order by number. If you are filing Schedule EIC, put it last. Do not attach items unless required to do so.

If you received a 2005 Form 1099-R showing federal income tax withheld, also attach the form to the front of Form 1040A.

If you owe tax and are sending in your payment, do not attach it to Form 1040A. Instead, place it loose inside the envelope.

## General Information

How to avoid common mistakes. Mistakes may delay your refund or result in notices being sent to you.

- Be sure to enter your social security number (SSN) in the space provided on page 1 of Form 1040A. If you are married filing a joint or separate return, also enter your spouse's SSN. Be sure to enter your SSN in the space next to your name. Check that your name and SSN agree with your social security card.
- Make sure you entered the correct name and SSN for each person you claim as a dependent on line 6c. Check that each dependent's name and SSN agrees with his or her social security card. Also make sure you check the box in column (4) of line 6 c for each dependent under age 17 who is also a qualifying child for the child tax credit.
- Check your math, especially for the earned income credit (EIC), child tax credit, taxable social security benefits, deduction for exemptions, taxable income, federal income tax withheld, total payments, and refund or amount you owe.
- If you think you can take the earned income credit, read the instructions for lines 41a and 41b that begin on page 41 to make sure you qualify. If you do, make sure you enter on Schedule EIC the correct SSN for each person you claim as a qualifying child. Also, be sure you used the correct column of the EIC Table for your filing status and the number of children you have.
- Remember to sign and date Form 1040A and enter your occupation(s).
- Be sure you use the correct method to figure your tax. See the instructions for line 28 that begin on page 33. Also, enter your total tax on line 38 .
- Make sure you use the correct filing status. If you think you can file as head of household, read the instructions for line 4 on page 19 to make sure you qualify.
- Make sure your name and address are correct on the peel-off label. If not, enter the correct information.
- If you are married filing jointly and did not get a peel-off label, enter your and your spouse's name in the same order as shown on your last return.
- Enter your standard deduction on line 24. Also, if you check any box on line 23a or you (or your spouse if filing jointly) can be claimed as a dependent on someone's 2005 return, see page 33 to find the amount to enter on line 24.
- Attach your Form(s) W-2 and any other required forms and schedules.
- If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 47 on page 54 for details.

What are your 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.

Innocent spouse relief. You may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Form 8857 or Pub. 971 for more details.

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 Forms W-2 and 1099) 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 as long as they are needed to figure the basis of the original or replacement property. For more details, see Pub. 552.

Income tax withholding and estimated tax payments for 2006. If the amount you owe or the amount you overpaid is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2006 pay. For details on how to complete Form W-4, see Pub. 919. In general, you do not have to make estimated tax payments if you expect that your 2006 tax return will show a tax refund or a tax balance due the IRS of less than $\$ 1,000$. If your total estimated tax (including any alternative minimum tax) for 2006 is $\$ 1,000$ or more, see Form 1040-ES. It has a worksheet you can use to see if you have to make estimated tax payments. See Pub. 505 for more details.
How do you amend your tax return? File Form 1040X 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. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

How do you make a gift to reduce debt held by the public? 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, P.O. box 2188, Parkersburg, WV 26106-2188. 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. See page 54 for details on how to pay any tax you owe.

If you itemize your deductions for 2006, you may be able to deduct this gift.

Do both the name and social security number (SSN) on your tax forms agree with your social security card? If not, certain deductions and credits may be reduced or disallowed, your refund may be delayed, and 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.

Need a copy of your tax return? If you do, use Form 4506. There is a $\$ 39$ fee for each return requested. If you want a free transcript of your tax return or account, use Form 4506-T or call us. See page 10 for the number.

Death of a taxpayer. If a taxpayer died before filing a return for 2005, 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 must enter "Deceased," the deceased taxpayer's name, and the date of death across the top of the return. If this information is not provided, it may delay the processing of the return.

If your spouse died in 2005 and you did not remarry in 2005, or if your spouse died in 2006 before filing a return for 2005, you can file a joint return. A joint return should show your spouse's 2005
income before death and your income for all of 2005. Enter "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 TeleTax topic 356 (see page 8) or see Pub. 559.

Parent of a kidnapped child. The parent of a child who is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member may be able to take the child into account in determining his or her eligibility for the head of household or qualifying widow(er) filing status, deduction for dependents, child tax credit, and the earned income credit (EIC). For details, use TeleTax topic 357 (see page 8) or see Pub. 501 (Pub. 596 for the EIC).

## Other Ways To Get Help

Send your written tax questions to the IRS. You should get an answer in about 30 days. If you do not have the mailing address, call us. See page 10 for the number. Do not send questions with your return.
Research your tax questions online. You can find answers to many of your tax questions online in several ways by accessing the IRS website at www.irs.gov/help and then clicking on "Help with Tax Questions." Here are some of the methods you may want to try.

- Frequently asked questions. This section contains an extensive list of questions and answers. You may select your question by category or keyword.
- Tax trails. This is an interactive section which poses questions you can answer by selecting "Yes" or "No."
- Tax topics. This section provides a broad picture of tax topics beginning with 17 main categories. Each topic link leads to further categories and then to a discussion of the topic.
Free help with your return. Free help in preparing your return is available nationwide from IRS-sponsored volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 or older with their returns. Many VITA sites offer free electronic filing and all volunteers will let you know about the credits and deductions you may be entitled to claim. If you are a member of the military, you can also get assistance on military tax benefits, such as combat zone benefits, at an office within your installation. For more information on these programs, go to www.irs.gov and enter keyword "VITA" in the upper right corner. Or, call us. See page 10 for the number. To
find the nearest AARP Tax-Aide site, visit AARP's website at www.aarp.org/taxaide or call 1-888-227-7669.

When you go for help, take your photo ID and social security numbers (or individual taxpayer identification numbers) for your spouse, your dependents, and yourself. Also take a copy of your 2004 tax return (if available), all your Forms W-2 and 1099 for 2005, and any other information about your 2005 income and expenses.
Everyday tax solutions. You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under "United States Government, Internal Revenue Service."
Online services. If you subscribe to an online service, ask about online filing or tax information.
Large-print forms and instructions. Pub. 1615 has large-print copies of Form 1040A, Schedules 1, 2, 3, and EIC, and Form 8812, and their instructions. You can use the large-print form and schedules as worksheets to figure your tax, but you cannot file on them. You can get Pub. 1615 by phone or mail. See pages 7 and 59.
Help for people with disabilities. Telephone help is available using TTY/TDD equipment by calling 1-800-829-4059. Braille materials are available at libraries that have special services for people with disabilities.

## Interest and Penalties

What if you file or pay late? The IRS can charge you interest and penalties on the amount you owe.

If you file late, 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 can be as much as $25 \%$ (more in some cases) of the tax due. We will charge you interest on the penalty from the due date of the return (including extensions). 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.

If you pay your taxes late, the penalty is usually $1 / 2$ of $1 \%$ of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as $25 \%$ of the unpaid amount. It applies to any unpaid tax on the return.
Are there other penalties? Yes. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. We will charge you interest on these penalties from the due date of the return (including extensions). Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See Pub. 17 for details.

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.

## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require 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 requires that you provide your social security number or individual taxpayer identification 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. However, you do not have to check the boxes for the Presidential Election Campaign Fund or for the third-party designee. You also do not have to provide your daytime phone number.

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.

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.

If you do not file a return, do not give the information asked 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 your tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code.

For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Please keep this notice with your records. It may help you if we ask you for other information. If you have any 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. The time needed to complete and file the forms in the chart below will vary depending on individual circumstances.

The estimated average time for certain people with IRA distributions, pension income, social security benefits, etc., is: Recordkeeping, 2 hr ., 16 min .; Learning about the law or the form, 2 hr ., 31 min .; Preparing the form, 3 hr ., 24 min .; Copying, assembling, and sending the form to the IRS, 34 min.; Total, 8 hr., 45 min.
We welcome comments on forms. If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can email us at *taxforms@irs.gov. Please put "Forms Comment" on the subject line. Or you can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send your return to this address. Instead, see the back cover.

## Estimated Preparation Time

The time needed to complete and file Form 1040A, its schedules, and accompanying worksheets 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 1040A | 1 hr ., 10 min . | 3 hr ., 28 min . | 5 hr ., 13 min . | 34 min . | 10 hr ., 25 min . |
| Sch. 1 | 19 min . | 4 min . | 13 min . | 20 min . | 56 min . |
| Sch. 2 | 33 min . | 10 min . | 52 min . | 31 min . | 2 hr ., 6 min . |
| Sch. 3 | 13 min . | 14 min . | 26 min . | 34 min . | 1 hr ., 27 min . |
| Sch. EIC | 0 min . | 1 min . | 13 min . | 20 min . | 34 min . |

## Order Blank for Forms

 and PublicationsFor faster ways of getting the items you need, such as by Internet, see page 7.

## How To Use the Order Blank

1. Cut the order blank on the dotted line and print or type your name and address accurately in the space provided. An accurate address will ensure delivery of your order.
2. Circle the items you need. Use the blank spaces to order an item not listed. If you need more space, attach a separate sheet of paper listing the additional items you need. To help reduce waste, order only the items you need to prepare your return. We will send you two copies of each form and one copy of each publication you circle.
3. Enclose the order blank in your own envelope and send it to the National Distribution Center, P.O. box 8903, Bloomington, IL $61702-8903$. Do not use the envelope we sent you in your tax package because this envelope may be used only for filing your income tax return. You should receive your order within 10 days after we receive your request.

Do not send your tax return to the above address. Instead, see the back cover.

Order Blank

Fill in your name and address.

Circle the forms and publications you need. The instructions for any form you order will be included.

|  | Cut here $\boldsymbol{\Delta}$ |  |
| :--- | :---: | :---: |
| Name |  |  |
| Postal mailing address | Apt./Suite/Room |  |
| City | State | ZIP code |
| Foreign country |  | International postal code |

Daytime phone number (optional)
( )
You can download all these items from the Internet at wwwirs.gov or place an electronic order for them. The items in bold can be picked up at many IRS offices, post offices, and libraries.

| 1040 | Schedule F (1040) | Schedule 3 <br> (1040A) | 4506 | 8822 | Pub. 501 | Pub. 535 | Pub. 970 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Schedules A\&B <br> (1040) | Schedule H <br> (1040) | 1040EZ | 4562 | 8829 | Pub. 502 | Pub. 550 | Pub. 972 |
| Schedule C <br> (1040) | Schedule J (1040) | $\begin{gathered} \text { 1040-ES } \\ (2005) \end{gathered}$ | 4868 | 8863 | Pub. 505 | Pub. 554 |  |
| $\begin{gathered} \text { Schedule } \\ \text { C-EZ (1040) } \end{gathered}$ | Schedule R (1040) | 1040-V | 6251 | 9465 | Pub. 523 | Pub. 575 |  |
| Schedule D (1040) | Schedule SE <br> (1040) | 1040X | 8283 | Pub. 1 | Pub. 525 | Pub. 590 |  |
| Schedule D-1 <br> (1040) | 1040A | 2106 | 8582 | Pub. 17 | Pub. 527 | Pub. 596 |  |
| Schedule E <br> (1040) | Schedule 1 <br> (1040A) | 2106-EZ | 8606 | Pub. 334 | Pub. 529 | Pub. 910 |  |
| $\begin{aligned} & \text { Schedule EIC } \\ & (1040 A \text { or 1040) } \end{aligned}$ | Schedule 2 <br> (1040A) | 2441 | 8812 | Pub. 463 | Pub. 533 | Pub. 926 |  |



On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit 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 surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2004 (which began on October 1, 2003, and ended on September 30, 2004), federal income was $\$ 1.9$ trillion and outlays were $\$ 2.3$ trillion, leaving a deficit of $\$ 0.4$ trillion,

## Footnotes for Certain Federal Outlays

1. Social security, Medicare, and other retirement. These programs provide income support for the retired and disabled and medical care for the elderly.
2. National defense, veterans, and foreign affairs. About 19\% of outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about $3 \%$ were for veterans benefits and services; and about $1 \%$ were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.
3. Physical, human, and community development. These outlays were for agriculture, natural resources; environment; transportation; aid for elementary and secondary education and direct assistance to college students; job training; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.

Social programs. About 14\% of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.

[^8]2005 Tax Table

Example. Mr. and Mrs. Green are filing a joint return. Their taxable income on Form 1040A, line 27, is $\$ 23,250$. First, they find the \$23,250-23,300 taxable income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the taxable income line and filing status column meet is $\$ 2,761$. This is the tax amount they should enter on Form 1040A, line 28.

| At least | But less than | Single | Married filing jointly <br> Your ta | Married filing separately is- | Head of a household |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 23,200 | 23,250 | 3,119 | 2,754 | 3,119 | 2,961 |
| 23,250 | 23,300 | 3,126 | 2,761 | 3,126 | 2,969 |
| 23,300 | 23,350 | 3,134 | 2,769 | 3,134 | 2,976 |
| 23,350 | 23,400 | 3,141 | 2,776 | 3,141 | 2,984 |


| If Form line 27 | 1040A <br> is- | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly <br> Your tax | Married filing separately $x \text { is- }$ | Head of a household | At least | But less than | Single | Married filing jointly <br> Your ta | Married filing separately <br> $x$ is- | Head of a household | At least | But less than | Single | Married filing jointly <br> our tax | Married filing separately is- | Head of a household |
| 0 | 5 | 0 | 0 | 0 | 0 | 1,300 | 1,325 | 131 | 131 | 131 | 131 | 2,700 | 2,725 | 271 | 271 | 271 | 271 |
| 5 | 15 | 1 | 1 | 1 | 1 | 1,325 | 1,350 | 134 | 134 | 134 | 134 | 2,725 | 2,750 | 274 | 274 | 274 | 274 |
| 15 | 25 | 2 | 2 | 2 | 2 | 1,350 | 1,375 | 136 | 136 | 136 | 136 | 2,750 | 2,775 | 276 | 276 | 276 | 276 |
| 25 | 50 | 4 | 4 | 4 | 4 | 1,375 | 1,400 | 139 | 139 | 139 | 139 | 2,775 | 2,800 | 279 | 279 | 279 | 279 |
| 50 | 75 | 6 | 6 | 6 | 6 | 1,400 | 1,425 | 141 | 141 | 141 | 141 | 2,800 | 2,825 | 281 | 281 | 281 | 281 |
| 75 | 100 | 9 | 9 | 9 | 9 | 1,425 | 1,450 | 144 | 144 | 144 | 144 | 2,825 | 2,850 | 284 | 284 | 284 | 284 |
| 100 | 125 | 11 | 11 | 11 | 11 | 1,450 | 1,475 | 146 | 146 | 146 | 146 | 2,850 | 2,875 | 286 | 286 | 286 | 286 |
| 125 | 150 | 14 | 14 | 14 | 14 | 1,475 | 1,500 | 149 | 149 | 149 | 149 | 2,875 | 2,900 | 289 | 289 | 289 | 289 |
| 150 | 175 | 16 | 16 | 16 | 16 | 1,500 | 1,525 | 151 | 151 | 151 | 151 | 2,900 | 2,925 | 291 | 291 | 291 | 291 |
| 175 | 200 | 19 | 19 | 19 | 19 | 1,525 | 1,550 | 154 | 154 | 154 | 154 | 2,925 | 2,950 | 294 | 294 | 294 | 294 |
| 200 | 225 | 21 | 21 | 21 | 21 | 1,550 | 1,575 | 156 | 156 | 156 | 156 | 2,950 | 2,975 | 296 | 296 | 296 | 296 |
| 225 | 250 | 24 | 24 | 24 | 24 | 1,575 | 1,600 | 159 | 159 | 159 | 159 | 2,975 | 3,000 | 299 | 299 | 299 | 299 |
| 250 | 275 | 26 | 26 | 26 | 26 | 1,600 | 1,625 | 161 | 161 | 161 | 161 | 3,000 |  |  |  |  |  |
| 275 | 300 | 29 | 29 | 29 | 29 | 1,625 | 1,650 | 164 | 164 | 164 | 164 |  |  |  |  |  |  |
| 300 | 325 | 31 | 31 | 31 | 31 | 1,650 | 1,675 | 166 | 166 | 166 | 166 | 3,000 | 3,050 | 303 | 303 | 303 | 303 |
| 325 | 350 | 34 | 34 | 34 | 34 | 1,675 | 1,700 | 169 | 9 | 169 | 169 | 3,050 | 3,100 | 308 | 308 | 308 | 308 |
| 350 | 375 | 36 | 36 | 36 | 36 | 1,700 | 1,725 | 171 | 171 | 171 | 171 | 3,100 | 3,150 | 313 | 313 | 313 | 313 |
| 375 | 400 | 39 | 39 | 39 | 39 | 1,725 | 1,750 | 174 | 174 | 174 | 174 | 3,150 | 3,200 | 318 | 318 | 318 | 318 |
| 400 | 425 | 41 | 41 | 41 | 41 | 1,750 | 1,775 | 176 | 176 | 176 | 176 | 3,200 | 3,250 | 323 | 323 | 323 | 323 |
| 425 | 450 | 44 | 44 | 44 | 44 | 1,775 | 1,800 | 179 | 181 | 18 | 17 | 3,250 | 3,300 | 328 | 328 | 328 | 328 |
| 450 | 475 | 46 | 46 | 46 | 46 | 1,800 | 1,825 | 181 | 181 | 181 | 181 | 3,300 | 3,350 | 333 | 333 | 333 | 333 |
| 475 | 500 | 49 | 49 | 49 | 49 | 1,825 | 1,850 | 184 | 184 | 184 | 184 | 3,350 | 3,400 | 338 | 338 | 338 | 338 |
| 500 | 525 | 51 | 51 | 51 | 51 | 1,850 | 1,875 | 186 | 186 | 186 | 186 | 3,400 | 3,450 | 343 | 343 | 343 | 343 |
| 525 | 550 | 54 | 54 | 54 | 54 | 1,875 | 1,900 | 189 | 191 | 191 | 191 | 3,450 | 3,500 | 348 | 348 | 348 | 348 |
| 550 | 575 | 56 | 56 | 56 | 56 | 1,900 | 1,925 | 191 | 191 | 191 | 191 | 3,500 | 3,550 | 353 | 353 | 353 | 353 |
| 575 | 600 | 59 | 59 | 59 | 59 | 1,925 | 1,950 | 194 | 194 | 194 | 194 | 3,550 | 3,600 | 358 | 358 | 358 | 358 |
| $\begin{aligned} & 600 \\ & 625 \\ & 650 \\ & 675 \end{aligned}$ | $\begin{aligned} & 625 \\ & 650 \\ & 675 \\ & 700 \end{aligned}$ | $\begin{aligned} & 61 \\ & 64 \\ & 66 \\ & 69 \end{aligned}$ | $\begin{aligned} & 61 \\ & 64 \\ & 66 \\ & 69 \end{aligned}$ | 61646669 | 61 <br> 64 <br> 66 <br> 69 | 1,950 1,975 | 1,975 $\mathbf{2 , 0 0 0}$ | 196 | 196 | 196 199 | 196 199 | $\begin{aligned} & 3,600 \\ & 3,650 \\ & 3,700 \\ & 3,750 \end{aligned}$ | $\begin{aligned} & 3,650 \\ & 3,700 \\ & 3,750 \\ & 3,800 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ |
|  |  |  |  |  |  | 2,000 |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 700 | 725 | 71 | 71 | 71 | 71 | 2,000 | 2,025 | 201 | 201 | 201 | 201 | 3,800 | 3,850 | 383 | 383 | 383 | 383 |
| 725 | 750 | 74 | 74 | 74 | 74 | 2,025 | 2,050 | 204 | 204 | 204 | 204 | 3,850 | 3,900 | 388 | 388 | 388 | 388 |
| 750 | 775 | 76 | 76 | 76 | 76 | 2,050 | 2,075 | 206 | 206 | 206 | 206 | 3,900 | 3,950 | 393 | 393 | 393 | 393 |
| 775 | 800 | 79 | 79 | 79 | 79 | 2,075 | 2,100 | 209 | 209 | 209 | 209 | 3,950 | 4,000 | 398 | 398 | 398 | 398 |
| 800 | 825 | 81 | 81 | 81 | 81 | 2,100 2,125 <br> 2,125 2,150 <br> 2,150 2,175 <br> 2,175 2,200 |  | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | 4,000 |  |  |  |  |  |
| 825 | 850 | 84 | 84 | 84 | 84 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 850 | 875 | 86 | 86 | 86 | 86 |  |  | 4,000 |  |  |  |  | 403 | 403 | 403 | 403 |  |
| 875 | 900 | 89 | 89 | 89 | 89 |  |  | 4,050 |  |  |  | 4,050 | 408 | 408 | 408 | 408 |  |
| 900 | 925 | 91 | 91 | 91 | 91 | 2,200 | 2,225 |  | 221 | 221 | 221 | 221 | 4,100 | 4,150 | 413 | 413 | 413 | 413 |
| 925 | 950 | 94 | 94 | 94 | 94 | 2,225 | 2,250 |  | 224 | 224 | 224 | 224 | 4,150 | 4,200 | 418 | 418 | 418 | 418 |
| 950 | 975 | 96 | 96 | 96 | 96 | 2,250 | 2,275 | 226 229 | 226 | 226 | 226 | 4,200 | 4,250 | 423 | 423 | 423 | 423 |
| 975 | 1,000 | 99 | 99 | 99 | 99 | 2,275 | 2,300 | 231 | 231 | $231$ | $\begin{aligned} & 229 \\ & 231 \end{aligned}$ | 4,250 4,300 |  | 428 | 428 | 428 | 428 |
| 1,000 |  |  |  |  |  | $\begin{aligned} & 2,300 \\ & 2,325 \\ & 2,350 \\ & 2,375 \end{aligned}$ | $\begin{aligned} & 2,325 \\ & 2,350 \\ & 2,375 \\ & 2,400 \end{aligned}$ |  |  |  | 231 | $\begin{array}{ll} 4,300 & 4,350 \\ 4,350 & 4,400 \end{array}$ |  | $\begin{aligned} & 433 \\ & 438 \end{aligned}$ | $\begin{aligned} & 433 \\ & 438 \end{aligned}$ | $\begin{aligned} & 433 \\ & 438 \end{aligned}$ | $\begin{aligned} & 433 \\ & 438 \end{aligned}$ |
|  |  |  |  |  |  | 234 |  | 234 | 234 | 234 |  |  |  |  |  |  |  |  |
| 1,000 | 1,025 | 101 | 101 | 101 | 101 |  |  |  | 239 | 231 | 239 | 4,400 | 4,450 | $\begin{aligned} & 443 \\ & 448 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \end{aligned}$ | 443 | $\begin{aligned} & 443 \\ & 448 \end{aligned}$ |
| 1,025 | 1,050 | 104 | 104 | 104 | 104 |  | 2,400 2,425 |  | 231 |  | 241 | 231 | 4,450 4,500 |  | 448 | 448 | 448 |
| 1,050 | 1,075 | 106 | 106 | 106 | 106 | 2,425 2,450 |  | $\begin{aligned} & 244 \\ & 246 \end{aligned}$ | $\begin{aligned} & 244 \\ & 246 \end{aligned}$ | $\begin{aligned} & 244 \\ & 246 \end{aligned}$ | $\begin{aligned} & 244 \\ & 246 \end{aligned}$ | 4,550 4,600 |  |  | 458 | 458 | 458 | 458 |
| 1,075 | 1,100 | 109 | 109 | 109 | 109 | $\begin{array}{ll}2,450 & 2,475 \\ 2,475 & 2,500\end{array}$ |  |  |  |  |  | 4,600 4,650 |  | 463 | 463463 |  | 463 |
| 1,100 | 1,125 | 111 | 111 | 111 | 111 | 2,500 2,525 |  | 251 | 251 | 251 | $\begin{aligned} & 246 \\ & 249 \end{aligned}$ | 4,650 4,700 |  | 468 | $\begin{aligned} & 468 \\ & 473 \\ & 478 \end{aligned}$ | 468473478 | $\begin{aligned} & 468 \\ & 473 \\ & 478 \end{aligned}$ |
| 1,125 | 1,150 | 114 | 114 | 114 | 114 |  |  | 254 |  |  | 254 | 4,700 | 4,750 |  |  |  |  |
| 1,150 | 1,175 | 116 | 116 | 116 | 116 | $\begin{array}{ll}2,550 & 2,575 \\ 2,575 & 2,600\end{array}$ |  | 256 | 256 | 256 | $\begin{aligned} & 256 \\ & 259 \end{aligned}$ | 4,750 | 4,800 | 478 |  |  |  |
| 1,175 | 1,200 | 119 | 119 | 119 | 119 |  |  | 4,800 4,850 |  |  |  | 483 | 483 | 483 | 483 |  |  |
| 1,200 | 1,225 | 121 | 121 | 121 | 121 | $\begin{array}{ll} 2,600 & 2,625 \\ 2,625 & 2,650 \\ 2,650 & 2,675 \\ 2,675 & 2,700 \end{array}$ |  |  | $\begin{aligned} & 261 \\ & 264 \\ & 266 \\ & 269 \end{aligned}$ | $\begin{aligned} & 261 \\ & 264 \\ & 266 \\ & 269 \end{aligned}$ | $\begin{aligned} & 261 \\ & 264 \\ & 266 \\ & 269 \end{aligned}$ | $\begin{aligned} & 261 \\ & 264 \\ & 266 \\ & 269 \end{aligned}$ | $\begin{array}{ll}4,850 & 4,900 \\ 4,900 & 4,950 \\ 4,950 & 5,000\end{array}$ |  | $\begin{aligned} & 488 \\ & 493 \\ & 498 \end{aligned}$ | $\begin{aligned} & 488 \\ & 493 \\ & 498 \end{aligned}$ | $\begin{aligned} & 488 \\ & 493 \\ & 498 \end{aligned}$ | $\begin{aligned} & 488 \\ & 493 \\ & 498 \end{aligned}$ |
| 1,225 | 1,250 | 124 | 124 | 124 | 124 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1,250 | 1,275 | 126 | 126 | 126 | 126 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1,275 | 1,300 | 129 | 129 | 129 | 129 |  |  | (Continued on page 59) |  |  |  |  |  |  |  |  |  |  |

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

| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | But less than | Single | Married <br> filing jointly <br> Your ta | Married <br> filing <br> sepa- <br> rately <br> x is- | Head of a household | At least | But <br> less <br> than | Single | Married filing jointly Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 5,000 |  |  |  |  |  | 8,000 |  |  |  |  |  | 11,000 |  |  |  |  |  |
| 5,000 | 5,050 | 503 | 503 | 503 | 503 | 8,000 | 8,050 | 839 | 803 | 839 | 803 | 11,000 | 11,050 | 1,289 | 1,103 | 1,289 | 1,131 |
| 5,050 | 5,100 | 508 | 508 | 508 | 508 | 8,050 | 8,100 | 846 | 808 | 846 | 808 | 11,050 | 11,100 | 1,296 | 1,108 | 1,296 | 1,139 |
| 5,100 | 5,150 | 513 | 513 | 513 | 513 | 8,100 | 8,150 | 854 | 813 | 854 | 813 | 11,100 | 11,150 | 1,304 | 1,113 | 1,304 | 1,146 |
| 5,150 | 5,200 | 518 | 518 | 518 | 518 | 8,150 | 8,200 | 861 | 818 | 861 | 818 | 11,150 | 11,200 | 1,311 | 1,118 | 1,311 | 1,154 |
| 5,200 | 5,250 | 523 | 523 | 523 | 523 | 8,200 | 8,250 | 869 | 823 | 869 | 823 | 11,200 | 11,250 | 1,319 | 1,123 | 1,319 | 1,161 |
| 5,250 | 5,300 | 528 | 528 | 528 | 528 | 8,250 | 8,300 | 876 | 828 | 876 | 828 | 11,250 | 11,300 | 1,326 | 1,128 | 1,326 | 1,169 |
| 5,300 | 5,350 | 533 | 533 | 533 | 533 | 8,300 | 8,350 | 884 | 833 | 884 | 833 | 11,300 | 11,350 | 1,334 | 1,133 | 1,334 | 1,176 |
| 5,350 | 5,400 | 538 | 538 | 538 | 538 | 8,350 | 8,400 | 891 | 838 | 891 | 838 | 11,350 | 11,400 | 1,341 | 1,138 | 1,341 | 1,184 |
| 5,400 | 5,450 | 543 | 543 | 543 | 543 | 8,400 | 8,450 | 899 | 843 | 899 | 843 | 11,400 | 11,450 | 1,349 | 1,143 | 1,349 | 1,191 |
| 5,450 | 5,500 | 548 | 548 | 548 | 548 | 8,450 | 8,500 | 906 | 848 | 906 | 848 | 11,450 | 11,500 | 1,356 | 1,148 | 1,356 | 1,199 |
| 5,500 | 5,550 | 553 | 553 | 553 | 553 | 8,500 | 8,550 | 914 | 853 | 914 | 853 | 11,500 | 11,550 | 1,364 | 1,153 | 1,364 | 1,206 |
| 5,550 | 5,600 | 558 | 558 | 558 | 558 | 8,550 | 8,600 | 921 | 858 | 921 | 858 | 11,550 | 11,600 | 1,371 | 1,158 | 1,371 | 1,214 |
| 5,600 | 5,650 | 563 | 563 | 563 | 563 | 8,600 | 8,650 | 929 | 863 | 929 | 863 | 11,600 | 11,650 | 1,379 | 1,163 | 1,379 | 1,221 |
| 5,650 | 5,700 | 568 | 568 | 568 | 568 | 8,650 | 8,700 | 936 | 868 | 936 | 868 | 11,650 | 11,700 | 1,386 | 1,168 | 1,386 | 1,229 |
| 5,700 | 5,750 | 573 | 573 | 573 | 573 | 8,700 | 8,750 | 944 | 873 | 944 | 873 | 11,700 | 11,750 | 1,394 | 1,173 | 1,394 | 1,236 |
| 5,750 | 5,800 | 578 | 578 | 578 | 578 | 8,750 | 8,800 | 951 | 878 | 951 | 878 | 11,750 | 11,800 | 1,401 | 1,178 | 1,401 | 1,244 |
| 5,800 | 5,850 | 583 | 583 | 583 | 583 | 8,800 | 8,850 | 959 | 883 | 959 | 883 | 11,800 | 11,850 | 1,409 | 1,183 | 1,409 | 1,251 |
| 5,850 | 5,900 | 588 | 588 | 588 | 588 | 8,850 | 8,900 | 966 | 888 | 966 | 888 | 11,850 | 11,900 | 1,416 | 1,188 | 1,416 | 1,259 |
| 5,900 | 5,950 | 593 | 593 | 593 | 593 | 8,900 | 8,950 | 974 | 893 | 974 | 893 | 11,900 | 11,950 | 1,424 | 1,193 | 1,424 | 1,266 |
| 5,950 | 6,000 | 598 | 598 | 598 | 598 | 8,950 | 9,000 | 981 | 898 | 981 | 898 | 11,950 | 12,000 | 1,431 | 1,198 | 1,431 | 1,274 |
| 6,000 |  |  |  |  |  | 9,000 |  |  |  |  |  | 12,000 |  |  |  |  |  |
| 6,000 | 6,050 | 603 | 603 | 603 | 603 | 9,000 | 9,050 | 989 | 903 | 989 | 903 | 12,000 | 12,050 | 1,439 | 1,203 | 1,439 | 1,281 |
| 6,050 | 6,100 | 608 | 608 | 608 | 608 | 9,050 | 9,100 | 996 | 908 | 996 | 908 | 12,050 | 12,100 | 1,446 | 1,208 | 1,446 | 1,289 |
| 6,100 | 6,150 | 613 | 613 | 613 | 613 | 9,100 | 9,150 | 1,004 | 913 | 1,004 | 913 | 12,100 | 12,150 | 1,454 | 1,213 | 1,454 | 1,296 |
| 6,150 | 6,200 | 618 | 618 | 618 | 618 | 9,150 | 9,200 | 1,011 | 918 | 1,011 | 918 | 12,150 | 12,200 | 1,461 | 1,218 | 1,461 | 1,304 |
| 6,200 | 6,250 | 623 | 623 | 623 | 623 | 9,200 | 9,250 | 1,019 | 923 | 1,019 | 923 | 12,200 | 12,250 | 1,469 | 1,223 | 1,469 | 1,311 |
| 6,250 | 6,300 | 628 | 628 | 628 | 628 | 9,250 | 9,300 | 1,026 | 928 | 1,026 | 928 | 12,250 | 12,300 | 1,476 | 1,228 | 1,476 | 1,319 |
| 6,300 | 6,350 | 633 | 633 | 633 | 633 | 9,300 | 9,350 | 1,034 | 933 | 1,034 | 933 | 12,300 | 12,350 | 1,484 | 1,233 | 1,484 | 1,326 |
| 6,350 | 6,400 | 638 | 638 | 638 | 638 | 9,350 | 9,400 | 1,041 | 938 | 1,041 | 938 | 12,350 | 12,400 | 1,491 | 1,238 | 1,491 | 1,334 |
| 6,400 | 6,450 | 643 | 643 | 643 | 643 | 9,400 | 9,450 | 1,049 | 943 | 1,049 | 943 | 12,400 | 12,450 | 1,499 | 1,243 | 1,499 | 1,341 |
| 6,450 | 6,500 | 648 | 648 | 648 | 648 | 9,450 | 9,500 | 1,056 | 948 | 1,056 | 948 | 12,450 | 12,500 | 1,506 | 1,248 | 1,506 | 1,349 |
| 6,500 | 6,550 | 653 | 653 | 653 | 653 | 9,500 | 9,550 | 1,064 | 953 | 1,064 | 953 | 12,500 | 12,550 | 1,514 | 1,253 | 1,514 | 1,356 |
| 6,550 | 6,600 | 658 | 658 | 658 | 658 | 9,550 | 9,600 | 1,071 | 958 | 1,071 | 958 | 12,550 | 12,600 | 1,521 | 1,258 | 1,521 | 1,364 |
| 6,600 | 6,650 | 663 | 663 | 663 | 663 | 9,600 | 9,650 | 1,079 | 963 | 1,079 | 963 | 12,600 | 12,650 | 1,529 | 1,263 | 1,529 | 1,371 |
| 6,650 | 6,700 | 668 | 668 | 668 | 668 | 9,650 | 9,700 | 1,086 | 968 | 1,086 | 968 | 12,650 | 12,700 | 1,536 | 1,268 | 1,536 | 1,379 |
| 6,700 | 6,750 | 673 | 673 | 673 | 673 | 9,700 | 9,750 | 1,094 | 973 | 1,094 | 973 | 12,700 | 12,750 | 1,544 | 1,273 | 1,544 | 1,386 |
| 6,750 | 6,800 | 678 | 678 | 678 | 678 | 9,750 | 9,800 | 1,101 | 978 | 1,101 | 978 | 12,750 | 12,800 | 1,551 | 1,278 | 1,551 | 1,394 |
| 6,800 | 6,850 | 683 | 683 | 683 | 683 | 9,800 | 9,850 | 1,109 | 983 | 1,109 | 983 | 12,800 | 12,850 | 1,559 | 1,283 | 1,559 | 1,401 |
| 6,850 | 6,900 | 688 | 688 | 688 | 688 | 9,850 | 9,900 | 1,116 | 988 | 1,116 | 988 | 12,850 | 12,900 | 1,566 | 1,288 | 1,566 | 1,409 |
| 6,900 | 6,950 | 693 | 693 | 693 | 693 | 9,900 | 9,950 | 1,124 | 993 | 1,124 | 993 | 12,900 | 12,950 | 1,574 | 1,293 | 1,574 | 1,416 |
| 6,950 | 7,000 | 698 | 698 | 698 | 698 | 9,950 | 10,000 | 1,131 | 998 | 1,131 | 998 | 12,950 | 13,000 | 1,581 | 1,298 | 1,581 | 1,424 |
| 7,000 |  |  |  |  |  | 10,000 |  |  |  |  |  | 13,000 |  |  |  |  |  |
| 7,000 | 7,050 | 703 | 703 | 703 | 703 | 10,000 | 10,050 | 1,139 | 1,003 | 1,139 | 1,003 | 13,000 | 13,050 | 1,589 | 1,303 | 1,589 | 1,431 |
| 7,050 | 7,100 | 708 | 708 | 708 | 708 | 10,050 | 10,100 | 1,146 | 1,008 | 1,146 | 1,008 | 13,050 | 13,100 | 1,596 | 1,308 | 1,596 | 1,439 |
| 7,100 | 7,150 | 713 | 713 | 713 | 713 | 10,100 | 10,150 | 1,154 | 1,013 | 1,154 | 1,013 | 13,100 | 13,150 | 1,604 | 1,313 | 1,604 | 1,446 |
| 7,150 | 7,200 | 718 | 718 | 718 | 718 | 10,150 | 10,200 | 1,161 | 1,018 | 1,161 | 1,018 | 13,150 | 13,200 | 1,611 | 1,318 | 1,611 | 1,454 |
| 7,200 | 7,250 | 723 | 723 | 723 | 723 | 10,200 | 10,250 | 1,169 | 1,023 | 1,169 | 1,023 | 13,200 | 13,250 | 1,619 | 1,323 | 1,619 | 1,461 |
| 7,250 | 7,300 | 728 | 728 | 728 | 728 | 10,250 | 10,300 | 1,176 | 1,028 | 1,176 | 1,028 | 13,250 | 13,300 | 1,626 | 1,328 | 1,626 | 1,469 |
| 7,300 | 7,350 | 734 | 733 | 734 | 733 | 10,300 | 10,350 | 1,184 | 1,033 | 1,184 | 1,033 | 13,300 | 13,350 | 1,634 | 1,333 | 1,634 | 1,476 |
| 7,350 | 7,400 | 741 | 738 | 741 | 738 | 10,350 | 10,400 | 1,191 | 1,038 | 1,191 | 1,038 | 13,350 | 13,400 | 1,641 | 1,338 | 1,641 | 1,484 |
| 7,400 | 7,450 | 749 | 743 | 749 | 743 | 10,400 | 10,450 | 1,199 | 1,043 | 1,199 | 1,043 | 13,400 | 13,450 | 1,649 | 1,343 | 1,649 | 1,491 |
| 7,450 | 7,500 | 756 | 748 | 756 | 748 | 10,450 | 10,500 | 1,206 | 1,048 | 1,206 | 1,049 | 13,450 | 13,500 | 1,656 | 1,348 | 1,656 | 1,499 |
| 7,500 | 7,550 | 764 | 753 | 764 | 753 | 10,500 | 10,550 | 1,214 | 1,053 | 1,214 | 1,056 | 13,500 | 13,550 | 1,664 | 1,353 | 1,664 | 1,506 |
| 7,550 | 7,600 | 771 | 758 | 771 | 758 | 10,550 | 10,600 | 1,221 | 1,058 | 1,221 | 1,064 | 13,550 | 13,600 | 1,671 | 1,358 | 1,671 | 1,514 |
| 7,600 | 7,650 | 779 | 763 | 779 | 763 | 10,600 | 10,650 | 1,229 | 1,063 | 1,229 | 1,071 | 13,600 | 13,650 | 1,679 | 1,363 | 1,679 | 1,521 |
| 7,650 | 7,700 | 786 | 768 | 786 | 768 | 10,650 | 10,700 | 1,236 | 1,068 | 1,236 | 1,079 | 13,650 | 13,700 | 1,686 | 1,368 | 1,686 | 1,529 |
| 7,700 | 7,750 | 794 | 773 | 794 | 773 | 10,700 | 10,750 | 1,244 | 1,073 | 1,244 | 1,086 | 13,700 | 13,750 | 1,694 | 1,373 | 1,694 | 1,536 |
| 7,750 | 7,800 | 801 | 778 | 801 | 778 | 10,750 | 10,800 | 1,251 | 1,078 | 1,251 | 1,094 | 13,750 | 13,800 | 1,701 | 1,378 | 1,701 | 1,544 |
| 7,800 | 7,850 | 809 | 783 | 809 | 783 | 10,800 | 10,850 | 1,259 | 1,083 | 1,259 | 1,101 | 13,800 | 13,850 | 1,709 | 1,383 | 1,709 | 1,551 |
| 7,850 | 7,900 | 816 | 788 | 816 | 788 | 10,850 | 10,900 | 1,266 | 1,088 | 1,266 | 1,109 | 13,850 | 13,900 | 1,716 | 1,388 | 1,716 | 1,559 |
| 7,900 | 7,950 | 824 | 793 | 824 | 793 | 10,900 | 10,950 | 1,274 | 1,093 | 1,274 | 1,116 | 13,900 | 13,950 | 1,724 | 1,393 | 1,724 | 1,566 |
| 7,950 | 8,000 | 831 | 798 | 831 | 798 | 10,950 | 11,000 | 1,281 | 1,098 | 1,281 | 1,124 | 13,950 | 14,000 | 1,731 | 1,398 | 1,731 | 1,574 |

2005 Tax Table-Continued

| If Form line 27, | $\begin{aligned} & \text { 1040A, } \\ & \text { is- } \end{aligned}$ | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your tax | Married filing separately ax is- |  | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> tax is- | Head of a household |
| 14,000 |  |  |  |  |  | 17,000 |  |  |  |  |  | 20,000 |  |  |  |  |  |
| 14,000 | 14,050 | 1,739 | 1,403 | 1,739 | 1,581 | 17,000 | 17,050 | 2,189 | 1,824 | 2,189 | 2,031 | 20,000 | 20,050 | 2,639 | 2,274 | 2,639 | 481 |
| 14,050 | 14,100 | 1,746 | 1,408 | 1,746 | 1,589 | 17,050 | 17,100 | 2,196 | 1,831 | 2,196 | 2,039 | 20,050 | 20,100 | 2,646 | 2,281 | 2,646 | 2,489 |
| 14,100 | 14,150 | 1,754 | 1,413 | 1,754 | 1,596 | 17,100 | 17,150 | 2,204 | 1,839 | 2,204 | 2,046 | 20,100 | 20,150 | 2,654 | 2,289 | 2,654 | 2,496 |
| 14,150 | 14,200 | 1,761 | 1,418 | 1,761 | 1,604 | 17,150 | 17,200 | 2,211 | 1,846 | 2,211 | 2,054 | 20,150 | 20,200 | 2,661 | 2,296 | 2,661 | 2,504 |
| 14,200 | 14,250 | 1,769 | 1,423 | 1,769 | 1,6 | 17 | 17, | 2,219 | 1,8 | 2, | 2,061 | 20,200 | 20,250 | 69 | 04 | 2,669 | 11 |
| 14,250 | 14,300 | 1,776 | 1,428 | 1,776 | 1,619 | 17,250 | 17,300 | 2,226 | 1,861 | 2,226 | 2,069 | 20,250 | 20,300 | 2,676 | 2,311 | 2,676 | 2,519 |
| 14,300 | 14,350 | 1,784 | 1,433 | 1,784 | 1,626 | 17,300 | 17,350 | 2,234 | 1,869 | 2,234 | 2,076 | 20,300 | 20,350 | 2,684 | 2,319 | 2,684 | 2,526 |
| 14,350 | 14,400 | 1,791 | 1,438 | 1,791 | 1,634 | 17,350 | 17,400 | 2,241 | 1,876 | 2,241 | 2,084 | 20,350 | 20,400 | 2,691 | 2,326 | 2,691 | 2,534 |
| 14,400 | 14,450 | 1,799 | 1,443 | 1,799 | 1,641 | 17,400 | 17,450 | 2,249 | 1,884 | 2,249 | 2,091 | 20,400 | 20,450 | 2,699 | 2,334 | 2,699 | 2,541 |
| 14,450 | 14,500 | 1,806 | 1,448 | 1,806 | 1,649 | 17,450 | 17,500 | 2,256 | 1,891 | 2,256 | 2,099 | 20,450 | 20,500 | 2,706 | 2,341 | 2,706 | 2,549 |
| 14,500 | 14,550 | 1,814 | 1,453 | 1,814 | 1,656 | 17,500 | 17,550 | 2,264 | 1,899 | 2,264 | 2,106 | 20,500 | 20,550 | 2,714 | 2,349 | 2,714 | 2,556 |
| 14,550 | 14,600 | 1,821 | 1,458 | 1,821 | 1,664 | 17,550 | 17,600 | 2,271 | 1,906 | 2,271 | 2,114 | 20,550 | 20,600 | 2,721 | 2,356 | 2,721 | 2,564 |
| 14,600 | 14,650 | 1,829 | 1,464 | 1,829 | 1,671 | 17,600 | 17,650 | 2,279 | 1,914 | 2,279 | 2,121 | 20,600 | 20,650 | 2,729 | 2,364 | 2,729 | 2,571 |
| 14,650 | 14,700 | 1,836 | 1,471 | 1,836 | 1,679 | 17,650 | 17,700 | 2,286 | 1,921 | 2,286 | 2,129 | 20,650 | 20,700 | 2,736 | 2,371 | 2,736 | 2,579 |
| 14,700 | 14,750 | 1,844 | 1,479 | 1,844 | 1,686 | 17,700 | 17,750 | 2,294 | 1,929 | 2,294 | 2,136 | 20,700 | 20,750 | 2,744 | 2,379 | 2,744 | 2,586 |
| 14,750 | 14,800 | 1,851 | 1,486 | 1,851 | 1,694 | 17,750 | 17,800 | 2,301 | 1,936 | 2,301 | 2,144 | 20,750 | 20,800 | 2,751 | 2,386 | 2,751 | 2,594 |
| 14,800 | 14,850 | 1,859 | 1,494 | 1,859 | 1,701 | 17,800 | 17,850 | 2,309 | 1,944 | 2,309 | 2,151 | 20,800 | 20,850 | 2,759 | 2,394 | 2,759 | 2,601 |
| 14,850 | 14,900 | 1,866 | 1,501 | 1,866 | 1,709 | 17,850 | 17,900 | 2,316 | 1,951 | 2,316 | 2,159 | 20,850 | 20,900 | 2,766 | 2,401 | 2,766 | 2,609 |
| 14,900 | 14,950 | 1,874 | 1,509 | 1,874 | 1,716 | 17,900 | 17,950 | 2,324 | 1,959 | 2,324 | 2,166 | 20,900 | 20,950 | 2,774 | 2,409 | 2,774 | 2,616 |
| 14,950 | 15,000 | 1,881 | 1,516 | 1,881 | 1,724 | 17,950 | 18,000 | 2,331 | 1,966 | 2,331 | 2,174 | 20,950 | 21,000 | 2,781 | 2,416 | 2,781 | 2,624 |
| 15,000 |  |  |  |  |  | 18,000 |  |  |  |  |  | 21,000 |  |  |  |  |  |
| 15,000 | 15,050 | 1,889 | 1,524 | 1,889 | 1,731 | 18,000 | 18,050 | 2,339 | 1,974 | 2,339 | 2,181 | 21,000 | 21,050 | 2,789 | 2,424 | 2,789 | 2,631 |
| 15,050 | 15,100 | 1,896 | 1,531 | 1,896 | 1,739 | 18,050 | 18,100 | 2,346 | 1,98 | 2,346 | 2,189 | 21,050 | 21,100 | 2,796 | 2,431 | 2,796 | 2,639 |
| 15,100 | 15,150 | 1,904 | 1,539 | 1,904 | 1,746 | 18,100 | 18,150 | 2,354 | 1,989 | 2,354 | 2,196 | 21,100 | 21,150 | 2,804 | 2,439 | 2,804 | 2,646 |
| 15,150 | 15,200 | 1,911 | 1,546 | 1,911 | 1,754 | 18,150 | 18,200 | 2,361 | 1,996 | 2,361 | 2,204 | 21,150 | 21,200 | 2,811 | 2,446 | 2,811 | 2,654 |
| 15,200 | 15,2 | 1,919 | 1,55 | 1,919 | 1,761 | 18,200 | 18,250 | 2,369 | 2,004 | 2,369 | 2,21 | 21,200 | 21,250 | 2,819 | 2,454 | 2,819 | 2,661 |
| 15,250 | 15,300 | 1,926 | 1,561 | 1,926 | 1,769 | 18,250 | 18,300 | 2,376 | 2,011 | 2,376 | 2,219 | 21,250 | 21,300 | 2,826 | 2,461 | 2,826 | 2,669 |
| 15,300 | 15,350 | 1,934 | 1,569 | 1,934 | 1,776 | 18,300 | 18,350 | 2,384 | 2,019 | 2,384 | 2,226 | 21,300 | 21,350 | 2,834 | 2,469 | 2,834 | 2,676 |
| 15,350 | 15,400 | 1,941 | 1,576 | 1,941 | 1,784 | 18,350 | 18,400 | 2,391 | 2,026 | 2,391 | 2,234 | 21,350 | 21,400 | 2,841 | 2,476 | 2,841 | 2,684 |
| 15,400 | 15,450 | 1,949 | 1,584 | 1,949 | 1,791 | 18,400 | 18,450 | 2,399 | 2,034 | 2,399 | 2,241 | 21,400 | 21,450 | 2,849 | 2,484 | 2,849 | 2,691 |
| 15,450 | 15,500 | 1,956 | 1,591 | 1,956 | 1,799 | 18,450 | 18,500 | 2,406 | 2,041 | 2,406 | 2,249 | 21,450 | 21,500 | 2,856 | 2,491 | 2,856 | 2,699 |
| 15,500 | 15,550 | 1,964 | 1,599 | 1,964 | 1,806 | 18,500 | 18,550 | 2,414 | 2,049 | 2,414 | 2,256 | 21,500 | 21,550 | 2,864 | 2,499 | 2,864 | 2,706 |
| 15,550 | 15,600 | 1,971 | 1,606 | 1,971 | 1,814 | 18,550 | 18,600 | 2,421 | 2,056 | 2,421 | 2,264 | 21,550 | 21,600 | 2,871 | 2,506 | 2,87 | 2,714 |
| 15,600 | 15,650 | 1,979 | 1,614 | 1,979 | 1,821 | 18,600 | 18,650 | 2,429 | 2,064 | 2,429 | 2,271 | 21,600 | 21,650 | 2,879 | 2,514 | 2,879 | 2,721 |
| 15,650 | 15,700 | 1,986 | 1,621 | 1,986 | 1,829 | 18,650 | 18,700 | 2,436 | 2,071 | 2,436 | 2,279 | 21,650 | 21,700 | 2,886 | 2,521 | 2,886 | 2,729 |
| 15,700 | 15,750 | 1,994 | 1,629 | 1,994 | 1,836 | 18,700 | 18,750 | 2,444 | 2,079 | 2,444 | 2,286 | 21,700 | 21,750 | 2,894 | 2,529 | 2,894 | 2,736 |
| 15,750 | 15,800 | 2,00 | 1,636 | 2,001 | 1,844 | 18,750 | 18,800 | 2,451 | 2,086 | 2,451 | 2,29 | 21,750 | 21,800 | 2,901 | 2,53 | 2,90 | 2,744 |
| 15,800 | 15,850 | 2,009 | 1,644 | 2,009 | 1,851 | 18,800 | 18,850 | 2,459 | 2,094 | 2,459 | 2,301 | 21,800 | 21,850 | 2,909 | 2,544 | 2,909 | 2,751 |
| 15,850 | 15,900 | 2,016 | 1,651 | 2,016 | 1,859 | 18,850 | 18,900 | 2,466 | 2,101 | 2,466 | 2,309 | 21,850 | 21,900 | 2,916 | 2,551 | 2,916 | 2,759 |
| 15,900 | 15,950 | 2,024 | 1,659 | 2,024 | 1,866 | 18,900 | 18,950 | 2,474 | 2,109 | 2,474 | 2,316 | 21,900 | 21,950 | 2,924 | 2,559 | 2,924 | 2,766 |
| 15,950 | 16,000 | 2,031 | 1,666 | 2,031 | 1,874 | 18,950 | 19,000 | 2,481 | 2,116 | 2,481 | 2,324 | 21,950 | 22,000 | 2,931 | 2,566 | 2,931 | 2,774 |
| 16,000 |  |  |  |  |  | 19,000 |  |  |  |  |  | 22,000 |  |  |  |  |  |
| 16,000 | 16,050 | 2,039 | 1,674 | 2,039 | 1,881 | 19,000 | 19,050 | 2,489 | 2,124 | 2,489 | 2,331 | 22,000 | 22,050 | 2,939 | 2,574 | 2,939 | 2,781 |
| 16,050 | 16,100 | 2,046 | 1,681 | 2,046 | 1,889 | 19,050 | 19,100 | 2,496 | 2,131 | 2,496 | 2,339 | 22,050 | 22,100 | 2,946 | 2,581 | 2,946 | 2,789 |
| 16,100 | 16,150 | 2,054 | 1,689 | 2,054 | 1,896 | 19,100 | 19,150 | 2,504 | 2,139 | 2,504 | 2,346 | 22,100 | 22,150 | 2,954 | 2,589 | 2,954 | 2,796 |
| 16,150 | 16,200 | 2,061 | 1,696 | 2,061 | 1,904 | 19,150 | 19,200 | 2,511 | 2,146 | 2,511 | 2,354 | 22,150 | 22,200 | 2,961 | 2,596 | 2,961 | 2,804 |
| 16,200 | 16,250 | 2,069 | 1,704 | 2,069 | 1,911 | 19,200 | 19,250 | 2,519 | 2,154 | 2,519 | 2,361 | 22,200 | 22,250 | 2,969 | 2,604 | 2,969 | 2,811 |
| 16,250 | 16,300 | 2,076 | 1,711 | 2,076 | 1,919 | 19,250 | 19,300 | 2,526 | 2,161 | 2,526 | 2,369 | 22,250 | 22,300 | 2,976 | 2,611 | 2,976 | 2,819 |
| 16,300 | 16,350 | 2,084 | 1,719 | 2,084 | 1,926 | 19,300 | 19,350 | 2,534 | 2,169 | 2,534 | 2,376 | 22,300 | 22,350 | 2,984 | 2,619 | 2,984 | 2,826 |
| 16,350 | 16,400 | 2,091 | 1,726 | 2,091 | 1,934 | 19,350 | 19,400 | 2,541 | 2,176 | 2,541 | 2,384 | 22,35 | 22,400 | 2,991 | 2,626 | 2,991 | 2,834 |
| 16,400 | 16,450 | 2,099 | 1,734 | 2,099 | 1,941 | 19,400 | 19,450 | 2,549 | 2,184 | 2,549 | 2,391 | 22,400 | 22,450 | 2,999 | 2,634 | 2,999 | 2,841 |
| 16,450 | 16,500 | 2,106 | 1,741 | 2,106 | 1,949 | 19,450 | 19,500 | 2,556 | 2,191 | 2,556 | 2,399 | 22,450 | 22,500 | 3,006 | 2,641 | 3,006 | 2,849 |
| 16,500 | 16,550 | 2,114 | 1,749 | 2,114 | 1,956 | 19,500 | 19,550 | 2,564 | 2,199 | 2,564 | 2,406 | 22,500 | 22,550 | 3,014 | 2,649 | 3,014 | 2,856 |
| 16,550 | 16,600 | 2,121 | 1,756 | 2,121 | 1,964 | 19,550 | 19,600 | 2,571 | 2,206 | 2,571 | 2,414 | 22,550 | 22,600 | 3,021 | 2,656 | 3,021 | 2,864 |
| 16,600 | 16,650 | 2,129 | 1,764 | 2,129 | 1,971 | 19,600 | 19,650 | 2,579 | 2,214 | 2,579 | 2,421 | 22,600 | 22,650 | 3,029 | 2,664 | 3,029 | 2,871 |
| 16,650 | 16,700 | 2,136 | 1,771 | 2,136 | 1,979 | 19,650 | 19,700 | 2,586 | 2,221 | 2,586 | 2,429 | 22,650 | 22,700 | 3,036 | 2,671 | 3,036 | 2,879 |
| 16,700 | 16,750 | 2,144 | 1,779 | 2,144 | 1,986 | 19,700 | 19,750 | 2,594 | 2,229 | 2,594 | 2,436 | 22,700 | 22,750 | 3,044 | 2,679 | 3,044 | 2,886 |
| 16,750 | 16,800 | 2,151 | 1,786 | 2,151 | 1,994 | 19,750 | 19,800 | 2,601 | 2,236 | 2,601 | 2,444 | 22,750 | 22,800 | 3,051 | 2,686 | 3,05 | 2,894 |
| 16,800 | 16,850 | 2,159 | 1,794 | 2,159 | 2,001 | 19,800 | 19,850 | 2,609 | 2,244 | 2,609 | 2,451 | 22,800 | 22,850 | 3,059 | 2,694 | 3,059 | 2,901 |
| 16,850 | 16,900 | 2,166 | 1,801 | 2,166 | 2,009 | 19,850 | 19,900 | 2,616 | 2,251 | 2,616 | 2,459 | 22,850 | 22,900 | 3,066 | 2,701 | 3,066 | 2,909 |
| 16,900 | 16,950 | 2,174 | 1,809 | 2,174 | 2,016 | 19,900 | 19,950 | 2,624 | 2,259 | 2,624 | 2,466 | 22,900 | 22,950 | 3,074 | 2,709 | 3,074 | 2,916 |
| 16,950 | 17,000 | 2,181 | 1,816 | 2,181 | 2,024 | 19,950 | 20,000 | 2,631 | 2,266 | 2,631 | 2,474 | 22,950 | 23,000 | 3,081 | 2,716 | 3,081 | 2,924 |
| is | , |  |  |  |  |  |  |  |  |  |  |  |  |  | (Con | d on | 61) |


| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | $\begin{array}{\|l\|} \text { At } \\ \text { least } \end{array}$ | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 23,000 |  |  |  |  |  | 26,000 |  |  |  |  |  | 29,000 |  |  |  |  |  |
| 23,000 | 23,050 | 3,089 | 2,724 | 3,089 | 2,931 | 26,000 | 26,050 | 3,539 | 3,174 | 3,539 | 3,381 | 29,000 | 29,050 | 3,989 | 3,624 | 3,989 | 3,831 |
| 23,050 | 23,100 | 3,096 | 2,731 | 3,096 | 2,939 | 26,050 | 26,100 | 3,546 | 3,181 | 3,546 | 3,389 | 29,050 | 29,100 | 3,996 | 3,631 | 3,996 | 3,839 |
| 23,100 | 23,150 | 3,104 | 2,739 | 3,104 | 2,946 | 26,100 | 26,150 | 3,554 | 3,189 | 3,554 | 3,396 | 29,100 | 29,150 | 4,004 | 3,639 | 4,004 | 3,846 |
| 23,150 | 23,200 | 3,111 | 2,746 | 3,111 | 2,954 | 26,150 | 26,200 | 3,561 | 3,196 | 3,561 | 3,404 | 29,150 | 29,200 | 4,011 | 3,646 | 4,011 | 3,854 |
| 23,200 | 23,250 | 3,119 | 2,754 | 3,1 | 2,9 | 26,2 | 26,250 | 3,569 | 3,2 | 3,569 | 3,411 | 29,200 | 29,250 | 4,019 | 3,654 | 4,019 | 61 |
| 23,250 | 23,300 | 3,126 | 2,761 | 3,126 | 2,969 | 26,250 | 26,300 | 3,576 | 3,211 | 3,576 | 3,419 | 29,250 | 29,300 | 4,026 | 3,661 | 4,026 | 3,869 |
| 23,300 | 23,350 | 3,134 | 2,769 | 3,134 | 2,976 | 26,300 | 26,350 | 3,584 | 3,219 | 3,584 | 3,426 | 29,300 | 29,350 | 4,034 | 3,669 | 4,034 | 3,876 |
| 23,350 | 23,400 | 3,141 | 2,776 | 3,141 | 2,984 | 26,350 | 26,400 | 3,591 | 3,226 | 3,591 | 3,434 | 29,350 | 29,400 | 4,041 | 3,676 | 4,041 | 3,884 |
| 23,400 | 23,450 | 3,149 | 2,784 | 3,149 | 2,991 | 26,400 | 26,450 | 3,599 | 3,234 | 3,599 | 3,441 | 29,400 | 29,450 | 4,049 | 3,684 | 4,049 | 3,891 |
| 23,450 | 23,500 | 3,156 | 2,791 | 3,156 | 2,999 | 26,450 | 26,500 | 3,606 | 3,241 | 3,606 | 3,449 | 29,450 | 29,500 | 4,056 | 3,691 | 4,056 | 3,899 |
| 23,500 | 23,550 | 3,164 | 2,799 | 3,164 | 3,006 | 26,500 | 26,550 | 3,614 | 3,249 | 3,614 | 3,456 | 29,500 | 29,550 | 4,064 | 3,699 | 4,064 | 3,906 |
| 23,550 | 23,600 | 3,171 | 2,806 | 3,171 | 3,014 | 26,550 | 26,600 | 3,621 | 3,256 | 3,621 | 3,464 | 29,550 | 29,600 | 4,071 | 3,706 | 4,071 | 3,914 |
| 23,600 | 23,650 | 3,179 | 2,814 | 3,179 | 3,021 | 26,600 | 26,650 | 3,629 | 3,264 | 3,629 | 3,471 | 29,600 | 29,650 | 4,079 | 3,714 | 4,079 | 3,921 |
| 23,650 | 23,700 | 3,186 | 2,821 | 3,186 | 3,029 | 26,650 | 26,700 | 3,636 | 3,271 | 3,636 | 3,479 | 29,650 | 29,700 | 4,086 | 3,721 | 4,086 | 3,929 |
| 23,700 | 23,750 | 3,194 | 2,829 | 3,194 | 3,036 | 26,700 | 26,750 | 3,644 | 3,279 | 3,644 | 3,486 | 29,700 | 29,750 | 4,096 | 3,729 | 4,096 | 3,936 |
| 23,750 | 23,800 | 3,201 | 2,836 | 3,201 | 3,044 | 26,750 | 26,800 | 3,651 | 3,286 | 3,651 | 3,494 | 29,750 | 29,800 | 4,109 | 3,736 | 4,109 | 3,944 |
| 23,800 | 23,850 | 3,209 | 2,844 | 3,209 | 3,051 | 26,800 | 26,850 | 3,659 | 3,294 | 3,659 | 3,501 | 29,800 | 29,850 | 4,121 | 3,744 | 4,121 | 3,951 |
| 23,850 | 23,900 | 3,216 | 2,851 | 3,216 | 3,059 | 26,850 | 26,900 | 3,666 | 3,301 | 3,666 | 3,509 | 29,850 | 29,900 | 4,134 | 3,751 | 4,134 | 3,959 |
| 23,900 | 23,950 | 3,224 | 2,859 | 3,224 | 3,066 | 26,900 | 26,950 | 3,674 | 3,309 | 3,674 | 3,516 | 29,900 | 29,950 | 4,146 | 3,759 | 4,146 | 3,966 |
| 23,950 | 24,000 | 3,231 | 2,866 | 3,231 | 3,074 | 26,950 | 27,000 | 3,681 | 3,316 | 3,681 | 3,524 | 29,950 | 30,000 | 4,159 | 3,766 | 4,159 | 3,974 |
| 24,000 |  |  |  |  |  | 27,000 |  |  |  |  |  | 30,000 |  |  |  |  |  |
| 24,000 | 24,050 | 3,239 | 2,874 | 3,239 | 3,081 | 27,000 | 27,050 | 3,689 | 3,324 | 3,689 | 3,531 | 30,000 | 30,050 | 4,171 | 3,774 | 4,171 | 3,981 |
| 24,050 | 24,100 | 3,246 | 2,881 | 3,246 | 3,089 | 27,050 | 27,100 | 3,696 | 3,331 | 3,696 | 3,539 | 30,050 | 30,100 | 4,184 | 3,781 | 4,184 | 3,989 |
| 24,100 | 24,150 | 3,254 | 2,889 | 3,254 | 3,096 | 27,100 | 27,150 | 3,704 | 3,339 | 3,704 | 3,546 | 30,100 | 30,150 | 4,196 | 3,789 | 4,196 | 3,996 |
| 24,150 | 24,200 | 3,261 | 2,896 | 3,261 | 3,104 | 27,150 | 27,200 | 3,711 | 3,346 | 3,711 | 3,554 | 30,150 | 30,200 | 4,209 | 3,796 | 4,209 | 4,004 |
| 24,20 | 24,2 | 3,2 | 2,9 | 3,26 | 3,111 | 27,200 | 27,250 | 3,719 | 3,354 | 3,719 | 3,56 | 30,200 | 30,250 | 4,221 | 3,804 | 4,221 | 4,011 |
| 24,250 | 24,300 | 3,276 | 2,911 | 3,276 | 3,119 | 27,250 | 27,300 | 3,726 | 3,361 | 3,726 | 3,569 | 30,250 | 30,300 | 4,234 | 3,811 | 4,234 | 4,019 |
| 24,300 | 24,350 | 3,284 | 2,919 | 3,284 | 3,126 | 27,300 | 27,350 | 3,734 | 3,369 | 3,734 | 3,576 | 30,300 | 30,350 | 4,246 | 3,819 | 4,246 | 4,026 |
| 24,350 | 24,400 | 3,291 | 2,926 | 3,291 | 3,134 | 27,350 | 27,400 | 3,741 | 3,376 | 3,741 | 3,58 | 30,350 | 30,4 | 4,259 | 3,826 | 4,259 | 4,034 |
| 24,400 | 24,450 | 3,299 | 2,934 | 3,299 | 3,141 | 27,400 | 27,450 | 3,749 | 3,384 | 3,749 | 3,591 | 30,400 | 30,450 | 4,271 | 3,834 | 4,271 | 4,041 |
| 24,450 | 24,500 | 3,306 | 2,941 | 3,306 | 3,149 | 27,450 | 27,500 | 3,756 | 3,391 | 3,756 | 3,599 | 30,450 | 30,500 | 4,284 | 3,841 | 4,284 | 4,049 |
| 24,500 | 24,550 | 3,314 | 2,949 | 3,314 | 3,156 | 27,500 | 27,550 | 3,764 | 3,399 | 3,764 | 3,606 | 30,500 | 30,550 | 4,296 | 3,849 | 4,296 | 4,056 |
| 24,550 | 24,600 | 3,321 | 2,956 | 3,321 | 3,164 | 27,550 | 27,600 | 3,771 | 3,406 | 3,771 | 3,614 | 30,550 | 30,600 | 4,309 | 3,856 | 4,309 | 4,064 |
| 24,600 | 24,650 | 3,329 | 2,964 | 3,329 | 3,171 | 27,600 | 27,650 | 3,779 | 3,414 | 3,779 | 3,621 | 30,600 | 30,650 | 4,321 | 3,864 | 4,321 | 4,071 |
| 24,650 | 24,700 | 3,336 | 2,971 | 3,336 | 3,179 | 27,650 | 27,700 | 3,786 | 3,421 | 3,786 | 3,629 | 30,650 | 30,700 | 4,334 | 3,871 | 4,334 | 4,079 |
| 24,700 | 24,750 | 3,344 | 2,979 | 3,344 | 3,186 | 27,700 | 27,750 | 3,794 | 3,429 | 3,794 | 3,636 | 30,700 | 30,750 | 4,346 | 3,879 | 4,346 | 4,086 |
| 24,750 | 24,800 | 3,351 | 2,986 | 3,351 | 3,194 | 27,750 | 27,800 | 3,80 | 3,436 | 3,801 | 3,64 | 30,750 | 30,800 | 4,359 | 3,886 | 4,359 | 4,094 |
| 24,800 | 24,850 | 3,359 | 2,994 | 3,359 | 3,201 | 27,800 | 27,850 | 3,809 | 3,444 | 3,809 | 3,651 | 30,800 | 30,850 | 4,371 | 3,894 | 4,371 | 4,101 |
| 24,850 | 24,900 | 3,366 | 3,001 | 3,366 | 3,209 | 27,850 | 27,900 | 3,816 | 3,451 | 3,816 | 3,659 | 30,850 | 30,900 | 4,384 | 3,901 | 4,384 | 4,109 |
| 24,900 | 24,950 | 3,374 | 3,009 | 3,374 | 3,216 | 27,900 | 27,950 | 3,824 | 3,459 | 3,824 | 3,666 | 30,900 | 30,950 | 4,396 | 3,909 | 4,396 | 4,116 |
| 24,950 | 25,000 | 3,381 | 3,016 | 3,381 | 3,224 | 27,950 | 28,000 | 3,831 | 3,466 | 3,831 | 3,674 | 30,950 | 31,000 | 4,409 | 3,916 | 4,409 | 4,124 |
| 25,000 |  |  |  |  |  | 28,000 |  |  |  |  |  | 31,000 |  |  |  |  |  |
| 25,000 | 25,050 | 3,389 | 3,024 | 3,389 | 3,231 | 28,000 | 28,050 | 3,839 | 3,474 | 3,839 | 3,681 | 31,000 | 31,050 | 4,421 | 3,924 | 4,421 | 4,131 |
| 25,050 | 25,100 | 3,396 | 3,031 | 3,396 | 3,239 | 28,050 | 28,100 | 3,846 | 3,481 | 3,846 | 3,689 | 31,050 | 31,100 | 4,434 | 3,931 | 4,434 | 4,139 |
| 25,100 | 25,150 | 3,404 | 3,039 | 3,404 | 3,246 | 28,100 | 28,150 | 3,854 | 3,489 | 3,854 | 3,696 | 31,100 | 31,150 | 4,446 | 3,939 | 4,446 | 4,146 |
| 25,150 | 25,200 | 3,411 | 3,046 | 3,411 | 3,254 | 28,150 | 28,200 | 3,861 | 3,496 | 3,861 | 3,704 | 31,150 | 31,200 | 4,459 | 3,946 | 4,459 | 4,154 |
| 25,200 | 25,250 | 3,419 | 3,054 | 3,419 | 3,261 | 28,200 | 28,250 | 3,869 | 3,504 | 3,869 | 3,711 | 31,200 | 31,250 | 4,471 | 3,954 | 4,471 | 4,161 |
| 25,250 | 25,300 | 3,426 | 3,061 | 3,426 | 3,269 | 28,250 | 28,300 | 3,876 | 3,511 | 3,876 | 3,719 | 31,250 | 31,300 | 4,484 | 3,961 | 4,484 | 4,169 |
| 25,300 | 25,350 | 3,434 | 3,069 | 3,434 | 3,276 | 28,300 | 28,350 | 3,884 | 3,519 | 3,884 | 3,726 | 31,300 | 31,350 | 4,496 | 3,969 | 4,496 | 4,176 |
| 25,350 | 25,400 | 3,441 | 3, | 3, | 3,284 | 28 | 28,400 | 3,8 | 3,52 | 3,891 | 3,734 | 31,350 | 31,400 | 4,509 | 3,976 | 4,509 | 4,184 |
| 25,400 | 25,450 | 3,449 | 3,084 | 3,449 | 3,291 | 28,400 | 28,450 | 3,899 | 3,534 | 3,899 | 3,741 | 31,400 | 31,450 | 4,521 | 3,984 | 4,521 | 4,191 |
| 25,450 | 25,500 | 3,456 | 3,091 | 3,456 | 3,299 | 28,450 | 28,500 | 3,906 | 3,541 | 3,906 | 3,749 | 31,450 | 31,500 | 4,534 | 3,991 | 4,534 | 4,199 |
| 25,500 | 25,550 | 3,464 | 3,099 | 3,464 | 3,306 | 28,500 | 28,550 | 3,914 | 3,549 | 3,914 | 3,756 | 31,500 | 31,550 | 4,546 | 3,999 | 4,546 | 4,206 |
| 25,550 | 25,600 | 3,471 | 3,106 | 3,471 | 3,314 | 28,550 | 28,600 | 3,921 | 3,556 | 3,921 | 3,764 | 31,550 | 31,600 | 4,559 | 4,006 | 4,559 | 4,214 |
| 25,600 | 25,650 | 3,479 | 3,114 | 3,479 | 3,321 | 28,600 | 28,650 | 3,929 | 3,564 | 3,929 | 3,771 | 31,600 | 31,650 | 4,571 | 4,014 | 4,571 | 4,221 |
| 25,650 | 25,700 | 3,486 | 3,121 | 3,486 | 3,329 | 28,650 | 28,700 | 3,936 | 3,571 | 3,936 | 3,779 | 31,650 | 31,700 | 4,584 | 4,021 | 4,584 | 4,229 |
| 25,700 | 25,750 | 3,494 | 3,129 | 3,494 | 3,336 | 28,700 | 28,750 | 3,944 | 3,579 | 3,944 | 3,786 | 31,700 | 31,750 | 4,596 | 4,029 | 4,596 | 4,236 |
| 25,750 | 25,800 | 3,501 | 3,136 | 3,501 | 3,344 | 28,750 | 28,800 | 3,951 | 3,586 | 3,951 | 3,794 | 31,750 | 31,800 | 4,609 | 4,036 | 4,609 | 4,244 |
| 25,800 | 25,850 | 3,509 | 3,144 | 3,509 | 3,351 | 28,800 | 28,850 | 3,959 | 3,594 | 3,959 | 3,801 | 31,800 | 31,850 | 4,621 | 4,044 | 4,621 | 4,251 |
| 25,850 | 25,900 | 3,516 | 3,151 | 3,516 | 3,359 | 28,850 | 28,900 | 3,966 | 3,601 | 3,966 | 3,809 | 31,850 | 31,900 | 4,634 | 4,051 | 4,634 | 4,259 |
| 25,900 | 25,950 | 3,524 | 3,159 | 3,524 | 3,366 | 28,900 | 28,950 | 3,974 | 3,609 | 3,974 | 3,816 | 31,900 | 31,950 | 4,646 | 4,059 | 4,646 | 4,266 |
| 25,950 | 26,000 | 3,531 | 3,166 | 3,531 | 3,374 | 28,950 | 29,000 | 3,981 | 3,616 | 3,981 | 3,824 | 31,950 | 32,000 | 4,659 | 4,066 | 4,659 | 4,274 |


| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{aligned} & \hline \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head <br> of a <br> house- <br> hold |
| 32,000 |  |  |  |  |  | 35,000 |  |  |  |  |  | 38,000 |  |  |  |  |  |
| 32,000 | 32,050 | 4,671 | 4,074 | 4,671 | 4,281 | 35,000 | 35,050 | 5,421 | 4,524 | 5,421 | 4,731 | 000 | 38,050 | 6,171 | 4,974 | 6,171 | 5,181 |
| 32,050 | 32,100 | 4,684 | 4,081 | 4,684 | 4,289 | 35,050 | 35,100 | 5,434 | 4,531 | 5,434 | 4,739 | 38,050 | 38,100 | 6,184 | 4,981 | 6,184 | 5,189 |
| 32,100 | 32,150 | 4,696 | 4,089 | 4,696 | 4,296 | 35,100 | 35,150 | 5,446 | 4,539 | 5,446 | 4,746 | 38,100 | 38,150 | 6,196 | 4,989 | 6,196 | 5,196 |
| 32,150 | 32,200 | 4,709 | 4,096 | 4,709 | 4,304 | 35,150 | 35,200 | 5,459 | 4,546 | 5,459 | 4,754 | 38,150 | 38,200 | 6,209 | 4,996 | 6,209 | 5,204 |
| 32,200 | 32,250 | 4,721 | 4,104 | 4,721 | 4,3 | 35,200 | 35,250 | 5,471 | 4,5 | 5,471 | 4,761 | 38,200 | 38,250 | 6,221 | 5,004 | 6,221 | 11 |
| 32,250 | 32,300 | 4,734 | 4,111 | 4,734 | 4,319 | 35,250 | 35,300 | 5,484 | 4,561 | 5,484 | 4,769 | 38,250 | 38,300 | 6,234 | 5,011 | 6,234 | 5,219 |
| 32,300 | 32,350 | 4,746 | 4,119 | 4,746 | 4,326 | 35,300 | 35,350 | 5,496 | 4,569 | 5,496 | 4,776 | 38,300 | 38,350 | 6,246 | 5,019 | 6,246 | 5,226 |
| 32,350 | 32,400 | 4,759 | 4,126 | 4,759 | 4,334 | 35,350 | 35,400 | 5,509 | 4,576 | 5,509 | 4,784 | 38,350 | 38,400 | 6,259 | 5,026 | 6,259 | 5,234 |
| 32,400 | 32,450 | 4,771 | 4,134 | 4,771 | 4,341 | 35,400 | 35,450 | 5,521 | 4,584 | 5,521 | 4,791 | 38,400 | 38,450 | 6,271 | 5,034 | 6,271 | 5,241 |
| 32,450 | 32,500 | 4,784 | 4,141 | 4,784 | 4,349 | 35,450 | 35,500 | 5,534 | 4,591 | 5,534 | 4,799 | 38,450 | 38,500 | 6,284 | 5,041 | 6,284 | 5,249 |
| 32,500 | 32,550 | 4,796 | 4,149 | 4,796 | 4,356 | 35,500 | 35,550 | 5,546 | 4,599 | 5,546 | 4,806 | 38,500 | 38,550 | 6,296 | 5,049 | 6,296 | 5,256 |
| 32,550 | 32,600 | 4,809 | 4,156 | 4,809 | 4,364 | 35,550 | 35,600 | 5,559 | 4,606 | 5,559 | 4,814 | 38,550 | 38,600 | 6,309 | 5,056 | 6,309 | 5,264 |
| 32,600 | 32,650 | 4,821 | 4,164 | 4,821 | 4,371 | 35,600 | 35,650 | 5,571 | 4,614 | 5,571 | 4,821 | 38,600 | 38,650 | 6,321 | 5,064 | 6,321 | 5,271 |
| 32,650 | 32,700 | 4,834 | 4,171 | 4,834 | 4,379 | 35,650 | 35,700 | 5,584 | 4,621 | 5,584 | 4,829 | 38,650 | 38,700 | 6,334 | 5,071 | 6,334 | 5,279 |
| 32,700 | 32,750 | 4,846 | 4,179 | 4,846 | 4,386 | 35,700 | 35,750 | 5,596 | 4,629 | 5,596 | 4,836 | 38,700 | 38,750 | 6,346 | 5,079 | 6,346 | 5,286 |
| 32,750 | 32,800 | 4,859 | 4,186 | 4,859 | 4,394 | 35,750 | 35,800 | 5,609 | 4,636 | 5,609 | 4,844 | 38,750 | 38,800 | 6,359 | 5,086 | 6,359 | 5,294 |
| 32,800 | 32,850 | 4,871 | 4,194 | 4,871 | 4,401 | 35,800 | 35,850 | 5,621 | 4,644 | 5,621 | 4,851 | 38,800 | 38,850 | 6,371 | 5,094 | 6,371 | 5,301 |
| 32,850 | 32,900 | 4,884 | 4,201 | 4,884 | 4,409 | 35,850 | 35,900 | 5,634 | 4,651 | 5,634 | 4,859 | 38,850 | 38,900 | 6,384 | 5,101 | 6,384 | 5,309 |
| 32,900 | 32,950 | 4,896 | 4,209 | 4,896 | 4,416 | 35,900 | 35,950 | 5,646 | 4,659 | 5,646 | 4,866 | 38,900 | 38,950 | 6,396 | 5,109 | 6,396 | 5,316 |
| 32,950 | 33,000 | 4,909 | 4,216 | 4,909 | 4,424 | 35,950 | 36,000 | 5,659 | 4,666 | 5,659 | 4,874 | 38,950 | 39,000 | 6,409 | 5,116 | 6,409 | 5,324 |
| 33,000 |  |  |  |  |  | 36,000 |  |  |  |  |  | 39,000 |  |  |  |  |  |
| 33,000 | 33,050 | 4,921 | 4,224 | 4,921 | 4,431 | 36,000 | 36,050 | 5,671 | 4,674 | 5,671 | 4,881 | 39,000 | 39,050 | 6,421 | 5,124 | 6,421 | 5,331 |
| 33,050 | 33,100 | 4,934 | 4,231 | 4,934 | 4,439 | 36,050 | 36,100 | 5,684 | 4,681 | 5,684 | 4,889 | 39,050 | 39,100 | 6,434 | 5,131 | 6,434 | 5,339 |
| 33,100 | 33,150 | 4,946 | 4,239 | 4,946 | 4,446 | 36,100 | 36,150 | 5,696 | 4,689 | 5,696 | 4,896 | 39,100 | 39,150 | 6,446 | 5,139 | 6,446 | 5,346 |
| 33,150 | 33,200 | 4,959 | 4,246 | 4,959 | 4,454 | 36,150 | 36,200 | 5,709 | 4,696 | 5,709 | 4,904 | 39,150 | 39,200 | 6,459 | 5,146 | 6,459 | 5,354 |
| 33,20 | 33, | 4,9 | 4,25 | 4,9 | 4,461 | 36,200 | 36,250 | 5,72 | 4,704 | 5,721 | 4,9 | 39,200 | 39,250 | 6,471 | 5,154 | 6,471 | 5,361 |
| 33,250 | 33,300 | 4,984 | 4,261 | 4,984 | 4,469 | 36,250 | 36,300 | 5,734 | 4,711 | 5,734 | 4,919 | 39,250 | 39,300 | 6,484 | 5,161 | 6,484 | 5,369 |
| 33,300 | 33,350 | 4,996 | 4,269 | 4,996 | 4,476 | 36,300 | 36,350 | 5,746 | 4,719 | 5,746 | 4,926 | 39,300 | 39,350 | 6,496 | 5,169 | 6,496 | 5,376 |
| 33,350 | 33,400 | 5,009 | 4,276 | 5,009 | 4,484 | 36,35 | 6,400 | 5,759 | 4,726 | 5,759 | 4,934 | 39,350 | 39,400 | 6,50 | 5,176 | 6.509 | 5,384 |
| 33,400 | 33,450 | 5,021 | 4,284 | 5,021 | 4,491 | 36,400 | 36,450 | 5,771 | 4,734 | 5,771 | 4,941 | 39,400 | 39,450 | 6,521 | 5,184 | 6,521 | 5,391 |
| 33,450 | 33,500 | 5,034 | 4,291 | 5,034 | 4,499 | 36,450 | 36,500 | 5,784 | 4,741 | 5,784 | 4,949 | 39,450 | 39,500 | 6,534 | 5,191 | 6,534 | 5,399 |
| 33,500 | 33,550 | 5,046 | 4,299 | 5,046 | 4,506 | 36,500 | 36,550 | 5,796 | 4,749 | 5,796 | 4,956 | 39,500 | 39,550 | 6,546 | 5,199 | 6,546 | 5,406 |
| 33,550 | 33,600 | 5,059 | 4,306 | 5,059 | 4,514 | 36,550 | 36,600 | 5,809 | 4,756 | 5,809 | 4,964 | 39,550 | 39,600 | 6,559 | 5,206 | 6,559 | 5,414 |
| 33,600 | 33,650 | 5,071 | 4,314 | 5,071 | 4,521 | 36,600 | 36,650 | 5,821 | 4,764 | 5,821 | 4,971 | 39,600 | 39,650 | 6,571 | 5,214 | 6,571 | 5,421 |
| 33,650 | 33,700 | 5,084 | 4,321 | 5,084 | 4,529 | 36,650 | 36,700 | 5,834 | 4,771 | 5,834 | 4,979 | 39,650 | 39,700 | 6,584 | 5,221 | 6,584 | 5,429 |
| 33,700 | 33,750 | 5,096 | 4,329 | 5,096 | 4,536 | 36,700 | 36,750 | 5,846 | 4,779 | 5,846 | 4,986 | 39,700 | 39,750 | 6,596 | 5,229 | 6,596 | 5,436 |
| 33,750 | 33,800 | 5, | 4,336 | 5,109 | 4,544 | 36,750 | 36,800 | 5,859 | 4,786 | 5,8 | 4,9 | 39,75 | 39,800 | 6,609 | 5,236 | 6,609 | 5,444 |
| 33,800 | 33,850 | 5,121 | 4,344 | 5,121 | 4,551 | 36,800 | 36,850 | 5,871 | 4,794 | 5,871 | 5,001 | 39,800 | 39,850 | 6,621 | 5,244 | 6,621 | 5,454 |
| 33,850 | 33,900 | 5,134 | 4,351 | 5,134 | 4,559 | 36,850 | 36,900 | 5,884 | 4,801 | 5,884 | 5,009 | 39,850 | 39,900 | 6,634 | 5,251 | 6,634 | 5,466 |
| 33,900 | 33,950 | 5,146 | 4,359 | 5,146 | 4,566 | 36,900 | 36,950 | 5,896 | 4,809 | 5,896 | 5,016 | 39,900 | 39,950 | 6,646 | 5,259 | 6,646 | 5,479 |
| 33,950 | 34,000 | 5,159 | 4,366 | 5,159 | 4,574 | 36,950 | 37,000 | 5,909 | 4,816 | 5,909 | 5,024 | 39,950 | 40,000 | 6,659 | 5,266 | 6,659 | 5,491 |
| 34,000 |  |  |  |  |  | 37,000 |  |  |  |  |  | 40,000 |  |  |  |  |  |
| 34,000 | 34,050 | 5,171 | 4,374 | 5,171 | 4,581 | 37,000 | 37,050 | 5,921 | 4,824 | 5,921 | 5,031 | 40,000 | 40,050 | 6,671 | 5,274 | 6,671 | 5,504 |
| 34,050 | 34,100 | 5,184 | 4,381 | 5,184 | 4,589 | 37,050 | 37,100 | 5,934 | 4,831 | 5,934 | 5,039 | 40,050 | 40,100 | 6,684 | 5,281 | 6,684 | 5,516 |
| 34,100 | 34,150 | 5,196 | 4,389 | 5,196 | 4,596 | 37,100 | 37,150 | 5,946 | 4,839 | 5,946 | 5,046 | 40,100 | 40,150 | 6,696 | 5,289 | 6,696 | 5,529 |
| 34,150 | 34,200 | 5,209 | 4,396 | 5,209 | 4,604 | 37,150 | 37,200 | 5,959 | 4,846 | 5,959 | 5,054 | 40,150 | 40,200 | 6,709 | 5,296 | 6,709 | 5,541 |
| 34,200 | 34,250 | 5,221 | 4,404 | 5,221 | 4,611 | 37,200 | 37,250 | 5,971 | 4,854 | 5,971 | 5,061 | 40,200 | 40,250 | 6,721 | 5,304 | 6,721 | 5,554 |
| 34,250 | 34,300 | 5,234 | 4,411 | 5,234 | 4,619 | 37,250 | 37,300 | 5,984 | 4,861 | 5,984 | 5,069 | 40,250 | 40,300 | 6,734 | 5,311 | 6,734 | 5,566 |
| 34,300 | 34,350 | 5,246 | 4,419 | 5,246 | 4,626 | 37,300 | 37,350 | 5,996 | 4,869 | 5,996 | 5,076 | 40,300 | 40,350 | 6,746 | 5,319 | 6,746 | 5,579 |
| 34,35 | 34,400 | 5,25 | 4,426 | 5,259 | 4,634 | 37,350 | 37,400 | 6,009 | 4,876 | 6,009 | 5,084 | 40,350 | 40,400 | 6,759 | 5,326 | 6,759 | 5,591 |
| 34,400 | 34,450 | 5,271 | 4,434 | 5,271 | 4,641 | 37,400 | 37,450 | 6,021 | 4,884 | 6,021 | 5,091 | 40,400 | 40,450 | 6,771 | 5,334 | 6,771 | 5,604 |
| 34,450 | 34,500 | 5,284 | 4,441 | 5,284 | 4,649 | 37,450 | 37,500 | 6,034 | 4,891 | 6,034 | 5,099 | 40,450 | 40,500 | 6,784 | 5,341 | 6,784 | 5,616 |
| 34,500 | 34,550 | 5,296 | 4,449 | 5,296 | 4,656 | 37,500 | 37,550 | 6,046 | 4,899 | 6,046 | 5,106 | 40,500 | 40,550 | 6,796 | 5,349 | 6,796 | 5,629 |
| 34,550 | 34,600 | 5,309 | 4,456 | 5,309 | 4,664 | 37,550 | 37,600 | 6,059 | 4,906 | 6,059 | 5,114 | 40,550 | 40,600 | 6,809 | 5,356 | 6,809 | 5,641 |
| 34,600 | 34,650 | 5,321 | 4,464 | 5,321 | 4,671 | 37,600 | 37,650 | 6,071 | 4,914 | 6,071 | 5,121 | 40,600 | 40,650 | 6,821 | 5,364 | 6,821 | 5,654 |
| 34,650 | 34,700 | 5,334 | 4,471 | 5,334 | 4,679 | 37,650 | 37,700 | 6,084 | 4,921 | 6,084 | 5,129 | 40,650 | 40,700 | 6,834 | 5,371 | 6,834 | 5,666 |
| 34,700 | 34,750 | 5,346 | 4,479 | 5,346 | 4,686 | 37,700 | 37,750 | 6,096 | 4,929 | 6,096 | 5,136 | 40,700 | 40,750 | 6,846 | 5,379 | 6,846 | 5,679 |
| 34,750 | 34,800 | 5,359 | 4,486 | 5,359 | 4,694 | 37,750 | 37,800 | 6,109 | 4,936 | 6,109 | 5,144 | 40,750 | 40,800 | 6,859 | 5,386 | 6,859 | 5,691 |
| 34,800 | 34,850 | 5,371 | 4,494 | 5,371 | 4,701 | 37,800 | 37,850 | 6,121 | 4,944 | 6,121 | 5,151 | 40,800 | 40,850 | 6,871 | 5,394 | 6,871 | 5,704 |
| 34,850 | 34,900 | 5,384 | 4,501 | 5,384 | 4,709 | 37,850 | 37,900 | 6,134 | 4,951 | 6,134 | 5,159 | 40,850 | 40,900 | 6,884 | 5,401 | 6,884 | 5,716 |
| 34,900 | 34,950 | 5,396 | 4,509 | 5,396 | 4,716 | 37,900 | 37,950 | 6,146 | 4,959 | 6,146 | 5,166 | 40,900 | 40,950 | 6,896 | 5,409 | 6,896 | 5,729 |
| 34,950 | 35,000 | 5,409 | 4,516 | 5,409 | 4,724 | 37,950 | 38,000 | 6,159 | 4,966 | 6,159 | 5,174 | 40,950 | 41,000 | 6,909 | 5,416 | 6,909 | 5,741 |


| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your t | Married filing separately ax is- | Head of a household | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household |
| 41,000 |  |  |  |  |  | 44,000 |  |  |  |  |  | 47,000 |  |  |  |  |  |
| 41,000 | 41,050 | 6,921 | 5,424 | 6,921 | 5,754 | 44,000 | 44,050 | 7,671 | 5,874 | 7,671 | 6,504 | 47,000 | 47,050 | 8,421 | 6,324 | 8,421 | 54 |
| 41,050 | 41,100 | 6,934 | 5,431 | 6,934 | 5,766 | 44,050 | 44,100 | 7,684 | 5,881 | 7,684 | 6,516 | 47,050 | 47,100 | 8,434 | 6,331 | 8,434 | 7,266 |
| 41,100 | 41,150 | 6,946 | 5,439 | 6,946 | 5,779 | 44,100 | 44,150 | 7,696 | 5,889 | 7,696 | 6,529 | 47,100 | 47,150 | 8,446 | 6,339 | 8,446 | 7,279 |
| 41,150 | 41,200 | 6,959 | 5,446 | 6,959 | 5,791 | 44,150 | 44,200 | 7,709 | 5,896 | 7,709 | 6,541 | 47,150 | 47,200 | 8,459 | 6,346 | 8,459 | 7,291 |
| 41,200 | 41,250 | 6,971 | 5,4 | 6,9 | 5,8 | 44 | 44,250 | 7,721 | 5, | 7,721 | 6,554 | 47,200 | 50 | 8,471 | 54 | 8,471 | 04 |
| 41,250 | 41,300 | 6,984 | 5,461 | 6,984 | 5,816 | 44,250 | 44,300 | 7,734 | 5,911 | 7,734 | 6,566 | 47,250 | 47,300 | 8,484 | 6,361 | 8,484 | 7,316 |
| 41,300 | 41,350 | 6,996 | 5,469 | 6,996 | 5,829 | 44,300 | 44,350 | 7,746 | 5,919 | 7,746 | 6,579 | 47,300 | 47,350 | 8,496 | 6,369 | 8,496 | 7,329 |
| 41,350 | 41,400 | 7,009 | 5,476 | 7,009 | 5,841 | 44,350 | 44,400 | 7,759 | 5,926 | 7,759 | 6,591 | 47,350 | 47,400 | 8,509 | 6,376 | 8,509 | 7,341 |
| 41,400 | 41,450 | 7,021 | 5,484 | 7,021 | 5,854 | 44,400 | 44,450 | 7,771 | 5,934 | 7,771 | 6,604 | 47,400 | 47,450 | 8,521 | 6,384 | 8,521 | 7,354 |
| 41,450 | 41,500 | 7,034 | 5,491 | 7,034 | 5,866 | 44,450 | 44,500 | 7,784 | 5,941 | 7,784 | 6,616 | 47,450 | 47,500 | 8,534 | 6,391 | 8,534 | 7,366 |
| 41,500 | 41,550 | 7,046 | 5,499 | 7,046 | 5,879 | 44,500 | 44,550 | 7,796 | 5,949 | 7,796 | 6,629 | 47,500 | 47,550 | 8,546 | 6,399 | 8,546 | 7,379 |
| 41,550 | 41,600 | 7,059 | 5,506 | 7,059 | 5,891 | 44,550 | 44,600 | 7,809 | 5,956 | 7,809 | 6,641 | 47,550 | 47,600 | 8,559 | 6,406 | 8,559 | 7,391 |
| 41,600 | 41,650 | 7,071 | 5,514 | 7,071 | 5,904 | 44,600 | 44,650 | 7,821 | 5,964 | 7,821 | 6,654 | 47,600 | 47,650 | 8,571 | 6,414 | 8,571 | 7,404 |
| 41,650 | 41,700 | 7,084 | 5,521 | 7,084 | 5,916 | 44,650 | 44,700 | 7,834 | 5,971 | 7,834 | 6,666 | 47,650 | 47,700 | 8,584 | 6,421 | 8,584 | 7,416 |
| 41,700 | 41,750 | 7,096 | 5,529 | 7,096 | 5,929 | 44,700 | 44,750 | 7,846 | 5,979 | 7,846 | 6,679 | 47,700 | 47,750 | 8,596 | 6,429 | 8,596 | 7,429 |
| 41,750 | 41,800 | 7,109 | 5,536 | 7,109 | 5,941 | 44,750 | 44,800 | 7,859 | 5,986 | 7,859 | 6,691 | 47,750 | 47,800 | 8,609 | 6,436 | 8,609 | 7,441 |
| 41,800 | 41,850 | 7,121 | 5,544 | 7,121 | 5,954 | 44,800 | 44,850 | 7,871 | 5,994 | 7,871 | 6,704 | 47,800 | 47,850 | 8,621 | 6,444 | 8,621 | 7,454 |
| 41,850 | 41,900 | 7,134 | 5,551 | 7,134 | 5,966 | 44,850 | 44,900 | 7,884 | 6,001 | 7,884 | 6,716 | 47,850 | 47,900 | 8,634 | 6,451 | 8,634 | 7,466 |
| 41,900 | 41,950 | 7,146 | 5,559 | 7,146 | 5,979 | 44,900 | 44,950 | 7,896 | 6,009 | 7,896 | 6,729 | 47,900 | 47,950 | 8,646 | 6,459 | 8,646 | 7,479 |
| 41,950 | 42,000 | 7,159 | 5,566 | 7,159 | 5,991 | 44,950 | 45,000 | 7,909 | 6,016 | 7,909 | 6,741 | 47,950 | 48,000 | 8,659 | 6,466 | 8,659 | 7,491 |
| 42,000 |  |  |  |  |  | 45,000 |  |  |  |  |  | 48,000 |  |  |  |  |  |
| 42,000 | 42,050 | 7,171 | 5,574 | 7,171 | 6,004 | 45,000 | 45,050 | 7,921 | 6,024 | 7,921 | 6,754 | 48,000 | 48,050 | 8,671 | 6,474 | 8,671 | 7,504 |
| 42,050 | 42,100 | 7,184 | 5,581 | 7,184 | 6,016 | 45,050 | 45,100 | 7,934 | 6,031 | 7,934 | 6,766 | 48,050 | 48,100 | 8,684 | 6,481 | 8,684 | 7,516 |
| 42,100 | 42,150 | 7,196 | 5,589 | 7,196 | 6,029 | 45,100 | 45,150 | 7,946 | 6,039 | 7,946 | 6,779 | 48,100 | 48,150 | 8,696 | 6,489 | 8,696 | 7,529 |
| 42,150 | 42,200 | 7,209 | 5,596 | 7,209 | 6,041 | 45,150 | 45,200 | 7,959 | 6,046 | 7,959 | 6,791 | 48,150 | 48,200 | 8,709 | 6,496 | 8,709 | 7,541 |
| 42,200 | 42,250 | 7,221 | 5,604 | 7,221 | 6,0 | 45,200 | 45,250 | 7,97 | 6,054 | 7,971 | 6,804 | 48,200 | 48,250 | 8,721 | 6,50 | 8,721 | 7,554 |
| 42,250 | 42,300 | 7,234 | 5,611 | 7,234 | 6,066 | 45,250 | 45,300 | 7,984 | 6,061 | 7,984 | 6,816 | 48,250 | 48,300 | 8,734 | 6,511 | 8,734 | 7,566 |
| 42,300 | 42,350 | 7,246 | 5,619 | 7,246 | 6,079 | 45,300 | 45,350 | 7,996 | 6,069 | 7,996 | 6,829 | 48,300 | 48,350 | 8,746 | 6,519 | 8,746 | 7,579 |
| 42,350 | 42,400 | 7,259 | 5,626 | 7,259 | 6,091 | 45,35 | 45,400 | 8,009 | 6,076 | 8,009 | 6,84 | 48,350 | 48,400 | 8,759 | 6,526 | 8,759 | 7,591 |
| 42,400 | 42,450 | 7,271 | 5,634 | 7,271 | 6,104 | 45,400 | 45,450 | 8,021 | 6,084 | 8,021 | 6,854 | 48,400 | 48,450 | 8,771 | 6,534 | 8,771 | 7,604 |
| 42,450 | 42,500 | 7,284 | 5,641 | 7,284 | 6,116 | 45,450 | 45,500 | 8,034 | 6,091 | 8,034 | 6,866 | 48,450 | 48,500 | 8,784 | 6,541 | 8,784 | 7,616 |
| 42,500 | 42,550 | 7,296 | 5,649 | 7,296 | 6,129 | 45,500 | 45,550 | 8,046 | 6,099 | 8,046 | 6,879 | 48,500 | 48,550 | 8,796 | 6,549 | 8,796 | 7,629 |
| 42,550 | 42,600 | 7,309 | 5,656 | 7,309 | 6,141 | 45,550 | 45,600 | 8,059 | 6,106 | 8,059 | 6,891 | 48,550 | 48,600 | 8,809 | 6,556 | 8,809 | 7,641 |
| 42,600 | 42,650 | 7,3 | 5,6 | 7,321 | 6,154 | 45,600 | 45,650 | 8,071 | 6,114 | 8,071 | 6,904 | 48,600 | 48,650 | 8,821 | 6,564 | 8,821 | 7,654 |
| 42,650 | 42,700 | 7,334 | 5,671 | 7,334 | 6,166 | 45,650 | 45,700 | 8,084 | 6,121 | 8,084 | 6,916 | 48,650 | 48,700 | 8,834 | 6,571 | 8,834 | 7,666 |
| 42,700 | 42,750 | 7,346 | 5,679 | 7,346 | 6,179 | 45,700 | 45,750 | 8,096 | 6,129 | 8,096 | 6,929 | 48,700 | 48,750 | 8,846 | 6,579 | 8,846 | 7,679 |
| 42,750 | 42,800 | 7, | 5,686 | 7, | 6, | 45,750 | 45,800 | 8,109 | 6, | 8, | 6, | 48,750 | 48,8 | 8,8 | 6,5 | 8,859 | , 691 |
| 42,800 | 42,850 | 7,371 | 5,694 | 7,371 | 6,204 | 45,800 | 45,850 | 8,121 | 6,144 | 8,121 | 6,954 | 48,800 | 48,850 | 8,871 | 6,594 | 8,871 | 7,704 |
| 42,850 | 42,900 | 7,384 | 5,701 | 7,384 | 6,216 | 45,850 | 45,900 | 8,134 | 6,151 | 8,134 | 6,966 | 48,850 | 48,900 | 8,884 | 6,601 | 8,884 | 7,716 |
| 42,900 | 42,950 | 7,396 | 5,709 | 7,396 | 6,229 | 45,900 | 45,950 | 8,146 | 6,159 | 8,146 | 6,979 | 48,900 | 48,950 | 8,896 | 6,609 | 8,896 | 7,729 |
| 42,950 | 43,000 | 7,409 | 5,716 | 7,409 | 6,241 | 45,950 | 46,000 | 8,159 | 6,166 | 8,159 | 6,991 | 48,950 | 49,000 | 8,909 | 6,616 | 8,909 | 7,741 |
| 43,000 |  |  |  |  |  | 46,000 |  |  |  |  |  | 49,000 |  |  |  |  |  |
| 43,000 | 43,050 | 7,421 | 5,724 | 7,421 | 6,254 | 46,000 | 46,050 | 8,171 | 6,174 | 8,171 | 7,004 | 49,000 | 49,050 | 8,921 | 6,624 | 8,921 | 7,754 |
| 43,050 | 43,100 | 7,434 | 5,731 | 7,434 | 6,266 | 46,050 | 46,100 | 8,184 | 6,181 | 8,184 | 7,016 | 49,050 | 49,100 | 8,934 | 6,631 | 8,934 | 7,766 |
| 43,100 | 43,150 | 7,446 | 5,739 | 7,446 | 6,279 | 46,100 | 46,150 | 8,196 | 6,189 | 8,196 | 7,029 | 49,100 | 49,150 | 8,946 | 6,639 | 8,946 | 7,779 |
| 43,150 | 43,200 | 7,459 | 5,746 | 7,459 | 6,291 | 46,150 | 46,200 | 8,209 | 6,196 | 8,209 | 7,041 | 49,150 | 49,200 | 8,959 | 6,646 | 8,959 | 7,791 |
| 43,200 | 43,250 | 7,471 | 5,754 | 7,471 | 6,304 | 46,200 | 46,250 | 8,221 | 6,204 | 8,221 | 7,054 | 49,200 | 49,250 | 8,971 | 6,654 | 8,971 | 7,804 |
| 43,250 | 43,300 | 7,484 | 5,761 | 7,484 | 6,316 | 46,250 | 46,300 | 8,234 | 6,211 | 8,234 | 7,066 | 49,250 | 49,300 | 8,984 | 6,661 | 8,984 | 7,816 |
| 43,300 | 43,350 | 7,496 | 5,769 | 7,496 | 6,329 | 46,300 | 46,350 | 8,246 | 6,219 | 8,246 | 7,079 | 49,300 | 49,350 | 8,996 | 6,669 | 8,996 | 7,829 |
| 43,350 | 43,400 | 7,509 | 5,776 | 7,509 | 6,341 | 46,350 | 46,400 | 8,259 | 6,226 | 8,259 | 7,091 | 49,350 | 49,400 | 9,009 | 6,676 | 9,009 | 7,841 |
| 43,400 | 43,450 | 7,521 | 5,784 | 7,521 | 6,354 | 46,400 | 46,450 | 8,271 | 6,234 | 8,271 | 7,104 | 49,400 | 49,450 | 9,021 | 6,684 | 9,021 | 7,854 |
| 43,450 | 43,500 | 7,534 | 5,791 | 7,534 | 6,366 | 46,450 | 46,500 | 8,284 | 6,241 | 8,284 | 7,116 | 49,450 | 49,500 | 9,034 | 6,691 | 9,034 | 7,866 |
| 43,500 | 43,550 | 7,546 | 5,799 | 7,546 | 6,379 | 46,500 | 46,550 | 8,296 | 6,249 | 8,296 | 7,129 | 49,500 | 49,550 | 9,046 | 6,699 | 9,046 | 7,879 |
| 43,550 | 43,600 | 7,559 | 5,806 | 7,559 | 6,391 | 46,550 | 46,600 | 8,309 | 6,256 | 8,309 | 7,141 | 49,550 | 49,600 | 9,059 | 6,706 | 9,059 | 7,891 |
| 43,600 | 43,650 | 7,571 | 5,814 | 7,571 | 6,404 | 46,600 | 46,650 | 8,321 | 6,264 | 8,321 | 7,154 | 49,600 | 49,650 | 9,071 | 6,714 | 9,071 | 7,904 |
| 43,650 | 43,700 | 7,584 | 5,821 | 7,584 | 6,416 | 46,650 | 46,700 | 8,334 | 6,271 | 8,334 | 7,166 | 49,650 | 49,700 | 9,084 | 6,721 | 9,084 | 7,916 |
| 43,700 | 43,750 | 7,596 | 5,829 | 7,596 | 6,429 | 46,700 | 46,750 | 8,346 | 6,279 | 8,346 | 7,179 | 49,700 | 49,750 | 9,096 | 6,729 | 9,096 | 7,929 |
| 43,750 | 43,800 | 7,6 | 5,8 | 7,609 | 6,441 | 46,750 | 46,800 | 8,35 | 6, | 8,359 | 7,191 | 49,750 | 49,800 | 9,10 | 6,736 | 109 | 7,941 |
| 43,800 | 43,850 | 7,621 | 5,844 | 7,621 | 6,454 | 46,800 | 46,850 | 8,371 | 6,294 | 8,371 | 7,204 | 49,800 | 49,850 | 9,121 | 6,744 | 9,121 | 7,954 |
| 43,850 | 43,900 | 7,634 | 5,851 | 7,634 | 6,466 | 46,850 | 46,900 | 8,384 | 6,301 | 8,384 | 7,216 | 49,850 | 49,900 | 9,134 | 6,751 | 9,134 | 7,966 |
| 43,900 | 43,950 | 7,646 | 5,859 | 7,646 | 6,479 | 46,900 | 46,950 | 8,396 | 6,309 | 8,396 | 7,229 | 49,900 | 49,950 | 9,146 | 6,759 | 9,146 | 7,979 |
| 43,950 | 44,000 | 7,659 | 5,866 | 7,659 | 6,491 | 46,950 | 47,000 | 8,409 | 6,316 | 8,409 | 7,241 | 49,950 | 50,000 | 9,159 | 6,766 | 9,159 | 7,991 |
| * This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  | (Continued on page 64) |  |  |  |  |  |

2005 Tax Table-Continued

| If For line 2 | 1040A, | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At <br> least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> ax is- | Head of a household | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately | Head of a household | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | But <br> less <br> than | Single | Married <br> filing <br> jointly <br> Your | Married filing separately tax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
|  |  |  |  |  |  | 53,000 |  |  |  |  |  | 56,000 |  |  |  |  |  |
| 50,000 | 50,050 | 9,171 | 6,774 | 9,171 | 8,004 | 53,000 | 53,050 | 9,921 | 7,22 | 9,921 | 8,754 | ,000 | 56,050 | 10,671 | 7,674 | 10,67 | 504 |
| 50,050 | 50,100 | 9,184 | 6,781 | 9,184 | 8,016 | 53,050 | 53,100 | 9,934 | 7,231 | 9,934 | 8,766 | 56,050 | 56,100 | 10,684 | 7,681 | 10,684 | 9,516 |
| 50,100 | 50,150 | 9,196 | 6,789 | 9,196 | 8,029 | 53,100 | 53,150 | 9,94 | 7,239 | 9,94 | 8,77 | 56, | 56,150 | 10,69 | 7,68 | 10,6 | ,529 |
| 50,150 | 50,200 | 9,209 | 6,796 | 20 | 8,0 | 53 | 53,200 | 9,9 | 7,2 | 9,95 | 8,79 | 56, | 56,200 | 10, | 7,69 | 10,709 | 9,54 |
| 50,200 | 50,250 | 9,221 | 6,8 | 9,2 | 8,0 | 53 | 53,250 | 9, | 7,254 | 9,971 | 8,8 | 56,200 | 56,250 | 10,721 | 4 | 10,721 | 54 |
| 50,250 | 50,300 | 9,234 | 6,811 | 9,234 | 8,066 | 53,250 | 53,300 | 9,984 | 7,261 | 9,984 | 8,816 | 56,250 | 56,300 | 10,734 | 7,711 | 10,734 | 566 |
| 50,300 | 50,350 | 9,246 | 6,819 | 9,246 | 8,079 | 53,300 | 53,350 | 9,996 | 7,269 | 9,996 | 8,829 | 56,300 | 56,350 | 10,746 | 7,719 | 10,746 | 9,579 |
| 50,350 | 50,400 | 9,259 | 6,826 | 9,259 | 8,091 | 53,350 | 53,400 | 10,009 | 7,276 | 10,009 | 8,841 | 56,350 | 56,400 | 10,759 | 7,726 | 10,759 | 9,591 |
| 50,400 | 50,450 | 9,271 | 6,834 | 9,271 | 8,104 | 53,400 | 53,450 | 10,021 | 7,284 | 10,021 | 8,854 | 56,400 | 56,450 | 10,771 | 7,734 | 10,771 | 9,604 |
| 50,450 | 50,500 | 9,284 | 6,841 | 9,284 | 8,116 | 53,450 | 53,500 | 10,034 | 7,291 | 10,034 | 8,866 | 56,450 | 56,500 | 10,784 | 7,741 | 10,784 | 9,616 |
| 50,500 | 50,550 | 9,296 | 6,849 | 9,296 | 8,129 | 53,500 | 53,550 | 10,046 | 7,299 | 10,046 | 8,879 | 56,500 | 56,550 | 10,796 | 7,749 | 10,796 | 9,629 |
| 50,550 | 50,600 | 9,309 | 6,856 | 9,309 | 8,141 | 53,550 | 53,600 | 10,059 | 7,306 | 10,059 | 8,891 | 56,550 | 56,600 | 10,809 | 7,756 | 10,809 | 9,641 |
| 50,600 | 50,650 | 9,321 | 6,864 | 9,321 | 8,154 | 53,600 | 53,650 | 10,071 | 7,314 | 10,071 | 8,904 | 56,600 | 56,650 | 10,821 | 7,764 | 10,821 | 9,654 |
| 50,650 | 50,700 | 9,334 | 6,871 | 9,334 | 8,166 | 53,650 | 53,700 | 10,084 | 7,321 | 10,084 | 8,916 | 56,650 | 56,700 | 10,834 | 7,771 | 10,834 | 9,666 |
| 50,700 | 50,750 | 9,346 | 6,879 | 9,346 | 8,179 | 53,700 | 53,750 | 10,096 | 7,329 | 10,096 | 8,929 | 56,700 | 56,750 | 10,846 | 7,779 | 10,846 | 9,679 |
| 50,750 | 50,800 | 9,359 | 6,886 | 9,359 | 8,191 | 53,750 | 53,800 | 10,109 | 7,336 | 10,109 | 8,941 | 56,750 | 56,800 | 10,859 | 7,786 | 10,859 | 9,691 |
| 50,800 | 50,850 | 9,371 | 6,894 | 9,371 | 8,204 | 53,800 | 53,850 | 10,121 | 7,344 | 10,121 | 8,954 | 56,800 | 56,850 | 10,871 | 7,794 | 10,871 | 9,704 |
| 50,850 | 50,900 | 9,384 | 6,901 | 9,384 | 8,216 | 53,850 | 53,900 | 10,134 | 7,351 | 10,134 | 8,966 | 56,850 | 56,900 | 10,884 | 7,801 | 10,884 | 9,716 |
| 50,900 | 50,950 | 9,396 | 6,909 | 9,396 | 8,229 | 53,900 | 53,950 | 10,146 | 7,359 | 10,146 | 8,979 | 56,900 | 56,950 | 10,896 | 7,809 | 10,896 | 9,729 |
| 50,950 | 51,000 | 9,409 | 6,916 | 9,409 | 8,241 | 53,950 | 54,000 | 10,159 | 7,366 | 10,159 | 8,991 | 56,950 | 57,000 | 10,909 | 7,816 | 10,909 | 9,741 |
|  | 000 |  |  |  |  |  | 00 |  |  |  |  |  |  |  |  |  |  |
| 51,000 | 51,050 | 9,421 | 6,924 | 9,421 | 8,254 | 54,000 | 54,050 | 10,171 | 7,374 | 10,171 | 9,004 | 57,000 | 57,050 | 10,921 | 7,824 | 10,921 | 9,754 |
| 51,050 | 51,100 | 9,434 | 6,931 | 9,434 | 8,266 | 54,050 | 54,100 | 10,184 | 7,381 | 10,184 | 9,016 | 57,050 | 57,100 | 10,934 | 7,831 | 10,934 | 9,766 |
| 51,100 | 51,150 | 9,446 | 6,939 | 9,446 | 8,279 | 54,100 | 54,150 | 10,196 | 7,389 | 10,196 | 9,029 | 57,100 | 57,150 | 10,946 | 7,839 | 10,946 | 9,779 |
| 51,150 | 51,200 | 9,459 | 6,946 | 9,459 | 8,291 | 54,150 | 54,200 | 10,209 | 7,39 | 0,2 | 9,041 | 57,150 | 57,200 | 10,959 | 7,846 | 10,959 | 9,791 |
| 51,200 | 51,250 | 9,471 | 6,954 | 9,471 | 304 | 54,200 | 54,250 | 10,22 | 7,40 | 10,221 | 9,05 | 57,200 | 57,250 | 10,971 | 7,854 | 10,971 | , 804 |
| 51,250 | 51,300 | 9,484 | 6,961 | 9,484 | 8,316 | 54,250 | 54,300 | 10,234 | 7,411 | 10,234 | 9,066 | 57,250 | 57,300 | 10,984 | 7,861 | 10,984 | 9,816 |
| 51,300 | 51,350 | 9,496 | 6,969 | 9,496 | 8,329 | 54,300 | 54,350 | 10,246 | 7,419 | 10,246 | 9,079 | 57,300 | 57,350 | 10,996 | 7,869 | 10,996 | 9,829 |
| 51,350 | 51,400 | 9,509 | 6,976 | 9,509 | 8,341 | 54,350 | 54,400 | 10,259 | 7,426 | 10,259 | 9,091 | 57,350 | 57,400 | 11,009 | 7,876 | 11,009 | 9,841 |
| 51,400 | 51,450 | 9,521 | 6,984 | 9,521 | 8,354 | 54,400 | 54,450 | 10,271 | 7,43 | 10,271 | 9,104 | 57,400 | 57,450 | 11,021 | 7,884 | 11,021 | 9,854 |
| 51,450 | 51,500 | 9,534 | 6,991 | 9,534 | 8,366 | 54,450 | 54,500 | 10,284 | 7,441 | 10,284 | 9,116 | 57,450 | 57,500 | 11,034 | 7,891 | 11,034 | 9,866 |
| 51,500 | 51,550 | 9,546 | 6,999 | 9,546 | 8,379 | 54,500 | 54,550 | 10,296 | 7,449 | 10,296 | 9,129 | 57,500 | 57,550 | 11,046 | 7,899 | 11,046 | 9,879 |
| 51,550 | 51,600 | 9,559 | 7,006 | 9,559 | 8,391 | 54,550 | 54,600 | 10,309 | 7,456 | 10,309 | 9,141 | 57,550 | 57,600 | 11,059 | 7,906 | 11,059 | 9,891 |
| 51,600 | 51,6 | 9, | 14 | 9,571 | 8,404 | 54 | 54,650 | 10,321 | 7,464 | 10,321 | 9,154 | 57,600 | 57,650 | 11,071 | 7,914 | 11,071 | 9,904 |
| 51,650 | 51,700 | 9,584 | 7,021 | 9,584 | 8,416 | 54,650 | 54,700 | 10,334 | 7,471 | 10,334 | 9,166 | 57,650 | 57,700 | 11,084 | 7,921 | 11,084 | 9,916 |
| 51,700 | 51,750 | 9,596 | 7,029 | 9,596 | 8,429 | 54,700 | 54,750 | 10,346 | 7,479 | 10,346 | 9,179 | 57,700 | 57,750 | 11,096 | 7,929 | 11,096 | 9,929 |
| 51,750 | 51,800 | 9,609 | 7,036 | 9,609 | 8,441 | 54,750 | 54,800 | 10,359 | 7,486 | 10,359 | 9,191 | 57,750 | 57,800 | 11,109 | 7,936 | 11,109 | 1 |
| 51,800 | 51,850 | 9,621 | 7,044 | 9,621 | 8,454 | 54,800 | 54,850 | 10,371 | 7,494 | 10,371 | 9,204 | 57,800 | 57,850 | 11,121 | 7,944 | 11,121 | 9,954 |
| 51,850 | 51,900 | 9,634 | 7,051 | 9,634 | 8,466 | 54,850 | 54,900 | 10,384 | 7,501 | 10,384 | 9,216 | 57,850 | 57,900 | 11,134 | 7,951 | 11,134 | 9,966 |
| 51,900 | 51,950 | 9,646 | 7,059 | 9,646 | 8,479 | 54,900 | 54,950 | 10,396 | 7,509 | 10,396 | 9,229 | 57,900 | 57,950 | 11,146 | 7,959 | 11,146 | 9,979 |
| 51,950 | 52,000 | 9,659 | 7,066 | 9,659 | 8,491 | 54,950 | 55,000 | 10,409 | 7,516 | 10,409 | 9,241 | 57,950 | 58,000 | 11,159 | 7,966 | 11,159 | 9,991 |
|  | 00 |  |  |  |  |  | 00 |  |  |  |  | 58 | 00 |  |  |  |  |
| 52,000 | 52,050 | 9,671 | 7,074 | 9,671 | 8,504 | 55,000 | 55,050 | 10,421 | 7,524 | 10,421 | 9,254 | 58,000 | 58,050 | 11,171 | 7,974 | 11,171 | 10,004 |
| 52,050 | 52,100 | 9,684 | 7,081 | 9,684 | 8,516 | 55,050 | 55,100 | 10,434 | 7,531 | 10,434 | 9,266 | 58,050 | 58,100 | 11,184 | 7,981 | 11,184 | 10,016 |
| 52,100 | 52,150 | 9,696 | 7,089 | 9,696 | 8,529 | 55,100 | 55,150 | 10,446 | 7,539 | 10,446 | 9,279 | 58,100 | 58,150 | 11,196 | 7,989 | 11,196 | 10,029 |
| 52,150 | 52,200 | 9,709 | 7,096 | 9,709 | 8,541 | 55,150 | 55,200 | 10,459 | 7,546 | 10,459 | 9,291 | 58,150 | 58,200 | 11,209 | 7,996 | 11,209 | 10,041 |
| 52,200 | 52,250 | 9,721 | 7,104 | 9,721 | 8,554 | 55,200 | 55,250 | 10,471 | 7,554 | 10,471 | 9,304 | 58,200 | 58,250 | 11,221 | 8,004 | 11,221 | 10,054 |
| 52,250 | 52,300 | 9,734 | 7,111 | 9,734 | 8,566 | 55,250 | 55,300 | 10,484 | 7,561 | 10,484 | 9,316 | 58,250 | 58,300 | 11,234 | 8,011 | 11,234 | 10,066 |
| 52,300 | 52,350 | 9,746 | 7,119 | 9,746 | 8,579 | 55,300 | 55,350 | 10,496 | 7,569 | 10,496 | 9,329 | 58,300 | 58,350 | 11,246 | 8,019 | 11,246 | 10,079 |
| 52,350 | 52,400 | 9,759 | 7,126 | 9,759 | 8,591 | 55,350 | 55,400 | 10,509 | 7,576 | 10,509 | 9,341 | 58,350 | 58,400 | 11,259 | 8,026 | 11,259 | 10,091 |
| 52,400 | 52,450 | 9,771 | 7,134 | 9,771 | 8,604 | 55,400 | 55,450 | 10,521 | 7,584 | 10,521 | 9,354 | 58,400 | 58,450 | 11,271 | 8,034 | 11,271 | 10,104 |
| 52,450 | 52,500 | 9,784 | 7,141 | 9,784 | 8,616 | 55,450 | 55,500 | 10,534 | 7,591 | 10,534 | 9,366 | 58,450 | 58,500 | 11,284 | 8,041 | 11,284 | 10,116 |
| 52,500 | 52,550 | 9,796 | 7,149 | 9,796 | 8,629 | 55,500 | 55,550 | 10,546 | 7,599 | 10,546 | 9,379 | 58,500 | 58,550 | 11,296 | 8,049 | 11,296 | 10,129 |
| 52,550 | 52,600 | 9,809 | 7,156 | 9,809 | 8,641 | 55,550 | 55,600 | 10,559 | 7,606 | 10,559 | 9,391 | 58,550 | 58,600 | 11,309 | 8,056 | 11,309 | 10,141 |
| 52,600 | 52,650 | 9,821 | 7,164 | 9,821 | 8,654 | 55,600 | 55,650 | 10,571 | 7,614 | 10,571 | 9,404 | 58,600 | 58,650 | 11,321 | 8,064 | 11,321 | 10,154 |
| 52,650 | 52,700 | 9,834 | 7,171 | 9,834 | 8,666 | 55,650 | 55,700 | 10,584 | 7,621 | 10,584 | 9,416 | 58,650 | 58,700 | 11,334 | 8,071 | 11,334 | 10,166 |
| 52,700 | 52,750 | 9,846 | 7,179 | 9,846 | 8,679 | 55,700 | 55,750 | 10,596 | 7,629 | 10,596 | 9,429 | 58,700 | 58,750 | 11,346 | 8,079 | 11,346 | 10,179 |
| 52,750 | 52,800 | 9,8 | 7,186 | 9,8 | 8,691 | 55,750 | 55,800 | 10,609 | 7,63 | 10, | 9,44 | 58,750 | 58,800 | 11,359 | 8,086 | 11,35 | 10,191 |
| 52,800 | 52,850 | 9,871 | 7,194 | 9,871 | 8,704 | 55,800 | 55,850 | 10,621 | 7,644 | 10,621 | 9,454 | 58,800 | 58,850 | 11,371 | 8,094 | 11,371 | 10,204 |
| 52,850 | 52,900 | 9,884 | 7,201 | 9,884 | 8,716 | 55,850 | 55,900 | 10,634 | 7,651 | 10,634 | 9,466 | 58,850 | 58,900 | 11,384 | 8,101 | 11,384 | 10,216 |
| 52,900 | 52,950 | 9,896 | 7,209 | 9,896 | 8,729 | 55,900 | 55,950 | 10,646 | 7,659 | 10,646 | 9,479 | 58,900 | 58,950 | 11,396 | 8,109 | 11,396 | 10,229 |
| 52,950 | 53,000 | 9,909 | 7,216 | 9,909 | 8,741 | 55,950 | 56,000 | 10,659 | 7,666 | 10,659 | 9,491 | 58,950 | 59,000 | 11,409 | 8,116 | 11,409 | 0,241 |

[^9]| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> tax is- | Head of a house- hold | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { tha } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> tax is- |  | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> rately <br> tax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 59,000 |  |  |  |  |  | 62,000 |  |  |  |  |  | 65,000 |  |  |  |  |  |
| 59,000 | 59,050 | 11,421 | 8,124 | 11,421 | 10,254 | 62,000 | 62,050 | 12,171 | 8,836 | 12,233 | 11,00 | 65,000 | 65,050 | 12,92 | 9,586 | 13,073 |  |
| 59,050 | 59,100 | 11,434 | 8,131 | 11,434 | 10,266 | 62,050 | 62,100 | 12,184 | 8,849 | 12,247 | 11,016 | 65,050 | 65,100 | 12,934 | 9,599 | 13,087 |  |
| 59,100 | 59,150 | 11,446 | 8,139 | 11,446 | 10,279 | 62,100 | 62,150 | 12,196 | 8,861 | 12,261 | 11,029 | 65,100 | 65,150 | 12,946 | 9,611 | 13,101 | 11,779 |
| 59,150 | 59,200 | 11,459 | 8,146 | 11,459 | 10,291 | 62,150 | 62,200 | 12,209 | 8,874 | 12,275 | 11,041 | 65,150 | 65,200 | 12,959 | 9,624 | 13,115 | 11,791 |
| 59,200 | 59,25 | 11,471 | 8,15 | 11,471 | 10,3 | 62 | 62,2 | 12,221 | 8, | 12,2 | 11 | 65,200 | 65,250 | 12,971 | 9,636 | 13,129 | 04 |
| 59,250 | 59,300 | 11,484 | 8,161 | 11,484 | 10,316 | 62,250 | 62,300 | 12,234 | 8,899 | 12,303 | 11,066 | 65,250 | 65,300 | 12,984 | 9,649 | 13,143 | 11,816 |
| 59,300 | 59,350 | 11,496 | 8,169 | 11,496 | 10,329 | 62,300 | 62,350 | 12,246 | 8,911 | 12,317 | 11,079 | 65,300 | 65,350 | 12,996 | 9,661 | 13,157 | 11,829 |
| 59,350 | 59,400 | 11,509 | 8,176 | 11,509 | 10,341 | 62,350 | 62,400 | 12,259 | 8,924 | 12,331 | 11,091 | 65,350 | 65,400 | 13,009 | 9,674 | 13,171 | 11,841 |
| 59,400 | 59,450 | 11,521 | 8,186 | 11,521 | 10,354 | 62,400 | 62,450 | 12,271 | 8,936 | 12,345 | 11,104 | 65,400 | 65,450 | 13,021 | 9,686 | 13,185 | 11,854 |
| 59,450 | 59,500 | 11,534 | 8,199 | 11,534 | 10,366 | 62,450 | 62,500 | 12,284 | 8,949 | 12,359 | 11,116 | 65,450 | 65,500 | 13,034 | 9,699 | 13,199 | 11,866 |
| 59,500 | 59,550 | 11,546 | 8,211 | 11,546 | 10,379 | 62,500 | 62,550 | 12,296 | 8,961 | 12,373 | 11,129 | 65,500 | 65,550 | 13,046 | 9,711 | 13,213 | 11,879 |
| 59,550 | 59,600 | 11,559 | 8,224 | 11,559 | 10,391 | 62,550 | 62,600 | 12,309 | 8,974 | 12,387 | 11,141 | 65,550 | 65,600 | 13,059 | 9,724 | 13,227 | 11,891 |
| 59,600 | 59,650 | 11,5 | 8,236 | 11,5 | 10,404 | 62,6 | 62,650 | 12,32 | 8,986 | 12,401 | 11, | 65,600 | 65,650 | 13,07 | 9,736 | 13,241 | 11,904 |
| 59,650 | 59,700 | 11,584 | 8,249 | 11,584 | 10,416 | 62,650 | 62,700 | 12,334 | 8,999 | 12,415 | 11,166 | 65,650 | 65,700 | 13,084 | 9,749 | 13,255 | 11,916 |
| 59,700 | 59,750 | 11,596 | 8,261 | 11,596 | 10,429 | 62,700 | 62,750 | 12,346 | 9,011 | 12,429 | 11,179 | 65,700 | 65,750 | 13,096 | 9,761 | 13,269 | 11,929 |
| 59,750 | 59,800 | 11,609 | 8,274 | 11,609 | 10,441 | 62,750 | 62,800 | 12,359 | 9,024 | 12,443 | 11,191 | 65,750 | 65,800 | 13,109 | 9,774 | 13,283 | 11,941 |
| 59,800 | 59,850 | 11,621 | 8,286 | 11,621 | 10,454 | 62,800 | 62,850 | 12,371 | 9,036 | 12,457 | 11,204 | 65,800 | 65,850 | 13,121 | 9,786 | 13,297 | 11,954 |
| 59,850 | 59,900 | 11,634 | 8,299 | 11,634 | 10,466 | 62,850 | 62,900 | 12,384 | 9,049 | 12,471 | 11,216 | 65,850 | 65,900 | 13,134 | 9,799 | 13,311 | 11,966 |
| 59,900 | 59,950 | 11,646 | 8,311 | 11,646 | 10,479 | 62,900 | 62,950 | 12,396 | 9,061 | 12,485 | 11,229 | 65,900 | 65,950 | 13,146 | 9,811 | 13,325 | 11,979 |
| 59,950 | 60,000 | 11,659 | 8,324 | 11,659 | 10,491 | 62,950 | 63,000 | 12,409 | 9,074 | 12,499 | 11,241 | 65,950 | 66,000 | 13,159 | 9,824 | 13,339 | 11,991 |
| 60,000 |  |  |  |  |  | 63,000 |  |  |  |  |  | 66,000 |  |  |  |  |  |
| 60,000 | 60,050 | 11,671 | 8,336 | 11,673 | 10,504 | 63,000 | 63,050 | 12,421 | 9,0 | 2, | 11,254 | 66,000 | 66,050 | 13,171 | 9,836 | 13,353 | 12,004 |
| 60,050 | 60,100 | 11,684 | 8,349 | 11,687 | 10,516 | 63,050 | 63,100 | 12,434 | 9,099 | 12,527 | 11,266 | 66,050 | 66,100 | 13,184 | 9,849 | 13,367 | 12,016 |
| 60,100 | 60,150 | 11,696 | 8,361 | 11,701 | 10,529 | 63,100 | 63,150 | 12,446 | 9,11 | 12,541 | 11,279 | 66,100 | 66,150 | 13,196 | 9,861 | 13,381 | 12,029 |
| 60,150 | 60,200 | 11,709 | 8,374 | 11,715 | 10,541 | 63,150 | 63,200 | 12,459 | 9,12 | 12,555 | 11,291 | 66,150 | 66,200 | 13,209 | 9,874 | 13,395 | 12,041 |
| 60,2 | 60, | 11, | 8, | 11, | 10 | 63 | 63 | 12, | 9,136 | 12,56 | 11,30 | 66 | 66,250 | 13, | 9,886 | 13,409 | 12,054 |
| 60,250 | 60,300 | 11,734 | 8,399 | 11,743 | 10,566 | 63,250 | 63,300 | 12,484 | 9,149 | 12,58 | 11,316 | 66,250 | 66,300 | 13,234 | 9,899 | 13,423 | 12,066 |
| 60,300 | 60,350 | 11,746 | 8,411 | 11,757 | 10,579 | 63,300 | 63,350 | 12,496 | 9,161 | 12,597 | 11,329 | 66,300 | 66,350 | 13,246 | 9,911 | 13,437 | 12,079 |
| 60,350 | 60,400 | 11,75 | 8,424 | 11,771 | 10,591 | 63,3 | 63,400 | 12,50 | 9,1 | , | 11,34 | 66,350 | 66,400 | 13,259 | 9,924 | 13,451 | 12,091 |
| 60,400 | 60,450 | 11,771 | 8,436 | 11,785 | 10,604 | 63,400 | 63,450 | 12,521 | 9,186 | 12,62 | 11,354 | 66,400 | 66,450 | 13,271 | 9,936 | 13,465 | 12,104 |
| 60,450 | 60,500 | 11,784 | 8,449 | 11,799 | 10,616 | 63,450 | 63,500 | 12,534 | 9,199 | 12,639 | 11,366 | 66,450 | 66,500 | 13,284 | 9,949 | 13,479 | 12,116 |
| 60,500 | 60,550 | 11,796 | 8,461 | 11,813 | 10,629 | 63,500 | 63,550 | 12,546 | 9,211 | 12,653 | 11,379 | 66,500 | 66,550 | 13,296 | 9,961 | 13,493 | 12,129 |
| 60,550 | 60,600 | 11,809 | 8,474 | 11,827 | 10,641 | 63,550 | 63,600 | 12,559 | 9,224 | 12,667 | 11,391 | 66,550 | 66,600 | 13,309 | 9,974 | 13,507 | 12,141 |
| 60,600 | 60,650 | 11,821 | 8,486 | 11,841 | 10,654 | 63,600 | 63,6 | 12,5 | 9,236 | 12,681 | 11,404 | 66,600 | 66,650 | 13,321 | 9,986 | 13,521 | 12,154 |
| 60,650 | 60,700 | 11,834 | 8,499 | 11,855 | 10,666 | 63,650 | 63,700 | 12,584 | 9,249 | 12,695 | 11,416 | 66,650 | 66,700 | 13,334 | 9,999 | 13,535 | 12,166 |
| 60,700 | 60,750 | 11,846 | 8,511 | 11,869 | 10,679 | 63,700 | 63,750 | 12,596 | 9,261 | 12,709 | 11,429 | 66,700 | 66,750 | 13,346 | 10,011 | 13,549 | 12,179 |
| 60,750 | 60,800 | 11, | 8, | 11, | 10,691 | 63,750 | 63,800 | 12, | 9,2 | 12,72 | 11,441 | 6 | 66,800 | 13,35 | 10,024 | 13 | 12,191 |
| 60,800 | 60,850 | 11,871 | 8,536 | 11,897 | 10,704 | 63,800 | 63,850 | 12,621 | 9,286 | 12,737 | 11,454 | 66,800 | 66,850 | 13,37 | 10,036 | 13,577 | 12,204 |
| 60,850 | 60,900 | 11,884 | 8,549 | 11,911 | 10,716 | 63,850 | 63,900 | 12,634 | 9,299 | 12,751 | 11,466 | 66,850 | 66,900 | 13,384 | 10,049 | 13,591 | 12,216 |
| 60,900 | 60,950 | 11,896 | 8,561 | 11,925 | 10,729 | 63,900 | 63,950 | 12,646 | 9,311 | 12,765 | 11,479 | 66,900 | 66,950 | 13,396 | 10,061 | 13,605 | 12,229 |
| 60,950 | 61,000 | 11,909 | 8,574 | 11,939 | 10,741 | 63,950 | 64,000 | 12,659 | 9,324 | 12,779 | 11,491 | 66,950 | 67,000 | 13,409 | 10,074 | 13,619 | 12,241 |
| 61,000 |  |  |  |  |  | 64,000 |  |  |  |  |  | 67,000 |  |  |  |  |  |
| 61,000 | 61,050 | 11,921 | 8,586 | 11,953 | 10,754 | 64,000 | 64,050 | 12,671 | 9,336 | 12,793 | 11,504 | 67,000 | 67,050 | 13,421 | 10,086 | 13,633 | 12,254 |
| 61,050 | 61,100 | 11,934 | 8,599 | 11,967 | 10,766 | 64,050 | 64,100 | 12,684 | 9,349 | 12,807 | 11,516 | 67,050 | 67,100 | 13,434 | 10,099 | 13,647 | 12,266 |
| 61,100 | 61,150 | 11,946 | 8,611 | 11,981 | 10,779 | 64,100 | 64,150 | 12,696 | 9,361 | 12,821 | 11,529 | 67,100 | 67,150 | 13,446 | 10,111 | 13,661 | 12,279 |
| 61,150 | 61,200 | 11,959 | 8,624 | 11,995 | 10,791 | 64,150 | 64,200 | 12,709 | 9,374 | 12,835 | 11,541 | 67,150 | 67,200 | 13,459 | 10,124 | 13,675 | 12,291 |
| 61,200 | 61,250 | 11,971 | 8,636 | 12,009 | 10,804 | 64,200 | 64,250 | 12,721 | 9,386 | 12,849 | 11,554 | 67,200 | 67,250 | 13,47 | 10,136 | 13,689 | 12,304 |
| 61,250 | 61,300 | 11,984 | 8,649 | 12,023 | 10,816 | 64,250 | 64,300 | 12,734 | 9,399 | 12,863 | 11,566 | 67,250 | 67,300 | 13,484 | 10,149 | 13,703 | 12,316 |
| 61,300 | 61,350 | 11,996 | 8,661 | 12,037 | 10,829 | 64,300 | 64,350 | 12,746 | 9,411 | 12,877 | 11,579 | 67,300 | 67,350 | 13,496 | 10,161 | 13,717 | 12,329 |
| 61,35 | 61,400 | 12,009 | 8,67 | 12,051 | 10,841 | 64,350 | 64,400 | 12,759 | 9,424 | 12,89 | 11,591 | 0 | 67,400 | 13,509 | 10,174 | 13,731 | 12,341 |
| 61,400 | 61,450 | 12,021 | 8,686 | 12,065 | 10,854 | 64,400 | 64,450 | 12,771 | 9,436 | 12,905 | 11,604 | 67,400 | 67,450 | 13,521 | 10,186 | 13,745 | 12,354 |
| 61,450 | 61,500 | 12,034 | 8,699 | 12,079 | 10,866 | 64,450 | 64,500 | 12,784 | 9,449 | 12,919 | 11,616 | 67,450 | 67,500 | 13,534 | 10,199 | 13,759 | 12,366 |
| 61,500 | 61,550 | 12,046 | 8,711 | 12,093 | 10,879 | 64,500 | 64,550 | 12,796 | 9,461 | 12,933 | 11,629 | 67,500 | 67,550 | 13,546 | 10,211 | 13,773 | 12,379 |
| 61,550 | 61,600 | 12,059 | 8,724 | 12,107 | 10,891 | 64,550 | 64,600 | 12,809 | 9,474 | 12,947 | 11,641 | 67,550 | 67,600 | 13,559 | 10,224 | 13,787 | 12,391 |
| 61,600 | 61,650 | 12,071 | 8,736 | 12,121 | 10,904 | 64,600 | 64,650 | 12,821 | 9,486 | 12,961 | 11,654 | 67,600 | 67,650 | 13,571 | 10,236 | 13,801 | 12,404 |
| 61,650 | 61,700 | 12,084 | 8,749 | 12,135 | 10,916 | 64,650 | 64,700 | 12,834 | 9,499 | 12,975 | 11,666 | 67,650 | 67,700 | 13,584 | 10,249 | 13,815 | 12,416 |
| 61,700 | 61,750 | 12,096 | 8,761 | 12,149 | 10,929 | 64,700 | 64,750 | 12,846 | 9,511 | 12,989 | 11,679 | 67,700 | 67,750 | 13,596 | 10,261 | 13,829 | 12,429 |
| 61,750 | 61,800 | 12,109 | 8,774 | 12,163 | 10,941 | 64,750 | 64,800 | 12,859 | 9,524 | 13,003 | 11,691 | 67,750 | 67,800 | 13,60 | 10,274 | 13,843 | 12,441 |
| 61,800 | 61,850 | 12,121 | 8,786 | 12,177 | 10,954 | 64,800 | 64,850 | 12,871 | 9,536 | 13,017 | 11,704 | 67,800 | 67,850 | 13,621 | 10,286 | 13,857 | 12,454 |
| 61,850 | 61,900 | 12,134 | 8,799 | 12,191 | 10,966 | 64,850 | 64,900 | 12,884 | 9,549 | 13,031 | 11,716 | 67,850 | 67,900 | 13,634 | 10,299 | 13,871 | 12,466 |
| 61,900 | 61,950 | 12,146 | 8,811 | 12,205 | 10,979 | 64,900 | 64,950 | 12,896 | 9,561 | 13,045 | 11,729 | 67,900 | 67,950 | 13,646 | 10,311 | 13,885 | 12,479 |
| 61,950 | 62,000 | 12,159 | 8,824 | 12,219 | 10,991 | 64,950 | 65,000 | 12,909 | 9,574 | 13,059 | 11,741 | 67,950 | 68,000 | 13,659 | 10,324 | 13,899 | 12,4 |

[^10]2005 Tax Table-Continued

| line |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | $\begin{aligned} & \text { less } \\ & \text { than } \end{aligned}$ | Sin | Married <br> filing <br> jointly <br> Your | $\begin{aligned} & \begin{array}{l} \text { Married } \\ \text { filing } \\ \text { sepa- } \\ \text { rately } \end{array} \\ & \text { tax is- } \end{aligned}$ | $\begin{aligned} & \begin{array}{l} \text { Head } \\ \text { of a } \\ \text { house- } \\ \text { hold } \end{array} \end{aligned}$ | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | But <br> less than | Sin | Married <br> filing <br> jointly <br> Your tax | Married <br> filing <br> sepa- <br> rately | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your | Married <br> filing <br> sepa- <br> ratelytax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 68,000 |  |  |  |  |  | 71,000 |  |  |  |  |  | 74,000 |  |  |  |  |  |
| 68,000 | 68,050 |  |  | 13, |  |  | 71 |  |  |  |  |  | 74,050 |  |  | 15,593 |  |
| 68,05 | 68,1 |  |  | 13, | 12,5 |  | 71,10 |  |  |  |  | 74,0 | 74,100 | 15,2 | 11,8 | 15,60 |  |
| 68,100 | 68,150 | 13,69 | 10,361 | 13,941 | 12,529 | 71,100 | 71,150 | 14,44 |  | 14,7 | 13,279 | 74,100 | 74,150 | 15,262 | 11,861 | 15,621 | 14,029 |
| 68,150 | 68,200 | 13,70 | 10,374 | 13,955 | 12,541 | 71,150 | 71,200 | 14,45 | 11,124 | 14,795 | 13,291 | 74,150 | 74,200 | 15,276 | 11,874 | 15,635 | 14,041 |
| 68,200 | 68,250 | 13,721 | 10,386 | 13,969 | 12,554 | 71,200 | 71,250 | 14,47 | 11,136 | 14,809 | 13,30 | 74,200 | 74,250 | 15,2 | 11,886 | 15,649 | 14,054 |
| 68,250 | 68,300 | 13,734 | 10,399 | 13,983 | 12,566 | 71,250 | 71,300 | 14,484 | 11,149 | 14,823 | 13,316 | 74,250 | 74,300 | 15,304 | 11,899 | 15,663 | 14,066 |
| 68,300 | 68,350 | 13,746 | 10,411 | 13,997 | 12,579 | 71,300 | 71,350 | 14,496 | 11,161 | 14,837 | 13,329 | 74,300 | 74,350 | 15,318 | 11,911 | 15,677 | 14,079 |
| 68,350 | 68,400 | 13,759 | 10,424 | 14,011 | 12,591 | 71,350 | 71,400 | 14,509 | 11,174 | 14,851 | 13,341 | 74,350 | 74,400 | 15,332 | 11,924 | 15,69 | 14,091 |
| 68 | 68,4 |  |  | 14,02 | 12,6 |  | 71, | 14, |  | 14,865 | 13 |  | 74, |  |  |  |  |
| 68,45 | 68,50 | 13,784 | 10,449 | 14,039 | 12,616 | 71,450 | 71,500 | 14,53 | 11,199 | 14,879 | 13,366 | 74,4 | 74,500 | 15,360 | 11,949 | 15,719 |  |
| 68,500 | 68,550 | 13,796 | 10,461 | 14,053 | 12,629 | 71,500 | 71,550 | 14,54 | 11,211 | 14,893 | 13,379 | 74,500 | 74,550 | 15,374 | 11,961 | 15,733 | 14,129 |
| 8,550 | 68,600 | 13,809 | 10,474 | 14,067 | 12,641 |  | 71,600 | 14,55 | 11,224 | 14,907 | 13,391 | 74,550 | 74,600 | 15,388 | 11,974 | 15,747 | 14,141 |
| 68,600 | 68,650 | 13,821 | 10,486 | 14,081 | 12,654 | 71,600 | 71,650 | 14,5 | 11,236 | 14,921 | 13,404 | 74,600 | 74,650 | 15,402 | 11,986 | 15,761 | 14,154 |
| 68,650 | 68,700 | 13,83 | 10,499 | 14,095 | 12,666 | 71,650 | 71,700 | 14,58 | 11,249 | 14,935 | 13,416 | 74,650 | 74,700 | 15,416 | 11,999 | 15,775 | 14,166 |
| 68,700 | 68,750 | 13,846 | 10,511 | 14,109 | 12,679 | 71,700 | 71,750 | 14,596 | 11,261 | 14,949 | 13,429 | 74,700 | 74,750 | 15,430 | 12,011 | 15,789 | 14,179 |
| 68,750 | 68,800 | 13,859 | 10,524 | 14,123 | 12,691 |  | 71,800 | 14,60 | 11,274 | 14,963 | 13,441 | , 750 | 74,800 | 15,444 | 12,02 | 15,803 | 91 |
| 68,800 | 68,8 | 13,87 | 10 | 14, | 12 | 71,800 | 71,8 | 14, | 11,286 | 14,9 | 13, | 74,800 | 74,8 | 15 | 12, | 15, | - |
| 68,850 | 68,900 | 13,88 | 10,549 | 14,151 | 12,716 | 71,850 | 71,900 | 14,63 | ,299 | 14,991 | 13,466 | ,850 | 74,900 | 15,472 | 12,04 | 15,831 | 析 |
| 68,900 | 68,950 | 13,896 | 0,561 | 14,165 | 12,729 | 71,900 | 71,9 | 14,64 |  | 15,005 | 13,479 |  | 74,9 |  | 12,06 | 15,845 |  |
| 68,950 | 69,000 | 13,909 | 10,574 | 14,179 | 12,741 | 71,950 | 72,000 | 14,66 | 11,324 | 15,019 | 13,491 | 74,950 | 75,000 | 15,500 | 12,07 | 15,859 |  |
| 69,000 |  |  |  |  |  | 72,000 |  |  |  |  |  | 75,000 |  |  |  |  |  |
| 69,000 | 69, | 13 | 10 | 14, | 12,75 | 72,000 | 72, | 14, | 11 | 15,0 | 13,5 | 75,000 | 75,0 | 15,514 | 12 | 15 | 14,254 |
| ,050 | 69,100 | 13,93 | 10,599 | 14,207 | 12,76 | 72,050 | 72,100 | 14,68 |  | 15,04 | 13,51 | 75,050 | 75,100 | 15,5 | 12,09 | 15,887 |  |
| 69,100 | 69,150 | 13,946 | 10,611 | 14,221 | 12,779 | 72,100 | 72,150 | 14,702 | 11,36 | 15,061 | 13,529 | 75,100 | 75,150 | 15,542 | 12,111 | 15,901 | 14,279 |
| 69,150 | 69,200 | 13,959 | 10,624 | 14,235 | 12,791 | 72,150 | 72,200 |  | , 374 | 5,075 | 13,541 | 75,150 | 75,200 | 15,556 | 12,124 | 15,915 | 14,291 |
| 9,200 | 69,250 | 13,97 | 10,636 | 14,249 | 12,804 | 72,200 | 72,250 | 14,73 | 11,386 | 15,089 | 13,55 | 75,200 | 75,250 | 15,570 | 12,136 | 15,929 | 14,304 |
| 69,250 | 69,300 | 13,984 | 10,649 | 14,263 | 12,816 | 72,250 | 72,300 | 14,74 | 11,399 | 15,103 | 13,56 | 75,250 | 75,300 | 15,58 | 12,149 | 15,943 | 14,316 |
| 69,300 | 69,350 | 13,996 | 10,661 | 14,277 | 12,829 | 72,300 | 72,350 | 14,758 | 11,411 | 15,11 | 13,579 | 75,300 | 75,350 | 15,598 | 12,161 | 15,957 | 14,329 |
| 69,350 | 69,400 | 09 | 10,674 | 14,291 | 12,841 | 350 | 72,400 | 14,772 | 11,424 | 15,131 | 13,59 | 75,350 | 75,400 | 15,612 | 12,174 | 15,971 | 341 |
| ,400 | 69, | 14,02 | 10 | 14,305 | 12,85 | 72 | 72,450 | 14,78 | 11,436 | 15,1 | 13,60 |  | 75, | 15, | 12,1 | 15,98 | 354 |
| ,450 | 69,500 | 14,03 | 10,699 | 14,319 | 12,866 | 72,450 | 72,500 |  | 11,449 | 15,159 | 13,616 | 75,4 | 75,500 | 15,640 | 12,199 | 15,999 | 14,366 |
| 69,500 | 69,550 | 14,046 | 10,711 | 14,333 | 12,879 | 72,500 | 72,550 | 14,81 | 11,461 | 15,173 | 13,629 | 75,500 | 75,550 | 15,654 | 12,211 | 16,013 | 14,379 |
| 69,550 | 69,600 | 14 | 10,724 | 14,347 | 12,891 | 72,550 | 72,600 | 14,828 | 11,474 | 15,187 | 13,6 | 75,550 | 75,600 | 15, | 12,224 | 16,027 | 1 |
| 600 | 69,6 | 14,07 | 10, | 14,3 | 12,904 | 72, | 72,650 | 14,8 | 11,486 | 15,201 | 13, | 75,600 | 75,650 | 15, | 12,23 | 16,04 | 14,404 |
| 69,650 | 69,700 | 14,084 | 10,749 | 14,375 | 12,916 | 72,650 | 72,700 | 14,85 | 11,499 | 15,215 | 13,666 | 75,650 | 75,700 | 15,696 | 12,249 | 16,055 | 14,416 |
| 69,700 | 69,750 | 14,096 | 10,761 | 14,389 | 12,929 | 72,700 | 72,750 | 14,870 | 11,511 | 15,229 | 13,679 | 75,700 | 75,750 | 15,710 | 12,261 | 16,069 | 14,429 |
| 69,750 | 69,800 | 14,109 | 10,774 | 14,403 | 12,941 | 72,750 | 72,800 | 14,88 | 11,524 | 15,243 | 13,691 |  | 75,800 | 15,724 | 12,274 | 16,083 | 14,441 |
| 69,800 | 69,850 | 14, | 10,786 | 14,417 | 12 | 72,800 | 72,850 | 14,8 |  | 15,257 | 13,701 |  | 75,850 | 15,738 | 12,286 | 16,097 | 14,454 |
| ,850 | 69,900 | 14,134 | 10,799 | 14,431 | 12,966 | 72,850 | 72,900 | 14,912 | 11,549 | 15,271 | 13,716 | 75,850 | 75,900 | 15,752 | 12,29 | 16,11 | 14,466 |
| 69,900 | 69,950 | 14,146 | 10,811 | 14,445 | 12,979 | 72,900 | 72,950 | 14,926 | 11,561 | 15,285 | 13,729 | 75,900 | 75,950 | 15,766 | 12,311 | 16,125 | 14,479 |
| 69,950 | 70,000 | 14,15 | 10,824 |  | 12,9 | 72,950 | 73,000 |  |  | 15,299 | 13,7 | 75,950 | 76,000 | 15,780 | 12,32 | 16,1 |  |
| 70,000 |  |  |  |  |  | 73,000 |  |  |  |  |  | 76,000 |  |  |  |  |  |
| 70,000 | 70,050 |  |  |  |  |  | 73,050 |  | 11,586 |  |  |  | 76,050 | 15,7 | 12,336 | 16,153 | 4,504 |
| 70,050 | 70,100 | 14,184 | 10,849 | 14,487 | 13,016 | 73,050 | 73,100 | 14,96 | 11,599 | 15,327 | 13,766 | 76,050 | 76,100 | 15,80 | 12,349 | 16,167 | 14,516 |
| 70,100 | 70,150 | 14,196 | 10,861 | 14,501 | 13,029 | 73,100 | 73,150 | 14,982 | 11,611 | 15,341 | 13,779 | 76,100 | 76,150 | 15,82 | 12,361 | 16,181 | 14,529 |
| 70, | 70,2 | 14 | 10,8 | 14, | 13 | 73,150 | 73,200 |  | 11 | 15,355 | 13,7 | 76,150 | 76,200 | 15 | 12,37 | 16,1 | 14,541 |
| 70,200 | 70,250 | 14,221 | 10,886 | 14,529 | 13,054 | 73,200 | 73,250 | 15,010 | 11,636 | 15,369 | 13,804 | 76,200 | 76,250 | 15,850 | 12,386 | 16,209 | 14,554 |
| 70,250 | 70,300 | 14,234 | 10,899 | 14,543 | 13,066 | 73,250 | 73,300 | 15,024 | 11,649 | 15,383 | 13,816 | 76,250 | 76,300 | 15,864 | 12,399 | 16,223 | 14,566 |
| 70,300 | 70,350 | ,246 | 10,911 | 14,557 | 13,079 | 73,300 | 73,350 | 15,038 | 11,661 | 15,397 | 13,829 | 76,300 | 76,350 | 15,878 | 12,411 | 16,237 | 14,579 |
| 70,350 | 70,400 | 14,259 | 10,924 | 14,571 | 13,091 | 73,350 | 73,400 | 15,052 | 11,674 | 15,411 | 13,841 | 76,350 | 76,400 | 15,89 | 12,424 | 16,251 | 14,5 |
| 70,400 | 70,4 | 14,271 | 10,936 | 14,585 |  |  |  | 15,0 |  |  |  |  | 76,450 | 15, | 12,436 | 16,265 | ,604 |
| 70,450 | 70,500 | 14,284 | 10,949 | 14,599 | 13,116 | 73,450 | 73,500 | 15,080 | 11,699 | 15,439 | 13,866 | 76,450 | 76,500 | 15,920 | 12,449 | 16,279 | 14,616 |
| 70,500 | 70,550 | 14,296 | 10,961 | 14,613 | 13,129 | 73,500 | 73,550 | 15,094 | 11,711 | 15,453 | 13,879 | 76,500 | 76,550 | 15,934 | 12,461 | 16,293 | 14,629 |
| 70,550 | 70,600 | 14 | 10,974 | 14,627 | 13, |  | 73,600 |  | 11,724 | 15,467 | 13,89 | 550 | 76,600 | 15,9 | 12,474 | 16,307 | 14,641 |
| 70,600 | 70,650 | 14,321 | 10,986 | 14,641 | 13,154 | 73,600 | 73,650 | 15,122 | 11,736 | 15,481 | 13,904 | 76,600 | 76,650 | 15,962 | 12,486 | 16,321 | 14,654 |
| 70,650 | 70,700 | 14,334 | 10,999 | 14,655 | 13,166 | 73,650 | 73,700 | 15,136 | 11,749 | 15,495 | 13,916 | 76,650 | 76,700 | 15,976 | 12,499 | 16,335 | 14,666 |
| 70,700 | 70,750 | 14,346 | 11,011 | 14,669 | 13,179 | 73,700 | 73,750 | 15,150 | 11,761 | 15,509 | 13,929 | 76,700 | 76,750 | 15,990 | 12,511 | 16,349 | 14,679 |
| 70,750 | 70,800 | 14,359 | 11,024 | 14,683 | 13,191 | 73,750 | 73,800 | 15,16 | 11,774 | 15,523 | 13,94 | 76,750 | 76,800 | 16,00 | 12,524 | 16,363 | 14,69 |
| 70,800 | 70,850 | 14,371 | 11,036 | 14,697 | 13,204 | 73,800 | 73,850 | 15,178 | 11,786 | 15,537 | 13,954 | 76,800 | 76,850 | 16,018 | 12,536 | 16,377 | 14,704 |
| 70,850 | 70,900 | 14,384 | 11,049 | 14,711 | 13,216 | 73,850 | 73,900 | 15,192 | 11,799 | 15,551 | 13,966 | 76,850 | 76,900 | 16,032 | 12,549 | 16,391 | 14,716 |
| 70,900 | 70,950 | 14,396 | 11,061 | 14,725 | 13,229 | 73,900 | 73,950 | 15,206 | 11,811 | 15,565 | 13,979 | 76,900 | 76,950 | 16,046 | 12,561 | 16,405 | 14,729 |
| 70,950 | 71,000 | 14,409 | 11,074 | 14,739 | 13,241 | 73,950 | 74,000 | 15,220 | 11,824 | 15,579 | 13,991 | 76,950 | 77,000 | 16,060 | 12,574 | 16,419 | 14,741 |

[^11]| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | But less than | Single | Married <br> filing <br> jointly <br> Your t | Married <br> filing <br> sepa- <br> rately <br> tax is- | Head of a household | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { tha } \end{aligned}$ | Single | Married <br> filing <br> jointly <br> Your $t$ | Married <br> filing <br> sepa- <br> rately$\|$ | Head of a house hold | At least | But less than | Single | Married <br> filing <br> jointly <br> Your | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \\ & \text { tax is- } \end{aligned}$ | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 77,000 |  |  |  |  |  | 80,000 |  |  |  |  |  | 83,000 |  |  |  |  |  |
| 77,000 | 77,050 | 16,074 | 12,586 | 16,433 | 14,754 | 80,000 | 80,050 | 16,9 | 13,336 | 17,273 | 15,5 | 83,000 | 83,050 | 17,754 | 14,086 | 18,113 | 16,254 |
| 77,050 | 77,100 | 16,088 | 12,599 | 16,447 | 14,766 | 80,050 | 80,100 | 16,928 | 13,349 | 17,287 | 15,516 | 83,050 | 83,100 | 17,768 | 14,099 | 18,127 | 16,266 |
| 77,100 | 77,150 | 16,102 | 12,611 | 16,461 | 14,779 | 80,100 | 80,150 | 16,942 | 13,361 | 17,301 | 15,529 | 83,100 | 83,150 | 17,782 | 14,111 | 18,141 | 16,279 |
| 77,150 | 77,200 | 16,116 | 12,624 | 16,475 | 14,791 | 80,150 | 80,200 | 16,956 | 13,374 | 17,315 | 15,541 | 83,150 | 83,200 | 17,796 | 14,124 | 18,155 | 16,291 |
| 77,200 | 77,250 | 16,130 | 12,636 | 16,489 | 14,804 | 80,200 | 80,250 | 16,970 | 13,386 | 17,329 | 15,554 | 83,200 | 83,250 | 17,810 | 14,136 | 18,169 | 16,304 |
| 77,250 | 77,300 | 16,144 | 12,649 | 16,503 | 14,816 | 80,250 | 80,300 | 16,984 | 13,399 | 17,343 | 15,566 | 83,250 | 83,300 | 17,824 | 14,149 | 18,183 | 16,316 |
| 77,300 | 77,350 | 16,158 | 12,661 | 16,517 | 14,829 | 80,300 | 80,350 | 16,998 | 13,411 | 17,357 | 15,579 | 83,300 | 83,350 | 17,838 | 14,161 | 18,197 | 16,329 |
| 77,350 | 77,400 | 16,172 | 12,674 | 16,531 | 14,841 | 80,350 | 80,400 | 17,012 | 13,424 | 17,371 | 15,591 | 83,350 | 83,400 | 17,852 | 14,174 | 18,211 | 16,341 |
| 77,400 | 77,450 | 16,186 | 12,686 | 16,545 | 14,854 | 80,400 | 80,450 | 17,026 | 13,436 | 17,385 | 15,604 | 83,400 | 83,450 | 17,866 | 14,186 | 18,225 | 16,354 |
| 77,450 | 77,500 | 16,200 | 12,699 | 16,559 | 14,866 | 80,450 | 80,500 | 17,040 | 13,449 | 17,399 | 15,616 | 83,450 | 83,500 | 17,880 | 14,199 | 18,239 | 16,366 |
| 77,500 | 77,550 | 16,214 | 12,711 | 16,573 | 14,879 | 80,500 | 80,550 | 17,054 | 13,461 | 17,413 | 15,629 | 83,500 | 83,550 | 17,894 | 14,211 | 18,253 | 16,379 |
| 77,550 | 77,600 | 16,228 | 12,724 | 16,587 | 14,891 | 80,550 | 80,600 | 17,068 | 13,474 | 17,427 | 15,641 | 83,550 | 83,600 | 17,908 | 14,224 | 18,267 | 16,391 |
| 77,600 | 77,650 | 16,242 | 12,736 | 16,601 | 14,904 | 80,600 | 80,650 | 17,082 | 13,486 | 17,441 | 15,654 | 83,600 | 83,650 | 17,922 | 14,236 | 18,281 | 16,404 |
| 77,650 | 77,700 | 16,256 | 12,749 | 16,615 | 14,916 | 80,650 | 80,700 | 17,096 | 13,499 | 17,455 | 15,666 | 83,650 | 83,700 | 17,936 | 14,249 | 18,295 | 16,416 |
| 77,700 | 77,750 | 16,270 | 12,761 | 16,629 | 14,929 | 80,700 | 80,750 | 17,110 | 13,511 | 17,469 | 15,679 | 83,700 | 83,750 | 17,950 | 14,261 | 18,309 | 16,429 |
| 77,750 | 77,800 | 16,284 | 12,774 | 16,643 | 14,941 | 80,750 | 80,800 | 17,124 | 13,524 | 17,483 | 15,691 | 83,750 | 83,800 | 17,964 | 14,274 | 18,323 | 16,441 |
| 77,800 | 77,850 | 16,298 | 12,786 | 16,657 | 14,954 | 80,800 | 80,850 | 17, | 13,536 | 17,497 | 15,704 | 83,800 | 83,850 | 17,978 | 14,286 | 18,337 | 16,454 |
| 77,850 | 77,900 | 16,312 | 12,799 | 16,671 | 14,966 | 80,850 | 80,900 | 17,152 | 13,549 | 17,511 | 15,716 | 83,850 | 83,900 | 17,992 | 14,299 | 18,351 | 16,466 |
| 77,900 | 77,950 | 16,326 | 12,811 | 16,685 | 14,979 | 80,900 | 80,950 | 17,166 | 13,561 | 17,525 | 15,729 | 83,900 | 83,950 | 18,006 | 14,311 | 18,365 | 16,479 |
| 77,950 | 78,000 | 16,340 | 12,824 | 16,699 | 14,991 | 80,950 | 81,000 | 17,180 | 13,574 | 17,539 | 15,741 | 83,950 | 84,000 | 18,020 | 14,324 | 18,379 | 16,491 |
| 78,000 |  |  |  |  |  | 81,000 |  |  |  |  |  | 84,000 |  |  |  |  |  |
| 78,000 | 78,050 | 16,35 | 12,836 | 16,713 | 15,004 | 81,000 | 81,050 | 17,194 | 13,586 | 17,553 | 15,754 | 84,000 | 84,050 | 18,034 | 14,336 | 18,393 | 6,504 |
| 78,050 | 78,100 | 16,368 | 12,849 | 16,727 | 15,016 | 81,050 | 81,100 | 17,208 | 13,599 | 17,567 | 15,766 | 84,050 | 84,100 | 18,048 | 14,349 | 18,407 | 16,516 |
| 78,100 | 78,150 | 16,382 | 12,861 | 16,741 | 15,029 | 81,100 | 81,150 | 17,222 | 13,611 | 17,581 | 15,779 | 84,100 | 84,150 | 18,062 | 14,361 | 18,421 | 16,529 |
| 78,150 | 78,200 | 16,396 | 12,874 | 16,755 | 15,041 | 81,150 | 81,200 | 17,236 | , | 7,595 | 15,791 | 84,150 | 84,200 | 18,076 | 14,374 | 18,435 | 16.541 |
| 78,200 | 78,250 | 16,410 | 12,886 | 16,769 | 15,054 | 81,200 | 81,250 | 17,250 | 13,636 | 17,609 | 15,804 | 84,200 | 84,250 | 18,090 | 14,386 | 18,449 | 16,554 |
| 78,250 | 78,300 | 16,424 | 12,899 | 16,783 | 15,066 | 81,250 | 81,300 | 17,264 | 13,649 | 17,623 | 15,816 | 84,250 | 84,300 | 18,104 | 14,399 | 18,463 | 16,566 |
| 78,300 | 78,350 | 16,438 | 12,911 | 16,797 | 15,079 | 81,300 | 81,350 | 17,278 | 13,661 | 17,637 | 15,829 | 84,300 | 84,350 | 18,118 | 14,411 | 18,477 | 16,579 |
| 78,350 | 78,400 | 16,452 | 12,924 | 16,811 | 15,091 | 81,350 | 81,400 | 17,292 | 13,674 | 17,651 | 15,841 | 84,350 | 84,400 | 18,132 | 14,424 | 18,491 | 16,591 |
| 78,400 | 78,45 | 16,466 | 12,936 | 16,825 | 15,104 | 81 | 81,450 | 17, | 13,68 | 17,665 | 15,854 | 84,400 | 84,450 | 18,1 | 14,436 | 18,505 | 16,604 |
| 78,450 | 78,500 | 16,480 | 12,949 | 16,839 | 15,116 | 81,450 | 81,500 | 17,320 | 13,699 | 17,679 | 15,866 | 84,450 | 84,500 | 18,160 | 14,449 | 18,519 | 16,616 |
| 78,500 | 78,550 | 16,494 | 12,961 | 16,853 | 15,129 | 81,500 | 81,550 | 17,334 | 13,711 | 17,693 | 15,879 | 84,500 | 84,550 | 18,174 | 14,461 | 18,533 | 16,629 |
| 78,550 | 78, | 16 | 12 | 16 | 15,141 | 5 | 81,600 | 17.348 | 13,7 | 17 | 15, | 84 | 84,600 | 18.188 |  | 18,547 | 16,641 |
| 78,600 | 78,650 | 16,522 | 12,986 | 16,881 | 15,154 | 81,600 | 81,650 | 17,362 | 13,736 | 17,721 | 15,904 | 84,600 | 84,650 | 18,202 | 14,486 | 18,561 | 16,654 |
| 78,650 | 78,700 | 16,536 | 12,999 | 16,895 | 15,166 | 81,650 | 81,700 | 17,376 | 13,749 | 17,735 | 15,916 | 84,650 | 84,700 | 18,216 | 14,499 | 18,575 | 16,666 |
| 78,700 | 78,750 | 16,550 | 13,011 | 16,909 | 15,179 | 81,700 | 81,750 | 17,390 | 13,761 | 17,749 | 15,929 | 84,700 | 84,750 | 18,230 | 14,511 | 18,589 | 6,679 |
| 78,750 | 78,800 | 16,564 | 13,024 | 16,923 | 15,191 | 81,750 | 81,800 | 17,404 | 13,774 | 17,763 | 15,941 | 84,750 | 84,800 | 18,24 | 14,524 | 18,603 | 16,691 |
| 78,800 | 78,850 | 16,578 | 13,036 | 16,937 | 15,204 | 81,800 | 81,850 | 17,418 | 13,786 | 17,777 | 15,954 | 84,800 | 84,850 | 18,258 | 14,536 | 18,617 | 16,704 |
| 78,850 | 78,900 | 16,592 | 13,049 | 16,951 | 15,216 | 81,850 | 81,900 | 17,432 | 13,799 | 17,791 | 15,966 | 84,850 | 84,900 | 18,272 | 14,549 | 18,631 | 16,716 |
| 78,900 | 78,950 | 16,606 | 13,061 | 16,965 | 15,229 | 81,900 | 81,950 | 17,446 | 13,811 | 17,805 | 15,979 | 84,900 | 84,950 | 18,286 | 14,561 | 18,645 | 16,729 |
| 78,950 | 79,000 | 16,620 | 13,074 | 16,979 | 15,241 | 81,950 | 82,000 | 17,460 | 13,824 | 17,819 | 15,991 | 84,950 | 85,000 | 18,300 | 14,574 | 18,659 | 6,741 |
| 79,000 |  |  |  |  |  | 82,000 |  |  |  |  |  | 85,000 |  |  |  |  |  |
| 79,000 | 79,050 | 16,634 | 13,086 | 16,993 | 15,254 | 82,000 | 82,050 | 17,474 | 13,836 | 17,833 | 16,004 | 85,000 | 85,050 | 18,314 | 14,586 | 18,673 | 6,754 |
| 79,050 | 79,100 | 16,648 | 13,099 | 17,007 | 15,266 | 82,050 | 82,100 | 17,488 | 13,849 | 17,847 | 16,016 | 85,050 | 85,100 | 18,328 | 14,599 | 18,687 | 16,766 |
| 79,100 | 79,150 | 16,662 | 13,111 | 17,021 | 15,279 | 82,100 | 82,150 | 17,502 | 13,861 | 17,861 | 16,029 | 85,100 | 85,150 | 18,342 | 14,611 | 18,701 | 16,779 |
| 79,150 | 79,200 | 16,676 | 13,124 | 17,035 | 15,291 | 82,150 | 82,200 | 17,516 | 13,874 | 17,875 | 16,041 | 85,150 | 85,200 | 18,35 | 14,624 | 18,715 | 16,791 |
| 79,200 | 79,250 | 16,690 | 13,136 | 17,049 | 15,304 | 82,200 | 82,250 | 17,530 | 13,886 | 17,889 | 16,054 | 85,200 | 85,250 | 18,370 | 14,636 | 18,729 | 16,804 |
| 79,250 | 79,300 | 16,704 | 13,149 | 17,063 | 15,316 | 82,250 | 82,300 | 17,544 | 13,899 | 17,903 | 16,066 | 85,250 | 85,300 | 18,384 | 14,649 | 18,743 | 16,816 |
| 79,300 | 79,350 | 16,718 | 13,161 | 17,077 | 15,329 | 82,300 | 82,350 | 17,558 | 13,911 | 17,917 | 16,079 | 85,300 | 85,350 | 18,398 | 14,661 | 18,757 | 16,829 |
| 79,350 | 79,400 | 16,732 | 13,174 | 17,091 | 15,341 | 82,350 | 82,400 | 17,572 | 13,924 | 17,931 | 16,091 | 85,350 | 85,400 | 18,41 | 14,674 | 18,771 | 16,841 |
| 79,400 | 79,450 | 16,746 | 13,186 | 17,105 | 15,354 | 82,400 | 82,450 | 17,586 | 13,936 | 17,945 | 16,104 | 85,400 | 85,450 | 18,426 | 14,686 | 18,785 | 16,85 |
| 79,450 | 79,500 | 16,760 | 13,199 | 17,119 | 15,366 | 82,450 | 82,500 | 17,600 | 13,949 | 17,959 | 16,116 | 85,450 | 85,500 | 18,440 | 14,699 | 18,799 | 16,866 |
| 79,500 | 79,550 | 16,774 | 13,211 | 17,133 | 15,379 | 82,500 | 82,550 | 17,614 | 13,961 | 17,973 | 16,129 | 85,500 | 85,550 | 18,454 | 14,711 | 18,813 | 16,879 |
| 79,550 | 79,600 | 16,788 | 13,224 | 17,147 | 15,391 | 82,550 | 82,600 | 17,628 | 13,974 | 17,987 | 16,141 | 85,550 | 85,600 | 18,46 | 14,724 | 18,827 | 16,891 |
| 79,600 | 79,650 | 16,802 | 13,236 | 17,161 | 15,404 | 82,600 | 82,650 | 17,642 | 13,986 | 18,001 | 16,154 | 85,600 | 85,650 | 18,482 | 14,736 | 18,841 | 16,904 |
| 79,650 | 79,700 | 16,816 | 13,249 | 17,175 | 15,416 | 82,650 | 82,700 | 17,656 | 13,999 | 18,015 | 16,166 | 85,650 | 85,700 | 18,496 | 14,749 | 18,855 | 16,916 |
| 79,700 | 79,750 | 16,830 | 13,261 | 17,189 | 15,429 | 82,700 | 82,750 | 17,670 | 14,011 | 18,029 | 16,179 | 85,700 | 85,750 | 18,510 | 14,761 | 18,869 | 16,929 |
| 79,750 | 79,800 | 16,844 | 13,274 | 17,203 | 15,441 | 82,750 | 82,800 | 17,684 | 14,024 | 18,043 | 16,191 | 85,750 | 85,800 | 18,524 | 14,774 | 18,883 | 16,941 |
| 79,800 | 79,850 | 16,858 | 13,286 | 17,217 | 15,454 | 82,800 | 82,850 | 17,698 | 14,036 | 18,057 | 16,204 | 85,800 | 85,850 | 18,538 | 14,786 | 18,897 | 16,954 |
| 79,850 | 79,900 | 16,872 | 13,299 | 17,231 | 15,466 | 82,850 | 82,900 | 17,712 | 14,049 | 18,071 | 16,216 | 85,850 | 85,900 | 18,552 | 14,799 | 18,911 | 16,966 |
| 79,900 | 79,950 | 16,886 | 13,311 | 17,245 | 15,479 | 82,900 | 82,950 | 17,726 | 14,061 | 18,085 | 16,229 | 85,900 | 85,950 | 18,566 | 14,811 | 18,925 | 16,979 |
| 79,950 | 80,000 | 16,900 | 3,324 | 17,259 | 15,491 | 82,950 | 83,000 | 17,740 | 14,074 | 18,099 | 16,241 | 85,950 | 86,000 | 18, | 14,824 | 18,939 | 16,991 |

2005 Tax Table-Continued

| If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less than | Single | Married filing $\underset{*}{\text { jointly }}$ Your | Married <br> filing <br> sepa- <br> rately <br> tax is- | Head of a household | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | But <br> less than | Single | Married <br> filing <br> jointly <br> Your tax | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \\ & \text { tax is- } \end{aligned}$ | Head of a household | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | But less than | Single | Married filing jointly Your | Married filing separately tax is- | $\begin{aligned} & \text { Head } \\ & \text { of a } \\ & \text { house- } \\ & \text { hold } \end{aligned}$ |
| 86,000 |  |  |  |  |  | 89,000 |  |  |  |  |  | 92,000 |  |  |  |  |  |
| 86,000 | 86 |  |  | 18,9 |  | 89,000 | 89, | 19, | 15, | 19, |  | 92,000 | 92,050 | 20,274 |  | 20,664 |  |
| 86,050 | 86,100 | 18,6 | 14,849 | 18,967 | 17,016 | 89,050 | 89,100 | 19,448 | 15,599 | 19,807 | 17,76 | 92,050 | 92,100 | 20,28 | 16,34 | 20,681 | 18, |
| 86,100 | 86,150 | 18,622 | 14,861 | 18,981 | 17,029 | 89,100 | 89,150 | 19,462 | 15,611 | 19,821 | 17,779 | 92,100 | 92,150 | 20,302 | 16,361 | 20,697 | 18,529 |
| 86,150 | 86,200 | 18,636 | 14,874 | 18,995 | 17,041 | 89,150 | 89,200 | 19,476 | 15,624 | 19,835 | 17,791 | 92,150 | 92,200 | 20,316 | 16,374 | 20,714 | 18,541 |
| 86,200 | 86,250 | 18,650 | 14,886 | 19,009 | 17,054 | 89,200 | 89,250 | 19,490 | 15,636 | 19,849 | 17,80 | 92,200 | 92,250 | 20,330 | 16,386 | 20,730 | 18,554 |
| 86,250 | 86,300 | 18,664 | 14,899 | 19,023 | 17,066 | 89,250 | 89,300 | 19,504 | 15,649 | 19,863 | 17,816 | 92,250 | 92,300 | 20,344 | 16,399 | 20,747 | 18,566 |
| 86,300 | 86,350 | 18,678 | 14,911 | 19,037 | 17,079 | 89,300 | 89,350 | 19,518 | 15,661 | 19,877 | 17,829 | 92,300 | 92,350 | 20,358 | 16,411 | 20,763 | 18,579 |
| 86,350 | 86,400 | 18,692 | 14,924 | 19,051 | 17,091 | 89,350 | 89,400 | 19,532 | 15,674 | 19,891 | 17,841 | 92,350 | 92,400 | 20,372 | 16,424 | 20,780 | 18, |
| 86 | 86, |  | 14 | 19,065 |  | 89, | 89,4 | 19,546 | 15, | 19,905 |  | 92,400 | 92,450 | 20, | 16,436 |  | 04 |
| 86,450 | 86,500 | 18,720 | 14,949 | 19,079 | 17,116 | 89,450 | 89,500 | 19,560 | 15,699 | 19,919 | 17,8 | 92,450 | 92,500 | 20,400 | 16,449 | 20,813 | 18,616 |
| 86,500 | 86,550 | 18,734 | 14,961 | 19,093 | 17,129 | 89,500 | 89,550 | 19,574 | 15,711 | 19,933 | 17,879 | 92,500 | 92,550 | 20,414 | 16,461 | 20,829 | 18,629 |
| 86,550 | 86,600 | 18,748 | 14,974 | 19,107 | 17,141 | 89,550 | 89,600 | 19,588 | 15,724 | 19,947 | 17,891 | 92,550 | 92,600 | 20,428 | 16,474 | 20,846 | 18,641 |
| 86,600 | 86,650 | 18,762 | 14,986 | 19,121 | 17,154 | 89,600 | 89,650 | 19,602 | 15,736 | 19,961 | 17,904 | 92,600 | 92,650 | 20,442 | 16,486 | 20,862 | 18,654 |
| 86,650 | 86,700 | 18,776 | 14,999 | 19,135 | 17,166 | 89,650 | 89,700 | 19,616 | 15,749 | 19,975 | 17,916 | 92,650 | 92,700 | 20,456 | 16,499 | 20,879 | 18,666 |
| 86,700 | 86,750 | 18,790 | 15,011 | 19,149 | 17,179 | 89,700 | 89,750 | 19,630 | 15,761 | 19,989 | 17,929 | 92,700 | 92,750 | 20,470 | 16,511 | 20,895 | 18,679 |
| 86,750 | 86,800 | 18,804 | 15,024 | 19,163 | 17,191 | 89,750 | 89,800 | 19,644 | 15,774 | 20,003 | 17,941 | 92,750 | 92,800 | 20,48 | 16,524 | 20,912 | 18,691 |
| 86,800 | 86,8 | 18,8 | 15, | 19,1 | 17 | 89,80 | 89,8 | 19, | 15,786 | 20,017 | 17,95 | 92,8 | 92,850 | 20,4 | 16,5 | 20,9 | 704 |
| 86,850 | 86,900 | 18,8 | 15,049 | 19,191 | 17,216 | 89,850 | 89,900 | 19,672 | 15,799 | 20,031 | 17,966 | 92,850 | 92,900 | 20,51 | 16,549 | 20,945 | 18,716 |
| 86,900 | 86,950 |  | 15,061 | 19,205 | 17,229 | 89,900 | 89,950 | 19,686 | 15,811 | 20,045 | 17,979 | 92,900 | 92,950 | 20,526 | 16,561 | 20,961 | 18,729 |
| 86,950 | 87,000 | 18,860 | 15,074 | 19,219 | 17,241 | 89,950 | 90,000 | 19,700 | 15,824 | 20,059 | 17,991 | 92,950 | 93,000 | 20,540 | 16,574 | 20,978 | 18,741 |
|  | O |  |  |  |  |  | 00 |  |  |  |  | 93 | 000 |  |  |  |  |
| 87,000 | 87,0 | 18 | 15,086 | 19, | 17,254 | 90,0 | 90, | 19,7 | 15 | 20, |  | 93,000 | 93,050 | 20 | 16, | 20 | 54 |
| 87,050 | 87,100 | 18,8 | 15,099 | 19,247 | 17,266 | 90,050 | 90,100 | 19,728 | 15,8 | 20,08 | 18,016 | 93,050 | 93,100 | 20,56 | 16,599 | 21,011 |  |
| 87,100 | 87,150 | 18,902 | 15,111 | 19,261 | 17,279 | 90,100 | 90,150 | 19,742 | 15,86 | 20,101 | 18,029 | 93,100 | 93,150 | 20,582 | 16,611 | 21,027 | 18,779 |
| 87,150 | 87,200 | 18,916 | 15,124 | 19,275 | 17,291 | 90,150 | 90,200 | 19,756 | 15,87 | 20,115 | 18,041 | 93,150 | 93,200 | 20,596 | 16,624 | 21,044 | 18,791 |
| 87,200 | 87,250 | 18,930 | 15,136 | 19,289 | 17,304 | 90,200 | 90,250 | 19,77 | 15,886 | 20,129 | 18,054 | 93,200 | 93,250 | 20,610 | 16,636 | 21,060 | 18,804 |
| 87,250 | 87,300 | 18,9 | 15,149 | 19,303 | 17,316 | 90,250 | 90,300 | 19,78 | 15,899 | 20,143 | 18,066 | 93,250 | 93,300 | 20,624 | 16,649 | 21,077 | 18,816 |
| 87,300 | 87,350 | 18,958 | 15,161 | 19,317 | 17,329 | 90,300 | 90,350 | 19,798 | 15,911 | 20,15 | 18,079 | 93,300 | 93,350 | 20,638 | 16,661 | 21,093 | 18,829 |
| 87,350 | 87,400 | 18,972 | 15,174 | 19,331 | 17,341 | 90,350 | 90,400 | 19,812 | 15,924 | 20,171 | 18,091 | 93,350 | 93,400 | 20,652 | 16,674 | 21,110 | 18,841 |
| 87,400 | 87,450 | 18,986 | 15,186 | 19, | 17, | 90 | 450 | 19,826 | 15,93 | 20,18 | 18 | 93,400 | 93,450 | 20, | 16,6 | 21,126 | 18,854 |
| 87,450 | 87,500 | 19,000 | 15,199 | 19,359 | 17,366 | 90,45 | 90,500 | 19,84 | 15,949 | 20,19 | 18,116 | 93,450 | 93,500 | 20,680 | 16,699 | 21,143 | 18,866 |
| 87,500 | 87,550 | 19,014 | 15,211 | 19,373 | 17,379 | 90,500 | 90,550 | 19,854 | 15,961 | 20,213 | 18,129 | 93,500 | 93,550 | 20,694 | 16,711 | 21,159 | 18,879 |
| 87,550 | 87,600 | 19,0 | 15,224 | 19,38 | 17,391 | 90,550 | 90,600 | 19,868 | 15,974 | 20,227 | 181 | 93,5 | 93,600 | 20,708 | 16,72 | 21,176 | 18,891 |
| 87,600 | 87,650 | 19,042 | 15,236 | 19,401 | 17,404 | 90,600 | 90,650 | 19,88 | 15,986 | 20,241 | 18,154 | 93,600 | 93,650 | 20,722 | 16,736 | 21,192 | 18,904 |
| 87,650 | 87,700 | 19,056 | 15,249 | 19,415 | 17,416 | 90,650 | 90,700 | 19,896 | 15,999 | 20,255 | 18,166 | 93,650 | 93,700 | 20,736 | 16,749 | 21,209 | 18,916 |
| 87,700 | 87,750 | 19,070 | 15,261 | 19,429 | 17,429 | 90,700 | 90,750 | 19,910 | 16,011 | 20,269 | 18,179 | 93,700 | 93,750 | 20,750 | 16,761 | 21,225 | 18,929 |
| 87,750 | 87,800 | 19,084 | 15,274 | 19,443 | 17,441 | 90,750 | 90,800 | 19,924 | 16,024 | 20,283 | 18,191 | 93,750 | 93,800 | 20,76 | 16,774 | 21,242 | 18,941 |
| 87,800 | 87,850 | 19,098 | 15,286 | 19,457 | 17,45 | 90,800 | 90,850 | 19,938 | 16,036 | 20,297 | 18,204 | 93,800 | 93,850 | 20,778 | 16,786 | 21,258 | 18,954 |
| 87,850 | 87,900 | 19,112 | 15,299 | 19,471 | 17,466 | 90,850 | 90,900 | 19,952 | 16,049 | 20,311 | 18,216 | 93,850 | 93,900 | 20,79 | 16,799 | 21,275 | 18,966 |
| 87,900 | 87,950 | 19,126 | 15,311 | 19,485 | 17,479 | 90,900 | 90,950 | 19,966 | 16,061 | 20,325 | 18,229 | 93,900 | 93,950 | 20,806 | 16,81 | 21,29 | 18,979 |
| 87,950 | 88,000 | 19,140 | 15,324 | 19,499 | 17,491 | 90,950 | 91,000 | 19,98 | 16,074 | 20,339 | 18,241 | 93,950 | 94,000 | 20,82 | 16,82 | 21,30 |  |
|  | 0 |  |  |  |  |  | 0 |  |  |  |  | 94, | 000 |  |  |  |  |
| 88,000 | 88,050 |  |  | 19,513 |  |  | 91,050 | 19,99 | 16,086 | 20,353 | 18,254 | 000 | 94,050 | 20,83 | 16,836 | 21,324 | 19,004 |
| 88,050 | 88,100 | 19,168 | 15,349 | 19,527 | 17,516 | 91,050 | 91,100 | 20,008 | 16,099 | 20,367 | 18,266 | 94,050 | 94,100 | 20,848 | 16,849 | 21,341 | 19,016 |
| 88,100 | 88,150 | 19,182 | 15,361 | 19,541 | 17,529 | 91,100 | 91,150 | 20,022 | 16,111 | 20,381 | 18,279 | 94,100 | 94,150 | 20,862 | 16,861 | 21,357 | 19,029 |
| 88,150 | 88,200 | 19,1 | 15,374 | 19,555 | 17,541 | 91, | 91,200 | 20,036 | 16,12 | 20, | 18,291 | 94 | 94,200 | 20 | 16,87 | 21,3 | 41 |
| 88,200 | 88,250 | 19,210 | 15,386 | 19,569 | 17,554 | 91,200 | 91,250 | 20,050 | 16,136 | 20,409 | 18,304 | 94,200 | 94,250 | 20,890 | 16,886 | 21,390 | 19,054 |
| 88,250 | 88,300 | 19,224 | 15,399 | 19,583 | 17,566 | 91,250 | 91,300 | 20,064 | 16,149 | 20,423 | 18,316 | 94,250 | 94,300 | 20,904 | 16,899 | 21,407 | 19,066 |
| 88,300 | 88,350 | 19,238 | 15,411 | 19,597 | 17,579 | 91,300 | 91,350 | 20,078 | 16,161 | 20,437 | 18,329 | 94,300 | 94,350 | 20,918 | 16,911 | 21,423 | 19,079 |
| 88,350 | 88,400 | 19,252 | 15,424 | 19,611 | 17,591 | 91,350 | 91,400 | 20,092 | 16,174 | 20,451 | 18,341 | 94,350 | 94,400 | 20,932 | 16,924 | 21,440 | 19,09 |
| 88,400 | 88,450 | 19,266 | 15,436 | 19,625 | 17,604 |  | 91,450 | 20,106 | 16,186 | 20,466 | 18,35 | 94,400 | 94,450 | 20,946 | 16,936 | 21,456 | 19,104 |
| 88,450 | 88,500 | 19,280 | 15,449 | 19,639 | 17,616 | 91,450 | 91,500 | 20,120 | 16,199 | 20,483 | 18,366 | 94,450 | 94,500 | 20,960 | 16,949 | 21,473 | 19,116 |
| 88,500 | 88,550 | 19,294 | 15,461 | 19,653 | 17,629 | 91,500 | 91,550 | 20,134 | 16,211 | 20,499 | 18,379 | 94,500 | 94,550 | 20,974 | 16,961 | 21,489 | 19,129 |
| 88,550 | 88,600 | 19,3 | 15,474 | 19,667 | 17,641 | 91,550 | 91,600 | 20,148 | 16,224 | 20,516 | 18,39 | 550 | 94,600 | 20,988 | 16,97 | 21,50 | 19,141 |
| 88,600 | 88,650 | 19,322 | 15,486 | 19,681 | 17,654 | 91,600 | 91,650 | 20,162 | 16,236 | 20,532 | 18,404 | 94,600 | 94,650 | 21,002 | 16,986 | 21,522 | 19,154 |
| 88,650 | 88,700 | 19,336 | 15,499 | 19,695 | 17,666 | 91,650 | 91,700 | 20,176 | 16,249 | 20,549 | 18,416 | 94,650 | 94,700 | 21,016 | 16,999 | 21,539 | 19,166 |
| 88,700 | 88,750 | 19,350 | 15,511 | 19,709 | 17,679 | 91,700 | 91,750 | 20,190 | 16,261 | 20,565 | 18,429 | 94,700 | 94,750 | 21,030 | 17,011 | 21,555 | 19,179 |
| 88,750 | 88,800 | 19,364 | 15,524 | 19,723 | 17,691 | 91,750 | 91,800 | 20,204 | 16,274 | 20,582 | 18,441 | 94,750 | 94,800 | 21,044 | 17,024 | 21,572 | 19,191 |
| 88,800 | 88,850 | 19,378 | 15,536 | 19,737 | 17,704 | 91,800 | 91,850 | 20,218 | 16,286 | 20,598 | 18,454 | 94,800 | 94,850 | 21,058 | 17,036 | 21,588 | 19,204 |
| 88,850 | 88,900 | 19,392 | 15,549 | 19,751 | 17,716 | 91,850 | 91,900 | 20,232 | 16,299 | 20,615 | 18,466 | 94,850 | 94,900 | 21,072 | 17,049 | 21,605 | 19,216 |
| 88,900 | 88,950 | 19,406 | 15,561 | 19,765 | 17,729 | 91,900 | 91,950 | 20,246 | 16,311 | 20,631 | 18,479 | 94,900 | 94,950 | 21,086 | 17,061 | 21,621 | 19,229 |
| 88,950 | 89,000 | 19,420 | 15,574 | 19,779 | 17,741 | 91,950 | 92,000 | 20,260 | 16,324 | 20,648 | 18,491 | 94,950 | 95,000 | 21,100 | 17,07 | 21,638 | 19,241 |

[^12]| 2005 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form line 27, | 1040A, <br> is- | And you are- |  |  |  | If Form 1040A, line 27, is- |  | And you are- |  |  |  |
| At least | But less than | Single | Married filing jointly <br> Your | Married filing separately tax is- | d Head of a household | At least | But less than | Single | Married filing jointly <br> Your tax | Married <br> filing <br> separately tax is- | Head of a household |
| 95,000 |  |  |  |  |  | 98,000 |  |  |  |  |  |
| 95,000 | 95,050 | 21,114 | 17,086 | 21,654 | 19,254 | 98,000 | 98,050 | 21,954 | 17,836 | 22,644 | 20,004 |
| 95,050 | 95,100 | 21,128 | 17,099 | 21,671 | 19,266 | 98,050 | 98,100 | 21,968 | 17,849 | 22,661 2 | 20,016 |
| 95,100 | 95,150 | 21,142 | 17,111 | 21,687 | 19,279 | 98,100 | 98,150 | 21,982 | 17,861 | 22,677 2 | 20,029 |
| 95,150 | 95,200 | 21,156 | 17,124 | 21,704 | 19,291 | 98,150 | 98,200 | 21,996 | 17,874 | 22,694 | 20,041 |
| 95,200 | 95,250 | 21,170 | 17,136 | 21,720 | 19,304 | 98,200 | 98,250 | 22,010 | 17,886 | 22,710 | 20,054 |
| 95,250 | 95,300 | 21,184 | 17,149 | 21,737 | 19,316 | 98,250 | 98,300 | 22,024 | 17,899 | 22,727 | 20,066 |
| 95,300 | 95,350 | 21,198 | 17,161 | 21,753 | 19,329 | 98,300 | 98,350 | 22,038 | 17,911 | 22,743 | 20,079 |
| 95,350 | 95,400 | 21,212 | 17,174 | 21,770 | 19,341 | 98,350 | 98,400 | 22,052 | 17,924 | 22,760 | 20,091 |
| 95,400 | 95,450 | 21,226 | 17,186 | 21,786 | 19,354 | 98,400 | 98,450 | 22,066 | 17,936 | 22,776 | 20,104 |
| 95,450 | 95,500 | 21,240 | 17,199 | 21,803 | 19,366 | 98,450 | 98,500 | 22,080 | 17,949 | 22,793 | 20,116 |
| 95,500 | 95,550 | 21,254 | 17,211 | 21,819 | 19,379 | 98,500 | 98,550 | 22,094 | 17,961 | 22,809 | 20,129 |
| 95,550 | 95,600 | 21,268 | 17,224 | 21,836 | 19,391 | 98,550 | 98,600 | 22,108 | 17,974 | 22,826 | 20,141 |
| 95,600 | 95,650 | 21,282 | 17,236 | 21,852 | 19,404 | 98,600 | 98,650 | 22,122 | 17,986 | 22,842 | 20,154 |
| 95,650 | 95,700 | 21,296 | 17,249 | 21,869 | 19,416 | 98,650 | 98,700 | 22,136 | 17,999 | 22,859 | 20,166 |
| 95,700 | 95,750 | 21,310 | 17,261 | 21,885 | 19,429 | 98,700 | 98,750 | 22,150 | 18,011 | 22,875 | 20,179 |
| 95,750 | 95,800 | 21,324 | 17,274 | 21,902 | 19,441 | 98,750 | 98,800 | 22,164 | 18,024 | 22,892 | 20,191 |
| 95,800 | 95,850 | 21,338 | 17,286 | 21,918 | 19,454 | 98,800 | 98,850 | 22,178 | 18,036 | 22,908 | 20,204 |
| 95,850 | 95,900 | 21,352 | 17,299 | 21,935 | 19,466 | 98,850 | 98,900 | 22,192 | 18,049 | 22,925 | 20,216 |
| 95,900 | 95,950 | 21,366 | 17,311 | 21,951 | 19,479 | 98,900 | 98,950 | 22,206 | 18,061 | 22,941 2 | 20,229 |
| 95,950 | 96,000 | 21,380 | 17,324 | 21,968 | 19,491 | 98,950 | 99,000 | 22,220 | 18,074 | 22,958 | 20,241 |
| 96,000 |  |  |  |  |  | 99,000 |  |  |  |  |  |
| 96,000 | 96,050 | 21,394 | 17,336 | 21,984 | 19,504 | 99,000 | 99,050 | 22,234 | 18,086 | 22,974 | 20,254 |
| 96,050 | 96,100 | 21,408 | 17,349 | 22,001 | 19,516 | 99,050 | 99,100 | 22,248 | 18,099 | 22,991 | 20,266 |
| 96,100 | 96,150 | 21,422 | 17,361 | 22,017 | 19,529 | 99,100 | 99,150 | 22,262 | 18,111 | 23,007 | 20,279 |
| 96,150 | 96,200 | 21,436 | 17,374 | 22,034 | 19,541 | 99,150 | 99,200 | 22,276 | 18,124 | 23,024 | 20,291 |
| 96,200 | 96,250 | 21,450 | 17,386 | 22,050 | 19,554 | 99,200 | 99,250 | 22,290 | 18,136 | 23,040 | 20,304 |
| 96,250 | 96,300 | 21,464 | 17,399 | 22,067 | 19,566 | 99,250 | 99,300 | 22,304 | 18,149 | 23,057 2 | 20,316 |
| 96,300 | 96,350 | 21,478 | 17,411 | 22,083 | 19,579 | 99,300 | 99,350 | 22,318 | 18,161 | 23,073 | 20,329 |
| 96,350 | 96,400 | 21,492 | 17,424 | 22,100 | 19,591 | 99,350 | 99,400 | 22,332 | 18,174 | 23,090 | 20,341 |
| 96,400 | 96,450 | 21,506 | 17,436 | 22,116 | 19,604 | 99,400 | 99,450 | 22,346 | 18,186 | 23,106 | 20,354 |
| 96,450 | 96,500 | 21,520 | 17,449 | 22,133 | 19,616 | 99,450 | 99,500 | 22,360 | 18,199 | 23,123 | 20,366 |
| 96,500 | 96,550 | 21,534 | 17,461 | 22,149 | 19,629 | 99,500 | 99,550 | 22,374 | 18,211 | 23,139 | 20,379 |
| 96,550 | 96,600 | 21,548 | 17,474 | 22,166 | 19,641 | 99,550 | 99,600 | 22,388 | 18,224 | 23,156 | 20,391 |
| 96,600 | 96,650 | 21,562 | 17,486 | 22,182 | 19,654 | 99,600 | 99,650 | 22,402 | 18,236 | 23,172 | 20,404 |
| 96,650 | 96,700 | 21,576 | 17,499 | 22,199 | 19,666 | 99,650 | 99,700 | 22,416 | 18,249 | 23,189 | 20,416 |
| 96,700 | 96,750 | 21,590 | 17,511 | 22,215 | 19,679 | 99,700 | 99,750 | 22,430 | 18,261 | 23,205 20 | 20,429 |
| 96,750 | 96,800 | 21,604 | 17,524 | 22,232 | 19,691 | 99,750 | 99,800 | 22,444 | 18,274 | 23,222 | 20,441 |
| 96,800 | 96,850 | 21,618 | 17,536 | 22,248 | 19,704 | 99,800 | 99,850 | 22,458 | 18,286 | 23,238 | 20,454 |
| 96,850 | 96,900 | 21,632 | 17,549 | 22,265 | 19,716 | 99,850 | 99,900 | 22,472 | 18,299 | 23,255 | 20,466 |
| 96,900 | 96,950 | 21,646 | 17,561 | 22,281 | 19,729 | 99,900 | 99,950 | 22,486 | 18,311 | 23,271 20 | 20,479 |
| 96,950 | 97,000 | 21,660 | 17,574 | 22,298 | 19,741 | 99,950 | 100,000 | 22,500 | 18,324 | 23,288 | 20,491 |
| 97,000 |  |  |  |  |  |  |  |  |  |  |  |
| 97,000 | 97,050 | 21,674 | 17,586 | 22,314 | 19,754 | $\begin{gathered} \$ 100,000 \\ \text { or over - } \\ \text { use } \\ \text { Form } 1040 \end{gathered}$ |  |  |  |  |  |
| 97,050 | 97,100 | 21,688 | 17,599 | 22,331 | 19,766 |  |  |  |  |  |  |
| 97,100 | 97,150 | 21,702 | 17,611 | 22,347 | 19,779 |  |  |  |  |  |  |
| 97,150 | 97,200 | 21,716 | 17,624 | 22,364 | 19,791 |  |  |  |  |  |  |
| 97,200 | 97,250 | 21,730 | 17,636 | 22,380 | 19,804 |  |  |  |  |  |  |
| 97,250 | 97,300 | 21,744 | 17,649 | 22,397 | 19,816 |  |  |  |  |  |  |
| 97,300 | 97,350 | 21,758 | 17,661 | 22,413 | 19,829 |  |  |  |  |  |  |
| 97,350 | 97,400 | 21,772 | 17,674 | 22,430 | 19,841 |  |  |  |  |  |  |
| 97,400 | 97,450 | 21,786 | 17,686 | 22,446 | 19,854 |  |  |  |  |  |  |
| 97,450 | 97,500 | 21,800 | 17,699 | 22,463 | 19,866 |  |  |  |  |  |  |
| 97,500 | 97,550 | 21,814 | 17,711 | 22,479 | 19,879 |  |  |  |  |  |  |
| 97,550 | 97,600 | 21,828 | 17,724 | 22,496 | 19,891 |  |  |  |  |  |  |
| 97,600 | 97,650 | 21,842 | 17,736 | 22,512 | 19,904 |  |  |  |  |  |  |
| 97,650 | 97,700 | 21,856 | 17,749 | 22,529 | 19,916 |  |  |  |  |  |  |
| 97,700 | 97,750 | 21,870 | 17,761 | 22,545 | 19,929 |  |  |  |  |  |  |
| 97,750 | 97,800 | 21,884 | 17,774 | 22,562 | 19,941 |  |  |  |  |  |  |
| 97,800 | 97,850 | 21,898 | 17,786 | 22,578 | 19,954 |  |  |  |  |  |  |
| 97,850 | 97,900 | 21,912 | 17,799 | 22,595 | 19,966 |  |  |  |  |  |  |
| 97,900 | 97,950 | 21,926 | 17,811 | 22,611 | 19,979 |  |  |  |  |  |  |
| 97,950 | 98,000 | 21,940 | 17,824 | 22,628 | 19,991 |  |  |  |  |  |  |
| ${ }^{\text {* }}$ This column must also be used by a qualifying widow(er). |  |  |  |  |  |  |  |  |  |  |  |



## 

If an envelope addressed to "Internal Revenue Service Center" came with this 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 shown that applies to you.

Envelopes without enough postage will be returned to you by the post office. Your envelope may need additional postage if it contains more than five pages or is oversized (for example, it is over $1 / 4$ " thick). Also, include your complete return address.

|  | THEN use this address if you: |  |
| :--- | :--- | :--- |
| IF you live in... | Are not enclosing a check or money <br> order... | Are enclosing a check or money <br> order... |
| Alabama, Delaware, Florida, Georgia, North Carolina, Rhode Island, <br> South Carolina, Virginia | Internal Revenue Service Center <br> Atlanta, GA 39901-0015 | Internal Revenue Service Center <br> Atlanta, GA 39901-0115 |
| District of Columbia, Maine, Maryland, Massachusetts, New <br> Hampshire, New York, Vermont | Internal Revenue Service Center <br> Andover, MA 05501-0015 | Internal Revenue Service Center <br> Andover, MA 05501-0115 |
| Connecticut, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, | Internal Revenue Service Center <br> Korth Dakota, Ohio, Wisconsin | Internal Revenue Service Center <br> Kansas City, MO 64999-0115 |
| New Jersey, Pennsylvania | Internal Revenue Service Center <br> Philadelphia, PA 19255-0015 | Internal Revenue Service Center <br> Philadelphia, PA 19255-0115 |
| Arkansas, Kansas, Kentucky, Louisiana, Mississippi, Oklahoma, <br> Tennessee, Texas, West Virginia | Internal Revenue Service Center <br> Austin, TX 73301-0015 | Internal Revenue Service Center <br> Austin, TX 73301-0115 |
| Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, <br> Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, <br> Washington, Wyoming | Internal Revenue Service Center <br> Fresno, CA 93888-0015 | Internal Revenue Service Center <br> Fresno, CA 93888-0115 |
| American Samoa, nonpermanent residents of Guam or the Virgin <br> Islands*, Puerto Rico (or if excluding income under Internal <br> Revenue Code section 933), dual-status aliens, and those filing Form <br> 4563 | Internal Revenue Service Center <br> Philadelphia, PA 19255-0215 <br> USA | Internal Revenue Service Center <br> Philadelphia, PA 19255-0215 <br> USA |
| All APO and FPO addresses, a foreign country: U.S. citizens and <br> those filing Form 2555 or 2555-EZ | Internal Revenue Service Center <br> Austin, TX 73301-0215 <br> USA | Internal Revenue Service Center <br> Austin, TX 73301-0215 <br> USA |

* Permanent residents of Guam should use: Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the Virgin Islands should use: V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.


## What's Inside?

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When to file (page 12)
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How to comment on forms (page 58)
How to avoid common mistakes (page 56)

Help with unresolved tax issues
(page 6)
Free tax help (page 7 and 57)
How to get forms and publications (page 7)
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How to make a gift to reduce debt held by the public (page 56)

## Instructions



## A Message From the Commissioner

## Dear Taxpayer,

As our nation moves forward in this still young century, the Internal Revenue Service will focus on three areas of tax administration:

- Improving taxpayer service;
- Enhancing enforcement of the tax law; and
- Modernizing the IRS through its people, processes, and technology.

Our working equation at the IRS is simple: service plus enforcement equals compliance. Not service or enforcement, but service and enforcement. We must do both in a balanced and consistent manner, with full respect for, and attention to, taxpayer rights.

By service, we mean helping people understand their federal tax obligations and facilitating their participation in the tax system. Enforcing the law is equally essential to our system of individual self-assessment. Americans need to be confident that when they pay their taxes, their neighbors and competitors are doing the same.

As you prepare your taxes, I encourage you to file electronically. Last year, more than 61 million Americans did. And we expect even more to file electronically this year. E-file benefits both the taxpayer and the government. E-file promotes greater reliability and faster processing. If you're getting a refund, you'll get it sooner.

To learn more, go online. Check out www.irs.gov and click on "1040 Central" for the tax forms, information, and updates you need. For example, you can find out whether you are eligible for the earned income credit. Also, like more than 23 million people last year, you can check the status of your refund online. Just click on "Where's My Refund?"

I hope this tax booklet is useful to you. For further information, you may contact us at www.irs.gov or call our toll-free numbers 1-800-829-1040 for individuals and 1-800-829-4933 for businesses.

Sincerely,
 wish

Mark W. Everson

## The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

## consider it done

## What is IRS e-file?

It's the fastest, easiest, and most convenient way to file your income tax return electronically. So easy, over 61 million taxpayers preferred e-file over filing a paper income tax return last year. Visit the IRS website at www.irs.gov/efile for all the details and latest information.

## What are the benefits?

## Free File Options!

- At least 60 percent of taxpayers are eligible to use free commercial online tax preparation software to $e$-file.
- Visit www.irs.gov to see if you qualify and to access these free services offered by the tax software industry (not the IRS).


## Fast! Easy! Convenient!

- Get your refund in half the time as paper filers do, even faster and safer with Direct Deposit. See page 18.
- Sign electronically and file a completely paperless return. See page 20.
- Receive an electronic proof of receipt within 48 hours that the IRS received your return.
- If you owe, you can e-file and authorize an electronic funds withdrawal or pay by credit card. If you e-file before April 15, 2005, you can schedule an electronic funds withdrawal from your checking or savings account as late as April 15, 2005. See page 19.
- Prepare and file your federal and state returns together and save time.


## Accurate! Secure!

- IRS computers quickly and automatically check for errors or other missing information.
- The chance of being audited does not differ whether you $e$-file or file a paper income tax return.
- Your bank account information is safeguarded along with other tax return information. The IRS does not have access to credit card numbers.

Visit the IRS website at www.irs.gov/efile for details.

## How to $e-f i l e$ ?

Use an Authorized IRS e-file
Provider
Many tax professionals electronically file tax returns for their clients. As a taxpayer, you have two options:

- You can prepare your return, take it to an Authorized IRS e-file Provider, and have the provider transmit it electronically to the IRS, or
- You can have a tax professional prepare your return and transmit it for you electronically.

Tax professionals may charge a fee for IRS e-file. Fees may vary depending on the professional and the specific services rendered.

## AUTHORIZED

 HEPNAE PROVIDER
## Use a Personal Computer

You can file your income tax return in a fast, easy, convenient way using your personal computer. A computer with a modem or Internet access and tax preparation software are all you need. Best of all, you can $e$-file from the comfort of your home 24 hours a day, 7 days a week. Visit www.irs.gov for details.

IRS approved tax preparation software is available for online use on the Internet, for download from the Internet, and in retail stores. Visit www.irs.gov/efile for details.

If you do not qualify for the Free File options, visit our Partners Page for partners that offer other free or low-cost filing options at www.irs.gov/efile.

## IRS Customer Service Standards

At the IRS, our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas.

- Easier filing and payment options.
- Access to information.
- Accuracy.
- Prompt refunds.
- Canceling penalties.
- Resolving problems.
- Simpler forms.

If you would like information about the IRS standards and a report of our accomplishments, see Pub. 2183.

## Help With Unresolved Tax Issues

## Office of the Taxpayer Advocate

## Contacting Your Taxpayer Advocate

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.
While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

## Handling Your Tax Problems

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A "fresh look" at your new or on-going problem,
- Timely acknowledgment,
- The name and phone number of the individual assigned to your case,
- Updates on progress,
- Timeframes for action,
- Speedy resolution, and
- Courteous service.


## Information You Should Be Prepared To Provide

- Your name, address, and social security number (or employer identification number),
- Your telephone number and hours you can be reached,
- The type of tax return and year(s) involved,
- A detailed description of your problem,
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing and supporting documentation (if applicable).


## How To Contact Your Taxpayer Advocate

- Call the Taxpayer Advocate's toll-free number: 1-877-777-4778.
- Call, write, or fax the Taxpayer Advocate office in your area (see Pub. 1546 for addresses and phone numbers).
- TTY/TDD help is available by calling 1-800-829-4059.
- Visit the website at www.irs.gov/advocate.


## Quick and Easy Access to Tax Help and Forms



## Internet <br> You can access the IRS website 24 hours a day, 7 days a week, at www.irs.gov to:

- 4everfio Access commercial tax preparation and e-file services available for free;
- Check the status of your 2005 refund;
- Download forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- Figure your withholding allowances using our W-4 calculator; and
- Sign up to receive local and national tax news by email.



## Mail

Send your order for forms, instructions, and publications to the address below. You should receive your order within 10 days after we receive your request.

National Distribution Center
P.O. Box 8903

Bloomington, IL 61702-8903


## Phone

You can order forms and publications and receive automated information by phone.

Forms and publications. Call 1-800-TAX-FORM (1-800-829-3676) during the hours shown on page 6 to order current year forms, instructions, and publications, and prior year forms and instructions. You should receive your order within 10 days.

TeleTax topics. Call 1-800-829-4477 24 hours a day, 7 days a week, to listen to pre-recorded messages covering about 150 tax topics. See page 7 for a list of the topics.

Refund information. You can check the status of your 2005 refund 24 hours a day, 7 days a week. See page 6 for details.


## Walk-In

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of reproducible tax forms available to photocopy or print from a CD-ROM.


## CD-ROM

You can order Pub. 1796, IRS Tax Products CD, and obtain:

- Two-release set;
- Current year forms, instructions, and publications;
- Prior year forms and instructions and publications;
- Tax Map: An Electronic Research Tool and Finding Aid;
- Tax Law Frequently Asked Questions;
- Tax Topics from the IRS telephone response system;
- Fill-in, Print and Save Features for most Tax Forms;
- Internal Revenue Bulletins; and
- Toll-Free Technical Support.

Buy the CD-ROM from National Technical Information Service (NTIS) at www.irs.gov/cdorders for $\$ 25$ (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll-free to buy the CD-ROM for $\$ 25$ (plus a $\$ 5$ handling fee). The first release ships in late December and the final release ships in late February.

Other ways to get help. See page 21 for information.

## Refund Information

You can check on the status of your 2005 refund if it has been at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). But if you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically).

Be sure to have a copy of your 2005 tax return available because you will need to know the exact whole-dollar amount of your refund. You will also need to know your filing status. Then, do one of the following.

- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information.
- Call 1-800-829-1954 during the hours shown below under Calling the IRS.

Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.

Do not send in a copy of your return unless asked to do so.
To get a refund, you generally must file your return within 3 years from the date the return was due (including extensions).

## Calling the IRS

If you cannot find the answer to your question using one of the methods listed on page 5 , please call us for assistance at 1-800-829-1040. You will not be charged for the call unless your phone company charges you for toll-free calls. Our normal hours of operation are Monday through Friday from 8:00 a.m. to 8:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.

If you want to check the status of your 2005 refund, see Refund Information above.

## Before You Call

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

- The tax form, schedule, or notice to which your question relates.
- 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.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available: (a) your social security number, date of birth, or personal identification number (PIN) if you have one, and (b) the amount of refund shown on your tax return, your filing status, the "Caller ID Number" shown at the top of any notice you received, the numbers in your street address, or your ZIP code. If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.
Evaluation of services provided. The IRS uses several methods to evaluate our telephone service. One method is to record telephone calls for quality purposes only. A random sample of recorded calls is selected for review through the quality assurance process. Other methods include listening to live calls in progress and random selection of customers for participation in a customer satisfaction survey.

## Making the Call

Call 1-800-829-1040 (for TTY/TDD help, call 1-800-829-4059). Our menus allow callers with pulse or rotary dial telephones to speak their responses when requested to do so. First, you will be provided a series of options that will request touch-tone responses. If a touch-tone response is not received, you will then hear a series of options and be asked to speak your selections. After your touch-tone or spoken response is received, the system will direct your call to the appropriate assistance. You can do the following within the system: (a) order tax forms and publications, (b) find out what you owe, (c) determine if we have adjusted your account or received payments you made, (d) request a transcript of your tax return or account, (e) find out where to send your tax return or payment, (f) request more time to pay or set up a monthly installment agreement, and (g) find out if you qualify for innocent spouse relief.

## 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. He or she will be happy to take additional time to be sure your question is answered fully.

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.

## What Is TeleTax?

## Recorded Tax Information

A complete list of topics is on the next page. Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

## Topics by Internet

TeleTax topics are also available on the IRS website at www.irs.gov.


For details on these and other changes for 2005 and 2006, see Pub. 553.

## What's New for 2005

## Mailing Your Return

You may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. If you received an envelope with your tax package, please use it. Otherwise, see Where Do You File? on the back cover.

## Earned Income Credit (EIC)

You may be able to take the EIC if you earned less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly). See the instructions for lines 8a and 8 b that begin on page 14 .

## What's New for 2006

Filing Requirements
These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

## Do You Have To File?

Were you (or your spouse if filing a joint return) age 65 or older at the end of 2005? If you were born on January 1, 1941, you are considered to be age 65 at the end of 2005.Yes. Use TeleTax topic 351 (see page 6) to find out if you must file a return. If you do, you must use Form 1040A or 1040.No. Use Chart A, B, or C on page 9 to see if you must file a return.

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 or the health coverage tax credit.

पsertio
Have you tried IRS e-file? It's the fastest way to get your refund and it's free if you are eligible. Visit www.irs.gov for details.
Exception for children under age 14. If you are planning to file a tax return for your child who was under age 14 at the end of 2005 and certain other conditions apply, you can elect to include your child's income on your return. But you must use Form 1040 and Form 8814 to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 6) or see Form 8814.

A child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8814 for such a child.
Resident aliens. These rules also apply if you were a resident alien. Also, you may qualify for certain tax treaty benefits. See Pub. 519 for details.
Nonresident aliens and dual-status aliens. These rules also apply if you were a nonresident alien or dual-status alien and both of the following apply.

- You were married to a U.S. citizen or resident at the end of 2005.
- You elected to be taxed as a resident alien. See Pub. 519 for details.

Specfic rules apply to determine if you are a resident alien, nonresident alien, or dual-status alien. Most nonresident aliens and dual-status aliens have different filing requirements and may have to file Form 1040NR or Form 1040NR-EZ. Pub. 519 discusses theses requirements and other information to help aliens comply with U.S. tax law, including tax treaty benefits, and special rules for students and scholars.

## When Should You File?

Not later than April 17, 2006. If you file after this date, you may have to pay interest and penalties. See below.


If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone, qualified hazardous duty area, or a contingency operation (for example, you were in the Afghanistan, Bosnia, Kosovo, or Persian Gulf area), see Pub. 3.

## What If You Cannot File on Time?

You can get an automatic 4-month extension if, no later than April 17, 2006, you either file for an extension by phone or you file Form 4868. For details, including how to file by phone, see Form 4868.

However, even if you get an extension, the tax you owe is still due April 17, 2006. If you make a payment with your extension request, see the instructions for line 9 on page 18 .

## What If You File or Pay Late?

The IRS can charge you interest and penalties on the amount you owe.

If you file late, 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 can be as much as $25 \%$ (more in some cases) of the tax due. We will charge you interest on the penalty from the due date of the return (including extensions). 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.

If you pay your taxes late, the penalty is usually $1 / 2$ of $1 \%$ of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as $25 \%$ of the unpaid amount. It applies to any unpaid tax on the return.

## Are There Other Penalties?

Yes. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. We will charge you interest on these penalties from the due date of the return (including extensions). Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See Pub. 17 for details.

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.

## Where Do You File?

See the back cover.
Private delivery services. You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00 pm, and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

## Chart A—For Most People

| IF your filing status is $\ldots$ | THEN file a return if your gross income* was at least $\ldots$ |
| :--- | :--- |
| Single | $\$ 8,200$ |
| Married filing jointly** | $\$ 16,400$ |

 the United States (even if you can exclude part or all of it).
**If you did not live with your spouse at the end of 2005 (or on the date your spouse died) and your gross income was at least $\$ 3,200$, you must file a return.

## Chart B—For Children and Other Dependents

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, ordinary dividends, and capital gain distributions. Earned income includes wages, tips, and taxable scholarship and fellowship grants. Gross income is the total of your unearned and earned income.

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

- Your unearned income was over $\$ 800$.
- Your earned income was over $\$ 5,000$.
- Your gross income was more than the larger of -
- \$800, or
- Your earned income (up to $\$ 4,750$ ) plus $\$ 250$.


## Chart C—Other Situations When You Must File

You must file a return using Form 1040A or 1040 if either of the following applies for 2005.

- You received any advance earned income credit payments from your employer. These payments are shown in box 9 of your Form W-2.
- You owe tax from the recapture of an education credit (see Form 8863).

You must file a return using Form 1040 if any of the following apply for 2005.

- You owe any special taxes, such as social security and Medicare tax on tips you did not report to your employer.
- You owe uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on your group-term life insurance.
- You had net earnings from self-employment of at least $\$ 400$.
- 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.
- You owe tax on a qualified plan, including an individual retirement arrangement (IRA), or other tax-favored account. But if you are filing a return only because you owe this tax, you can file Form 5329 by itself.
- You claim a credit for excess social security and tier 1 RRTA tax withheld.


## Who Can Use Form 1040EZ?

You can use Form 1040EZ if all of the following apply.

- Your filing status is single or married filing jointly (see page 11). If you were a nonresident alien at any time in 2005, see Nonresident aliens on this page.
- You do not claim any dependents.
- You do not claim any adjustments to income. Use TeleTax topics 451-458 (see page 6).
- The only tax credit you can claim is the earned income credit. Use TeleTax topics 601-608 and 610 (see page 6).
- You (and your spouse if filing a joint return) were under age 65 and not blind at the end of 2005. If you were born on January 1, 1941, you are considered to be age 65 at the end of 2005 and cannot use Form 1040EZ.
- Your taxable income (line 6 of Form 1040EZ) is less than \$100,000.
- You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over $\$ 1,500$.
- You did not receive any advance earned income credit payments.
- You do not owe any household employment taxes on wages you paid to a household employee. To find out who owes these taxes, use TeleTax topic 756 (see page 6).

If you do not meet all of the requirements, you must use Form 1040A or 1040. Use TeleTax topic 352 (see page 6) to find out which form to use.

Even if you can use Form 1040EZ, it may benefit you to use Form 1040A or 1040 instead. For example, you can claim the head of household filing status (which usually results in a lower tax than single) only on Form 1040A or 1040. Use TeleTax topic 353 (see page 6). Also, you can itemize deductions only on Form 1040. It would benefit you to itemize deductions if they total more than your standard deduction, which is $\$ 5,000$ for most single people and $\$ 10,000$ for most married people filing a joint return. Use TeleTax topic 501 (see page 6). But if someone can claim you (or your spouse if married) as a dependent, your standard deduction is the amount entered on line E of the worksheet on page 2 of Form 1040EZ.

Nonresident aliens. If you were a nonresident alien at any time in 2005, your filing status must be married filing jointly to use Form 1040EZ. If your filing status is not married filing jointly, you may have to use Form 1040NR or 1040NR-EZ. Specific rules apply to

## Where To Report Certain Items From 2005 Forms W-2, 1098, and 1099

Ur fio IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

If any federal income tax withheld is shown on these forms, include the tax withheld on Form 1040EZ, line 7.

| Form | Item and Box in Which it Should Appear | Where To Report on Form 1040EZ |
| :--- | :--- | :--- |
| W-2 | $\begin{array}{l}\text { Wages, tips, other compensation (box 1) } \\ \text { Allocated tips (box 8) } \\ \text { Advance EIC payment (box 9) } \\ \text { Dependent care benefits (box 10) } \\ \text { Adoption benefits (box 12, code T) } \\ \text { Employer contributions to an Archer MSA } \\ \text { (box 12, code R) } \\ \text { Employer contributions to a health savings account } \\ \text { (box 12, code W) }\end{array}$ | $\begin{array}{l}\text { Line 1 } \\ \text { See Tip income on page 12 }\end{array}$ |
| Wust file Form 1040A or 1040 |  |  |$\}$ Must file Form 1040 | Must file Form 1040 if required to file Form 8889 (see the instructions for |
| :--- |
| Form 8889) |

[^13]determine if you were a nonresident or resident alien. See Pub. 519 for details, including the rules for students and scholars who are aliens.

## Single

You can use this filing status if any of the following was true on December 31, 2005.

- You were never married.
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance.
- You were widowed before January 1, 2005, and did not remarry in 2005.


## Married Filing Jointly

You can use this filing status if any of the following apply.

- You were married as of December 31, 2005, even if you did not live with your spouse at the end of 2005.
- Your spouse died in 2005 and you did not remarry in 2005.
- You were married as of December 31, 2005, and your spouse died in 2006 before filing a 2005 return.

A husband and wife can file a joint return even if only one had income or if they did not live together all year. However, both persons must sign the return. If you file a joint return for 2005, you cannot, after the due date for filing that return, amend it to file as married filing separately.
Joint and several tax liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Innocent spouse relief on page 20.

## Line Instructions for Form 1040EZ

4Evitic
IRS e-file takes the guesswork out of preparing your return. You may also be eligible to use free online commercial tax preparation software to file your federal income tax return. Visit www.irs.gov/efile for details.

## Name and Address

## Use the Peel-Off Label

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

## 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, use Form 8822 to notify the IRS of your new address.

## Name Change

If you changed your name because of marriage, divorce, etc., be sure to report the change to your local Social Security Administration office before you file 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 You Do Not Have a Label?

Print the information in the spaces provided.
If you filed a joint return for 2004 and you are filing a joint return for 2005 with the same spouse, be sure to enter your names and SSNs in the same order as on your 2004 return.

## P.O. Box

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

## Foreign Address

Print the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Social Security Number (SSN)

An incorrect or missing SSN can increase your tax or reduce your refund. To apply for an SSN, fill in Form SS-5 and return it to the Social Security Administration (SSA). You can get Form SS-5 online at www.socialsecurity.gov, from your local SSA office, or by calling the SSA at 1-800-772-1213. It usually takes about 2 weeks to get an SSN.

Check that your SSN on your Forms W-2 and 1099 agrees with your social security card. If not, see page 21 for more details.
IRS individual taxpayer identification numbers (ITINs) for aliens. If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it wherever your SSN is requested on your tax return.

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.

Nonresident alien spouse. If your spouse is a nonresident alien, he or she must have either an SSN or an ITIN.

## 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 box. If you are filing a joint return, your spouse may also have $\$ 3$ go to the fund. If you check a box, your tax or refund will not change.

## Income

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $\$ 1.39$ becomes $\$ 1$ and $\$ 2.50$ becomes \$3.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Example. You received two Forms W-2, one showing wages of $\$ 5,009.55$ and one showing wages of $\$ 8,760.73$. On Form 1040EZ, line 1 , you would enter $\$ 13,770(\$ 5,009.55+\$ 8,760.73=$ $\$ 13,770.28$ ).

## Refunds of State or Local Income Taxes

If you received a refund, credit, or offset of state or local income taxes in 2005, you may receive a Form 1099-G.

In the year the tax was paid to the state or other taxing authority, did you file Form 1040EZ or 1040A, or did you use TeleFile?

## Yes. None of your refund is taxable.

No. You may have to report part or all of the refund as income on Form 1040 for 2005. For details, use TeleTax topic 405 (see page 6).
## Social Security Benefits

You should receive a Form SSA-1099 or Form RRB-1099. These forms will show the total social security and equivalent railroad retirement benefits paid to you in 2005 and the amount of any
benefits you repaid in 2005. Use the worksheet below to see if any of your benefits are taxable. If they are, you must use Form 1040A or 1040. For more details, see Pub. 915.

## Line 1

## Wages, Salaries, and Tips

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

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than $\$ 1,400$ in 2005. Also, enter "HSH" and the amount not reported on a Form W-2 in the space to the left of line 1.
- Tip income you did not report to your employer. But you must use Form 1040 and Form 4137 if: (a) you received tips of $\$ 20$ or more in any month and did not report the full amount to your employer, or (b) your Form(s) W-2 show allocated tips that you must report as income. You must report the allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown on your Form(s) W-2 in box 8 . They are not included as income in box 1. See Pub. 531 for more details.
- Scholarship and fellowship grants not reported on a Form W-2. Also, enter "SCH" and the amount in the space to the left of line 1 . However, if you were a degree candidate, include on line 1 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 1.

You must use Form 1040A or 1040 if you received dependent care benefits or employer-provided adoption benefits for 2005.

## Worksheet To See if Any of Your Social Security Benefits Are Taxable

Before you begin: $\sqrt{ }$ If you are filing a joint return, be sure to include any amounts your spouse received when entering amounts on lines 1,3 , and 4 below.

1. Enter the amount from box 5 of all your Forms SSA-1099 and Forms RRB-1099
2. 
3. Is the amount on line 1 more than zero?No. STOP None of your social security benefits are taxable.Yes. Enter one-half of line 1
4. 
5. Enter your total wages, salaries, tips, etc., from Form(s) W-2. Also, include any taxable unemployment compensation and Alaska Permanent Fund dividends you received (see the instructions for line 3 on page 13)
6. 
7. Enter your total interest income, including any tax-exempt interest
8. 
9. Add lines 2,3 , and 4
10. 
11. If you are:

- Single, enter $\$ 25,000$ $\qquad$ 6.
- Married filing jointly, enter $\$ 32,000$
\}.

7. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. None of your social security benefits are taxable this year. You can use Form 1040EZ. Do not list your benefits as income.Yes. STOP Some of your benefits are taxable this year. You must use Form 1040A or 1040.

## Missing or Incorrect Form W-2?

If you do not get a Form W-2 from your employer by January 31, 2006, use TeleTax topic 154 (see page 6) to find out what to do. Even if you do not get a Form W-2, you must still report your earnings on line 1 . If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

## Line 2

## Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Report all of your taxable interest income on line 2 even if you did not receive a Form 1099-INT or 1099-OID.

Include taxable interest from banks, savings and loan associations, money market certificates, credit unions, savings bonds, etc. If interest was credited in 2005 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution, you may be able to exclude part or all of that interest from your 2005 income. But you must use Form 1040A or 1040 to do so. See Pub. 550 for details.

If you cashed series EE or I U.S. savings bonds in 2005 that were issued after 1989 and you paid certain higher education expenses during the year, you may be able to exclude from income part or all of the interest on those bonds. But you must use Form 8815 and Form 1040A or 1040 to do so.

You must use Form 1040A or 1040 if either of the following applies.

- You received interest as a nominee (that is, in your name but the interest income actually belongs to someone else).
- You received a 2005 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 2005.


## Tax-Exempt Interest

If you received tax-exempt interest, such as from municipal bonds, enter "TEI" and the amount in the space to the left of line 2 . Do not add tax-exempt interest in the total on line 2.

## Line 3 <br> Unemployment Compensation and Alaska Permanent Fund Dividends

Unemployment compensation. You should receive a Form 1099-G showing the total unemployment compensation paid to you in 2005.

If you received an overpayment of unemployment compensation in 2005 and you repaid any of it in 2005, subtract the amount you repaid from the total amount you received. Include the result in the total on line 3. Also, enter "Repaid" and the amount you repaid in the space to the left of line 3 . If you repaid unemployment compensation in 2005 that you included in gross income in an earlier year, you can deduct the amount repaid. But you must use Form 1040 to do so. See Pub. 525 for details.
Alaska Permanent Fund dividends. Include the dividends in the total on line 3. But you cannot use Form 1040EZ for a child who was under age 14 at the end of 2005 if the child's dividends are more than $\$ 1,600$. Instead, you must file Form 8615 and Form 1040A or 1040 for the child. You must also use Form 8615 and Form 1040A or 1040 for the child if the child's dividends and taxable interest (line 2) total more than $\$ 1,600$. A child born on January 1, 1992, is considered to be age 14 at the end of 2005. Do not use Form 8615 for such a child.

## Payments and Tax

## Line 7

## Federal Income Tax Withheld

Enter the total amount of federal income tax withheld. This should be shown on your 2005 Form(s) W-2 in box 2.

If you received a 2005 Form 1099-INT, 1099-G, or 1099-OID showing federal income tax withheld, include the tax withheld in the total on line 7. This tax should be shown in box 4 of these forms.

If federal income tax was withheld from your Alaska Permanent Fund dividends, include the tax withheld in the total on line 7.

## Lines 8a and 8b <br> Earned Income Credit (EIC)

## What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

TIP
If you have a qualifying child (see the next column on this page), you may be able to take the credit, but you must use Schedule EIC and Form 1040A or 1040 to do so. For details, see Pub. 596.

## To Take the EIC:

- Follow the steps below.
- Complete the worksheet on page 16 or let the IRS figure the credit for you.


If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, Who must file, on page 15. You may also have to pay penalties.

## Step 1 All Filers

1. Is the amount on Form 1040EZ, line 4 , less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?Yes. Continue
No. stop
You cannot take the credit.
2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 15)?Yes. ContinueNo. stop
You cannot take the credit. Enter "No" in the space to the left of line 8a.
3. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else's 2005 tax return?

$\square$ No. Continue
You cannot take the credit.
4. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2005 ?
Yes. Go to question
5.No. stop
You cannot take the credit.
5. Was your home, and your spouse's if filing a joint return, in the United States for more than half of 2005? Members of the military stationed outside the United States, see page 15 before you answer.Yes. Continue
$\square$ No. sTop
You cannot take the credit. Enter "No" in the space to the left of line 8a.
6. Look at the qualifying child conditions below. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 2005?


You cannot take the credit. Enter "No" in the space to the left of line 8 a .

No. Go to Step 2 on page 15 .

A qualifying child for the EIC is a child who is your...
Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

## AND <br> was

Under age 19 at the end of 2005
or
Under age 24 at the end of 2005 and a student

## or

Any age and permanently and totally disabled

## AND

who...
Either lived with you in the United States for more than half of 2005 or was born or died in 2005 and your home was the child's home for the entire time he or she was alive in 2005.

Special rules apply if the child was married or also meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return). For details, use TeleTax topic 601 (see page 6) or see
Pub. 596.

## Step 2 Earned Income

1. Figure earned income:

Form 1040EZ, line 1
Subtract, if included in line 1, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount paid to an inmate in a penal institution for work (enter "PRI" in the space to the left of line 1 on Form 1040EZ).
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted in the space to the left of line 1 on Form 1040EZ). This amount may be shown on your Form W-2 box 11, or on Form W-2, box 12 , with code Z. If you received such an amount but it is not reported on Form W-2, contact your employer for the amount received as a pension or annuity.
Add all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040EZ, line 8b. See Combat pay, Nontaxable on this page.


Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

$$
\text { Earned Income }=\square
$$

2. Is your earned income less than $\$ 11,750$ ( $\$ 13,750$ if married filing jointly)?Yes. Go to Step 3.
No. sTop
You cannot take the credit.

## Step 3 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?
$\square$ Yes. See Credit fig-
No. Go to the worksheet ured by the IRS on this page.

## Definitions and Special Rules

## (listed in alphabetical order)

Combat pay, Nontaxable. If you were a member of the U.S. Armed Forces who served in a combat zone, certain pay is excluded from your income. See Combat Zone Exclusion in Pub. 3. You can elect to include this pay in your earned income when figuring the EIC. The amount of your nontaxable combat pay should be shown in Form(s) W-2, box 12, with code Q. If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election.
Credit figured by the IRS. To have the IRS figure the credit for you:

1. Enter "EIC" in the space to the left of line 8a on Form 1040EZ.
2. Be sure you enter the nontaxable combat pay you elect to include in earned income on Form 1040EZ, line 8b. See Combat pay, Nontaxable, above.
3. If your EIC for a year after 1996 was reduced or disallowed, see Form 8862, Who must file, below.

Form 8862, Who must file. You must file Form 8862 if your EIC for a year after 1996 was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if either of the following applies.

1. After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 (or other documents) and your EIC was then allowed, and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
2. The only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.
Also, do not file Form 8862 or take the credit for:

- 2 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to reckless or intentional disregard of the EIC rules, or
- 10 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to fraud.

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. Extended active duty is military duty ordered for an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.
Social security number (SSN). For purposes of taking the EIC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit.

To find out how to get an SSN, see page 11. If you will not have an SSN by April 17, 2006, see What If You Cannot File on Time? on page 8.

## Part 1

All Filers

1. Enter your earned income from Step 2 on page 15.
$\qquad$
2. Look up the amount on line 1 above in the EIC Table on page 17 to find the credit. Be sure you use the correct column for your filing status. Enter the credit here.


If line 2 is zero, STOP You cannot take the credit.
Enter "No" in the space to the left of line 8a.
3. Enter the amount from Form 1040EZ, line 4.

```
3
```

4. Are the amounts on lines 3 and 1 the same?
$\square$ Yes. Skip line 5; enter the amount from line 2 on line 6.No. Go to line 5.

## Part 2

Filers Who
Answered
"No" on
Line 4
5. Is the amount on line 3 less than $\$ 6,550$ ( $\$ 8,550$ if married filing jointly)?
$\square$ Yes. Leave line 5 blank; enter the amount from line 2 on line 6 .No. Look up the amount on line 3 in the EIC Table on page 17 to find the credit. Be sure you use the correct column for your filing status. Enter the credit here.


Look at the amounts on lines 5 and 2.
Then, enter the smaller amount on line 6.
6. This is your earned income credit.

If your EIC for a year after 1996 was reduced or disallowed, see page 15 to find out if you must file Form 8862 to take the credit for 2005.

2005 Earned Income Credit (EIC) Table
Caution. This is not a tax table.

1. To find your credit, read down the "At least-But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet on page 16.
2. Then, read across to the column for your filing status. Enter the credit from that column on your EIC Worksheet.

| If the you a up fro works | unt oking e is- | And your filing status is- |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  | If the amount you are looking up from the worksheet is- |  | And your filing status is- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single <br> Your cr | Married filing jointly redit is- | At least | But less than | $\begin{array}{\|l\|l\|l\|} \hline \text { Single } & \begin{array}{c} \mathrm{N} \\ \mathrm{fi} \\ \text { jc } \\ \text { Your cre } \end{array} \end{array}$ | Married filing jointly redit is- | At least | But less than | Single <br> Your c | Married filing jointly redit is- | At least | But less than | Single <br> Your cr | Married filing jointly redit is- | At least | But <br> less <br> than Sin <br>  You | Single <br> Your cre | Married filing jointly edit is- |
| \$1 | \$50 | \$2 | \$2 | 2,800 | 2,850 | 216 | 216 | 5,600 | 5,650 | 399 | 399 | 8,400 | 8,450 | 254 | 399 | 11,200 | 11,250 | - 40 | 193 |
| 50 | 100 | 6 | 6 | 2,850 | 2,900 | 220 | 220 | 5,650 | 5,700 | 399 | 399 | 8,450 | 8,500 | 251 | 399 | 11,250 | 11,300 | - 36 | 189 |
| 100 | 150 | 10 | 10 | 2,900 | 2,950 | 224 | 224 | 5,700 | 5,750 | 399 | 399 | 8,500 | 8,550 | 247 | 399 | 11,300 | 11,350 | -33 | 186 |
| 150 | 200 | 13 | 13 | 2,950 | 3,000 | 228 | 228 | 5,750 | 5,800 | 399 | 399 | 8,550 | 8,600 | 243 | 396 | 11,350 | 11,400 | - 29 | 182 |
| 200 | 250 | 17 | 17 | 3,000 | 3,050 | 231 | 231 | 5,800 | 5,850 | 399 | 399 | 8,600 | 8,650 | 239 | 392 | 11,400 | 11,450 | - 25 | 178 |
| 250 | 300 | 21 | 21 | 3,050 | 3,100 | 235 | 235 | 5,850 | 5,900 | 399 | 399 | 8,650 | 8,700 | 235 | 388 | 11,450 | 11,500 | 21 | 174 |
| 300 | 350 | 25 | 25 | 3,100 | 3,150 | 239 | 239 | 5,900 | 5,950 | 399 | 399 | 8,700 | 8,750 | 231 | 384 | 11,500 | 11,550 | - 17 | 170 |
| 350 | 400 | 29 | 29 | 3,150 | 3,200 | 243 | 243 | 5,950 | 6,000 | 399 | 399 | 8,750 | 8,800 | 228 | 381 | 11,550 | 11,600 | -13 | 166 |
| 400 | 450 | 33 | 33 | 3,200 | 3,250 | 247 | 247 | 6,000 | 6,050 | 399 | 399 | 8,800 | 8,850 | 224 | 377 | 11,600 | 11,650 | 10 | 163 |
| 450 | 500 | 36 | 36 | 3,250 | 3,300 | 251 | 251 | 6,050 | 6,100 | 399 | 399 | 8,850 | 8,900 | 220 | 373 | 11,650 | 11,700 | 0 | 6159 |
| 500 | 550 | 40 | 40 | 3,300 | 3,350 | 254 | 254 | 6,100 | 6,150 | 399 | 399 | 8,900 | 8,950 | 216 | 369 | 11,700 | 11,750 | 0 | 2155 |
| 550 | 600 | 44 | 44 | 3,350 | 3,400 | 258 | 258 | 6,150 | 6,200 | 399 | 399 | 8,950 | 9,000 | 212 | 365 | 11,750 | 11,800 | 0 | 0 151 |
| 600 | 650 | 48 | 48 | 3,400 | 3,450 | 262 | 262 | 6,200 | 6,250 | 399 | 399 | 9,000 | 9,050 | 208 | 361 | 11,800 | 11,850 | 0 | 147 |
| 650 | 700 | 52 | 52 | 3,450 | 3,500 | 266 | 266 | 6,250 | 6,300 | 399 | 399 | 9,050 | 9,100 | 205 | 358 | 11,850 | 11,900 | 0 | 0143 |
| 700 | 750 | 55 | 55 | 3,500 | 3,550 | 270 | 270 | 6,300 | 6,350 | 399 | 399 | 9,100 | 9,150 | 201 | 354 | 11,900 | 11,950 | 0 | - 140 |
| 750 | 800 | 59 | 59 | 3,550 | 3,600 | 273 | 273 | 6,350 | 6,400 | 399 | 399 | 9,150 | 9,200 | 197 | 350 | 11,950 | 12,000 |  | 136 |
| 800 | 850 | 63 | 63 | 3,600 | 3,650 | 277 | 277 | 6,400 | 6,450 | 399 | 399 | 9,200 | 9,250 | 193 | 346 | 12,000 | 12,050 | 0 | 132 |
| 850 | 900 | 67 | 67 | 3,650 | 3,700 | 281 | 281 | 6,450 | 6,500 | 399 | 399 | 9,250 | 9,300 | 189 | 342 | 12,050 | 12,100 | 0 | O 128 |
| 900 | 950 | 71 | 71 | 3,700 | 3,750 | 285 | 285 | 6,500 | 6,550 | 399 | 399 | 9,300 | 9,350 | 186 | 339 | 12,100 | 12,150 | 0 | 124 |
| 950 | 1,000 | 75 | 75 | 3,750 | 3,800 | 289 | 289 | 6,550 | 6,600 | 396 | 399 | 9,350 | 9,400 | 182 | 335 | 12,150 | 12,200 | 0 | O 120 |
| 1,000 | 1,050 | 78 | 78 | 3,800 | 3,850 | 293 | 293 | 6,600 | 6,650 | 392 | 399 | 9,400 | 9,450 | 178 | 331 | 12,200 | 12,250 | 0 | 117 |
| 1,050 | 1,100 | 82 | 82 | 3,85 | 3,900 | 296 | 296 | 6,650 | 6,700 | 388 | 399 | 9,450 | 9,500 | 174 | 327 | 12,250 | 12,300 | 0 | 113 |
| 1,100 | 1,150 | 86 | 86 | 3,900 | 3,950 | 300 | 300 | 6,700 | 6,750 | 384 | 399 | 9,500 | 9,550 | 170 | 323 | 12,300 | 12,350 |  | 109 |
| 1,150 | 1,200 | 90 | 90 | 3,950 | 4,000 | 304 | 304 | 6,750 | 6,800 | 381 | 399 | 9,550 | 9,600 | 166 | 319 | 12,350 | 12,400 | 0 | - 105 |
| 1,200 | 1,250 | 94 | 94 | 4,000 | 4,050 | 308 | 308 | 6,800 | 6,850 | 377 | 399 | 9,600 | 9,650 | 163 | 316 | 12,400 | 12,450 | 0 | 101 |
| 1,250 | 1,300 | 98 | 98 | 4,050 | 4,100 | 312 | 312 | 6,850 | 6,900 | 373 | 399 | 9,650 | 9,700 | 159 | 312 | 12,450 | 12,500 | 0 | 98 |
| 1,300 | 1,350 | 101 | 101 | 4,100 | 4,150 | 316 | 316 | 6,900 | 6,950 | 369 | 399 | 9,700 | 9,750 | 155 | 308 | 12,500 | 12,550 | 0 | 94 |
| 1,350 | 1,400 | 105 | 105 | 4,150 | 4,200 | 319 | 319 | 6,950 | 7,000 | 365 | 399 | 9,750 | 9,800 | 151 | 304 | 12,550 | 12,600 | 0 | - 90 |
| 1,400 | 1,450 | 109 | 109 | 4,200 | 4,250 | 323 | 323 | 7,000 | 7,050 | 361 | 399 | 9,800 | 9,850 | 147 | 300 | 12,600 | 12,650 | 0 | 86 |
| 1,450 | 1,500 | 113 | 113 | 4,250 | 4,300 | 327 | 327 | 7,050 | 7,100 | 358 | 399 | 9,850 | 9,900 | 143 | 296 | 12,650 | 12,700 | 0 | - 82 |
| 1,500 | 1,550 | 117 | 117 | 4,300 | 4,350 | 331 | 331 | 7,100 | 7,150 | 354 | 399 | 9,900 | 9,950 | 140 | 293 | 12,700 | 12,750 | 0 | - 78 |
| 1,550 | 1,600 | 120 | 120 | 4,350 | 4,400 | 335 | 335 | 7,150 | 7,200 | 350 | 399 | 9,950 | 10,000 | 136 | 289 | 12,750 | 12,800 | 0 | 0 75 |
| 1,600 | 1,650 | 124 | 124 | 4,400 | 4,450 | 339 | 339 | 7,200 | 7,250 | 346 | 399 | 10,000 | 10,050 | 132 | 285 | 12,800 | 12,850 | 0 | - 71 |
| 1,650 | 1,700 | 128 | 128 | 4,450 | 4,500 | 342 | 342 | 7,250 | 7,300 | 342 | 399 | 10,050 | 10,100 | 128 | 281 | 12,850 | 12,900 | 0 | - 67 |
| 1,700 | 1,750 | 132 | 132 | 4,500 | 4,550 | 346 | 346 | 7,300 | 7,350 | 339 | 399 | 10,100 | 10,150 | 124 | 277 | 12,900 | 12,950 | 0 | - 63 |
| 1,750 | 1,800 | 136 | 136 | 4,550 | 4,600 | 350 | 350 | 7,350 | 7,400 | 335 | 399 | 10,150 | 10,200 | 120 | 273 | 12,950 | 13,000 | 0 | O 59 |
| 1,800 | 1,850 | 140 | 140 | 4,600 | 4,650 | 354 | 354 | 7,400 | 7,450 | 331 | 399 | 10,200 | 10,250 | 117 | 270 | 13,000 | 13,050 | 0 | 55 |
| 1,850 | 1,900 | 143 | 143 | 4,650 | 4,700 | 358 | 358 | 7,450 | 7,500 | 327 | 399 | 10,250 | 10,300 | 113 | 266 | 13,050 | 13,100 | 0 | - 52 |
| 1,900 | 1,950 | 147 | 147 | 4,700 | 4,750 | 361 | 361 | 7,500 | 7,550 | 323 | 399 | 10,300 | 10,350 | 109 | 262 | 13,100 | 13,150 | 0 | - 48 |
| 1,950 | 2,000 | 151 | 151 | 4,750 | 4,800 | 365 | 365 | 7,550 | 7,600 | 319 | 399 | 10,35 | 10,400 | 105 | 258 | 13,150 | 13,200 | 0 | 044 |
| 2,000 | 2,050 | 155 | 155 | 4,800 | 4,850 | 369 | 369 | 7,600 | 7,650 | 316 | 399 | 10,400 | 10,450 | 101 | 254 | 13,200 | 13,250 | 0 | 040 |
| 2,050 | 2,100 | 159 | 159 | 4,850 | 4,900 | 373 | 373 | 7,650 | 7,700 | 312 | 399 | 10,450 | 10,500 | 98 | 251 | 13,250 | 13,300 | 0 | - 36 |
| 2,100 | 2,150 | 163 | 163 | 4,900 | 4,950 | 377 | 377 | 7,700 | 7,750 | 308 | 399 | 10,500 | 10,550 | 94 | 247 | 13,300 | 13,350 | 0 | - 33 |
| 2,150 | 2,200 | 166 | 166 | 4,950 | 5,000 | 381 | 381 | 7,750 | 7,800 | 304 | 399 | 10,550 | 10,600 | 90 | 243 | 13,350 | 13,400 | 0 | - 29 |
| 2,200 | 2,250 | 170 | 170 | 5,000 | 5,050 | 384 | 384 | 7,800 | 7,850 | 300 | 399 | 10,600 | 10,650 | 86 | 239 | 13,400 | 13,450 | 0 | - 25 |
| 2,250 | 2,300 | 174 | 174 | 5,050 | 5,100 | 388 | 388 | 7,850 | 7,900 | 296 | 399 | 10,650 | 10,700 | 82 | 235 | 13,450 | 13,500 | 0 | 021 |
| 2,300 | 2,350 | 178 | 178 | 5,100 | 5,150 | 392 | 392 | 7,900 | 7,950 | 293 | 399 | 10,700 | 10,750 | 78 | 231 | 13,500 | 13,550 | 0 | - 17 |
| 2,350 | 2,400 | 182 | 182 | 5,150 | 5,200 | 396 | 396 | 7,950 | 8,000 | 289 | 399 | 10,750 | 10,800 | 75 | 228 | 13,550 | 13,600 | 0 | O 13 |
| 2,400 | 2,450 | 186 | 186 | 5,200 | 5,250 | 399 | 399 | 8,000 | 8,050 | 285 | 399 | 10,800 | 10,850 | 71 | 224 | 13,600 | 13,650 | 0 | ) 10 |
| 2,450 | 2,500 | 189 | 189 | 5,250 | 5,300 | 399 | 399 | 8,050 | 8,100 | 281 | 399 | 10,850 | 10,900 | 67 | 220 | 13,650 | 13,700 | 0 | 0 |
| 2,500 | 2,550 | 193 | 193 | 5,300 | 5,350 | 399 | 399 | 8,100 | 8,150 | 277 | 399 | 10,900 | 10,950 | 63 | 216 | 13,700 | 13,750 | 0 | 0 |
| 2,550 | 2,600 | 197 | 197 | 5,350 | 5,400 | 399 | 399 | 8,150 | 8,200 | 273 | 399 | 10,950 | 11,000 | 59 | 212 | 13,750 | 14,400 | 0 | 0 |
| 2,600 | 2,650 | 201 | 201 | 5,400 | 5,450 | 399 | 399 | 8,200 | 8,250 | 270 | 399 | 11,000 | 11,050 | 55 | 208 | 14,400 | or more | re | 0 |
| 2,650 | 2,700 | 205 | 205 | 5,450 | 5,500 | 399 | 399 | 8,250 | 8,300 | 266 | 399 | 11,050 | 11,100 | 52 | 205 |  |  |  |  |
| 2,700 | 2,750 | 208 | 208 | 5,500 | 5,550 | 399 | 399 | 8,300 | 8,350 | 262 | 399 | 11,100 | 11,150 | 48 | 201 |  |  |  |  |
| 2,750 | 2,800 | 212 | 212 | 5,550 | 5,600 | 399 | 399 | 8,350 | 8,400 | 258 | 399 | 11,150 | 11,200 | 44 | 197 |  |  |  |  |

## Line 9

Add lines 7 and 8. Enter the total on line 9.
Amount paid with extension of time to file. If you filed Form 4868 to get an automatic extension of time to file, include in the total on line 9 any amount you paid with that form or by electronic funds withdrawal or credit card. If you paid by credit card, do not include on line 9 the convenience fee you were charged. To the left of line 9 , enter "Form 4868" and show the amount paid.

## Line 10

Tax
Do you want the IRS to figure your tax for you?
$\square \quad$ Yes. See Pub. 967 for details, including who is eligible and what to do. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill.
$\square \quad$ No. Use the Tax Table that starts on page 24.

## Refund

## Line 11a

If line 11a is under $\$ 1$, we will send the refund only if you request it when you file your return. If you want to check the status of your refund, please wait at least 6 weeks ( 3 weeks if you filed electronically) from the date you filed to do so. But if you filed Form 8379 with your return, allow 14 weeks ( 11 weeks if you filed electronically). See page 6 for details.

If your refund is large, you may want to decrease the amount of income tax withheld from your pay by filing a new Form $W$-4. See Income tax withholding and estimated tax payments for 2006 on page 21.

## Refund Offset

If you owe past-due federal tax, state income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of the refund on line 11a may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). For federal tax offsets, you will receive a notice from the IRS. For all other offsets, you will receive a notice from FMS. To find out if you may have an offset or if you have a question about it, contact the agency(ies) you owe the debt to.
Injured spouse claim. If you file a joint return and your spouse has not paid past-due federal tax, state income tax, child support, spousal support, or a federal nontax debt, such as a student loan, part or all of the refund on line 11a may be used (offset) to pay the past-due amount. But your part of the refund may be refunded to you if certain conditions apply and you complete Form 8379. For details, use TeleTax topic 203 (see page 6) or see Form 8379.

## Lines 11b Through 11d

## DIRECT >DEPOSIT

Simple. Safe. Secure.
Fast Refunds! Choose direct deposit—a fast, simple, safe, secure way to have your refund deposited automatically into your checking or savings account.

Complete lines 11b through 11d if you want us to directly deposit the amount shown on line 11a into your checking or savings account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.

Note. If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 11 b and 11d.

## Why Use Direct Deposit?

- You get your refund fast-in half the time as paper filers if you e-file.
- 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.


You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

If you file a joint return and fill in lines 11 b through 11d, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

Line 11b. The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check on page 19, the routing number is 250250025 .

Your check may state that it is payable through a financial institution different from the one 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 line 11b.

Line 11d. 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 page 19, the account number is 20202086 . Do not include the check number.

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 rejects a direct deposit. If the direct deposit is rejected, a check will be sent instead.

## Sample Check—Lines 11b Through 11d



The routing and account numbers may be in different places on your check.

## Amount You Owe

afer fit
IRS e-file offers an additional payment option: Electronic funds withdrawal. This option allows you to file your return early and schedule your payment for withdrawal from your checking or savings account on a future date up to and including April 17, 2006. Visit www.irs.gov/efile for details.

## Line 12

©
Pay your taxes in full by April 17, 2006, to save interest and penalties. You do not have to pay if line 12 is under $\$ 1$.

You can pay by check, money order, or credit card.

To pay by check or money order. Enclose in the envelope with your return a check or money order payable to the "United States Treasury" for the full amount when you file. Do not attach the payment to your return. Do not send cash. Write "2005 Form 1040EZ" 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 return.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "XXX-" or "XXX $\frac{X X}{100}$ ").

To pay by credit card. You can use your American Express® ${ }^{\circledR}$ Card, Discover ${ }^{\circledR}$ Card, MasterCard ${ }^{\circledR}$ card, or Visa ${ }^{\circledR}$ card. To pay by credit card, call toll free or visit the website of either service provider listed on this page and follow the instructions. A convenience fee will be charged by the service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website shown on this page. If you pay by credit card before filing your return, please enter on page 1 of Form 1040EZ in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

Link2Gov Corporation
$1-800-\mathrm{PAY}-1040^{\mathrm{SM}}$
(1-800-729-1040)
1-888-658-5465
(Customer Service)
www.PAY1040.com

Official Payments Corporation
1-888-2PAY-TAX ${ }^{\text {SM }}$
(1-888-272-9829)
1-877-754-4413
(Customer Service)
www.officialpayments.com

5You may need to increase the amount of income tax withheld from your pay by filing a new Form W-4. See Income tax withholding and estimated tax payments for 2006 on page 21.

## What if You Cannot Pay?

Installment payments. If you cannot pay the full amount shown on line 12 when you file, you can ask to make monthly installment payments for the full or a partial amount. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 17, 2006, 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 or credit card payment.

To ask for an installment agreement, use Form 9465. 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.

## Penalty for Not Paying Enough Tax During the Year

You may have to pay a penalty if line 12 is at least $\$ 1,000$ and it is more than $10 \%$ of the tax shown on your return. The "tax shown on your return" is the amount on line 10 minus the amount on line 8a. You may choose to have the IRS figure the penalty for you. If you owe a penalty, the IRS will send you a bill. However, if you want to figure the penalty yourself on Form 2210, you must file Form 1040A or 1040 to do so.

The penalty may be waived under certain conditions. See Pub. 505 for details.

Exceptions to the penalty. You will not owe the penalty if your 2004 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax shown on your 2004 return and you were a U.S. citizen or resident for all of 2004, or
2. Line 7 on your 2005 return is at least as much as the tax shown on your 2004 return.

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2005 tax return with the IRS, check the "Yes" box in the "Third party designee" area of your return. Also, enter the designee's name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you, and your spouse if filing a joint return, are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2006 tax return. This is April 16, 2007, for most people. If you want to revoke the authorization before it ends, see Pub. 947.

## Sign Your Return

Form 1040EZ is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. If your spouse cannot sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s). If you are filing a joint return as a surviving spouse, see Death of a taxpayer on page 21.
Child's return. If your child cannot sign the return, either parent can sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Daytime phone number. Providing your daytime phone number may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit. By answering our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

Paid preparer must sign your return. Generally, anyone you pay to prepare your return must sign it in the space provided. 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.

## netertio

Electronic return signatures! Create your own personal identification number (PIN) and file a paperless return electronically or use a tax professional. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail-not even your Forms W-2. For more details, visit www.irs. gov/efile and click on "e-file for Individual Taxpayers."

To verify your identity, you will be prompted to enter your adjusted gross income (AGI) from your originally filed 2004 federal income tax return, if applicable. Do not use your AGI from an amended return (Form 1040X). AGI is the amount shown on your 2004 Form 1040, line 37; Form 1040A, line 22; Form 1040EZ, line 4; and on the TeleFile Tax Record, line I. If you do not have your 2004 income tax return, call the IRS at 1-800-829-1040 to get a free transcript of your return. You will also be prompted to enter your date of birth (DOB). Make sure your DOB is accurate and matches the information on record with the Social Security Administration by checking your annual social security statement.

You cannot sign your return electronically if you are a first-time filer under age 16 at the end of 2005.

If you use a paid preparer, ask to sign your return electronically!
Forms 8453 and $\mathbf{8 4 5 3 - O L}$. Your return is not complete without your signature. If you are not eligible or choose not to sign your return electronically, you must complete, sign, and file Form 8453 or Form 8453-OL, whichever applies.

## General Information

How to avoid common mistakes. Mistakes can delay your refund or result in notices being sent to you.

1. Be sure to enter the correct social security number for you and your spouse if married in the space provided on Form 1040EZ. Check that your name and SSN agree with your social security card.
2. Use the amount from line 6 to find your tax in the tax table. Be sure you enter the correct tax on line 10 .
3. If you think you can take the earned income credit, read the instructions for lines 8 a and 8 b that begin on page 14 to make sure you qualify. If you do, make sure you use the correct column of the EIC Table for your filing status.
4. Check your math, especially when figuring your taxable income, federal income tax withheld, earned income credit, total payments, and your refund or amount you owe.
5. Check one or both boxes on line 5 if you (or your spouse) can be claimed as a dependent on someone's (such as your parents') 2005 return. Check the box even if that person chooses not to claim you (or your spouse). If no one can claim you (or your spouse) as a dependent, do not check any of the boxes.
6. Enter an amount on line 5. If you check any of the boxes, use the worksheet on the back of Form 1040EZ to figure the amount to enter. If you do not check any of the boxes, enter $\$ 8,200$ if single; $\$ 16,400$ if married filing jointly.
7. Remember to sign and date Form 1040EZ and enter your occupation(s).
8. If you got a peel-off label, make sure it shows the correct name(s) and address. If not, enter the correct information. If you did not get a label, enter your name and address in the spaces provided on Form 1040EZ. Check that your name agrees with your social security card.
9. Attach your Form(s) W-2 to the left margin of Form 1040EZ.
10. If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 12 on page 19 for details.

What are your 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.

Innocent spouse relief. You may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Form 8857 or Pub. 971 for more details.

Income tax withholding and estimated tax payments for 2006. If the amount you owe or your refund is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2006 pay. For details on how to complete Form W-4, see Pub. 919. In general, you do not have to make estimated tax payments if you expect that your 2006 tax return will show a tax refund or a tax balance due of less than $\$ 1,000$. See Pub. 505 for more details.

How long should you keep your tax return? Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as Forms W-2 and 1099) 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. See Pub. 552 for details.

How do you amend your tax return? Use Form 1040X 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. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

How do you make a gift to reduce debt held by the public? 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, P.O. Box 2188, Parkersburg, WV 26106-2188. Or you can enclose the check with your income tax return when you file.

You may be able to deduct this gift on your 2006 tax return.

How do you get a copy of your tax return? Use TeleTax topic 156 (see page 6) or see Form 4506.

Parent of a kidnapped child. The parent of a child who is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member may be able to take the child into account in determining his or her eligibility for the head of household or qualifying widow(er) filing status, deduction for dependents, child tax credit, and the earned income credit (EIC). For details, use TeleTax topic 357 (see page 6) or see Pub. 501 (Pub. 596 for the EIC).

Do both the name and social security number (SSN) on your tax forms agree with your social security card? If not, your exemption(s) and any earned income credit may be disallowed, your refund may be delayed, and you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect name or SSN, 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.

Death of a taxpayer. If a taxpayer died before filing a return for 2005, 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 must enter "Deceased," the deceased taxpayer's name, and the date of death across the top of the return. If this information is not provided, the processing of your return may be delayed.

If your spouse died in 2005 and you did not remarry in 2005, or if your spouse died in 2006 before filing a return for 2005, you can file a joint return. A joint return should show your spouse's 2005 income before death and your income for all of 2005. Enter "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 TeleTax topic 356 (see page 6) or see Pub. 559.

## Other Ways To Get Help

Send your written tax questions to the IRS. You should get an answer in about 30 days. If you do not have the mailing address, call us. See page 6 for the number. Do not send questions with your return.

Research your tax questions online. You can find answers to many of your tax questions online in several ways by accessing the IRS website at www.irs.gov/help and then clicking on "Help with Tax Questions." Here are some of the methods you may want to try.

- Frequently asked questions. This section contains an extensive list of questions and answers. You can select your question by category or keyword.
- Tax trails. This is an interactive section which asks questions you can answer by selecting "Yes" or "No."
- Tax topics. This section provides a broad picture of tax topics beginning with 17 main categories. Each topic link leads to further categories and then to a discussion of the topic.

Free help with your return. Free help in preparing your return is available nationwide from IRS-sponsored volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 or older with their tax return. Many VITA sites offer free electronic filing and all volunteers will let you know about the credits and deductions that you may be entitled to claim. If you are a member of the military, you can also get assistance on military tax benefits, such as combat zone benefits, at an office within your installation. For more information on these programs, go to www.irs.gov and enter keyword "VITA" in the upper right corner. Or call us. See page 6 for the number. To find the nearest AARP Tax-Aide site, visit AARP's website at www.aarp.org/taxaide or call 1-888-227-7669.

When you go for help, take your photo ID and social security numbers (or individual taxpayer identification numbers) for your spouse, your dependents, and yourself. Also take a copy of your 2004 tax return (if available), all your Forms W-2 and 1099 for 2005, and any other information about your 2005 income and expenses.

Everyday tax solutions. You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under "United States Government, Internal Revenue Service."

Online services. If you subscribe to an online service, ask about online filing or tax information.

Help for people with disabilities. Telephone help is available using TTY/TDD equipment by calling 1-800-829-4059. Braille materials are available at libraries that have special services for people with disabilities.

## Disclosure, Privacy Act, and Paperwork Reduction Act Notice

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require 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), which require you to file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 requires that you provide your social security number or individual taxpayer identification 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 or for the third party designee. You also do not have to provide your daytime phone number.

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.

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.

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

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or
requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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. The time needed to complete and file Form 1040EZ will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 4 min.; Learning about the law or the form, $1 \mathrm{hr} ., 41 \mathrm{~min}$.; Preparing the form, 1 hr ., 41 min .; and Copying, assembling, and sending the form to the IRS, 20 min . The total is 3 hr ., 46 min .
We welcome comments on forms. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can email us at *taxforms@irs.gov. Please put "Forms Comment" on the subject line. Or you can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send your return to this address. Instead, see Where Do You File? on the back cover.

| 2005 T <br> If Form 1040EZ, line 6, is- |  |  | 0 |  |  |  | Example income First, he Next, he down the the incom is $\$ 3,576$ enter on | Mr. Bro line 6 ds the ds the olumn. line and This is e 10 of | is singl <br> Form 10 <br> 2,250-2 <br> Single" c <br> he amou <br> filing sta <br> tax am <br> Form 104 | His ta EZ is 300 inc umn and shown us colur unt he EZ. | ble <br> 6,250. <br> me line. <br> reads <br> where <br> meet $\rightarrow$ <br> ould | At least <br> 26,200 <br> 26,250 <br> 26,300 <br> 26,350 | $\begin{aligned} & \hline \text { But } \\ & \text { less } \\ & \text { than } \\ & \\ & 26,250 \\ & 26,300 \\ & 26,350 \\ & 26,400 \\ & \hline \end{aligned}$ | Single <br>  <br>  <br> Your t <br> 3,569 <br> 3,576 <br> 3,584 <br> 3,591 | Married filing jointly <br> x is- <br> 3,204 <br> 3,211 <br> 3,219 <br> 3,226 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| At least | But <br> less <br> than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 05 |  | 1 | 01 | $\begin{aligned} & 1,500 \\ & 1,525 \end{aligned}$ | $\begin{aligned} & 1,525 \\ & 1,550 \end{aligned}$ | $\begin{aligned} & 151 \\ & 154 \end{aligned}$ | $\begin{aligned} & 151 \\ & 154 \end{aligned}$ | 3,000 |  |  |  | 6,000 |  |  |  |
|  |  |  |  |  |  |  |  | $\begin{aligned} & 3,000 \\ & 3,050 \\ & 3,100 \\ & 3,150 \end{aligned}$ | 3,050 |  |  |  |  |  | $\begin{aligned} & 603 \\ & 608 \\ & 613 \\ & 618 \end{aligned}$ |
| 15 | 25 | 9 | 2 | 1,550 | 1,575 | $\begin{aligned} & 156 \\ & 159 \end{aligned}$ | $\begin{array}{r} 156 \\ 159 \end{array}$ |  | 3,050 3,100 | 303 308 | $\begin{aligned} & 303 \\ & 308 \\ & 313 \\ & 318 \end{aligned}$ | 6,000 <br> 6,100 <br> 6,150 | $\begin{aligned} & 6,050 \\ & 6,100 \\ & 6,150 \\ & 6,200 \end{aligned}$ | $\begin{aligned} & 603 \\ & 608 \\ & 613 \\ & 618 \end{aligned}$ |  |
| 25 | 50 |  | 4 | 1,575 | 1,600 |  |  |  | 3,150 | 313 |  |  |  |  |  |
| 50 | 75 |  | 6 | 1,600 | 1,625 | 161 | 161 |  | 3,200 | 318 |  |  |  |  |  |
| 75 | 100 |  | 9 | 1,625 | 1,650 | 164 | 164 | $\begin{aligned} & 3,200 \\ & 3,250 \\ & 3,300 \\ & 3,350 \end{aligned}$ | $\begin{aligned} & 3,250 \\ & 3,300 \\ & 3,350 \end{aligned}$ | $\begin{aligned} & 323 \\ & 328 \\ & 333 \\ & 338 \end{aligned}$ | $\begin{aligned} & 323 \\ & 328 \\ & 333 \\ & 338 \end{aligned}$ | $\begin{aligned} & 6,200 \\ & 6,250 \\ & 6,300 \\ & 6,350 \end{aligned}$ | $\begin{aligned} & 6,250 \\ & 6,300 \\ & 6,350 \\ & 6,400 \end{aligned}$ | $\begin{aligned} & 623 \\ & 628 \\ & 633 \\ & 638 \end{aligned}$ | $\begin{aligned} & 623 \\ & 628 \\ & 633 \\ & 638 \end{aligned}$ |
| 100 | 125 | 11 | 11 | $\begin{array}{r} 1,650 \\ 1,675 \end{array}$ | $\begin{aligned} & 1,675 \\ & 1,700 \end{aligned}$ | $\begin{aligned} & 166 \\ & 169 \end{aligned}$ | $\begin{aligned} & 166 \\ & 169 \end{aligned}$ |  |  |  |  |  |  |  |  |
| 125 | 150 | 14 | 14 |  |  |  |  |  |  |  |  |  |  |  |  |
| 150 | 175 | 16 | 16 | 1,700 | 1,725 | 171 | 171 |  |  |  |  |  |  |  |  |
| 175 | 200 | 19 | 19 | 1,725 | 1,750 | 174 | 174 | 3,400 | 3,450 | $\begin{aligned} & 343 \\ & 348 \\ & 353 \\ & 358 \end{aligned}$ | $\begin{aligned} & 343 \\ & 348 \\ & 353 \\ & 358 \end{aligned}$ | $\begin{aligned} & 6,400 \\ & 6,450 \\ & 6,500 \\ & 6,550 \end{aligned}$ | $\begin{aligned} & 6,450 \\ & 6,500 \\ & 6,550 \\ & 6,600 \end{aligned}$ | $\begin{aligned} & 643 \\ & 648 \\ & 653 \\ & 658 \end{aligned}$ | $\begin{aligned} & 643 \\ & 648 \\ & 653 \\ & 658 \end{aligned}$ |
| 200 | 225 | 21 | 21 | 1,750 | 1,775 | 176 | 176 | 3,450 | 3,500 |  |  |  |  |  |  |
| 225 | 250 | 24 | 24 | 1,775 | 1,800 | 179 | 179 | 3,500 | 3,550 |  |  |  |  |  |  |
| 250 | 275 | 26 | 26 |  |  |  |  | 3,550 | 3,600 |  |  |  |  |  |  |
| 275 | 300 | 29 | 29 | 1,800 | 1,825 1,850 | $\begin{aligned} & 181 \\ & 184 \\ & 186 \\ & 189 \end{aligned}$ | $\begin{aligned} & 181 \\ & 184 \\ & 186 \\ & 189 \end{aligned}$ | $\begin{aligned} & 3,600 \\ & 3,650 \\ & 3,700 \\ & 3,750 \end{aligned}$ | $\begin{aligned} & 3,650 \\ & 3,700 \\ & 3,750 \\ & 3,800 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ | $\begin{aligned} & 363 \\ & 368 \\ & 373 \\ & 378 \end{aligned}$ | $\begin{aligned} & 6,600 \\ & 6,650 \\ & 6,700 \\ & 6,750 \end{aligned}$ | $\begin{aligned} & 6,650 \\ & 6,700 \\ & 6,750 \\ & 6,800 \end{aligned}$ | $\begin{aligned} & 663 \\ & 668 \\ & 673 \\ & 678 \end{aligned}$ | $\begin{aligned} & 663 \\ & 668 \\ & 673 \\ & 678 \end{aligned}$ |
| 300 | 325 | 31 | 31 | 1,825 | 1,875 |  |  |  |  |  |  |  |  |  |  |
| 325 | 350 | 34 | 34 | 1,875 | 1,075 |  |  |  |  |  |  |  |  |  |  |
| 350 | 375 | 36 | 36 | 1,875 | 1,900 |  |  |  |  |  |  |  |  |  |  |
| 375 | 400 | 39 | 39 | 1,900 | 1,925 | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | $\begin{aligned} & 191 \\ & 194 \\ & 196 \\ & 199 \end{aligned}$ | 3,800 3,850 <br> 3,850 3,900 <br> 3,900 3,950 <br> 3,950 4,900 |  | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ | $\begin{aligned} & 383 \\ & 388 \\ & 393 \\ & 398 \end{aligned}$ | 6,800 6,850 <br> 6,850 6,900 <br> 6,900 6,950 <br> 6,950 7,000 |  | $\begin{aligned} & 683 \\ & 688 \\ & 693 \\ & 698 \end{aligned}$ | $\begin{aligned} & 683 \\ & 688 \\ & 693 \\ & 698 \end{aligned}$ |
| 400 | 425 | 41 | 41 | 1,925 | 1,950 |  |  |  |  |  |  |  |  |  |  |  |  |
| 425 | 450 | 44 | 44 | 1,950 | 1,975 |  |  |  |  |  |  |  |  |  |  |  |  |
| 450 | 475 | 46 | 46 | 1,975 | 2,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| 475 | 500 | 49 | 49 | 2,000 |  |  |  | 4,000 |  |  |  | 7,000 |  |  |  |
| 525 | $\begin{aligned} & 525 \\ & 550 \\ & 575 \\ & 600 \end{aligned}$ | $\begin{aligned} & 51 \\ & 54 \\ & 56 \\ & 59 \end{aligned}$ | $\begin{aligned} & 51 \\ & 54 \\ & 56 \\ & 59 \end{aligned}$ | $\begin{aligned} & 2,000 \\ & 2,025 \\ & 2,050 \\ & 2,075 \end{aligned}$ | $\begin{aligned} & 2,025 \\ & 2,050 \\ & 2,075 \\ & 2,100 \end{aligned}$ | $\begin{aligned} & 201 \\ & 204 \\ & 206 \\ & 209 \end{aligned}$ | $\begin{aligned} & 201 \\ & 204 \\ & 206 \\ & 209 \end{aligned}$ | $\begin{aligned} & 4,000 \\ & 4,050 \\ & 4,100 \\ & 4,150 \end{aligned}$ | $\begin{aligned} & 4,050 \\ & 4,100 \\ & 4,150 \\ & 4,200 \end{aligned}$ | 403403 |  | 7,000 7,050 |  | 703 | $\begin{aligned} & 703 \\ & 708 \\ & 713 \\ & 718 \end{aligned}$ |
| 550 |  |  |  |  |  |  |  |  |  | 408 | 408 | 7,050 | 7,100 | 708 |  |
| 575 |  |  |  |  |  |  |  |  |  | 413 | 413 | 7,100 | 7,150 | 713 |  |
| 600 | 625 | $\begin{aligned} & 61 \\ & 64 \\ & 66 \\ & 69 \end{aligned}$ | $\begin{aligned} & 61 \\ & 64 \\ & 66 \\ & 69 \end{aligned}$ |  |  |  |  |  |  | 418 | 418 | 7,150 | 7,200 | 718 |  |
| 625 | 650 |  |  | $\begin{aligned} & 2,100 \\ & 2,125 \\ & 2,150 \\ & 2,175 \end{aligned}$ | $\begin{aligned} & 2,125 \\ & 2,150 \\ & 2,175 \\ & 2,200 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 211 \\ & 214 \\ & 216 \\ & 219 \end{aligned}$ | $\begin{aligned} & 4,200 \\ & 4,250 \\ & 4,300 \\ & 4,350 \end{aligned}$ | $\begin{aligned} & 4,250 \\ & 4,300 \\ & 4,350 \\ & 4,400 \end{aligned}$ | $\begin{aligned} & 423 \\ & 428 \\ & 433 \\ & 438 \end{aligned}$ | $\begin{aligned} & 423 \\ & 428 \\ & 433 \\ & 438 \end{aligned}$ |  | 7,250 | $723 \quad 723$ |  |
| 650 | 675 |  |  |  |  |  |  |  |  |  |  | $7,250$ | 7,300 | 728 | 723728733738 |
| 675 | 700 |  |  |  |  |  |  |  |  |  |  | $7,300$ | 7,350 | 734 |  |
| 700 | 725 | 71747679 | $\begin{aligned} & 71 \\ & 74 \\ & 76 \\ & 79 \end{aligned}$ |  |  |  |  |  |  |  |  | 7,350 | 7,400 | 741 |  |
| 725 | 750 |  |  | 2,200 2,200 |  | $\begin{aligned} & 221 \\ & 224 \\ & 226 \\ & 229 \end{aligned}$ | $\begin{aligned} & 221 \\ & 224 \\ & 226 \\ & 229 \end{aligned}$ | $\begin{aligned} & 4,400 \\ & 4,450 \\ & 4,500 \\ & 4,550 \end{aligned}$ | $\begin{aligned} & 4,450 \\ & 4,500 \\ & 4,550 \\ & 4,600 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ | $\begin{aligned} & 443 \\ & 448 \\ & 453 \\ & 458 \end{aligned}$ | 7,400 7,450 <br> 7,450 7,500 <br> 7,500 7,550 <br> 7,550 7,600 |  | $\begin{aligned} & 749 \\ & 756 \\ & 764 \\ & 771 \end{aligned}$ | 743748753758 |
| 750 | 775 |  |  | 2,200 | 2,225 |  |  |  |  |  |  |  |  |  |  |  |
| 775 | 800 |  |  | 2,225 | 2,250 |  |  |  |  |  |  |  |  |  |  |  |
| 800 | 825 | $\begin{aligned} & 81 \\ & 84 \\ & 86 \\ & 89 \end{aligned}$ | $\begin{aligned} & 81 \\ & 84 \\ & 86 \\ & 89 \end{aligned}$ | 2,275 2,300 |  |  |  |  |  |  |  |  |  |  |  |  |
| 825 | 850 |  |  |  |  |  |  | $\begin{aligned} & 4,600 \\ & 4,650 \\ & 4,700 \\ & 4,750 \end{aligned}$ | $\begin{aligned} & 4,650 \\ & 4,700 \\ & 4,750 \\ & 4,800 \end{aligned}$ | $\begin{aligned} & 463 \\ & 468 \\ & 473 \\ & 478 \end{aligned}$ | $\begin{aligned} & 463 \\ & 468 \\ & 473 \\ & 478 \end{aligned}$ | 7,600 7,650 <br> 7,650 7,700 <br> 7,700 7,750 <br> 7,750 7,800 |  | $\begin{aligned} & 779 \\ & 786 \\ & 794 \\ & 801 \end{aligned}$ | $\begin{aligned} & 763 \\ & 768 \\ & 773 \\ & 778 \end{aligned}$ |
| 850 | 875 |  |  | 2,300 | 2,325 | 231 234 | 231 234 |  |  |  |  |  |  |  |  |  |
| 875 | 900 |  |  | 2,325 | 2,350 | 234 | 234 236 |  |  |  |  |  |  |  |  |  |
| 900 | 925 | $\begin{aligned} & 91 \\ & 94 \\ & 96 \\ & 99 \end{aligned}$ | $\begin{aligned} & 91 \\ & 94 \\ & 96 \\ & 99 \end{aligned}$ | 2,375 | 2,400 | 239 | 239 | 4,800 4,850 <br> 4,850 4,900 <br> 4,900 4,950 <br> 4,950 5,000 |  | 483 | 483 | 7,800 | 7,850 | 809 | 783 |
| 925 | 950 |  |  | 2,400 | 2,425 | 241 | 241 |  |  | 488 | 488 | 7,850 | 7,900 | 816 | 788 |
| 950 | -975 |  |  | 2,425 | 2,450 | 244 | 244 |  |  | 493 | 493 | 7,900 | 7,950 | 824 | 793 |
| 975 | 1,000 |  |  | 2,450 | $\begin{aligned} & 2,475 \\ & 2,500 \end{aligned}$ | $\begin{aligned} & 246 \\ & 249 \end{aligned}$ | $\begin{aligned} & 246 \\ & 246 \end{aligned}$ |  |  | 498 | 498 | 7,950 | 8,000 | 831 | 798 |
| 1,000 |  |  |  | 2,475 |  | 249 | 249 | 5,000 |  |  |  | 8,000 |  |  |  |
| 1,000 | 1,025 | 101 | 101 | $\begin{aligned} & 2,500 \\ & 2,525 \end{aligned}$ | 2,525 | 251 | 254 | 5,000 | 5,050 | 503 | 503 | 8,000 | 8,050 | 839 | 803 |
| 1,025 | 1,050 | 104 | 104 | 2,520 | 2,575 | 256 | 256 | 5,050 | 5,100 | 508 | 508 | 8,050 | 8,100 | 846 | 808 |
| 1,050 | 1,075 | 106 | 106 | 2,575 | 2,600 | 259 | 259 | 5,100 | 5,150 | 513 | 513 | 8,100 | 8,150 | 854 | 813 |
| 1,075 | 1,100 | 109 | 109 | 2,575 |  |  |  | 5,150 | 5,200 | 518 | 518 | 8,150 | 8,200 | 861 | 818 |
| 1,100 | 1,125 | 111 | 111 | 2,600 | 2,625 | 261 | 261 264 | 5,200 | 5,250 | 523 | 523 | 8,200 | 8,250 | 869 | 823 |
| 1,125 | 1,150 | 114 | 114 | 2,650 | 2,675 | 266 | 264 | 5,250 | 5,300 | 528 | 528 | 8,250 | 8,300 | 876 | 828 |
| 1,150 | 1,175 | 116 | 116 | 2,675 | 2,700 | 269 | 269 | 5,300 | 5,350 | 533 | 533 | 8,300 | 8,350 | 884 | 833 |
| 1,175 | 1,200 | 119 | 119 | 2,675 | 2,700 | 269 | 269 | 5,350 | 5,400 | 538 | 538 | 8,350 | 8,400 | 891 | 838 |
| 1,200 | 1,225 | 121 | 121 | 2,700 | 2,725 | 271 | 271 | 5,400 | 5,450 | 543 | 543 | 8,400 | 8,450 | 899 | 843 |
| 1,225 | 1,250 | 124 | 124 | 2,725 | 2,750 | 274 276 | 274 | 5,450 | 5,500 | 548 | 548 | 8,450 | 8,500 | 906 | 848 |
| 1,250 | 1,275 | 126 | 126 | 2,775 | 2,800 | 279 | 279 | 5,500 | 5,550 | 553 | 553 | 8,500 | 8,550 | 914 | 853 |
| 1,275 | 1,300 | 129 | 129 | 2,775 | 2,800 | 279 | 279 | 5,550 | 5,600 | 558 | 558 | 8,550 | 8,600 | 921 | 858 |
| 1,300 | 1,325 | 131 | 131 | 2,800 | 2,825 | 281 | 281 | 5,600 | 5,650 | 563 | 563 | 8,600 | 8,650 | 929 | 863 |
| 1,325 | 1,350 | 134 | 134 | 2,825 | 2,850 | 284 | 284 | 5,650 | 5,700 | 568 | 568 | 8,650 | 8,700 | 936 | 868 |
| 1,350 | 1,375 | 136 | 136 | 2,850 | 2,875 | 286 | 286 | 5,700 | 5,750 | 573 | 573 | 8,700 | 8,750 | 944 | 873 |
| 1,375 | 1,400 | 139 | 139 | 2,875 | 2,900 | 289 | 289 | 5,750 | 5,800 | 578 | 578 | 8,750 | 8,800 | 951 | 878 |
| 1,400 | 1,425 | 141 | 141 | 2,900 | 2,925 | 291 | 291 | 5,800 | 5,850 | 583 | 583 | 8,800 | 8,850 | 959 | 883 |
| 1,425 | 1,450 | 144 | 144 | 2,925 | 2,950 | 294 | 294 | 5,850 | 5,900 | 588 | 588 | 8,850 | 8,900 | 966 | 888 |
| 1,450 | 1,475 | 146 | 146 | 2,950 | 2,975 | 296 | 296 | 5,900 | 5,950 | 593 | 593 | 8,900 | 8,950 | 974 | 893 |
| 1,475 | 1,500 | 149 | 149 | 2,975 | 3,000 | 299 | 299 | 5,950 | 6,000 | 598 | 598 | 8,950 | 9,000 | 981 | 898 |


| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Marrie filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 9,000 |  |  |  | 12,000 |  |  |  | 15,000 |  |  |  | 18,000 |  |  |  |
| 9,000 | 9,050 | 989 | 903 | 12,000 | 12,050 | 1,439 | 1,203 | 15,000 | 15,050 | 1,889 | 1,524 | 18,000 | 18,050 | 2,339 | 1,974 |
| 9,050 | 9,100 | 996 | 908 | 12,050 | 12,100 | 1,446 | 1,208 | 15,050 | 15,100 | 1,896 | 1,531 | 18,050 | 18,100 | 2,346 | 1,981 |
| 9,100 | 9,150 | 1,004 | 913 | 12,100 | 12,150 | 1,454 | 1,213 | 15,100 | 15,150 | 1,904 | 1,539 | 18,100 | 18,150 | 2,354 | 1,989 |
| 9,150 | 9,200 | 1,011 | 918 | 12,150 | 12,200 | 1,461 | 1,218 | 15,150 | 15,200 | 1,911 | 1,546 | 18,150 | 18,200 | 2,361 | 1,996 |
| 9,200 | 9,250 | 1,019 | 923 | 12,200 | 12,250 | 1,469 | 1,223 | 15,200 | 15,250 | 1,919 | 1,554 | 18,200 | 18,250 | 2,369 | 2,004 |
| 9,250 | 9,300 | 1,026 | 928 | 12,250 | 12,300 | 1,476 | 1,228 | 15,250 | 15,300 | 1,926 | 1,561 | 18,250 | 18,300 | 2,376 | 2,011 |
| 9,300 | 9,350 | 1,034 | 933 | 12,300 | 12,350 | 1,484 | 1,233 | 15,300 | 15,350 | 1,934 | 1,569 | 18,300 | 18,350 | 2,384 | 2,019 |
| 9,350 | 9,400 | 1,041 | 938 | 12,350 | 12,400 | 1,491 | 1,238 | 15,350 | 15,400 | 1,941 | 1,576 | 18,350 | 18,400 | 2,391 | 2,026 |
| 9,400 | 9,450 | 1,049 | 943 | 12,400 | 12,450 | 1,499 | 1,243 | 15,400 | 15,450 | 1,949 | 1,584 | 18,400 | 18,450 | 2,399 | 2,034 |
| 9,450 | 9,500 | 1,056 | 948 | 12,450 | 12,500 | 1,506 | 1,248 | 15,450 | 15,500 | 1,956 | 1,591 | 18,450 | 18,500 | 2,406 | 2,041 |
| 9,500 | 9,550 | 1,064 | 953 | 12,500 | 12,550 | 1,514 | 1,253 | 15,500 | 15,550 | 1,964 | 1,599 | 18,500 | 18,550 | 2,414 | 2,049 |
| 9,550 | 9,600 | 1,071 | 958 | 12,550 | 12,600 | 1,521 | 1,258 | 15,550 | 15,600 | 1,971 | 1,606 | 18,550 | 18,600 | 2,421 | 2,056 |
| 9,600 | 9,650 | 1,079 | 963 | 12,600 | 12,650 | 1,529 | 1,263 | 15,600 | 15,650 | 1,979 | 1,614 | 18,600 | 18,650 | 2,429 | 2,064 |
| 9,650 | 9,700 | 1,086 | 968 | 12,650 | 12,700 | 1,536 | 1,268 | 15,650 | 15,700 | 1,986 | 1,621 | 18,650 | 18,700 | 2,436 | 2,071 |
| 9,700 | 9,750 | 1,094 | 973 | 12,700 | 12,750 | 1,544 | 1,273 | 15,700 | 15,750 | 1,994 | 1,629 | 18,700 | 18,750 | 2,444 | 2,079 |
| 9,750 | 9,800 | 1,101 | 978 | 12,750 | 12,800 | 1,551 | 1,278 | 15,750 | 15,800 | 2,001 | 1,636 | 18,750 | 18,800 | 2,451 | 2,086 |
| 9,800 | 9,850 | 1,109 | 983 | 12,800 | 12,850 | 1,559 | 1,283 | 15,800 | 15,850 | 2,009 | 1,644 | 18,800 | 18,850 | 2,459 | 2,094 |
| 9,850 | 9,900 | 1,116 | 988 | 12,850 | 12,900 | 1,566 | 1,288 | 15,850 | 15,900 | 2,016 | 1,651 | 18,850 | 18,900 | 2,466 | 2,101 |
| 9,900 | 9,950 | 1,124 | 993 | 12,900 | 12,950 | 1,574 | 1,293 | 15,900 | 15,950 | 2,024 | 1,659 | 18,900 | 18,950 | 2,474 | 2,109 |
| 9,950 | 10,000 | 1,131 | 998 | 12,950 | 13,000 | 1,581 | 1,298 | 15,950 | 16,000 | 2,031 | 1,666 | 18,950 | 19,000 | 2,481 | 2,116 |
| 10,000 |  |  |  | 13,000 |  |  |  | 16,000 |  |  |  | 19,000 |  |  |  |
| 10,000 | 10,050 | 1,139 | 1,003 | 13,000 | 13,050 | 1,589 | 1,303 | 16,000 | 16,050 | 2,039 | 1,674 | 19,000 | 19,050 | 2,489 | 2,124 |
| 10,050 | 10,100 | 1,146 | 1,008 | 13,050 | 13,100 | 1,596 | 1,308 | 16,050 | 16,100 | 2,046 | 1,681 | 19,050 | 19,100 | 2,496 | 2,131 |
| 10,100 | 10,150 | 1,154 | 1,013 | 13,100 | 13,150 | 1,604 | 1,313 | 16,100 | 16,150 | 2,054 | 1,689 | 19,100 | 19,150 | 2,504 | 2,139 |
| 10,150 | 10,200 | 1,161 | 1,018 | 13,150 | 13,200 | 1,611 | 1,318 | 16,150 | 16,200 | 2,061 | 1,696 | 19,150 | 19,200 | 2,511 | 2,146 |
| 10,200 | 10,250 | 1,169 | 1,023 | 13,200 | 13,250 | 1,619 | 1,323 | 16,200 | 16,250 | 2,069 | 1,704 | 19,200 | 19,250 | 2,519 | 2,154 |
| 10,250 | 10,300 | 1,176 | 1,028 | 13,250 | 13,300 | 1,626 | 1,328 | 16,250 | 16,300 | 2,076 | 1,711 | 19,250 | 19,300 | 2,526 | 2,161 |
| 10,300 | 10,350 | 1,184 | 1,033 | 13,300 | 13,350 | 1,634 | 1,333 | 16,300 | 16,350 | 2,084 | 1,719 | 19,300 | 19,350 | 2,534 | 2,169 |
| 10,350 | 10,400 | 1,191 | 1,038 | 13,350 | 13,400 | 1,641 | 1,338 | 16,350 | 16,400 | 2,091 | 1,726 | 19,350 | 19,400 | 2,541 | 2,176 |
|  | 10,450 | 1,199 | 1,043 | 13,400 | 13,450 | 1,649 | 1,343 | 16,400 | 16,450 | 2,099 | 1,734 | 19,400 | 19,450 | 2,549 | 2,184 |
| 10,450 | 10,500 | 1,206 | 1,048 | 13,450 | 13,500 | 1,656 | 1,348 | 16,450 | 16,500 | 2,106 | 1,741 | 19,450 | 19,500 | 2,556 | 2,191 |
| 10,500 | 10,550 | 1,214 | 1,053 | 13,500 | 13,550 | 1,664 | 1,353 | 16,500 | 16,550 | 2,114 | 1,749 | 19,500 | 19,550 | 2,564 | 2,199 |
| 10,550 | 10,600 | 1,221 | 1,058 | 13,550 | 13,600 | 1,671 | 1,358 | 16,550 | 16,600 | 2,121 | 1,756 | 19,550 | 19,600 | 2,571 | 2,206 |
| 10,600 | 10,650 | 1,229 | 1,063 | 13,600 | 13,650 | 1,679 | 1,363 | 16,600 | 16,650 | 2,129 | 1,764 | 19,600 | 19,650 | 2,579 | 2,214 |
| 10,650 | 10,700 | 1,236 | 1,068 | 13,650 | 13,700 | 1,686 | 1,368 | 16,650 | 16,700 | 2,136 | 1,771 | 19,650 | 19,700 | 2,586 | 2,221 |
| 10,700 | 10,750 | 1,244 | 1,073 | 13,700 | 13,750 | 1,694 | 1,373 | 16,700 | 16,750 | 2,144 | 1,779 | 19,700 | 19,750 | 2,594 | 2,229 |
| 10,750 | 10,800 | 1,251 | 1,078 | 13,750 | 13,800 | 1,701 | 1,378 | 16,750 | 16,800 | 2,151 | 1,786 | 19,750 | 19,800 | 2,601 | 2,236 |
| 10,800 | 10,850 | 1,259 | 1,083 | 13,800 | 13,850 | 1,709 | 1,383 | 16,800 | 16,850 | 2,159 | 1,794 | 19,800 | 19,850 | 2,609 | 2,244 |
| 10,850 | 10,900 | 1,266 | 1,088 | 13,850 | 13,900 | 1,716 | 1,388 | 16,850 | 16,900 | 2,166 | 1,801 | 19,850 | 19,900 | 2,616 | 2,251 |
| 10,900 | 10,950 | 1,274 | 1,093 | 13,900 | 13,950 | 1,724 | 1,393 | 16,900 | 16,950 | 2,174 | 1,809 | 19,900 | 19,950 | 2,624 | 2,259 |
| 10,950 | 11,000 | 1,281 | 1,098 | 13,950 | 14,000 | 1,731 | 1,398 | 16,950 | 17,000 | 2,181 | 1,816 | 19,950 | 20,000 | 2,631 | 2,266 |
| 11,000 |  |  |  | 14,000 |  |  |  | 17,000 |  |  |  | 20,000 |  |  |  |
| 11,000 | 11,050 | 1,289 | 1,103 | 14,000 | 14,050 | 1,739 | 1,403 | 17,000 | 17,050 | 2,189 | 1,824 | 20,000 | 20,050 | 2,639 | 2,274 |
| 11,050 | 11,100 | 1,296 | 1,108 | 14,050 | 14,100 | 1,746 | 1,408 | 17,050 | 17,100 | 2,196 | 1,831 | 20,050 | 20,100 | 2,646 | 2,281 |
| 11,100 | 11,150 | 1,304 | 1,113 | 14,100 | 14,150 | 1,754 | 1,413 | 17,100 | 17,150 | 2,204 | 1,839 | 20,100 | 20,150 | 2,654 | 2,289 |
| 11,150 | 11,200 | 1,311 | 1,118 | 14,150 | 14,200 | 1,761 | 1,418 | 17,150 | 17,200 | 2,211 | 1,846 | 20,150 | 20,200 | 2,661 | 2,296 |
| 11,200 | 11,250 | 1,319 | 1,123 | 14,200 | 14,250 | 1,769 | 1,423 | 17,200 | 17,250 | 2,219 | 1,854 | 20,200 | 20,250 | 2,669 | 2,304 |
| 11,250 | 11,300 | 1,326 | 1,128 | 14,250 | 14,300 | 1,776 | 1,428 | 17,250 | 17,300 | 2,226 | 1,861 | 20,250 | 20,300 | 2,676 | 2,311 |
| 11,300 | 11,350 | 1,334 | 1,133 | 14,300 | 14,350 | 1,784 | 1,433 | 17,300 | 17,350 | 2,234 | 1,869 | 20,300 | 20,350 | 2,684 | 2,319 |
| 11,350 | 11,400 | 1,341 | 1,138 | 14,350 | 14,400 | 1,791 | 1,438 | 17,350 | 17,400 | 2,241 | 1,876 | 20,350 | 20,400 | 2,691 | 2,326 |
| 11,400 | 11,450 | 1,349 | 1,143 | 14,400 | 14,450 | 1,799 | 1,443 | 17,400 | 17,450 | 2,249 | 1,884 | 20,400 | 20,450 | 2,699 | 2,334 |
| 11,450 | 11,500 | 1,356 | 1,148 | 14,450 | 14,500 | 1,806 | 1,448 | 17,450 | 17,500 | 2,256 | 1,891 | 20,450 | 20,500 | 2,706 | 2,341 |
| 11,500 | 11,550 | 1,364 | 1,153 | 14,500 | 14,550 | 1,814 | 1,453 | 17,500 | 17,550 | 2,264 | 1,899 | 20,500 | 20,550 | 2,714 | 2,349 |
| 11,550 | 11,600 | 1,371 | 1,158 | 14,550 | 14,600 | 1,821 | 1,458 | 17,550 | 17,600 | 2,271 | 1,906 | 20,550 | 20,600 | 2,721 | 2,356 |
| 11,600 | 11,650 | 1,379 | 1,163 | 14,600 | 14,650 | 1,829 | 1,464 | 17,600 | 17,650 | 2,279 | 1,914 | 20,600 | 20,650 | 2,729 | 2,364 |
| 11,650 | 11,700 | 1,386 | 1,168 | 14,650 | 14,700 | 1,836 | 1,471 | 17,650 | 17,700 | 2,286 | 1,921 | 20,650 | 20,700 | 2,736 | 2,371 |
| 11,700 | 11,750 | 1,394 | 1,173 | 14,700 | 14,750 | 1,844 | 1,479 | 17,700 | 17,750 | 2,294 | 1,929 | 20,700 | 20,750 | 2,744 | 2,379 |
| 11,750 | 11,800 | 1,401 | 1,178 | 14,750 | 14,800 | 1,851 | 1,486 | 17,750 | 17,800 | 2,301 | 1,936 | 20,750 | 20,800 | 2,751 | 2,386 |
| 11,800 | 11,850 | 1,409 | 1,183 | 14,800 | 14,850 | 1,859 | 1,494 | 17,800 | 17,850 | 2,309 | 1,944 | 20,800 | 20,850 | 2,759 | 2,394 |
| 11,850 | 11,900 | 1,416 | 1,188 | 14,850 | 14,900 | 1,866 | 1,501 | 17,850 | 17,900 | 2,316 | 1,951 | 20,850 | 20,900 | 2,766 | 2,401 |
| 11,900 | 11,950 | 1,424 | 1,193 | 14,900 | 14,950 | 1,874 | 1,509 | 17,900 | 17,950 | 2,324 | 1,959 | 20,900 | 20,950 | 2,774 | 2,409 |
| 11,950 12,000 |  | 1,431 | 1,198 | 14,950 | 15,000 | 1,881 | 1,516 | 17,950 | 18,000 | 2,331 | 1,966 | 20,950 | 21,000 | 2,781 | 2,416 |
|  |  |  |  |  |  |  |  |  |  |  |  | Continued on page 26 |  |  |  |

2005 1040EZ Tax Table-Continued

| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married <br> filing <br> jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 21,000 |  |  |  | 24,000 |  |  |  | 27,000 |  |  |  | 30,000 |  |  |  |
| 21,000 | 21,050 | 2,789 | 2,424 | 24,000 | 24,050 | 3,239 | 2,874 | 27,000 | 27,050 | 3,689 | 3,324 | 30,000 | 30,050 | 4,171 | 3,774 |
| 21,050 | 21,100 | 2,796 | 2,431 | 24,050 | 24,100 | 3,246 | 2,881 | 27,050 | 27,100 | 3,696 | 3,331 | 30,050 | 30,100 | 4,184 | 3,781 |
| 21,100 | 21,150 | 2,804 | 2,439 | 24,100 | 24,150 | 3,254 | 2,889 | 27,100 | 27,150 | 3,704 | 3,339 | 30,100 | 30,150 | 4,196 | 3,789 |
| 21,150 | 21,200 | 2,811 | 2,446 | 24,150 | 24,200 | 3,261 | 2,896 | 27,150 | 27,200 | 3,711 | 3,346 | 30,150 | 30,200 | 4,209 | 3,796 |
| 21,200 | 21,250 | 2,819 | 2,454 | 24,200 | 24,250 | 3,269 | 2,904 | 27,200 | 27,250 | 3,719 | 3,354 | 30,200 | 30,250 | 4,221 | 3,804 |
| 21,250 | 21,300 | 2,826 | 2,461 | 24,250 | 24,300 | 3,276 | 2,911 | 27,250 | 27,300 | 3,726 | 3,361 | 30,250 | 30,300 | 4,234 | 3,811 |
| 21,300 | 21,350 | 2,834 | 2,469 | 24,300 | 24,350 | 3,284 | 2,919 | 27,300 | 27,350 | 3,734 | 3,369 | 30,300 | 30,350 | 4,246 | 3,819 |
| 21,350 | 21,400 | 2,841 | 2,476 | 24,350 | 24,400 | 3,291 | 2,926 | 27,350 | 27,400 | 3,741 | 3,376 | 30,350 | 30,400 | 4,259 | 3,826 |
| 21,400 | 21,450 | 2,849 | 2,484 | 24,400 | 24,450 | 3,299 | 2,934 | 27,400 | 27,450 | 3,749 | 3,384 | 30,400 | 30,450 | 4,271 | 3,834 |
| 21,450 | 21,500 | 2,856 | 2,491 | 24,450 | 24,500 | 3,306 | 2,941 | 27,450 | 27,500 | 3,756 | 3,391 | 30,450 | 30,500 | 4,284 | 3,841 |
| 21,500 | 21,550 | 2,864 | 2,499 | 24,500 | 24,550 | 3,314 | 2,949 | 27,500 | 27,550 | 3,764 | 3,399 | 30,500 | 30,550 | 4,296 | 3,849 |
| 21,550 | 21,600 | 2,871 | 2,506 | 24,550 | 24,600 | 3,321 | 2,956 | 27,550 | 27,600 | 3,771 | 3,406 | 30,550 | 30,600 | 4,309 | 3,856 |
| 21,600 | 21,650 | 2,879 | 2,514 | 24,600 | 24,650 | 3,329 | 2,964 | 27,600 | 27,650 | 3,779 | 3,414 | 30,600 | 30,650 | 4,321 | 3,864 |
| 21,650 | 21,700 | 2,886 | 2,521 | 24,650 | 24,700 | 3,336 | 2,971 | 27,650 | 27,700 | 3,786 | 3,421 | 30,650 | 30,700 | 4,334 | 3,871 |
| 21,700 | 21,750 | 2,894 | 2,529 | 24,700 | 24,750 | 3,344 | 2,979 | 27,700 | 27,750 | 3,794 | 3,429 | 30,700 | 30,750 | 4,346 | 3,879 |
| 21,750 | 21,800 | 2,901 | 2,536 | 24,750 | 24,800 | 3,351 | 2,986 | 27,750 | 27,800 | 3,801 | 3,436 | 30,750 | 30,800 | 4,359 | 3,886 |
| 21,800 | 21,850 | 2,909 | 2,544 | 24,800 | 24,850 | 3,359 | 2,994 | 27,800 | 27,850 | 3,809 | 3,444 | 30,800 | 30,850 | 4,371 | 3,894 |
| 21,850 | 21,900 | 2,916 | 2,551 | 24,850 | 24,900 | 3,366 | 3,001 | 27,850 | 27,900 | 3,816 | 3,451 | 30,850 | 30,900 | 4,384 | 3,901 |
| 21,900 | 21,950 | 2,924 | 2,559 | 24,900 | 24,950 | 3,374 | 3,009 | 27,900 | 27,950 | 3,824 | 3,459 | 30,900 | 30,950 | 4,396 | 3,909 |
| 21,950 | 22,000 | 2,931 | 2,566 | 24,950 | 25,000 | 3,381 | 3,016 | 27,950 | 28,000 | 3,831 | 3,466 | 30,950 | 31,000 | 4,409 | 3,916 |
| 22 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 22,000 | 22,050 | 2,939 | 2,574 | 25,000 | 25,050 | 3,389 | 3,024 | 28,000 | 28,050 | 3,839 | 3,474 | 31,000 | 31,050 | 4,421 | 3,924 |
| 22,050 | 22,100 | 2,946 | 2,581 | 25,050 | 25,100 | 3,396 | 3,031 | 28,050 | 28,100 | 3,846 | 3,481 | 31,050 | 31,100 | 4,434 | 3,931 |
| 22,100 | 22,150 | 2,954 | 2,589 | 25,100 | 25,150 | 3,404 | 3,039 | 28,100 | 28,150 | 3,854 | 3,489 | 31,100 | 31,150 | 4,446 | 3,939 |
| 22,150 | 22,200 | 2,961 | 2,596 | 25,150 | 25,200 | 3,411 | 3,046 | 28,150 | 28,200 | 3,861 | 3,496 | 31,150 | 31,200 | 4,459 | 3,946 |
| 22,200 | 22,250 | 2,969 | 2,604 | 25,200 | 25,250 | 3,419 | 3,054 | 28,200 | 28,250 | 3,869 | 3,504 | 31,200 | 31,250 | 4,471 | 3,954 |
| 22,250 | 22,300 | 2,976 | 2,611 | 25,250 | 25,300 | 3,426 | 3,061 | 28,250 | 28,300 | 3,876 | 3,511 | 31,250 | 31,300 | 4,484 | 3,961 |
| 22,300 | 22,350 | 2,984 | 2,619 | 25,300 | 25,350 | 3,434 | 3,069 | 28,300 | 28,350 | 3,884 | 3,519 | 31,300 | 31,350 | 4,496 | 3,969 |
| 22,350 | 22,400 | 2,991 | 2,626 | 25,350 | 25,400 | 3,441 | 3,076 | 28,350 | 28,400 | 3,891 | 3,526 | 31,350 | 31,400 | 4,509 | 3,976 |
| 22,400 | 22,450 | 2,999 | 2,634 | 25,400 | 25,450 | 3,449 | 3,084 | 28,400 | 28,450 | 3,899 | 3,534 | 31,400 | 31,450 | 4,521 | 3,984 |
| 22,450 | 22,500 | 3,006 | 2,641 | 25,450 | 25,500 | 3,456 | 3,091 | 28,450 | 28,500 | 3,906 | 3,541 | 31,450 | 31,500 | 4,534 | 3,991 |
| 22,500 | 22,550 | 3,014 | 2,649 | 25,500 | 25,550 | 3,464 | 3,099 | 28,500 | 28,550 | 3,914 | 3,549 | 31,500 | 31,550 | 4,546 | 3,999 |
| 22,550 | 22,600 | 3,021 | 2,656 | 25,550 | 25,600 | 3,471 | 3,106 | 28,550 | 28,600 | 3,921 | 3,556 | 31,550 | 31,600 | 4,559 | 4,006 |
| 22,600 | 22,650 | 3,029 | 2,664 | 25,600 | 25,650 | 3,479 | 3,114 | 28,600 | 28,650 | 3,929 | 3,564 | 31,600 | 31,650 | 4,571 | 4,014 |
| 22,650 | 22,700 | 3,036 | 2,671 | 25,650 | 25,700 | 3,486 | 3,121 | 28,650 | 28,700 | 3,936 | 3,571 | 31,650 | 31,700 | 4,584 | 4,021 |
| 22,700 | 22,750 | 3,044 | 2,679 | 25,700 | 25,750 | 3,494 | 3,129 | 28,700 | 28,750 | 3,944 | 3,579 | 31,700 | 31,750 | 4,596 | 4,029 |
| 22,750 | 22,800 | 3,051 | 2,686 | 25,750 | 25,800 | 3,501 | 3,136 | 28,750 | 28,800 | 3,951 | 3,586 | 31,750 | 31,800 | 4,609 | 4,036 |
| 22,800 | 22,850 | 3,059 | 2,694 | 25,800 | 25,850 | 3,509 | 3,144 | 28,800 | 28,850 | 3,959 | 3,594 | 31,800 | 31,850 | 4,621 | 4,044 |
| 22,850 | 22,900 | 3,066 | 2,701 | 25,850 | 25,900 | 3,516 | 3,151 | 28,850 | 28,900 | 3,966 | 3,601 | 31,850 | 31,900 | 4,634 | 4,051 |
| 22,900 | 22,950 | 3,074 | 2,709 | 25,900 | 25,950 | 3,524 | 3,159 | 28,900 | 28,950 | 3,974 | 3,609 | 31,900 | 31,950 | 4,646 | 4,059 |
| 22,950 | 23,000 | 3,081 | 2,716 | 25,950 | 26,000 | 3,531 | 3,166 | 28,950 | 29,000 | 3,981 | 3,616 | 31,950 | 32,000 | 4,659 | 4,066 |
| 23 |  |  |  |  | 00 |  |  |  |  |  |  | 32 | 00 |  |  |
| 23,000 | 23,050 | 3,089 | 2,724 | 26,000 | 26,050 | 3,539 | 3,174 | 29,000 | 29,050 | 3,989 | 3,624 | 32,000 | 32,050 | 4,671 | 4,074 |
| 23,050 | 23,100 | 3,096 | 2,731 | 26,050 | 26,100 | 3,546 | 3,181 | 29,050 | 29,100 | 3,996 | 3,631 | 32,050 | 32,100 | 4,684 | 4,081 |
| 23,100 | 23,150 | 3,104 | 2,739 | 26,100 | 26,150 | 3,554 | 3,189 | 29,100 | 29,150 | 4,004 | 3,639 | 32,100 | 32,150 | 4,696 | 4,089 |
| 23,150 | 23,200 | 3,111 | 2,746 | 26,150 | 26,200 | 3,561 | 3,196 | 29,150 | 29,200 | 4,011 | 3,646 | 32,150 | 32,200 | 4,709 | 4,096 |
| 23,200 | 23,250 | 3,119 | 2,754 | 26,200 | 26,250 | 3,569 | 3,204 | 29,200 | 29,250 | 4,019 | 3,654 | 32,200 | 32,250 | 4,721 | 4,104 |
| 23,250 | 23,300 | 3,126 | 2,761 | 26,250 | 26,300 | 3,576 | 3,211 | 29,250 | 29,300 | 4,026 | 3,661 | 32,250 | 32,300 | 4,734 | 4,111 |
| 23,300 | 23,350 | 3,134 | 2,769 | 26,300 | 26,350 | 3,584 | 3,219 | 29,300 | 29,350 | 4,034 | 3,669 | 32,300 | 32,350 | 4,746 | 4,119 |
| 23,350 | 23,400 | 3,141 | 2,776 | 26,350 | 26,400 | 3,591 | 3,226 | 29,350 | 29,400 | 4,041 | 3,676 | 32,350 | 32,400 | 4,759 | 4,126 |
| 23,400 | 23,450 | 3,149 | 2,784 | 26,400 | 26,450 | 3,599 | 3,234 | 29,400 | 29,450 | 4,049 | 3,684 | 32,400 | 32,450 | 4,771 | 4,134 |
| 23,450 | 23,500 | 3,156 | 2,791 | 26,450 | 26,500 | 3,606 | 3,241 | 29,450 | 29,500 | 4,056 | 3,691 | 32,450 | 32,500 | 4,784 | 4,141 |
| 23,500 | 23,550 | 3,164 | 2,799 | 26,500 | 26,550 | 3,614 | 3,249 | 29,500 | 29,550 | 4,064 | 3,699 | 32,500 | 32,550 | 4,796 | 4,149 |
| 23,550 | 23,600 | 3,171 | 2,806 | 26,550 | 26,600 | 3,621 | 3,256 | 29,550 | 29,600 | 4,071 | 3,706 | 32,550 | 32,600 | 4,809 | 4,156 |
|  | $23,650$ | 3,179 | 2,814 | 26,600 | $26,650$ | 3,629 | 3,264 | 29,600 | 29,650 | 4,079 | 3,714 | 32,600 | 32,650 | 4,821 | 4,164 |
| 23,650 | 23,700 | 3,186 | 2,821 | 26,650 | 26,700 | 3,636 | 3,271 | 29,650 | 29,700 | 4,086 | 3,721 | 32,650 | 32,700 | 4,834 | 4,171 |
| 23,700 | 23,750 | 3,194 | 2,829 | 26,700 | 26,750 | 3,644 | 3,279 | 29,700 | 29,750 | 4,096 | 3,729 | 32,700 | 32,750 | 4,846 | 4,179 |
| 23,750 | 23,800 | 3,201 | 2,836 | 26,750 | 26,800 | 3,651 | 3,286 | 29,750 | 29,800 | 4,109 | 3,736 | 32,750 | 32,800 | 4,859 | 4,186 |
| 23,800 | 23,850 | 3,209 | 2,844 | 26,800 | 26,850 | 3,659 | 3,294 | 29,800 | 29,850 | 4,121 | 3,744 | 32,800 | 32,850 | 4,871 | 4,194 |
| 23,850 | 23,900 | 3,216 | 2,851 | 26,850 | 26,900 | 3,666 | 3,301 | 29,850 | 29,900 | 4,134 | 3,751 | 32,850 | 32,900 | 4,884 | 4,201 |
| 23,900 | 23,950 | 3,224 | 2,859 | 26,900 | 26,950 | 3,674 | 3,309 | 29,900 | 29,950 | 4,146 | 3,759 | 32,900 | 32,950 | 4,896 | 4,209 |
| 23,950 | 24,000 | 3,231 | 2,866 | 26,950 | 27,000 | 3,681 | 3,316 | 29,950 | 30,000 | 4,159 | 3,766 | 32,950 | 33,000 | 4,909 | 4,216 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ntinued | page 2 |


| If Form line 6, is | 1040EZ, | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single Married <br> filing <br> jointly <br> Your tax is-  |  | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  |  |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 33,000 |  |  |  | 36,000 |  |  |  | 39,000 |  |  |  | 42,000 |  |  |  |
| 33,000 | 33,050 | 4,921 | 4,224 | 36,000 | 36,050 | 5,671 | 4,674 | 39,000 | 39,050 | 6,421 | 5,124 | 42,000 | 42,050 | 7,171 | 5,574 |
| 33,050 | 33,100 | 4,934 | 4,231 | 36,050 | 36,100 | 5,684 | 4,681 | 39,050 | 39,100 | 6,434 | 5,131 | 42,050 | 42,100 | 7,184 | 5,581 |
| 33,100 | 33,150 | 4,946 | 4,239 | 36,100 | 36,150 | 5,696 | 4,689 | 39,100 | 39,150 | 6,446 | 5,139 | 42,100 | 42,150 | 7,196 | 5,589 |
| 33,150 | 33,200 | 4,959 | 4,246 | 36,150 | 36,200 | 5,709 | 4,696 | 39,150 | 39,200 | 6,459 | 5,146 | 42,150 | 42,200 | 7,209 | 5,596 |
| 33,200 | 33,250 | 4,971 | 4,254 | 36,200 | 36,250 | 5,721 | 4,704 | 39,200 | 39,250 | 6,471 | 5,154 | 42,200 | 42,250 | 7,221 | 5,604 |
| 33,250 | 33,300 | 4,984 | 4,261 | 36,250 | 36,300 | 5,734 | 4,711 | 39,250 | 39,300 | 6,484 | 5,161 | 42,250 | 42,300 | 7,234 | 5,611 |
| 33,300 | 33,350 | 4,996 | 4,269 | 36,300 | 36,350 | 5,746 | 4,719 | 39,300 | 39,350 | 6,496 | 5,169 | 42,300 | 42,350 | 7,246 | 5,619 |
| 33,350 | 33,400 | 5,009 | 4,276 | 36,350 | 36,400 | 5,759 | 4,726 | 39,350 | 39,400 | 6,509 | 5,176 | 42,350 | 42,400 | 7,259 | 5,626 |
| 33,400 | 33,450 | 5,021 | 4,284 | 36,400 | 36,450 | 5,771 | 4,734 | 39,400 | 39,450 | 6,521 | 5,184 | 42,400 | 42,450 | 7,271 | 5,634 |
| 33,450 | 33,500 | 5,034 | 4,291 | 36,450 | 36,500 | 5,784 | 4,741 | 39,450 | 39,500 | 6,534 | 5,191 | 42,450 | 42,500 | 7,284 | 5,641 |
| 33,500 | 33,550 | 5,046 | 4,299 | 36,500 | 36,550 | 5,796 | 4,749 | 39,500 | 39,550 | 6,546 | 5,199 | 42,500 | 42,550 | 7,296 | 5,649 |
| 33,550 | 33,600 | 5,059 | 4,306 | 36,550 | 36,600 | 5,809 | 4,756 | 39,550 | 39,600 | 6,559 | 5,206 | 42,550 | 42,600 | 7,309 | 5,656 |
| 33,600 | 33,650 | 5,071 | 4,314 | 36,600 | 36,650 | 5,821 | 4,764 | 39,600 | 39,650 | 6,571 | 5,214 | 42,600 | 42,650 | 7,321 | 5,664 |
| 33,650 | 33,700 | 5,084 | 4,321 | 36,650 | 36,700 | 5,834 | 4,771 | 39,650 | 39,700 | 6,584 | 5,221 | 42,650 | 42,700 | 7,334 | 5,671 |
| 33,700 | 33,750 | 5,096 | 4,329 | 36,700 | 36,750 | 5,846 | 4,779 | 39,700 | 39,750 | 6,596 | 5,229 | 42,700 | 42,750 | 7,346 | 5,679 |
| 33,750 | 33,800 | 5,109 | 4,336 | 36,750 | 36,800 | 5,859 | 4,786 | 39,750 | 39,800 | 6,609 | 5,236 | 42,750 | 42,800 | 7,359 | 5,686 |
| 33,800 | 33,850 | 5,121 | 4,344 | 36,800 | 36,850 | 5,871 | 4,794 | 39,800 | 39,850 | 6,621 | 5,244 | 42,800 | 42,850 | 7,371 | 5,694 |
| 33,850 | 33,900 | 5,134 | 4,351 | 36,850 | 36,900 | 5,884 | 4,801 | 39,850 | 39,900 | 6,634 | 5,251 | 42,850 | 42,900 | 7,384 | 5,701 |
| 33,900 | 33,950 | 5,146 | 4,359 | 36,900 | 36,950 | 5,896 | 4,809 | 39,900 | 39,950 | 6,646 | 5,259 | 42,900 | 42,950 | 7,396 | 5,709 |
| 33,950 | 34,000 | 5,159 | 4,366 | 36,950 | 37,000 | 5,909 | 4,816 | 39,950 | 40,000 | 6,659 | 5,266 | 42,950 | 43,000 | 7,409 | 5,716 |
| 34,000 |  |  |  | 37,000 |  |  |  | 40,000 |  |  |  | 43,000 |  |  |  |
| 34,000 | 34,050 | 5,171 | 4,374 | 37,000 | 37,050 | 5,921 | 4,824 | 40,000 | 40,050 | 6,671 | 5,274 | 43,000 | 43,050 | 7,421 | 5,724 |
| 34,050 | 34,100 | 5,184 | 4,381 | 37,050 | 37,100 | 5,934 | 4,831 | 40,050 | 40,100 | 6,684 | 5,281 | 43,050 | 43,100 | 7,434 | 5,731 |
| 34,100 | 34,150 | 5,196 | 4,389 | 37,100 | 37,150 | 5,946 | 4,839 | 40,100 | 40,150 | 6,696 | 5,289 | 43,100 | 43,150 | 7,446 | 5,739 |
| 34,150 | 34,200 | 5,209 | 4,396 | 37,150 | 37,200 | 5,959 | 4,846 | 40,150 | 40,200 | 6,709 | 5,296 | 43,150 | 43,200 | 7,459 | 5,746 |
| 34,200 | 34,250 | 5,221 | 4,404 | 37,200 | 37,250 | 5,971 | 4,854 | 40,200 | 40,250 | 6,721 | 5,304 | 43,200 | 43,250 | 7,471 | 5,754 |
| 34,250 | 34,300 | 5,234 | 4,411 | 37,250 | 37,300 | 5,984 | 4,861 | 40,250 | 40,300 | 6,734 | 5,311 | 43,250 | 43,300 | 7,484 | 5,761 |
| 34,300 | 34,350 | 5,246 | 4,419 | 37,300 | 37,350 | 5,996 | 4,869 | 40,300 | 40,350 | 6,746 | 5,319 | 43,300 | 43,350 | 7,496 | 5,769 |
| 34,350 | 34,400 | 5,259 | 4,426 | 37,350 | 37,400 | 6,009 | 4,876 | 40,350 | 40,400 | 6,759 | 5,326 | 43,350 | 43,400 | 7,509 | 5,776 |
| 34,400 | 34,450 | 5,271 | 4,434 | 37,400 | 37,450 | 6,021 | 4,884 | 40,400 | 40,450 | 6,771 | 5,334 | 43,400 | 43,450 | 7,521 | 5,784 |
| 34,450 | 34,500 | 5,284 | 4,441 | 37,450 | 37,500 | 6,034 | 4,891 | 40,450 | 40,500 | 6,784 | 5,341 | 43,450 | 43,500 | 7,534 | 5,791 |
| 34,500 | 34,550 | 5,296 | 4,449 | 37,500 | 37,550 | 6,046 | 4,899 | 40,500 | 40,550 | 6,796 | 5,349 | 43,500 | 43,550 | 7,546 | 5,799 |
| 34,550 | 34,600 | 5,309 | 4,456 | 37,550 | 37,600 | 6,059 | 4,906 | 40,550 | 40,600 | 6,809 | 5,356 | 43,550 | 43,600 | 7,559 | 5,806 |
| 34,600 | 34,650 | 5,321 | 4,464 | 37,600 | 37,650 | 6,071 | 4,914 | 40,600 | 40,650 | 6,821 | 5,364 | 43,600 | 43,650 | 7,571 | 5,814 |
| 34,650 | 34,700 | 5,334 | 4,471 | 37,650 | 37,700 | 6,084 | 4,921 | 40,650 | 40,700 | 6,834 | 5,371 | 43,650 | 43,700 | 7,584 | 5,821 |
| 34,700 | 34,750 | 5,346 | 4,479 | 37,700 | 37,750 | 6,096 | 4,929 | 40,700 | 40,750 | 6,846 | 5,379 | 43,700 | 43,750 | 7,596 | 5,829 |
| 34,750 | 34,800 | 5,359 | 4,486 | 37,750 | 37,800 | 6,109 | 4,936 | 40,750 | 40,800 | 6,859 | 5,386 | 43,750 | 43,800 | 7,609 | 5,836 |
| 34,800 | 34,850 | 5,371 | 4,494 | 37,800 | 37,850 | 6,121 | 4,944 | 40,800 | 40,850 | 6,871 | 5,394 | 43,800 | 43,850 | 7,621 | 5,844 |
| 34,850 | 34,900 | 5,384 | 4,501 | 37,850 | 37,900 | 6,134 | 4,951 | 40,850 | 40,900 | 6,884 | 5,401 | 43,850 | 43,900 | 7,634 | 5,851 |
| 34,900 | 34,950 | 5,396 | 4,509 | 37,900 | 37,950 | 6,146 | 4,959 | 40,900 | 40,950 | 6,896 | 5,409 | 43,900 | 43,950 | 7,646 | 5,859 |
| 34,950 | 35,000 | 5,409 | 4,516 | 37,950 | 38,000 | 6,159 | 4,966 | 40,950 | 41,000 | 6,909 | 5,416 | 43,950 | 44,000 | 7,659 | 5,866 |
| 35,000 |  |  |  | 38,000 |  |  |  | 41,000 |  |  |  | 44,000 |  |  |  |
| 35,000 | 35,050 | 5,421 | 4,524 | 38,000 | 38,050 | 6,171 | 4,974 | 41,000 | 41,050 | 6,921 | 5,424 | 44,000 | 44,050 | 7,671 | 5,874 |
| 35,050 | 35,100 | 5,434 | 4,531 | 38,050 | 38,100 | 6,184 | 4,981 | 41,050 | 41,100 | 6,934 | 5,431 | 44,050 | 44,100 | 7,684 | 5,881 |
| 35,100 | 35,150 | 5,446 | 4,539 | 38,100 | 38,150 | 6,196 | 4,989 | 41,100 | 41,150 | 6,946 | 5,439 | 44,100 | 44,150 | 7,696 | 5,889 |
| 35,150 | 35,200 | 5,459 | 4,546 | 38,150 | 38,200 | 6,209 | 4,996 | 41,150 | 41,200 | 6,959 | 5,446 | 44,150 | 44,200 | 7,709 | 5,896 |
| 35,200 | 35,250 | 5,471 | 4,554 | 38,200 | 38,250 | 6,221 | 5,004 | 41,200 | 41,250 | 6,971 | 5,454 | 44,200 | 44,250 | 7,721 | 5,904 |
| 35,250 | 35,300 | 5,484 | 4,561 | 38,250 | 38,300 | 6,234 | 5,011 | 41,250 | 41,300 | 6,984 | 5,461 | 44,250 | 44,300 | 7,734 | 5,911 |
| 35,300 | 35,350 | 5,496 | 4,569 | 38,300 | 38,350 | 6,246 | 5,019 | 41,300 | 41,350 | 6,996 | 5,469 | 44,300 | 44,350 | 7,746 | 5,919 |
| 35,350 | 35,400 | 5,509 | 4,576 | 38,350 | 38,400 | 6,259 | 5,026 | 41,350 | 41,400 | 7,009 | 5,476 | 44,350 | 44,400 | 7,759 | 5,926 |
| 35,400 | 35,450 | 5,521 | 4,584 | 38,400 | 38,450 | 6,271 | 5,034 | 41,400 | 41,450 | 7,021 | 5,484 | 44,400 | 44,450 | 7,771 | 5,934 |
| 35,450 | 35,500 | 5,534 | 4,591 | 38,450 | 38,500 | 6,284 | 5,041 | 41,450 | 41,500 | 7,034 | 5,491 | 44,450 | 44,500 | 7,784 | 5,941 |
| 35,500 | 35,550 | 5,546 | 4,599 | 38,500 | 38,550 | 6,296 | 5,049 | 41,500 | 41,550 | 7,046 | 5,499 | 44,500 | 44,550 | 7,796 | 5,949 |
| 35,550 | 35,600 | 5,559 | 4,606 | 38,550 | 38,600 | 6,309 | 5,056 | 41,550 | 41,600 | 7,059 | 5,506 | 44,550 | 44,600 | 7,809 | 5,956 |
| 35,600 | 35,650 | 5,571 | 4,614 | 38,600 | 38,650 | 6,321 | 5,064 | 41,600 | 41,650 | 7,071 | 5,514 | 44,600 | 44,650 | 7,821 | 5,964 |
| 35,650 | 35,700 | 5,584 | 4,621 | 38,650 | 38,700 | 6,334 | 5,071 | 41,650 | 41,700 | 7,084 | 5,521 | 44,650 | 44,700 | 7,834 | 5,971 |
| 35,700 | 35,750 | 5,596 | 4,629 | 38,700 | 38,750 | 6,346 | 5,079 | 41,700 | 41,750 | 7,096 | 5,529 | 44,700 | 44,750 | 7,846 | 5,979 |
| 35,750 | 35,800 | 5,609 | 4,636 | 38,750 | 38,800 | 6,359 | 5,086 | 41,750 | 41,800 | 7,109 | 5,536 | 44,750 | 44,800 | 7,859 | 5,986 |
| 35,800 | 35,850 | 5,621 | 4,644 | 38,800 | 38,850 | 6,371 | 5,094 | 41,800 | 41,850 | 7,121 | 5,544 | 44,800 | 44,850 | 7,871 | 5,994 |
| 35,850 | 35,900 | 5,634 | 4,651 | 38,850 | 38,900 | 6,384 | 5,101 | 41,850 | 41,900 | 7,134 | 5,551 | 44,850 | 44,900 | 7,884 | 6,001 |
| 35,900 | 35,950 | 5,646 | 4,659 | 38,900 | 38,950 | 6,396 | 5,109 | 41,900 | 41,950 | 7,146 | 5,559 | 44,900 | 44,950 | 7,896 | 6,009 |
| 35,950 | 36,000 | 5,659 | 4,666 | 38,950 | 39,000 | 6,409 | 5,116 | 41,950 | 42,000 | 7,159 | 5,566 | 44,950 | 45,000 | 7,909 | 6,016 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ntinued | page 28 |


| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single Married <br> filing <br> jointly <br> Your tax is-  |  | At least | But less than |  | Married filing jointly | At least | But less than | Your tax is- |  | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 45,000 |  |  |  | 48,000 |  |  |  | 51,000 |  |  |  | 54,000 |  |  |  |
| 45,000 | 45,050 | 7,921 | 6,024 | 48,000 | 48,050 | 8,671 | 6,474 | 51,000 | 51,050 | 9,421 | 6,924 | 54,000 | 54,050 | 10,171 | 7,374 |
| 45,050 | 45,100 | 7,934 | 6,031 | 48,050 | 48,100 | 8,684 | 6,481 | 51,050 | 51,100 | 9,434 | 6,931 | 54,050 | 54,100 | 10,184 | 7,381 |
| 45,100 | 45,150 | 7,946 | 6,039 | 48,100 | 48,150 | 8,696 | 6,489 | 51,100 | 51,150 | 9,446 | 6,939 | 54,100 | 54,150 | 10,196 | 7,389 |
| 45,150 | 45,200 | 7,959 | 6,046 | 48,150 | 48,200 | 8,709 | 6,496 | 51,150 | 51,200 | 9,459 | 6,946 | 54,150 | 54,200 | 10,209 | 7,396 |
| 45,200 | 45,250 | 7,971 | 6,054 | 48,200 | 48,250 | 8,721 | 6,504 | 51,200 | 51,250 | 9,471 | 6,954 | 54,200 | 54,250 | 10,221 | 7,404 |
| 45,250 | 45,300 | 7,984 | 6,061 | 48,250 | 48,300 | 8,734 | 6,511 | 51,250 | 51,300 | 9,484 | 6,961 | 54,250 | 54,300 | 10,234 | 7,411 |
| 45,300 | 45,350 | 7,996 | 6,069 | 48,300 | 48,350 | 8,746 | 6,519 | 51,300 | 51,350 | 9,496 | 6,969 | 54,300 | 54,350 | 10,246 | 7,419 |
| 45,350 | 45,400 | 8,009 | 6,076 | 48,350 | 48,400 | 8,759 | 6,526 | 51,350 | 51,400 | 9,509 | 6,976 | 54,350 | 54,400 | 10,259 | 7,426 |
| 45,400 | 45,450 | 8,021 | 6,084 | 48,400 | 48,450 | 8,771 | 6,534 | 51,400 | 51,450 | 9,521 | 6,984 | 54,400 | 54,450 | 10,271 | 7,434 |
| 45,450 | 45,500 | 8,034 | 6,091 | 48,450 | 48,500 | 8,784 | 6,541 | 51,450 | 51,500 | 9,534 | 6,991 | 54,450 | 54,500 | 10,284 | 7,441 |
| 45,500 | 45,550 | 8,046 | 6,099 | 48,500 | 48,550 | 8,796 | 6,549 | 51,500 | 51,550 | 9,546 | 6,999 | 54,500 | 54,550 | 10,296 | 7,449 |
| 45,550 | 45,600 | 8,059 | 6,106 | 48,550 | 48,600 | 8,809 | 6,556 | 51,550 | 51,600 | 9,559 | 7,006 | 54,550 | 54,600 | 10,309 | 7,456 |
| 45,600 | 45,650 | 8,071 | 6,114 | 48,600 | 48,650 | 8,821 | 6,564 | 51,600 | 51,650 | 9,571 | 7,014 | 54,600 | 54,650 | 10,321 | 7,464 |
| 45,650 | 45,700 | 8,084 | 6,121 | 48,650 | 48,700 | 8,834 | 6,571 | 51,650 | 51,700 | 9,584 | 7,021 | 54,650 | 54,700 | 10,334 | 7,471 |
| 45,700 | 45,750 | 8,096 | 6,129 | 48,700 | 48,750 | 8,846 | 6,579 | 51,700 | 51,750 | 9,596 | 7,029 | 54,700 | 54,750 | 10,346 | 7,479 |
| 45,750 | 45,800 | 8,109 | 6,136 | 48,750 | 48,800 | 8,859 | 6,586 | 51,750 | 51,800 | 9,609 | 7,036 | 54,750 | 54,800 | 10,359 | 7,486 |
| 45,800 | 45,850 | 8,121 | 6,144 | 48,800 | 48,850 | 8,871 | 6,594 | 51,800 | 51,850 | 9,621 | 7,044 | 54,800 | 54,850 | 10,371 | 7,494 |
| 45,850 | 45,900 | 8,134 | 6,151 | 48,850 | 48,900 | 8,884 | 6,601 | 51,850 | 51,900 | 9,634 | 7,051 | 54,850 | 54,900 | 10,384 | 7,501 |
| 45,900 | 45,950 | 8,146 | 6,159 | 48,900 | 48,950 | 8,896 | 6,609 | 51,900 | 51,950 | 9,646 | 7,059 | 54,900 | 54,950 | 10,396 | 7,509 |
| 45,950 | 46,000 | 8,159 | 6,166 | 48,950 | 49,000 | 8,909 | 6,616 | 51,950 | 52,000 | 9,659 | 7,066 | 54,950 | 55,000 | 10,409 | 7,516 |
| 46,000 |  |  |  | 49,000 |  |  |  | 52,000 |  |  |  | 55,000 |  |  |  |
| 46,000 | 46,050 | 8,171 | 6,174 | 49,000 | 49,050 | 8,921 | 6,624 | 52,000 | 52,050 | 9,671 | 7,074 | 55,000 | 55,050 | 10,421 | 7,524 |
| 46,050 | 46,100 | 8,184 | 6,181 | 49,050 | 49,100 | 8,934 | 6,631 | 52,050 | 52,100 | 9,684 | 7,081 | 55,050 | 55,100 | 10,434 | 7,531 |
| 46,100 | 46,150 | 8,196 | 6,189 | 49,100 | 49,150 | 8,946 | 6,639 | 52,100 | 52,150 | 9,696 | 7,089 | 55,100 | 55,150 | 10,446 | 7,539 |
| 46,150 | 46,200 | 8,209 | 6,196 | 49,150 | 49,200 | 8,959 | 6,646 | 52,150 | 52,200 | 9,709 | 7,096 | 55,150 | 55,200 | 10,459 | 7,546 |
| 46,200 | 46,250 | 8,221 | 6,204 | 49,200 | 49,250 | 8,971 | 6,654 | 52,200 | 52,250 | 9,721 | 7,104 | 55,200 | 55,250 | 10,471 | 7,554 |
| 46,250 | 46,300 | 8,234 | 6,211 | 49,250 | 49,300 | 8,984 | 6,661 | 52,250 | 52,300 | 9,734 | 7,111 | 55,250 | 55,300 | 10,484 | 7,561 |
| 46,300 | 46,350 | 8,246 | 6,219 | 49,300 | 49,350 | 8,996 | 6,669 | 52,300 | 52,350 | 9,746 | 7,119 | 55,300 | 55,350 | 10,496 | 7,569 |
| 46,350 | 46,400 | 8,259 | 6,226 | 49,350 | 49,400 | 9,009 | 6,676 | 52,350 | 52,400 | 9,759 | 7,126 | 55,350 | 55,400 | 10,509 | 7,576 |
| 46,400 | 46,450 | 8,271 | 6,234 | 49,400 | 49,450 | 9,021 | 6,684 | 52,400 | 52,450 | 9,771 | 7,134 | 55,400 | 55,450 | 10,521 | 7,584 |
| 46,450 | 46,500 | 8,284 | 6,241 | 49,450 | 49,500 | 9,034 | 6,691 | 52,450 | 52,500 | 9,784 | 7,141 | 55,450 | 55,500 | 10,534 | 7,591 |
| 46,500 | 46,550 | 8,296 | 6,249 | 49,500 | 49,550 | 9,046 | 6,699 | 52,500 | 52,550 | 9,796 | 7,149 | 55,500 | 55,550 | 10,546 | 7,599 |
| 46,550 | 46,600 | 8,309 | 6,256 | 49,550 | 49,600 | 9,059 | 6,706 | 52,550 | 52,600 | 9,809 | 7,156 | 55,550 | 55,600 | 10,559 | 7,606 |
| 46,600 | 46,650 | 8,321 | 6,264 | 49,600 | 49,650 | 9,071 | 6,714 | 52,600 | 52,650 | 9,821 | 7,164 | 55,600 | 55,650 | 10,571 | 7,614 |
| 46,650 | 46,700 | 8,334 | 6,271 | 49,650 | 49,700 | 9,084 | 6,721 | 52,650 | 52,700 | 9,834 | 7,171 | 55,650 | 55,700 | 10,584 | 7,621 |
| 46,700 | 46,750 | 8,346 | 6,279 | 49,700 | 49,750 | 9,096 | 6,729 | 52,700 | 52,750 | 9,846 | 7,179 | 55,700 | 55,750 | 10,596 | 7,629 |
| 46,750 | 46,800 | 8,359 | 6,286 | 49,750 | 49,800 | 9,109 | 6,736 | 52,750 | 52,800 | 9,859 | 7,186 | 55,750 | 55,800 | 10,609 | 7,636 |
| 46,800 | 46,850 | 8,371 | 6,294 | 49,800 | 49,850 | 9,121 | 6,744 | 52,800 | 52,850 | 9,871 | 7,194 | 55,800 | 55,850 | 10,621 | 7,644 |
| 46,850 | 46,900 | 8,384 | 6,301 | 49,850 | 49,900 | 9,134 | 6,751 | 52,850 | 52,900 | 9,884 | 7,201 | 55,850 | 55,900 | 10,634 | 7,651 |
| 46,900 | 46,950 | 8,396 | 6,309 | 49,900 | 49,950 | 9,146 | 6,759 | 52,900 | 52,950 | 9,896 | 7,209 | 55,900 | 55,950 | 10,646 | 7,659 |
| 46,950 | 47,000 | 8,409 | 6,316 | 49,950 | 50,000 | 9,159 | 6,766 | 52,950 | 53,000 | 9,909 | 7,216 | 55,950 | 56,000 | 10,659 | 7,666 |
| 47,000 |  |  |  | 50,000 |  |  |  | 53,000 |  |  |  | 56,000 |  |  |  |
| 47,000 | 47,050 | 8,421 | 6,324 | 50,000 | 50,050 | 9,171 | 6,774 | 53,000 | 53,050 | 9,921 | 7,224 | 56,000 | 56,050 | 10,671 |  |
| 47,050 | 47,100 | 8,434 | 6,331 | 50,050 | 50,100 | 9,184 | 6,781 | 53,050 | 53,100 | 9,934 | 7,231 | 56,050 | 56,100 | 10,684 | 7,681 |
| 47,100 | 47,150 | 8,446 | 6,339 | 50,100 | 50,150 | 9,196 | 6,789 | 53,100 | 53,150 | 9,946 | 7,239 | 56,100 | 56,150 | 10,696 | 7,689 |
| 47,150 | 47,200 | 8,459 | 6,346 | 50,150 | 50,200 | 9,209 | 6,796 | 53,150 | 53,200 | 9,959 | 7,246 | 56,150 | 56,200 | 10,709 | 7,696 |
| 47,200 | 47,250 | 8,471 | 6,354 | 50,200 | 50,250 | 9,221 | 6,804 | 53,200 | 53,250 | 9,971 | 7,254 | 56,200 | 56,250 | 10,721 | 7,704 |
| 47,250 | 47,300 | 8,484 | 6,361 | 50,250 | 50,300 | 9,234 | 6,811 | 53,250 | 53,300 | 9,984 | 7,261 | 56,250 | 56,300 | 10,734 | 7,711 |
| 47,300 | 47,350 | 8,496 | 6,369 | 50,300 | 50,350 | 9,246 | 6,819 | 53,300 | 53,350 | 9,996 | 7,269 | 56,300 | 56,350 | 10,746 | 7,719 |
| 47,350 | 47,400 | 8,509 | 6,376 | 50,350 | 50,400 | 9,259 | 6,826 | 53,350 | 53,400 | 10,009 | 7,276 | 56,350 | 56,400 | 10,759 | 7,726 |
| 47,400 | 47,450 | 8,521 | 6,384 | 50,400 | 50,450 | 9,271 | 6,834 | 53,400 | 53,450 | 10,021 | 7,284 | 56,400 | 56,450 | 10,771 | 7,734 |
| 47,450 | 47,500 | 8,534 | 6,391 | 50,450 | 50,500 | 9,284 | 6,841 | 53,450 | 53,500 | 10,034 | 7,291 | 56,450 | 56,500 | 10,784 | 7,741 |
| 47,500 | 47,550 | 8,546 | 6,399 | 50,500 | 50,550 | 9,296 | 6,849 | 53,500 | 53,550 | 10,046 | 7,299 | 56,500 | 56,550 | 10,796 | 7,749 |
| 47,550 | 47,600 | 8,559 | 6,406 | 50,550 | 50,600 | 9,309 | 6,856 | 53,550 | 53,600 | 10,059 | 7,306 | 56,550 | 56,600 | 10,809 | 7,756 |
| 47,600 | 47,650 | 8,571 | 6,414 | 50,600 | 50,650 | 9,321 | 6,864 | 53,600 | 53,650 | 10,071 | 7,314 | 56,600 | 56,650 | 10,821 | 7,764 |
| 47,650 | 47,700 | 8,584 | 6,421 | 50,650 | 50,700 | 9,334 | 6,871 | 53,650 | 53,700 | 10,084 | 7,321 | 56,650 | 56,700 | 10,834 | 7,771 |
| 47,700 | 47,750 | 8,596 | 6,429 | 50,700 | 50,750 | 9,346 | 6,879 | 53,700 | 53,750 | 10,096 | 7,329 | 56,700 | 56,750 | 10,846 | 7,779 |
| 47,750 | 47,800 | 8,609 | 6,436 | 50,750 | 50,800 | 9,359 | 6,886 | 53,750 | 53,800 | 10,109 | 7,336 | 56,750 | 56,800 | 10,859 | 7,786 |
| 47,800 | 47,850 | 8,621 | 6,444 | 50,800 | 50,850 | 9,371 | 6,894 | 53,800 | 53,850 | 10,121 | 7,344 | 56,800 | 56,850 | 10,871 | 7,794 |
| 47,850 | 47,900 | 8,634 | 6,451 | 50,850 | 50,900 | 9,384 | 6,901 | 53,850 | 53,900 | 10,134 | 7,351 | 56,850 | 56,900 | 10,884 | 7,801 |
| 47,900 | 47,950 | 8,646 | 6,459 | 50,900 | 50,950 | 9,396 | 6,909 | 53,900 | 53,950 | 10,146 | 7,359 | 56,900 | 56,950 | 10,896 | 7,809 |
| 47,950 | 48,000 | 8,659 | 6,466 | 50,950 | 51,000 | 9,409 | 6,916 | 53,950 | 54,000 | 10,159 | 7,366 | 56,950 | 57,000 | 10,909 | 7,816 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ontinued | n page 29 |


| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | SingleMarried <br> filing <br> jointly |  | At least | But less than | Your tax is- |  | At least | But less than |  |  | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 57,000 |  |  |  | 60,000 |  |  |  | 63,000 |  |  |  | 66,000 |  |  |  |
| 57,000 | 57,050 | 10,921 | 7,824 | 60,000 | 60,050 | 11,671 | 8,336 | 63,000 | 63,050 | 12,421 | 9,086 | 66,000 | 66,050 | 13,171 | 9,836 |
| 57,050 | 57,100 | 10,934 | 7,831 | 60,050 | 60,100 | 11,684 | 8,349 | 63,050 | 63,100 | 12,434 | 9,099 | 66,050 | 66,100 | 13,184 | 9,849 |
| 57,100 | 57,150 | 10,946 | 7,839 | 60,100 | 60,150 | 11,696 | 8,361 | 63,100 | 63,150 | 12,446 | 9,111 | 66,100 | 66,150 | 13,196 | 9,861 |
| 57,150 | 57,200 | 10,959 | 7,846 | 60,150 | 60,200 | 11,709 | 8,374 | 63,150 | 63,200 | 12,459 | 9,124 | 66,150 | 66,200 | 13,209 | 9,874 |
| 57,200 | 57,250 | 10,971 | 7,854 | 60,200 | 60,250 | 11,721 | 8,386 | 63,200 | 63,250 | 12,471 | 9,136 | 66,200 | 66,250 | 13,221 | 9,886 |
| 57,250 | 57,300 | 10,984 | 7,861 | 60,250 | 60,300 | 11,734 | 8,399 | 63,250 | 63,300 | 12,484 | 9,149 | 66,250 | 66,300 | 13,234 | 9,899 |
| 57,300 | 57,350 | 10,996 | 7,869 | 60,300 | 60,350 | 11,746 | 8,411 | 63,300 | 63,350 | 12,496 | 9,161 | 66,300 | 66,350 | 13,246 | 9,911 |
| 57,350 | 57,400 | 11,009 | 7,876 | 60,350 | 60,400 | 11,759 | 8,424 | 63,350 | 63,400 | 12,509 | 9,174 | 66,350 | 66,400 | 13,259 | 9,924 |
| 57,400 | 57,450 | 11,021 | 7,884 | 60,400 | 60,450 | 11,771 | 8,436 | 63,400 | 63,450 | 12,521 | 9,186 | 66,400 | 66,450 | 13,271 | 9,936 |
| 57,450 | 57,500 | 11,034 | 7,891 | 60,450 | 60,500 | 11,784 | 8,449 | 63,450 | 63,500 | 12,534 | 9,199 | 66,450 | 66,500 | 13,284 | 9,949 |
| 57,500 | 57,550 | 11,046 | 7,899 | 60,500 | 60,550 | 11,796 | 8,461 | 63,500 | 63,550 | 12,546 | 9,211 | 66,500 | 66,550 | 13,296 | 9,961 |
| 57,550 | 57,600 | 11,059 | 7,906 | 60,550 | 60,600 | 11,809 | 8,474 | 63,550 | 63,600 | 12,559 | 9,224 | 66,550 | 66,600 | 13,309 | 9,974 |
| 57,600 | 57,650 | 11,071 | 7,914 | 60,600 | 60,650 | 11,821 | 8,486 | 63,600 | 63,650 | 12,571 | 9,236 | 66,600 | 66,650 | 13,321 | 9,986 |
| 57,650 | 57,700 | 11,084 | 7,921 | 60,650 | 60,700 | 11,834 | 8,499 | 63,650 | 63,700 | 12,584 | 9,249 | 66,650 | 66,700 | 13,334 | 9,999 |
| 57,700 | 57,750 | 11,096 | 7,929 | 60,700 | 60,750 | 11,846 | 8,511 | 63,700 | 63,750 | 12,596 | 9,261 | 66,700 | 66,750 | 13,346 | 10,011 |
| 57,750 | 57,800 | 11,109 | 7,936 | 60,750 | 60,800 | 11,859 | 8,524 | 63,750 | 63,800 | 12,609 | 9,274 | 66,750 | 66,800 | 13,359 | 10,024 |
| 57,800 | 57,850 | 11,121 | 7,944 | 60,800 | 60,850 | 11,871 | 8,536 | 63,800 | 63,850 | 12,621 | 9,286 | 66,800 | 66,850 | 13,371 | 10,036 |
| 57,850 | 57,900 | 11,134 | 7,951 | 60,850 | 60,900 | 11,884 | 8,549 | 63,850 | 63,900 | 12,634 | 9,299 | 66,850 | 66,900 | 13,384 | 10,049 |
| 57,900 | 57,950 | 11,146 | 7,959 | 60,900 | 60,950 | 11,896 | 8,561 | 63,900 | 63,950 | 12,646 | 9,311 | 66,900 | 66,950 | 13,396 | 10,061 |
| 57,950 | 58,000 | 11,159 | 7,966 | 60,950 | 61,000 | 11,909 | 8,574 | 63,950 | 64,000 | 12,659 | 9,324 | 66,950 | 67,000 | 13,409 | 10,074 |
| 58,000 |  |  |  | 61,000 |  |  |  | 64,000 |  |  |  | 67,000 |  |  |  |
| 58,000 | 58,050 | 11,171 | 7,974 | 61,000 | 61,050 | 11,921 | 8,586 | 64,000 | 64,050 | 12,671 | 9,336 | 67,000 | 67,050 | 13,421 | 10,086 |
| 58,050 | 58,100 | 11,184 | 7,981 | 61,050 | 61,100 | 11,934 | 8,599 | 64,050 | 64,100 | 12,684 | 9,349 | 67,050 | 67,100 | 13,434 | 10,099 |
| 58,100 | 58,150 | 11,196 | 7,989 | 61,100 | 61,150 | 11,946 | 8,611 | 64,100 | 64,150 | 12,696 | 9,361 | 67,100 | 67,150 | 13,446 | 10,111 |
| 58,150 | 58,200 | 11,209 | 7,996 | 61,150 | 61,200 | 11,959 | 8,624 | 64,150 | 64,200 | 12,709 | 9,374 | 67,150 | 67,200 | 13,459 | 10,124 |
| 58,200 | 58,250 | 11,221 | 8,004 | 61,200 | 61,250 | 11,971 | 8,636 | 64,200 | 64,250 | 12,721 | 9,386 | 67,200 | 67,250 | 13,471 | 10,136 |
| 58,250 | 58,300 | 11,234 | 8,011 | 61,250 | 61,300 | 11,984 | 8,649 | 64,250 | 64,300 | 12,734 | 9,399 | 67,250 | 67,300 | 13,484 | 10,149 |
| 58,300 | 58,350 | 11,246 | 8,019 | 61,300 | 61,350 | 11,996 | 8,661 | 64,300 | 64,350 | 12,746 | 9,411 | 67,300 | 67,350 | 13,496 | 10,161 |
| 58,350 | 58,400 | 11,259 | 8,026 | 61,350 | 61,400 | 12,009 | 8,674 | 64,350 | 64,400 | 12,759 | 9,424 | 67,350 | 67,400 | 13,509 | 10,174 |
| 58,400 | 58,450 | 11,271 | 8,034 | 61,400 | 61,450 | 12,021 | 8,686 | 64,400 | 64,450 | 12,771 | 9,436 | 67,400 | 67,450 | 13,521 | 10,186 |
| 58,450 | 58,500 | 11,284 | 8,041 | 61,450 | 61,500 | 12,034 | 8,699 | 64,450 | 64,500 | 12,784 | 9,449 | 67,450 | 67,500 | 13,534 | 10,199 |
| 58,500 | 58,550 | 11,296 | 8,049 | 61,500 | 61,550 | 12,046 | 8,711 | 64,500 | 64,550 | 12,796 | 9,461 | 67,500 | 67,550 | 13,546 | 10,211 |
| 58,550 | 58,600 | 11,309 | 8,056 | 61,550 | 61,600 | 12,059 | 8,724 | 64,550 | 64,600 | 12,809 | 9,474 | 67,550 | 67,600 | 13,559 | 10,224 |
| 58,600 | 58,650 | 11,321 | 8,064 | 61,600 | 61,650 | 12,071 | 8,736 | 64,600 | 64,650 | 12,821 | 9,486 | 67,600 | 67,650 | 13,571 | 10,236 |
| 58,650 | 58,700 | 11,334 | 8,071 | 61,650 | 61,700 | 12,084 | 8,749 | 64,650 | 64,700 | 12,834 | 9,499 | 67,650 | 67,700 | 13,584 | 10,249 |
| 58,700 | 58,750 | 11,346 | 8,079 | 61,700 | 61,750 | 12,096 | 8,761 | 64,700 | 64,750 | 12,846 | 9,511 | 67,700 | 67,750 | 13,596 | 10,261 |
| 58,750 | 58,800 | 11,359 | 8,086 | 61,750 | 61,800 | 12,109 | 8,774 | 64,750 | 64,800 | 12,859 | 9,524 | 67,750 | 67,800 | 13,609 | 10,274 |
| 58,800 | 58,850 | 11,371 | 8,094 | 61,800 | 61,850 | 12,121 | 8,786 | 64,800 | 64,850 | 12,871 | 9,536 | 67,800 | 67,850 | 13,621 | 10,286 |
| 58,850 | 58,900 | 11,384 | 8,101 | 61,850 | 61,900 | 12,134 | 8,799 | 64,850 | 64,900 | 12,884 | 9,549 | 67,850 | 67,900 | 13,634 | 10,299 |
| 58,900 | 58,950 | 11,396 | 8,109 | 61,900 | 61,950 | 12,146 | 8,811 | 64,900 | 64,950 | 12,896 | 9,561 | 67,900 | 67,950 | 13,646 | 10,311 |
| 58,950 | 59,000 | 11,409 | 8,116 | 61,950 | 62,000 | 12,159 | 8,824 | 64,950 | 65,000 | 12,909 | 9,574 | 67,950 | 68,000 | 13,659 | 10,324 |
| 59,000 |  |  |  | 62,000 |  |  |  | 65,000 |  |  |  | 68,000 |  |  |  |
| 59,000 | 59,050 | 11,421 | 8,124 | 62,000 | 62,050 | 12,171 | 8,836 | 65,000 | 65,050 | 12,921 | 9,586 | 68,000 | 68,050 | 13,671 | 10,336 |
| 59,050 | 59,100 | 11,434 | 8,131 | 62,050 | 62,100 | 12,184 | 8,849 | 65,050 | 65,100 | 12,934 | 9,599 | 68,050 | 68,100 | 13,684 | 10,349 |
| 59,100 | 59,150 | 11,446 | 8,139 | 62,100 | 62,150 | 12,196 | 8,861 | 65,100 | 65,150 | 12,946 | 9,611 | 68,100 | 68,150 | 13,696 | 10,361 |
| 59,150 | 59,200 | 11,459 | 8,146 | 62,150 | 62,200 | 12,209 | 8,874 | 65,150 | 65,200 | 12,959 | 9,624 | 68,150 | 68,200 | 13,709 | 10,374 |
| 59,200 | 59,250 | 11,471 | 8,154 | 62,200 | 62,250 | 12,221 | 8,886 | 65,200 | 65,250 | 12,971 | 9,636 | 68,200 | 68,250 | 13,721 | 10,386 |
| 59,250 | 59,300 | 11,484 | 8,161 | 62,250 | 62,300 | 12,234 | 8,899 | 65,250 | 65,300 | 12,984 | 9,649 | 68,250 | 68,300 | 13,734 | 10,399 |
| 59,300 | 59,350 | 11,496 | 8,169 | 62,300 | 62,350 | 12,246 | 8,911 | 65,300 | 65,350 | 12,996 | 9,661 | 68,300 | 68,350 | 13,746 | 10,411 |
| 59,350 | 59,400 | 11,509 | 8,176 | 62,350 | 62,400 | 12,259 | 8,924 | 65,350 | 65,400 | 13,009 | 9,674 | 68,350 | 68,400 | 13,759 | 10,424 |
| 59,400 | 59,450 | 11,521 | 8,186 | 62,400 | 62,450 | 12,271 | 8,936 | 65,400 | 65,450 | 13,021 | 9,686 | 68,400 | 68,450 | 13,771 | 10,436 |
| 59,450 | 59,500 | 11,534 | 8,199 | 62,450 | 62,500 | 12,284 | 8,949 | 65,450 | 65,500 | 13,034 | 9,699 | 68,450 | 68,500 | 13,784 | 10,449 |
| 59,500 | 59,550 | 11,546 | 8,211 | 62,500 | 62,550 | 12,296 | 8,961 | 65,500 | 65,550 | 13,046 | 9,711 | 68,500 | 68,550 | 13,796 | 10,461 |
| 59,550 | 59,600 | 11,559 | 8,224 | 62,550 | 62,600 | 12,309 | 8,974 | 65,550 | 65,600 | 13,059 | 9,724 | 68,550 | 68,600 | 13,809 | 10,474 |
| 59,600 | 59,650 | 11,571 | 8,236 | 62,600 | 62,650 | 12,321 | 8,986 | 65,600 | 65,650 | 13,071 | 9,736 | 68,600 | 68,650 | 13,821 | 10,486 |
| 59,650 | 59,700 | 11,584 | 8,249 | 62,650 | 62,700 | 12,334 | 8,999 | 65,650 | 65,700 | 13,084 | 9,749 | 68,650 | 68,700 | 13,834 | 10,499 |
| 59,700 | 59,750 | 11,596 | 8,261 | 62,700 | 62,750 | 12,346 | 9,011 | 65,700 | 65,750 | 13,096 | 9,761 | 68,700 | 68,750 | 13,846 | 10,511 |
| 59,750 | 59,800 | 11,609 | 8,274 | 62,750 | 62,800 | 12,359 | 9,024 | 65,750 | 65,800 | 13,109 | 9,774 | 68,750 | 68,800 | 13,859 | 10,524 |
| 59,800 | 59,850 | 11,621 | 8,286 | 62,800 | 62,850 | 12,371 | 9,036 | 65,800 | 65,850 | 13,121 | 9,786 | 68,800 | 68,850 | 13,871 | 10,536 |
| 59,850 | 59,900 | 11,634 | 8,299 | 62,850 | 62,900 | 12,384 | 9,049 | 65,850 | 65,900 | 13,134 | 9,799 | 68,850 | 68,900 | 13,884 | 10,549 |
| 59,900 | 59,950 | 11,646 | 8,311 | 62,900 | 62,950 | 12,396 | 9,061 | 65,900 | 65,950 | 13,146 | 9,811 | 68,900 | 68,950 | 13,896 | 10,561 |
| 59,950 | 60,000 | 11,659 | 8,324 | 62,950 | 63,000 | 12,409 | 9,074 | 65,950 | 66,000 | 13,159 | 9,824 | 68,950 | 69,000 | 13,909 | 10,574 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ontinued | page 30 |


| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Your tax is- |  | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 69,000 |  |  |  | 72,000 |  |  |  | 75,000 |  |  |  | 78,000 |  |  |  |
| $\begin{aligned} & 69,000 \\ & 69,050 \\ & 69,100 \\ & 69,150 \end{aligned}$ | 69,050 | 13,921 | 10,5 | 72, | 72,050 |  |  | 75,000 | 75,050 | 15,514 |  | 78,000 | 78,050 | 16,354 | 12,836 |
|  | 69,100 | 13,934 | 10,599 | 72,050 | 72,100 | 14,688 | 11,34 | 75,050 | 75,100 | 15,528 | 12,099 | 78,050 | 78,100 | 16,368 | 12,849 |
|  | 69,150 | 13,946 | $\begin{aligned} & 10,611 \\ & 10,624 \end{aligned}$ | 72,100 | 72,150 | 14,702 | 11,361 | 75,100 | 75,150 | 15,542 | 12,111 | 78,100 | 78,150 | 16,382 | 12,861 |
|  | 69,200 | 13,959 |  | 72,150 | 72,200 | 14,716 | 11,374 | 75,150 | 75,200 | 15,556 | 12,124 | 78,150 | 78,200 | 16,396 | 12,874 |
| 69,200 | 69,250 | 13,971 |  | 72,200 |  | 14,730 |  | 75,200 75,250 |  | 15,570 |  | 78,200 78,250 |  | 16,410 | $\begin{aligned} & 12,886 \\ & 12,899 \\ & 12,911 \\ & 12,924 \end{aligned}$ |
| 69,250 | 69,300 | 13,984 | 10,649 | 72,250 | 72,300 | 14,744 | 11,399 | 75,250 | 75,300 | 15,584 | 12,149 | 78,250 | 78,300 | 16,424 |  |
| 69,300 | 69,350 | 13,996 | 10,661 | 72,300 | 72,350 | 14,758 | 11,411 | 75,300 | 75,350 | 15,598 | 12,161 | 78,300 | 78,350 | 16,438 |  |
| 69,350 | 69,400 | 14,009 | 10,674 | 72,350 | 72,400 | 14,772 | 11,424 | 75,350 | 75,400 | 15,612 | 12,174 | 78,350 | 78,400 | 16,452 |  |
| $\begin{aligned} & 69,400 \\ & 69,450 \\ & 69,500 \\ & 69,550 \end{aligned}$ | $\begin{aligned} & 69,450 \\ & 69,500 \\ & 69,550 \\ & 69,600 \end{aligned}$ | $\begin{aligned} & 14,021 \\ & 14,034 \\ & 14,046 \\ & 14,059 \end{aligned}$ | $\begin{aligned} & 10,686 \\ & 10,699 \\ & 10,711 \\ & 10,724 \end{aligned}$ | $\begin{array}{ll} 72,400 & 72,450 \\ 72,450 & 72,500 \\ 72,500 & 72,550 \\ 72,550 & 72,600 \end{array}$ |  | $\begin{aligned} & 14,786 \\ & 14,800 \\ & 14,814 \\ & 14,828 \end{aligned}$ | $\begin{aligned} & 11,436 \\ & 11,449 \\ & 11,461 \\ & 11,474 \end{aligned}$ | $\begin{aligned} & 75,400 \\ & 75,450 \\ & 75,500 \\ & 75,550 \end{aligned}$ | $\begin{aligned} & 75,450 \\ & 75,500 \\ & 75,550 \\ & 75,600 \end{aligned}$ | 15,626 | 12,186 | 78,400 | 78,450 | 16,466 | 12,936 |
|  |  |  |  |  |  | 15,640 |  |  |  | 12,199 | 78,450 | 78,500 | 16,480 | 12,949 |  |
|  |  |  |  |  |  | 15,654 |  |  |  | 12,211 | 78,500 | 78,550 | 16,494 | 12,961 |  |
|  |  |  |  |  |  | 15,668 |  |  |  | 12,224 | 78,550 | 78,600 | 16,508 | 12,974 |  |
| 69,600 | 69,650 | 14,071 |  | 72,600 72,650 |  |  | 14,842 | 11,486 | 75,600 | 75,650 | 15,682 | 12,236 | 78,600 | 78,650 | 16,522 | 12,986 |
| 69,650 | 69,700 | 14,084 10,7 |  |  | 72,700 |  | 14,856 | 11,499 | 75,650 | 75,700 | 15,696 | 12,249 |  | 78,700 | 16,536 | 12,999 |
| 69,700 | 69,750 | 14,096 | 10,761 | 72,700 | 72,750 |  | 14,870 | 11,511 | $\begin{aligned} & 75,700 \\ & 75,750 \end{aligned}$ | $\begin{array}{r} 75,750 \\ 75,800 \end{array}$ | $\begin{aligned} & 15,710 \\ & 15,724 \end{aligned}$ | 12,261 | $78,700$ | 78,750 | 16,550 | $\begin{aligned} & 13,011 \\ & 13,024 \end{aligned}$ |
| 69,750 | 69,800 | 14,109 | 10,774 | 72,750 | 72,800 | 14,884 | 11,524 | 12,274 |  |  |  | 78,750 | 78,800 | 16,564 |  |  |
| 69,800 | 69,850 | 14,121 | 10,786 | 72,800 | 72,850 | 14,898 | 11,536 | 75,800 | 75,850 | 15,738 | 12,286 | 78,800 | 78,850 | 16,578 | 13,036 |  |
| 69,850 | 69,900 | 14,134 | 10,799 | 72,850 | 72,900 | 14,912 | 11,549 | 75,850 | 75,900 | 15,752 | 12,299 | 78,850 | 78,900 | 16,592 | 13,049 |  |
| 69,900 | 69,950 | 14,146 | 10,811 | 72,900 | 72,950 | 14,926 | 11,561 | 75,900 | 75,950 | 15,766 | 12,311 | 78,900 | 78,950 | 16,606 | 13,061 |  |
| 69,950 | 70,000 | 14,159 | 10,824 | 72,950 | 73,000 | 14,940 | 11,574 | 75,950 | 76,000 | 15,780 | 12,324 | 78,950 | 79,000 | 16,620 | 13,074 |  |
| 70,000 |  |  |  | 73,000 |  |  |  | 76,000 |  |  |  | 79,000 |  |  |  |  |
| 70,000 | 70,050 | 14,171 | 10,836 | $\begin{aligned} & 73,000 \\ & 73,050 \\ & 73,100 \\ & 73,150 \end{aligned}$ | $\begin{aligned} & 73,050 \\ & 73,100 \\ & 73,150 \\ & 73,200 \end{aligned}$ | 14,954 | 11,586 | $\begin{aligned} & 76,000 \\ & 76,050 \\ & 76,100 \\ & 76,150 \end{aligned}$ | $\begin{aligned} & 76,050 \\ & 76,100 \\ & 76,150 \\ & 76,200 \end{aligned}$ | $\begin{aligned} & 15,794 \\ & 15,808 \\ & 15,822 \\ & 15,836 \end{aligned}$ |  | 79,000 79,050 |  | 16,634 | 13,086 |  |
| 70,050 | 70,100 | 14,184 10,849 |  |  |  | 14,968 | 11,599 |  |  |  | 12,349 | $\begin{aligned} & 79,050 \\ & 79,100 \end{aligned}$ | $\begin{aligned} & 79,050 \\ & 79,100 \\ & 79,150 \\ & 79,200 \end{aligned}$ | $\begin{aligned} & 16,648 \\ & 16,662 \\ & 16,676 \end{aligned}$ | $\begin{aligned} & 13,099 \\ & 13,111 \\ & 13,124 \end{aligned}$ |  |
| 70,100 | 70,150 | 14,196 | 10,861 |  |  | 14,982 | 11,611 |  |  |  | 12,361 |  |  |  |  |  |
| 70,150 | 70,200 | 14,209 | 10,874 |  |  | 14,996 | 11,624 |  |  |  | 12,374 | 79,150 |  |  |  |  |
| 70,200 | 70,250 | 14,221 | 10,886 | $\begin{aligned} & 73,200 \\ & 73,250 \\ & 73,300 \\ & 73,350 \end{aligned}$ | $\begin{aligned} & 73,250 \\ & 73,300 \\ & 73,350 \\ & 73,400 \end{aligned}$ | $\begin{aligned} & 15,010 \\ & 15,024 \\ & 15,038 \\ & 15,052 \end{aligned}$ | $\begin{aligned} & 11,636 \\ & 11,649 \\ & 11,661 \\ & 11,674 \end{aligned}$ | $\begin{aligned} & 76,200 \\ & 76,250 \\ & 76,300 \\ & 76,350 \end{aligned}$ | 76,250 | 15,850 | 12,386 | 79,200 | 79,250 | 16,690 | 13,136 |  |
| 70,250 | 70,300 | 14,234 | 10,899 |  |  |  |  |  | 76,300 | 15,864 | 12,399 | 79,250 | 79,300 | 16,704 | 13,149 |  |
| 70,300 | 70,350 | 14,246 | 10,911 |  |  |  |  |  | 76,350 | 15,878 | 12,411 | 79,300 | 79,350 | 16,718 | 13,161 |  |
| 70,350 | 70,400 | 14,259 | 10,924 |  |  |  |  |  | 76,400 | 15,892 | 12,424 | 79,350 | 79,400 | 16,732 | 13,174 |  |
| 70,400 | 70,450 | 14,271 | 10,936 | 73,400 | 73,450 | 15,066 | 11,686 | 76,400 | 76,450 | 15,906 | 12,436 | 79,400 | 79,450 | 16,746 | 13,186 |  |
| 70,450 | 70,500 | 14,284 | 10,949 | 73,450 | 73,500 | 15,080 | 11,699 | 76,450 | 76,500 | 15,920 | 12,449 | 79,450 | 79,500 | 16,760 | 13,199 |  |
| 70,500 | 70,550 | 14,296 | 10,961 | 73,500 | 73,550 | 15,094 | 11,711 | 76,500 | 76,550 | 15,934 | 12,461 | 79,500 | 79,550 | 16,774 | 13,211 |  |
| 70,550 | 70,600 | 14,309 | 10,974 | 73,550 | 73,600 | 15,108 | 11,724 | 76,550 | 76,600 | 15,948 | 12,474 | 79,550 | 79,600 | 16,788 | 13,224 |  |
| 70,600 | 70,650 | 14,321 | 10,986 | 73,600 | 73,650 | 15,122 | 11,736 | 76,600 | 76,650 | 15,962 | 12,486 | 79,600 | 79,650 | 16,802 | 13,236 |  |
| 70,650 | 70,700 | 14,334 | 10,999 | 73,650 | 73,700 | 15,136 | 11,749 | 76,650 | 76,700 | 15,976 | 12,499 | 79,650 | 79,700 | 16,816 | 13,249 |  |
| 70,700 | 70,750 | 14,346 | 11,011 | 73,700 | 73,750 | 15,150 | 11,761 | 76,700 | 76,750 | 15,990 | 12,511 | 79,700 | 79,750 | 16,830 | 13,261 |  |
| 70,750 | 70,800 | 14,359 | 11,024 | 73,750 | 73,800 | 15,164 | 11,774 | 76,750 | 76,800 | 16,004 | 12,524 | 79,750 | 79,800 | 16,844 | 13,274 |  |
| 70,800 | 70,850 | 14,371 | 11,036 | 73,800 | 73,850 | 15,178 | 11,786 | 76,800 | 76,850 | 16,018 | 12,536 | 79,800 | 79,850 | 16,858 | 13,286 |  |
| 70,850 | 70,900 | 14,384 | 11,049 | 73,850 | 73,900 | 15,192 | 11,799 | 76,850 | 76,900 | 16,032 | 12,549 | 79,850 | 79,900 | 16,872 | 13,299 |  |
| 70,900 | 70,950 | 14,396 | 11,061 | 73,900 | 73,950 | 15,206 | 11,811 | 76,900 | 76,950 | 16,046 | 12,561 | 79,900 | 79,950 | 16,886 | 13,311 |  |
| 70,950 | 71,000 | 14,409 | 11,074 | 73,950 | 74,000 | 15,220 | 11,824 | 76,950 | 77,000 | 16,060 | 12,574 | 79,950 | 80,000 | 16,900 | 13,324 |  |
|  |  |  |  |  | 00 |  |  |  |  |  |  |  | 00 |  |  |  |
| 71,000 | 71,050 | 14,421 | 11,086 | 74,000 | 74,050 | 15,234 | 11,836 | 77,000 | 77,050 | 16,074 | 12,586 | 80,000 | 80,050 | 16,914 | 13,336 |  |
| 71,050 | 71,100 | 14,434 | 11,099 | 74,050 | 74,100 | 15,248 | 11,849 | 77,050 | 77,100 | 16,088 | 12,599 | 80,050 | 80,100 | 16,928 | 13,349 |  |
| 71,100 | 71,150 | 14,446 | 11,111 | 74,100 | 74,150 | 15,262 | 11,861 | 77,100 | 77,150 | 16,102 | 12,611 | 80,100 | 80,150 | 16,942 | 13,361 |  |
| 71,150 | 71,200 | 14,459 | 11,124 | 74,150 | 74,200 | 15,276 | 11,874 | 77,150 | 77,200 | 16,116 | 12,624 | 80,150 | 80,200 | 16,956 | 13,374 |  |
| 71,200 | 71,250 | 14,471 | 11,136 | 74,200 | 74,250 | 15,290 | 11,886 | 77,200 | 77,250 | 16,130 | 12,636 | 80,200 | 80,250 | 16,970 | 13,386 |  |
| 71,250 | 71,300 | 14,484 | 11,149 | 74,250 | 74,300 | 15,304 | 11,899 | 77,250 | 77,300 | 16,144 | 12,649 | 80,250 | 80,300 | 16,984 | 13,399 |  |
| 71,300 | 71,350 | 14,496 | 11,161 | 74,300 | 74,350 | 15,318 | 11,911 | 77,300 | 77,350 | 16,158 | 12,661 | 80,300 | 80,350 | 16,998 | 13,411 |  |
| 71,350 | 71,400 | 14,509 | 11,174 | 74,350 | 74,400 | 15,332 | 11,924 | 77,350 | 77,400 | 16,172 | 12,674 | 80,350 | 80,400 | 17,012 | 13,424 |  |
| 71,400 | 71,450 | 14,521 | 11,186 | 74,400 | 74,450 | 15,346 | 11,936 | 77,400 | 77,450 | 16,186 | 12,686 | 80,400 | 80,450 | 17,026 | 13,436 |  |
| 71,450 | 71,500 | 14,534 | 11,199 | 74,450 | 74,500 | 15,360 | 11,949 | 77,450 | 77,500 | 16,200 | 12,699 | 80,450 | 80,500 | 17,040 | 13,449 |  |
| 71,500 | 71,550 | 14,546 | 11,211 | 74,500 | 74,550 | 15,374 | 11,961 | 77,500 | 77,550 | 16,214 | 12,711 | 80,500 | 80,550 | 17,054 | 13,461 |  |
| 71,550 | 71,600 | 14,559 | 11,224 | 74,550 | 74,600 | 15,388 | 11,974 | 77,550 | 77,600 | 16,228 | 12,724 | 80,550 | 80,600 | 17,068 | 13,474 |  |
| 71,600 | 71,650 | 14,571 | 11,236 | 74,600 | 74,650 | 15,402 | 11,986 | 77,600 | 77,650 | 16,242 | 12,736 | 80,600 | 80,650 | 17,082 | 13,486 |  |
| 71,650 | 71,700 | 14,584 | 11,249 | 74,650 | 74,700 | 15,416 | 11,999 | 77,650 | 77,700 | 16,256 | 12,749 | 80,650 | 80,700 | 17,096 | 13,499 |  |
| 71,700 | 71,750 | 14,596 | 11,261 | 74,700 | 74,750 | 15,430 | 12,011 | 77,700 | 77,750 | 16,270 | 12,761 | 80,700 | 80,750 | 17,110 | 13,511 |  |
| 71,750 | 71,800 | 14,609 | 11,274 | 74,750 | 74,800 | 15,444 | 12,024 | 77,750 | 77,800 | 16,284 | 12,774 | 80,750 | 80,800 | 17,124 | 13,524 |  |
| 71,800 | 71,850 | 14,621 | 11,286 | 74,800 | 74,850 | 15,458 | 12,036 | 77,800 | 77,850 | 16,298 | 12,786 | 80,800 | 80,850 | 17,138 | 13,536 |  |
| 71,850 | 71,900 | 14,634 | 11,299 | 74,850 | 74,900 | 15,472 | 12,049 | 77,850 | 77,900 | 16,312 | 12,799 | 80,850 | 80,900 | 17,152 | 13,549 |  |
| 71,900 | 71,950 | 14,646 | 11,311 | 74,900 | 74,950 | 15,486 | 12,061 | 77,900 | 77,950 | 16,326 | 12,811 | 80,900 | 80,950 | 17,166 | 13,561 |  |
| 71,950 | 72,000 | 14,660 | 11,324 | 74,950 | 75,000 | 15,500 | 12,074 | 77,950 | 78,000 | 16,340 | 12,824 | 80,950 | 81,000 | 17,180 | 13,574 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ontinued | page 31 |  |


| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 81,000 |  |  |  | 84,000 |  |  |  | 87,000 |  |  |  | 90,000 |  |  |  |
| 81,000 | 81,050 | 17, | 13,586 | 84,0 | 84,050 | 18,034 | 14,336 | 87,000 | 87,050 | 18,874 | 15,086 | 90,000 | 90,050 | 19,714 | 15,836 |
| 81,050 | 81,100 | 17,208 | 13,599 | 84,050 | 84,100 | 18,048 | 14,349 | 87,050 | 87,100 | 18,888 | 15,099 | 90,050 | 90,100 | 19,728 | 15,849 |
| 81,100 | 81,150 | 17,222 | 13,611 | 84,100 | 84,150 | 18,062 | 14,361 | 87,100 | 87,150 | 18,902 | 15,111 | 90,100 | 90,150 | 19,742 | 15,861 |
| 81,150 | 81,200 | 17,236 | 13,624 | 84,150 | 84,200 | 18,076 | 14,374 | 87,150 | 87,200 | 18,916 | 15,124 | 90,150 | 90,200 | 19,756 | 15,874 |
| 81,200 | 81,250 | 17,250 | 13,636 | 84,200 | 84,250 | 18,090 | 14,386 | 87,200 | 87,250 | 18,930 | 15,136 | 90,200 | 90,250 | 19,770 | 15,886 |
| 81,250 | 81,300 | 17,264 | 13,649 | 84,250 | 84,300 | 18,104 | 14,399 | 87,250 | 87,300 | 18,944 | 15,149 | 90,250 | 90,300 | 19,784 | 15,899 |
| 81,300 | 81,350 | 17,278 | 13,661 | 84,300 | 84,350 | 18,118 | 14,411 | 87,300 | 87,350 | 18,958 | 15,161 | 90,300 | 90,350 | 19,798 | 15,911 |
| 81,350 | 81,400 | 17,292 | 13,674 | 84,350 | 84,400 | 18,132 | 14,424 | 87,350 | 87,400 | 18,972 | 15,174 | 90,350 | 90,400 | 19,812 | 15,924 |
| 81,400 | 81,450 | 17,306 | 13,686 | 84,400 | 84,450 | 18,146 | 14,436 | 87,400 | 87,450 | 18,986 | 15,186 | 90,400 | 90,450 | 19,826 | 15,936 |
| 81,450 | 81,500 | 17,320 | 13,699 | 84,450 | 84,500 | 18,160 | 14,449 | 87,450 | 87,500 | 19,000 | 15,199 | 90,450 | 90,500 | 19,840 | 15,949 |
| 81,500 | 81,550 | 17,334 | 13,711 | 84,500 | 84,550 | 18,174 | 14,461 | 87,500 | 87,550 | 19,014 | 15,211 | 90,500 | 90,550 | 19,854 | 15,961 |
| 81,550 | 81,600 | 17,348 | 13,724 | 84,550 | 84,600 | 18,188 | 14,474 | 87,550 | 87,600 | 19,028 | 15,224 | 90,550 | 90,600 | 19,868 | 15,974 |
| 81,600 | 81,650 | 17,362 | 13,736 | 84,600 | 84,650 | 18,202 | 14,486 | 87,600 | 87,650 | 19,042 | 15,236 | 90,600 | 90,650 | 19,882 | 15,986 |
| 81,650 | 81,700 | 17,376 | 13,749 | 84,650 | 84,700 | 18,216 | 14,499 | 87,650 | 87,700 | 19,056 | 15,249 | 90,650 | 90,700 | 19,896 | 15,999 |
| 81,700 | 81,750 | 17,390 | 13,761 | 84,700 | 84,750 | 18,230 | 14,511 | 87,700 | 87,750 | 19,070 | 15,261 | 90,700 | 90,750 | 19,910 | 16,011 |
| 81,750 | 81,800 | 17,404 | 13,774 | 84,750 | 84,800 | 18,244 | 14,524 | 87,750 | 87,800 | 19,084 | 15,274 | 90,750 | 90,800 | 19,924 | 16,024 |
| 81,800 | 81,850 | 17,418 | 13,786 | 84,800 | 84,850 | 18,258 | 14,536 | 87,800 | 87,850 | 19,098 | 15,286 | 90,800 | 90,850 | 19,938 | 16,036 |
| 81,850 | 81,900 | 17,432 | 13,799 | 84,850 | 84,900 | 18,272 | 14,549 | 87,850 | 87,900 | 19,112 | 15,299 | 90,850 | 90,900 | 19,952 | 16,049 |
| 81,900 | 81,950 | 17,446 | 13,811 | 84,900 | 84,950 | 18,286 | 14,561 | 87,900 | 87,950 | 19,126 | 15,311 | 90,900 | 90,950 | 19,966 | 16,061 |
| 81,950 | 82,000 | 17,460 | 13,824 | 84,950 | 85,000 | 18,300 | 14,574 | 87,950 | 88,000 | 19,140 | 15,324 | 90,950 | 91,000 | 19,980 | 16,074 |
| 82,000 |  |  |  | 85,000 |  |  |  | 88,000 |  |  |  | 91,000 |  |  |  |
| 82,000 | 82,050 | 17,474 | 13,836 | 85,000 | 85,050 | 18,314 | 14,586 | 88,000 | 88,050 | 19,154 | 15,336 | 91,000 | 91,050 | 19,994 | 16,086 |
| 82,050 | 82,100 | 17,488 | 13,849 | 85,050 | 85,100 | 18,328 | 14,599 | 88,050 | 88,100 | 19,168 | 15,349 | 91,050 | 91,100 | 20,008 | 16,099 |
| 82,100 | 82,150 | 17,502 | 13,861 | 85,100 | 85,150 | 18,342 | 14,611 | 88,100 | 88,150 | 19,182 | 15,361 | 91,100 | 91,150 | 20,022 | 16,111 |
| 82,150 | 82,200 | 17,516 | 13,874 | 85,150 | 85,200 | 18,356 | 14,624 | 88,150 | 88,200 | 19,196 | 15,374 | 91,150 | 91,200 | 20,036 | 16,124 |
| 82,200 | 82,250 | 17,530 | 13,886 | 85,200 | 85,250 | 18,370 | 14,636 | 88,200 | 88,250 | 19,210 | 15,386 | 91,200 | 91,250 | 20,050 | 16,136 |
| 82,250 | 82,300 | 17,544 | 13,899 | 85,250 | 85,300 | 18,384 | 14,649 | 88,250 | 88,300 | 19,224 | 15,399 | 91,250 | 91,300 | 20,064 | 16,149 |
| 82,300 | 82,350 | 17,558 | 13,911 | 85,300 | 85,350 | 18,398 | 14,661 | 88,300 | 88,350 | 19,238 | 15,411 | 91,300 | 91,350 | 20,078 | 16,161 |
| 82,350 | 82,400 | 17,572 | 13,924 | 85,350 | 85,400 | 18,412 | 14,674 | 88,350 | 88,400 | 19,252 | 15,424 | 91,350 | 91,400 | 20,092 | 16,174 |
| 82,400 | 82,450 | 17,586 | 13,936 | 85,400 | 85,450 | 18,426 | 14,686 | 88,400 | 88,450 | 19,266 | 15,436 | 91,400 | 91,450 | 20,106 | 16,186 |
| 82,450 | 82,500 | 17,600 | 13,949 | 85,450 | 85,500 | 18,440 | 14,699 | 88,450 | 88,500 | 19,280 | 15,449 | 91,450 | 91,500 | 20,120 | 16,199 |
| 82,500 | 82,550 | 17,614 | 13,961 | 85,500 | 85,550 | 18,454 | 14,711 | 88,500 | 88,550 | 19,294 | 15,461 | 91,500 | 91,550 | 20,134 | 16,211 |
| 82,550 | 82,600 | 17,628 | 13,974 | 85,550 | 85,600 | 18,468 | 14,724 | 88,550 | 88,600 | 19,308 | 15,474 | 91,550 | 91,600 | 20,148 | 16,224 |
| 82,600 | 82,650 | 17,642 | 13,986 | 85,600 | 85,650 | 18,482 | 14,736 | 88,600 | 88,650 | 19,322 | 15,486 | 91,600 | 91,650 | 20,162 | 16,236 |
| 82,650 | 82,700 | 17,656 | 13,999 | 85,650 | 85,700 | 18,496 | 14,749 | 88,650 | 88,700 | 19,336 | 15,499 | 91,650 | 91,700 | 20,176 | 16,249 |
| 82,700 | 82,750 | 17,670 | 14,011 | 85,700 | 85,750 | 18,510 | 14,761 | 88,700 | 88,750 | 19,350 | 15,511 | 91,700 | 91,750 | 20,190 | 16,261 |
| 82,750 | 82,800 | 17,684 | 14,024 | 85,750 | 85,800 | 18,524 | 14,774 | 88,750 | 88,800 | 19,364 | 15,524 | 91,750 | 91,800 | 20,204 | 16,274 |
| 82,800 | 82,850 | 17,698 | 14,036 | 85,800 | 85,850 | 18,538 | 14,786 | 88,800 | 88,850 | 19,378 | 15,536 | 91,800 | 91,850 | 20,218 | 16,286 |
| 82,850 | 82,900 | 17,712 | 14,049 | 85,850 | 85,900 | 18,552 | 14,799 | 88,850 | 88,900 | 19,392 | 15,549 | 91,850 | 91,900 | 20,232 | 16,299 |
| 82,900 | 82,950 | 17,726 | 14,061 | 85,900 | 85,950 | 18,566 | 14,811 | 88,900 | 88,950 | 19,406 | 15,561 | 91,900 | 91,950 | 20,246 | 16,311 |
| 82,950 | 83,000 | 17,740 | 14,074 | 85,950 | 86,000 | 18,580 | 14,824 | 88,950 | 89,000 | 19,420 | 15,574 | 91,950 | 92,000 | 20,260 | 16,324 |
| 83,000 |  |  |  | 86,000 |  |  |  | 89,000 |  |  |  | 92,000 |  |  |  |
| 83,000 | 83,050 | 17,754 | 14,086 | 86,000 | 86,050 | 18,594 | 14,836 | 89,000 | 89,050 | 19,434 | 15,586 | 92,000 | 92,050 | 20,274 | 16,336 |
| 83,050 | 83,100 | 17,768 | 14,099 | 86,050 | 86,100 | 18,608 | 14,849 | 89,050 | 89,100 | 19,448 | 15,599 | 92,050 | 92,100 | 20,288 | 16,349 |
| 83,100 | 83,150 | 17,782 | 14,111 | 86,100 | 86,150 | 18,622 | 14,861 | 89,100 | 89,150 | 19,462 | 15,611 | 92,100 | 92,150 | 20,302 | 16,361 |
| 83,150 | 83,200 | 17,796 | 14,124 | 86,150 | 86,200 | 18,636 | 14,874 | 89,150 | 89,200 | 19,476 | 15,624 | 92,150 | 92,200 | 20,316 | 16,374 |
| 83,200 | 83,250 | 17,810 | 14,136 | 86,200 | 86,250 | 18,650 | 14,886 | 89,200 | 89,250 | 19,490 | 15,636 | 92,200 | 92,250 | 20,330 | 16,386 |
| 83,250 | 83,300 | 17,824 | 14,149 | 86,250 | 86,300 | 18,664 | 14,899 | 89,250 | 89,300 | 19,504 | 15,649 | 92,250 | 92,300 | 20,344 | 16,399 |
| 83,300 | 83,350 | 17,838 | 14,161 | 86,300 | 86,350 | 18,678 | 14,911 | 89,300 | 89,350 | 19,518 | 15,661 | 92,300 | 92,350 | 20,358 | 16,411 |
| 83,350 | 83,400 | 17,852 | 14,174 | 86,350 | 86,400 | 18,692 | 14,924 | 89,350 | 89,400 | 19,532 | 15,674 | 92,350 | 92,400 | 20,372 | 16,424 |
| 83,400 | 83,450 | 17,866 | 14,186 | 86,400 | 86,450 | 18,706 | 14,936 | 89,400 | 89,450 | 19,546 | 15,686 | 92,400 | 92,450 | 20,386 | 16,436 |
| 83,450 | 83,500 | 17,880 | 14,199 | 86,450 | 86,500 | 18,720 | 14,949 | 89,450 | 89,500 | 19,560 | 15,699 | 92,450 | 92,500 | 20,400 | 16,449 |
| 83,500 | 83,550 | 17,894 | 14,211 | 86,500 | 86,550 | 18,734 | 14,961 | 89,500 | 89,550 | 19,574 | 15,711 | 92,500 | 92,550 | 20,414 | 16,461 |
| 83,550 | 83,600 | 17,908 | 14,224 | 86,550 | 86,600 | 18,748 | 14,974 | 89,550 | 89,600 | 19,588 | 15,724 | 92,550 | 92,600 | 20,428 | 16,474 |
| 83,600 | 83,650 | 17,922 | 14,236 | 86,600 | 86,650 | 18,762 | 14,986 | 89,600 | 89,650 | 19,602 | 15,736 | 92,600 | 92,650 | 20,442 | 16,486 |
| 83,650 | 83,700 | 17,936 | 14,249 | 86,650 | 86,700 | 18,776 | 14,999 | 89,650 | 89,700 | 19,616 | 15,749 | 92,650 | 92,700 | 20,456 | 16,499 |
| 83,700 | 83,750 | 17,950 | 14,261 | 86,700 | 86,750 | 18,790 | 15,011 | 89,700 | 89,750 | 19,630 | 15,761 | 92,700 | 92,750 | 20,470 | 16,511 |
| 83,750 | 83,800 | 17,964 | 14,274 | 86,750 | 86,800 | 18,804 | 15,024 | 89,750 | 89,800 | 19,644 | 15,774 | 92,750 | 92,800 | 20,484 | 16,524 |
| 83,800 | 83,850 | 17,978 | 14,286 | 86,800 | 86,850 | 18,818 | 15,036 | 89,800 | 89,850 | 19,658 | 15,786 | 92,800 | 92,850 | 20,498 | 16,536 |
| 83,850 | 83,900 | 17,992 | 14,299 | 86,850 | 86,900 | 18,832 | 15,049 | 89,850 | 89,900 | 19,672 | 15,799 | 92,850 | 92,900 | 20,512 | 16,549 |
| 83,900 | 83,950 | 18,006 | 14,311 | 86,900 | 86,950 | 18,846 | 15,061 | 89,900 | 89,950 | 19,686 | 15,811 | 92,900 | 92,950 | 20,526 | 16,561 |
| 83,950 | 84,000 | 18,020 | 14,324 | 86,950 | 87,000 | 18,860 | 15,074 | 89,950 | 90,000 | 19,700 | 15,824 | 92,950 | 93,000 | 20,540 | 16,574 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ontinued | page 32 |

2005 1040EZ Tax Table-Continued

| If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  | If Form 1040EZ, line 6, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly | At least | But less than | Single | Married filing jointly |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 93,000 |  |  |  | 96,000 |  |  |  | 99,000 |  |  |  |
| 93,000 | 93,050 | 20,554 | 16,586 | 96,000 | 96,050 | 21,394 | 17,336 | 99,000 | 99,050 | 22,234 | 18,086 |
| 93,050 | 93,100 | 20,568 | 16,599 | 96,050 | 96,100 | 21,408 | 17,349 | 99,050 | 99,100 | 22,248 | 18,099 |
| 93,100 | 93,150 | 20,582 | 16,611 | 96,100 | 96,150 | 21,422 | 17,361 | 99,100 | 99,150 | 22,262 | 18,111 |
| 93,150 | 93,200 | 20,596 | 16,624 | 96,150 | 96,200 | 21,436 | 17,374 | 99,150 | 99,200 | 22,276 | 18,124 |
| 93,200 | 93,250 | 20,610 | 16,636 | 96,200 | 96,250 | 21,450 | 17,386 | 99,200 | 99,250 | 22,290 | 18,136 |
| 93,250 | 93,300 | 20,624 | 16,649 | 96,250 | 96,300 | 21,464 | 17,399 | 99,250 | 99,300 | 22,304 | 18,149 |
| 93,300 | 93,350 | 20,638 | 16,661 | 96,300 | 96,350 | 21,478 | 17,411 | 99,300 | 99,350 | 22,318 | 18,161 |
| 93,350 | 93,400 | 20,652 | 16,674 | 96,350 | 96,400 | 21,492 | 17,424 | 99,350 | 99,400 | 22,332 | 18,174 |
| 93,400 | 93,450 | 20,666 | 16,686 | 96,400 | 96,450 | 21,506 | 17,436 | 99,400 | 99,450 | 22,346 | 18,186 |
| 93,450 | 93,500 | 20,680 | 16,699 | 96,450 | 96,500 | 21,520 | 17,449 | 99,450 | 99,500 | 22,360 | 18,199 |
| 93,500 | 93,550 | 20,694 | 16,711 | 96,500 | 96,550 | 21,534 | 17,461 | 99,500 | 99,550 | 22,374 | 18,211 |
| 93,550 | 93,600 | 20,708 | 16,724 | 96,550 | 96,600 | 21,548 | 17,474 | 99,550 | 99,600 | 22,388 | 18,224 |
| 93,600 | 93,650 | 20,722 | 16,736 | 96,600 | 96,650 | 21,562 | 17,486 | 99,600 | 99,650 | 22,402 | 18,236 |
| 93,650 | 93,700 | 20,736 | 16,749 | 96,650 | 96,700 | 21,576 | 17,499 | 99,650 | 99,700 | 22,416 | 18,249 |
| 93,700 | 93,750 | 20,750 | 16,761 | 96,700 | 96,750 | 21,590 | 17,511 | 99,700 | 99,750 | 22,430 | 18,261 |
| 93,750 | 93,800 | 20,764 | 16,774 | 96,750 | 96,800 | 21,604 | 17,524 | 99,750 | 99,800 | 22,444 | 18,274 |
| 93,800 | 93,850 | 20,778 | 16,786 | 96,800 | 96,850 | 21,618 | 17,536 | 99,800 | 99,850 | 22,458 | 18,286 |
| 93,850 | 93,900 | 20,792 | 16,799 | 96,850 | 96,900 | 21,632 | 17,549 | 99,850 | 99,900 | 22,472 | 18,299 |
| 93,900 | 93,950 | 20,806 | 16,811 | 96,900 | 96,950 | 21,646 | 17,561 | 99,900 | 99,950 | 22,486 | 18,311 |
| 93,950 | 94,000 | 20,820 | 16,824 | 96,950 | 97,000 | 21,660 | 17,574 | 99,950 | 100,000 | 22,500 | 18,324 |
| 94,000 |  |  |  | 97,000 |  |  |  |  |  |  |  |
| 94,000 | 94,050 | 20,834 | 16,836 | 97,000 | 97,050 | 21,674 | 17,586 |  |  |  |  |
| 94,050 | 94,100 | 20,848 | 16,849 | 97,050 | 97,100 | 21,688 | 17,599 |  |  |  |  |
| 94,100 | 94,150 | 20,862 | 16,861 | 97,100 | 97,150 | 21,702 | 17,611 |  |  |  |  |
| 94,150 | 94,200 | 20,876 | 16,874 | 97,150 | 97,200 | 21,716 | 17,624 |  |  |  |  |
| 94,200 | 94,250 | 20,890 | 16,886 | 97,200 | 97,250 | 21,730 | 17,636 |  |  |  |  |
| 94,250 | 94,300 | 20,904 | 16,899 | 97,250 | 97,300 | 21,744 | 17,649 |  |  |  |  |
| 94,300 | 94,350 | 20,918 | 16,911 | 97,300 | 97,350 | 21,758 | 17,661 |  |  |  |  |
| 94,350 | 94,400 | 20,932 | 16,924 | 97,350 | 97,400 | 21,772 | 17,674 |  |  | ,000 |  |
| 94,400 | 94,450 | 20,946 | 16,936 | 97,400 | 97,450 | 21,786 | 17,686 |  | or | er |  |
| 94,450 | 94,500 | 20,960 | 16,949 | 97,450 | 97,500 | 21,800 | 17,699 |  |  |  |  |
| 94,500 | 94,550 | 20,974 | 16,961 | 97,500 | 97,550 | 21,814 | 17,711 |  | Form | 1040 |  |
| 94,550 | 94,600 | 20,988 | 16,974 | 97,550 | 97,600 | 21,828 | 17,724 |  |  |  |  |
| 94,600 | 94,650 | 21,002 | 16,986 | 97,600 | 97,650 | 21,842 | 17,736 |  | $\rangle$ |  |  |
| 94,650 | 94,700 | 21,016 | 16,999 | 97,650 | 97,700 | 21,856 | 17,749 |  | - |  |  |
| 94,700 | 94,750 | 21,030 | 17,011 | 97,700 | 97,750 | 21,870 | 17,761 |  |  |  |  |
| 94,750 | 94,800 | 21,044 | 17,024 | 97,750 | 97,800 | 21,884 | 17,774 |  |  |  |  |
| 94,800 | 94,850 | 21,058 | 17,036 | 97,800 | 97,850 | 21,898 | 17,786 |  |  |  |  |
| 94,850 | 94,900 | 21,072 | 17,049 | 97,850 | 97,900 | 21,912 | 17,799 |  |  |  |  |
| 94,900 | 94,950 | 21,086 | 17,061 | 97,900 | 97,950 | 21,926 | 17,811 |  |  |  |  |
| 94,950 | 95,000 | 21,100 | 17,074 | 97,950 | 98,000 | 21,940 | 17,824 |  |  |  |  |
| 95,000 |  |  |  | 98,000 |  |  |  |  |  |  |  |
| 95,000 | 95,050 | 21,114 | 17,086 | 98,000 | 98,050 | 21,954 | 17,836 |  |  |  |  |
| 95,050 | 95,100 | 21,128 | 17,099 | 98,050 | 98,100 | 21,968 | 17,849 |  |  |  |  |
| 95,100 | 95,150 | 21,142 | 17,111 | 98,100 | 98,150 | 21,982 | 17,861 |  |  |  |  |
| 95,150 | 95,200 | 21,156 | 17,124 | 98,150 | 98,200 | 21,996 | 17,874 |  |  |  |  |
| 95,200 | 95,250 | 21,170 | 17,136 | 98,200 | 98,250 | 22,010 | 17,886 |  |  |  |  |
| 95,250 | 95,300 | 21,184 | 17,149 | 98,250 | 98,300 | 22,024 | 17,899 |  |  |  |  |
| 95,300 | 95,350 | 21,198 | 17,161 | 98,300 | 98,350 | 22,038 | 17,911 |  |  |  |  |
| 95,350 | 95,400 | 21,212 | 17,174 | 98,350 | 98,400 | 22,052 | 17,924 |  |  |  |  |
| 95,400 | 95,450 | 21,226 | 17,186 | 98,400 | 98,450 | 22,066 | 17,936 |  |  |  |  |
| 95,450 | 95,500 | 21,240 | 17,199 | 98,450 | 98,500 | 22,080 | 17,949 |  |  |  |  |
| 95,500 | 95,550 | 21,254 | 17,211 | 98,500 | 98,550 | 22,094 | 17,961 |  |  |  |  |
| 95,550 | 95,600 | 21,268 | 17,224 | 98,550 | 98,600 | 22,108 | 17,974 |  |  |  |  |
| 95,600 | 95,650 | 21,282 | 17,236 | 98,600 | 98,650 | 22,122 | 17,986 |  |  |  |  |
| 95,650 | 95,700 | 21,296 | 17,249 | 98,650 | 98,700 | 22,136 | 17,999 |  |  |  |  |
| 95,700 | 95,750 | 21,310 | 17,261 | 98,700 | 98,750 | 22,150 | 18,011 |  |  |  |  |
| 95,750 | 95,800 | 21,324 | 17,274 | 98,750 | 98,800 | 22,164 | 18,024 |  |  |  |  |
| 95,800 | 95,850 | 21,338 | 17,286 | 98,800 | 98,850 | 22,178 | 18,036 |  |  |  |  |
| 95,850 | 95,900 | 21,352 | 17,299 | 98,850 | 98,900 | 22,192 | 18,049 |  |  |  |  |
| 95,900 | 95,950 | 21,366 | 17,311 | 98,900 | 98,950 | 22,206 | 18,061 |  |  |  |  |
| 95,950 | 96,000 | 21,380 | 17,324 | 98,950 | 99,000 | 22,220 | 18,074 |  |  |  |  |

Income and Outlays. These pie charts show the relative sizes of the major categories of federal income and outlays for fiscal year 2004.


On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the surplus or deficit 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 surplus or deficit. Next, individual spending and revenue bills that are consistent with the goals of the budget resolution are enacted.

In fiscal year 2004 (which began on October 1, 2003, and ended on September 30, 2004), federal income was $\$ 1.9$ trillion and outlays were $\$ 2.3$ trillion, leaving a deficit of $\$ 0.4$ trillion.

## Footnotes for Certain Federal Outlays

1. Social security, Medicare, and other retirement: These programs provide income support for the retired and disabled and medical care for the elderly.

2. National defense, veterans, and foreign affairs: About $19 \%$ of outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; about $3 \%$ were for veterans benefits and services; and about $1 \%$ were for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.
3. Physical, human, and community development: These outlays were for agriculture; natural resources; environment; transportation; aid for elementary and secondary education and direct assistance to college students; job training; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.
4. Social programs: About $14 \%$ of total outlays were for Medicaid, food stamps, temporary assistance for needy families, supplemental security income, and related programs; and the remaining outlays were for health research and public health programs, unemployment compensation, assisted housing, and social services.
[^14]| A | N |  |
| :---: | :---: | :---: |
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Where Do
You File?

If an envelope addressed to "Internal Revenue Service Center" came with this 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 shown that applies to you. Envelopes without enough postage will be returned to you by the post office.

|  | THEN use this address if you: |  |
| :--- | :--- | :--- |
| IF you live in... | Are not enclosing a check or <br> money order... | Are enclosing a check or <br> money order... |
| Alabama, Delaware, Florida, Georgia, North Carolina, <br> Rhode Island, South Carolina, Virginia | Internal Revenue Service Center <br> Atlanta, GA 39901-0014 |  |
| District of Columbia, Maine, Maryland, Massachusetts, <br> New Hampshire, New York, Vermont | Internal Revenue Service Center <br> Andover, MA 05501-0014 | Internal Revenue Service Center <br> Atlanta, GA 39901-0114 |
| Connecticut, Illinois, Indiana, Iowa, Michigan, <br> Minnesota, Missouri, North Dakota, Ohio, Wisconsin | Internal Revenue Service Center <br> Kansas City, MO 64999-0014 | Internal Revenue Service Center <br> Andover, MA 05501-0114 |
| New Jersey, Pennsylvania | Internal Revenue Service Center <br> Philadelphia, PA 19255-0014 | Internal Revenue Service Center <br> Kansas City, MO 64999-0114 |
| Arkansas, Kentucky, Louisiana, Kansas, Mississippi, <br> Oklahoma, Tennessee, Texas, West Virginia | Internal Revenue Service Center <br> Austin, TX 73301-0014 | Internal Revenue Service Center <br> Philadelphia, PA 19255-0114 |
| Alaska, Arizona, California, Colorado, Hawaii, Idaho, <br> Montana, Nebraska, New Mexico, Nevada, Oregon, <br> South Dakota, Utah, Washington, Wyoming | Internal Revenue Service Center <br> Fresno, CA 93888-0014 | Internal Revenue Service Center <br> Austin, TX 73301-0114 |
| American Samoa, nonpermanent residents of Guam or <br> the Virgin Islands*, Puerto Rico (or if excluding income <br> under Internal Revenue Code section 933), dual-status <br> aliens, and those filing Form 4563 | Internal Revenue Service Center <br> Philadelphia, PA 19255-0215 <br> USA | Internal Revenue Service Center <br> Fresno, CA 93888-0114 |
| All APO and FPO addresses, a foreign country: U.S. <br> citizens and those filing Form 2555 or 2555EZ | Internal Revenue Service Center <br> Austin, TX 73301-0215 <br> USA | Internal Revenue Service Center <br> Philadelphia, PA 19255-0215 |
| USA |  |  |

* Permanent residents of Guam should use: Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the Virgin Islands should use: V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.


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by the public (page 21)

# U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents 



## Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport?
B Were you ever a U.S. citizen?

> Yes

No
C Give the purpose of your visit to the United States

D Type of entry visa and current nonimmigrant status and date of change

E Date you entered the United States (see page 8)

F Did you give up your permanent residence as an immigrant in the United States this year? Yes

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only.
$\qquad$
$\qquad$
$\qquad$
$\qquad$

H Give number of days (including vacation and nonworkdays) you were present in the United States during


I Did you file a U.S. income tax return for any year before 2005?
If "Yes," give the latest year and form number
J If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 9 for additional information.

- Country
- Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2005 below and on line 6; not on line 3 or 5 .

For 2005
$\qquad$
$\qquad$

For 2004 $\qquad$
$\qquad$

- Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? No

K During 2005, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States?

| PAGER/SGML | Userid: MMGOOD00 <br> Fileid: I1040NRE.SGM (2-Dec-2004) <br>  <br>  <br> Filename: D:IUSERSImmgood00ldocuments\Epicfilesli1040NR-EZ.SGM |
| :--- | :--- |

$\square$ Draft $\quad \square$ Ok to Print

## Instructions for Form 1040NR-EZ

U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents Section references are to the Internal Revenue Code unless otherwise noted.

## Can I Use Form 1040NR-EZ?

You can use Form 1040NR-EZ instead of Form 1040NR if all ten of the following apply.

1. You do not claim any dependents.
2. You cannot be claimed as a dependent on another person's U.S. tax return (such as your parent's return).
3. Your only U.S. source income was from wages, salaries, tips, taxable refunds of state and local income taxes, and scholarship or fellowship grants.

Note. If you had taxable interest or dividend income, you cannot use this orm.
4. Your taxable income (line 14 of Form 1040NR-EZ) is less than $\$ 100,000$.
5. The only adjustments to income you can claim are the student loan interest deduction or the exclusion for scholarship and fellowship grants.
6. You do not claim any tax credits
7. If you were married, you do not claim an exemption for your spouse.
8. The only itemized deduction you can claim is for state and local income taxes.

Note. Residents of India who were students or business apprentices may be able to take the standard deduction instead of the itemized deduction for state and local income taxes. See the instructions for line 11 on page 6 .
9. The only taxes you owe are:
a. The tax from the Tax Table on pages 11 through 20.
b. The social security and Medicare tax on tip income not reported to your employer.
10. You do not claim a credit for excess social security and tier 1 RRTA tax withheld.

## General Instructions

## What's New for 2004

Tax table. The taxable income limit for using Form 1040NR-EZ, has increased to taxable incomes of less than $\$ 100,000$ (previously the limit was for taxable incomes of less than $\$ 50,000$ ).

## What's New for 2005

10\% tax bracket reduced. The income range for the $10 \%$ tax bracket will be reduced to cover the first $\$ 6,000$ of taxable income if you are single or married filing separately.

## Other Reporting

## Requirements

If you meet the closer connection to a foreign country exception to the substantial presence test, you must file Form 8840. If you exclude days of presence in the United States for purposes of the substantial presence purposes oust file Form 8843 . This rul does not apply to foreign-government relat individuals who exclude days of related ind in the United States Certain presence int taxpayers whos. Certain dual-resident taxpayers who claim tax treaty benefits must file Form 8833. A dual-resident taxpayer is one who is a resident of both the United States and another country under each country's tax laws.

## Additional Information

If you need more information, our free publications may help you. Pub. 519 U.S. Tax Guide for Aliens, will be the most important, but the following publications may also help.
Pub. 552 Recordkeeping for Individuals
Pub. 597 Information on the United States-Canada Income Tax Treaty

Pub. 901 U.S. Tax Treaties
Pub. 910 Guide to Free Tax Services (includes a list of all publications)

These free publications and the forms and schedules you will need are available on request from the Internal Revenue Service. You may download them from the IRS website at www.irs.gov. Also see Taxpayer Assistance on page 10 for other ways Assistance on page 10 for other ways
to get them (as well as information on to get them (as well as information on
receiving IRS assistance in completing receiving IRS assistance in completing
the forms).

## Resident Alien or Nonresident Alien

If you are not a citizen of the United States, specific rules apply to determine if you are a resident alien or a nonresident alien for tax purposes. Generally, you are considered a resident alien if you meet either the green card test or the substantial presence test for 2004. (These tests are explained below.) Even if you do not meet either of these tests, you may be able to choose to be treated as a U.S. resident for part of 2004 See First-Year Choice in Pub. 519 for details.

You are generally considered a nonresident alien for the year if you are not a U.S. resident under either of these tests. However, even if you are a U.S. resident under one of these tests, you may still be considered a
nonresident alien if you qualify as a resident of a treaty country within the meaning of the tax treaty between the United States and that country. You may download the complete text of most U.S. treaties at www.irs.gov. Technical explanations for many of those treaties are also available at that site.

For more details on resident and nonresident status, the tests for residence and the exceptions to them, see Pub. 519.

## Green Card Test

You are a resident for tax purposes if you were a lawful permanent resident (immigrant) of the United States at any time during 2004.

## Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test or 2004. You meet this test if you were physically present in the United States for at least:

1. 31 days during 2004 and
2. 183 days during the period 2004 2003, and 2002, counting all the days of physical presence in 2004, but only $1 / 3$ the number of days of presence in 2003 and only $1 / 6$ the number of days in 2002.

Generally, you are treated as present in the United States on any day hat you are physically present in the country at any time during the day. However, there are exceptions to this ule. Generally, do not count the following as days of presence in the United States for the substantial presence test

- Days you commute to work in the United States from a residence in Canada or Mexico if you regularly commute from Canada or Mexico.
- Days you are in the United States for ess than 24 hours when you are in ransit between two places outside the United States.
- Days you are in the United States as
a crew member of a foreign vessel
- Days you intend, but are unable, to eave the United States because of a medical condition that develops while you are in the United States.
Days you are an exempt individual defined below).
Exempt individual. For these purposes, an exempt individual is generally an individual who is a Foreign-government-related individual,
Teacher or trainee,
- Student, or
- Professional athlete who is temporarily in the United States to compete in a charitable sports event
Note. Alien individuals with "Q" visas re treated as either students, teachers, r trainees and, as such, are exempt ndividuals for purposes of the substantial presence test if they therwise qualify. " $Q$ " visas are issued o aliens participating in certain nternational cultural exchange programs.

See Pub. 519 for more details regarding days of presence in the United States for the substantial presence test.

## Closer Connection to Foreign

## Country

Even though you would otherwise meet the substantial presence test, you can be treated as a nonresident alien if you: Were present in the United States for fewer than 183 days during 2004,

- Establish that during 2004 you had a tax home in a foreign country, and
- Establish that during 2004 you had a closer connection to one foreign country in which you had a tax home en to the United States unless you had a closer connection to two foreign countries. See Pub. 519 for more information.


## Who Must File

File Form 1040NR-EZ (or Form 1040NR) if you were a nonresident alien engaged in a trade or business in the United States during 2004. You must file even if-- None of your income came from a trade or business conducted in the United States,

- You have no income from U.S sources, or
- Your income is exempt from U.S. tax

Exception. If you were a
nonresident alien student, teacher, or trainee who was temporarily present in the United States under an "F," "J," "M, or "Q" visa, you must file Form 1040NR-EZ (or Form 1040NR) only if you have income (such as wages, salaries, tips, etc. or scholarship and ellowship grants) that is subject to tax under section 871.

## When To File

if you were an employee and received wages subject to U.S. income tax withholding, file Form 1040NR-EZ by April 15, 2005.

If you did not receive wages as an employee subject to U.S. income tax withholding, file Form 1040NR-EZ by June 15, 2005.
Extension of time to file. If you cannot file your return by the due date you should file Form 4868. You must file Form 4868 by the regular due date of the return.
Note. Form 4868 does not extend the time to pay your income tax. The tax is due by the regular due date of the return.

## Where To File

File Form 1040NR-EZ with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

## Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing paying" rule for tax returns and payments. The list includes only the ollowing:

- DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00pm, and DHL 2nd Day Service - Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard

Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.

- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.
rivate delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

## Election To Be Taxed as a

 Resident AlienYou can elect to be taxed as a U.S. resident for the whole year if all of the following apply:

- You were married.
- Your spouse was a U.S. citizen or resident alien on the last day of the tax year.
- You file a joint return for the year of the election using Form 1040, 1040A or 1040EZ.

To make this election, you mus attach the statement described in Pub. 519 to your return. Do not use Form 1040NR-EZ.

Your worldwide income for the whole year must be included and will be taxed under U.S. tax laws. You must agree to keep the records, books, and other information needed to figure the tax. If you made the election in an earlier year, you may file a joint return or separate return for 2004. If you file a separate return, use Form 1040 or Form 1040A. Your worldwide income for the whole year must be included whether you file a joint or separate return.


Nonresident aliens who make his election may forfeit the right to claim benefits otherwise available under a U.S. tax treaty. For more details, see the specific treaty.

## Dual-Status Taxpayers <br> Note. If you elect to be taxed as a

 resident alien (discussed above), the special instructions and restrictions discussed here do not apply.
## Dual-Status Tax Year

A dual-status year is one in which you change status between nonresident and resident alien. Different U.S. income tax rules apply to each status.

Most dual-status years are the years of arrival or departure. Before you arrive in the United States, you are a nonresident alien. After you arrive, you
may or may not be a resident depending on the circumstances.
If you become a U.S. resident, you stay a resident until you leave the United States. You may become a nonresident alien when you leave, if after leaving (or after your last day of awful permanent residency if you met the green card test) and for the remainder of the calendar year of your departure, you have a closer connection to a foreign country than to the United States, and, during the next calendar year, you are not a U.S. resident under either the green card est or the substantial presence test. See Pub. 519.

## What and Where To File for a

 Dual-Status Yearf you were a U.S. resident on the last day of the tax year, file Form 1040 Enter "Dual-Status Return" across the op and attach a statement showing your income for the part of the year you were a nonresident. You may use Form 1040NR-EZ as the statement; enter "Dual-Status Statement" across top. File your return and statement with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A
If you were a nonresident on the last day of the tax year, file
Form 1040NR-EZ. Enter "Dual-Status Return" across the top and attach a statement showing your income for the part of the year you were a U.S. resident. You may use Form 1040 as the statement; enter "Dual-Status Statement" across the top. File your return and statement with the Internal Revenue Service Center, Philadelphia PA 19255, U.S.A.

Statements. Any statement you file with your return must show your name address, and identifying number (defined below).

## Income Subject to Tax for

 Dual-Status YearAs a dual-status taxpayer not filing a oint return, you are taxed on income from all sources for the part of the yea you were a resident alien. Generally, you are taxed on income only from U.S. sources for the part of the year you were a nonresident alien. However, all income that is considered to be effectively connected with the conduct f a trade or business in the United States is taxable.

Income you received as a dual-status taxpayer from sources outside the United States while a resident alien is taxable even if you became a nonresident alien after receiving it and before the close of the tax year. Conversely, income you received from sources outside the Instructions for Form 1040NR-EZ

United States while a nonresident alien is not taxable in most cases even if you became a resident alien after receiving it and before the close of the tax year ncome from U S sources is taxable whether you received it while a nonresident alien or a resident alien.

## Restrictions for Dual-Status Taxpayers

Standard deduction. You cannot take the standard deduction
Head of household. You cannot use the Head of Household Tax Table column or Tax Computation Worksheet.
Joint return. You cannot file a joint return unless you elect to be taxed as a resident alien (see page 2 ) in lieu of these dual-status taxpayer rules.

Tax rates. If you were married and a nonresident of the United States for all or part of the tax year and you do not make the election to be taxed as a resident alien as discussed on page 2, you must use the Tax Table column for Married Filing Separately to figure your tax on income that is considered to be effectively connected with a US . trade or business. If married you cannot use the Single Tax Table column.
Deduction for exemptions. As a dual-status taxpayer, you usually will be entitled to your own personal exemption. Subject to the general rules for qualification, you are allowed exemptions for your spouse in figuring taxable income for the part of the year you were a resident alien. The amount you may claim for these exemptions is limited to your taxable income (determined without regard to exemptions) for the part of the year you were a resident alien. You cannot use exemptions (other than your own) to reduce taxable income to below zero for that period

Tax credits. You cannot take the earned income credit, the credit for the elderly or disabled, or an education credit unless you elect to be taxed as a resident alien (see page 2) in lieu of these dual-status taxpayer rules. For information on other credits, see chapter 6 of Pub. 519.

## How To Figure Tax for Dual-Status Tax Year

When you figure your U.S. tax for a dual-status year, you are subject to different rules for the part of the year you were a resident and the part of the year you were a nonresident.

All income for the period of residence and all income that is considered to be effectively connected with a trade or business in the United States for the period of nonresidence, after allowable deductions, is combined
and taxed at the same rates that apply to U.S. citizens and residents.
Credit for taxes paid. You are allowed a credit against your U.S. income tax liability for certain taxes you paid, are considered to have paid, or that were withheld from your income. These include:

1. Tax withheld from wages earned in the United States and taxes withheld at the source from scholarship income from U.S. sources.
When filing Form 1040, show the total tax withheld on line 63. Enter amounts from the attached statement (Form 1040NR-EZ, line 18) to the left of line 63 and identify and include in the amount on line 63.
When filing Form 1040NR-EZ, show the total tax withheld on line 18. Enter the amount from the attached statement (Form 1040, line 63) to the left of line 18 and identify and include in the amount on line 18.
2. Estimated tax paid with Form 1040-ES or Form 1040-ES (NR).
3. Tax paid with Form 1040-C at the time of departure from the United States. When filing Form 1040, include the tax paid with Form 1040-C with the total payments on line 70. Identify the payment in the area to the left of the entry.

## Line Instructions for Form 1040NR-EZ

## Identifying Number and Address

Identifying number. You are generally required to enter your social security number (SSN). To apply for an SSN, get Form SS-5 from a Social Security Administration (SSA) office or, if in the United States, you may call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA

If you do not have an SSN and are not eligible to get one, you must get an individual taxpayer identification number (ITIN). For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN. If you already have an ITIN, enter it wherever your SSN is requested on your tax return.
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.

An incorrect or missing identifying number may increase your tax or reduce your refund.
P.O. box. Enter your box number only if your post office does not deliver mail o your home.
Foreign address. Enter the information in the following order: City, province or state, and country. Follow he country's practice for entering the postal code. Do not abbreviate the country name.

## Filing Status

Lines 1 and 2. The amount of your tax depends on your filing status. Before you decide which box to check, read the following explanation

Were you single or married? If you were married on December 31,
consider yourself married for the whole year. If you were single, divorced, or egally separated under a decree of divorce or separate maintenance on December 31, consider yourself single or the whole year. If you meet the tests escribed under Married persons who lve apart below you may conside live apart below, you may conside

If your spouse died in 2004, consider yourself married to that spouse for the whole year, unless you remarried
before the end of 2004.
Married persons who live apart. Some married persons who have a child and who do not live with their pouse may file as single. If you meet all five of the following tests and you re a married resident of Canada Mexico, Japan, or the Republic of Korea (South Korea), or you are a married U.S. national, check the box on ine 1.

1. You file a return separate from your spouse.
2. You paid more than half of the cost to keep up your home in 2004.
3. You lived apart from your spous during the last six months of 2004.
4. Your home was the main home of your child, stepchild, foster child, or adopted child for more than half of 2004.
5. You are able to claim a
dependency exemption for the child (on Form 1040NR) or the child's other
parent claims him or her as a
dependent under the rules in Pub. 501 for children of divorced or separated parents.

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return. If you do round
to whole dollars, you must round al amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $\$ 1.39$ becomes $\$ 1$ and $\$ 2.50$ becomes $\$ 3$.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## Taxable Income

Line 3-Wages, salaries, tips, etc. Enter the total of your effectively connected wages, salaries, tips, etc. For most people, the amount to enter on this line should be shown in their Form(s) W-2, box 1. However, do not include on line 3 amounts exempted under a tax treaty. Instead, include these amounts on line 6 and complete item J on page 2 of Form 1040NR-EZ

Also include on line 3:

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than $\$ 1,400$ in 2004. Also, enter "HSH" and the amount not reported on a Form W-2 on the dotted line next to line 3.
- Tip income you did not report to your employer. Also include allocated tips shown on your Form(s) W-2 unless you can prove that you received less. Allocated tips should be shown in your Form(s) W-2, box 8. They are not included as income in box 1. See Pub. 531 for more details.

CAUTIONYou may owe social security and Medicare tax on unreported or allocated tips. See the
instructions for line 16 on page 6 - Disability pensions shown on Form 1099-R if you have not reached the minimum retirement age set by your employer.
Note. You must use Form 1040NR to report disability pensions received after you reach your employer's minimum retirement age and other payments shown on Form 1099-R

Missing or incorrect Form W-2. Your employer is required to provide or send Form W-2 to you no later than January 31, 2005. If you do not receive it by early February, ask your employer for it. Even if you do not get a Form W-2, you must still report your earnings on line 3. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

Dependent care benefits. If you received benefits for 2004 under your employer's dependent care plan, you must use Form 1040NR. The benefits should be shown in your Form(s) W-2, box 10 .

Adoption benefits. If you received employer-provided adoption benefits for 2004, you must use Form 1040NR. The benefits should be shown in your Form(s) W-2, box 12, with code $T$.

Tax-exempt interest. Certain types of interest income from investments in state and municipal bonds and similar instruments are not taxed by the United States. If you received such tax-exemp interest income, enter "TEl" and the amount of your tax-exempt interest on the dotted line next to line 3. Include any exempt-interest dividends from a mutual fund or other regulated investment company. But do not include interest earned on your IRA or Coverdell education savings account, or interest from a U.S. bank, savings and loan association, credit union, or similar institution (or from certain similar institution U.S. insurance companies) that is exempt from tax companies) that is exempt under a tax treaty or under
section 871 (i) because the interest is section 871 (i) because the interest is not effectively connected with a U.S. trade or business. Do not add any
tax-exempt interest to your line 3 total tax-exempt interest to your line 3 total. Line 4-Taxable refunds, credits, or offsets of state and local income taxes. If you received a refund, credit, or offset of state or local income taxes in 2004, you may receive a
Form 1099-G. If you chose to apply part or all of the refund to your 2004 estimated state or local income tax, the amount applied is treated as received in 2004.

For details on how to figure the amount you must report as income, see Recoveries in Pub. 525
Line 5-Scholarship and fellowship grants. If you received a scholarship or fellowship, part or all of it may be taxable.

If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses (fees, books, supplies, and equipment) are generally taxable. For example, amounts used for room, board, and travel are generally taxable.

If you were not a degree candidate, the full amount of the scholarship or fellowship is generally taxable. Also, amounts received in the form of a scholarship or fellowship that are payment for teaching, research, or other services are generally taxable as wages even if the services were required to get the grant.

If the grant was reported on Form(s) 1042-S, you must generally include the amount shown in Form(s) 1042-S, box 2 on line 5 . However, if any or all of that amount is exempt by treaty, do not include the treaty-exempt amount on line 5. Instead, include the treaty-exempt amount on line 6 and
complete item $J$ on page 2 of
Form 1040NR-EZ
Attach any Form(s) 1042-S you received from the college or institution f you did not receive a Form 1042-S, attach a statement from the college or institution (on their letterhead) showing the details of the grant.
For more information about scholarships and fellowships in general, see Pub. 970

Example 1. You are a citizen of a country that has not negotiated a tax reaty with the United States. You are a candidate for a degree at ABC
University (located in the United
States). You are receiving a full
scholarship from ABC University. The total amounts you received from ABC University during 2004 are as follows:

| Tuition and fees | $\$ 25,000$ |
| :--- | ---: |
| Books, supplies, |  |
| and equipment <br> Room and <br> board | 1,000 |
|  |  |
|  | $\$ 35,000$ |

The Form 1042-S you received from
ABC University for 2004 shows $\$ 9,000$ in box 2 and $\$ 1,260(14 \%$ of $\$ 9,000)$ in box 7 .

Note. Box 2 shows only \$9,000 because withholding agents (such as ABC University) are not required to report section 117 amounts (tuition, fees, books, supplies, and equipment) on Form 1042-S.

When completing Form 1040NR-EZ:

- Enter on line 5 the $\$ 9,000$ shown in
oox 2 of Form 1042-S.
Enter \$0 on line 9. Because
section 117 amounts (tuition, fees
books, supplies, and equipment) were not included in box 2 of your
Form 1042-S (and are not included on ine 5 of Form 1040NR-EZ), you cannot exclude any of the section 117 amounts on line 9.
- Include on line 18 the \$1,260 shown in box 7 of Form 1042-S.

Example 2. The facts are the same as in Example 1 except that you are a citizen of a country that has negotiated a tax treaty with the United States and you were a resident of that country mmediately before leaving for the United States to attend ABC University. Also, assume that, under the terms of the tax treaty, all of your scholarship ncome is exempt from tax because ABC University is a nonprofit educational organization.
Note. Many tax treaties do not permit an exemption from tax on scholarship or fellowship grant income unless the ncome is from sources outside the United States. If you are a resident of a treaty country, you must know the
terms of the tax treaty between the United States and the treaty country to claim treaty benefits on
Form 1040NR-EZ See the instructions for item J, starting on page 8 for details.

When completing Form 1040NR-EZ:

- Be sure you have entered your home country and permanent address in the
space provided on page 1.
- Enter \$0 on line 5. The \$9,000
reported to you in box 2 of
Form 1042-S is reported on line 6 (not line 5).
- Enter \$9,000 on line 6
- Enter \$0 on line 9. Because none of the $\$ 9,000$ reported to you in box 2 of Form 1042-S is included in your income, you cannot exclude it on line 9 - Include on line 18 any withholding shown in box 7 of Form 1042-S. - Provide all the required information in item J on page 2

Line 6. Use line 6 to report your total effectively connected income that is exempt from tax by a tax treaty. Do no clude this exempt income on line 7. Also, you must complete item J on page 2 of Form 1040NR-EZ
Line 8-Student loan interest deduction. You may take this deduction only if all three of the following apply.

1. You paid interest in 2004 on a qualified student loan (see below)
2. Your filing status is single.
3. Your modified adjusted gross income (AGI) is less than $\$ 65,000$. Use lines 2 through 4 of the worksheet below to figure your modified AGI.

Use the worksheet below to figure your student loan interest deduction.

Qualified student loan. This is any loan you took out to pay the qualified higher education expenses for yourself your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (see below). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970.

Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following benefits. - Employer-provided educationa assistance benefits that are not
included in box 1 of your Form(s) W-2.

- Excludable U.S. series EE and I
savings bond interest from Form 8815.
- Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts
- Any scholarship, educationa
assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses see Pub. 970.

An eligible student is a person who:

Student Loan Interest Deduction Worksheet—Line 8
(keep for your records)

## Before you begin:

- Complete Form 1040NR-EZ, line 9, if it applies to you.
- See the instructions for line 8 above.

1. Enter the total interest you paid in 2004 on qualified student loans (defined above). Do not enter more than \$2,500. $\ldots 1$. Enter the amount from Form 1040NR-EZ, line 72. $\qquad$ 1.
2. Enter the amount from Form 1040NR-EZ, line 72.
3. Enter the amount from Form 1040NR-EZ, line 93.
4. Subtract line 3 from line 2 $\qquad$
5. Is line 4 more than $\$ 50,000$ ?
$\square$ No. Skip lines 5 and 6, enter -0- on line 7, and go to line 8.
Yes. Subtract \$50,000 from line 4
. 5.
6. Divide line 5 by $\$ 15,000$. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000 $\qquad$
$\qquad$
7. Multiply line 1 by line 6 . . . . . . . . . . . . . . . . . . . . .
8. Student loan interest deduction. Subtract line 7 from line 1.

Enter the result here and on Form 1040NR-EZ, line 8 . . . . . . . . 8.

Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution and Carried at least half the normal full-time workload for the course of study he or she was pursuing
Line 9—Scholarship and fellowship grants excluded. If you received a scholarship or fellowship grant and were a degree candidate, enter mounts used for tuition and course-related expenses (fees, books, supplies, and equipment), but only to he extent the amounts are included on ine 5 . See the examples in the instructions for line 5 starting on page 4.
ine 11-Itemized deductions. Enter the total state and local income taxes you paid or that were withheld from your salary in 2004. If, during 2004, you received any refunds of, or credits for, ncome tax paid in earlier years, do not ubtract them from the amount you deduct here. Instead, see the
instructions for Form 1040NR-EZ, line 4 on page 4.
Note. Residents of India who were students or business apprentices may be able to take the standard deduction instead of their itemized deductions. See Pub. 519 for details.

Line 13-Exemption deduction. Generally, you can take an exemption of $\$ 3,100$ for yourself. But use the worksheet on this page to figure the amount, if any to enter on line 13. If your adjusted gross income from line 10 is more than $\$ 142,700$ if you checked filing status box 1 or more than $\$ 107,025$ if you checked filing status box 2 .
Note. Residents of Canada, Mexico Japan, and the Republic of Korea (South Korea), and U.S. nationals may be able to claim exemptions for their dependents and, if married, their spouse. Residents of India who were students or business apprentices may also be able to take exemptions for their spouse and dependents. However, Form 1040NR must be used to claim the additional exemptions
Line 16-Social security and Medicare tax on tip income not reported to employer. If you are subject to social security and Medicare tax, you received tips of $\$ 20$ or more in any month, and you did not report the full amount to your employer, you mus pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your Form(s) W-2 show allocated tips that you are including in your income on Form 1040NR-EZ, line 3.

To figure the tax, use Form 4137. To pay the RRTA tax, contact your
employer. Your employer will figure and collect the tax.


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.

## Payments

Line 18-Federal income tax withheld. Add the amounts shown as federal income tax withheld on you Form(s) W-2, 1042-S, and 1099-R. Enter the total on line 18. The amount(s) withheld should be shown in your Form(s) W-2, box 2, Form(s) 1042-S, box 7, and Form 1099-R, box 4.
Line 19-2004 Estimated tax payments. Enter any estimated federal income tax payments you made using Form 1040-ES (NR) for 2004 . Include any overpayment from your 2003 return that you applied to your 2004 estimated tax.

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 1040NR-EZ. On the statement, list all of the payments you made in 2004 and show the name(s) and identifying n identifying number(s) under which you made them.

## Exemption Deduction Worksheet—Line 13



Sample Check-Lines 23b Through 23d


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

Line 20-Credit for amount paid with Form 1040-C. Enter any amount you paid with Form 1040-C for 2004.
Line 21 - Total payments. Add ines 18 through 20. Enter the total on ine 21.

Amount paid with request for extension of time to file. If you filed Form 4868 to get an automatic extension of time to file
Form 1040NR-EZ, include in the total on line 21 the amount, if any, you paid with that form, by electronic funds withdrawal, or by credit card. If you paid by credit card, do not include on line 21 the convenience fee you were charged. On the dotted line next to line 21, ente "Form 4868" and show the amount paid. Also, include any amount paid with Form 2688 if you filed for an additional extension.

## Refund

Line 22-Amount overpaid. If line 22 is under $\$ 1$, we will send a refund only on written request.


If the amount you overpaid is large, you may be able to decrease the amount of income ax withheld from your pay by filing a new Form W-4. See Income Tax Withholding and Estimated Tax Payments for 2005 on page 9.

Refund offset. If you owe past-due federal tax, state income tax, child support, spousal support, or certain ederal nontax debts, such as student oans, all or part of the overpayment on line 22 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To ind out if you may have an offset or if you have any questions about it,
Instructions for Form 1040NR-EZ
contact the agency(ies) you owe the debt to.
Lines 23b through 23d-Direct deposit of refund. Complete
lines 23b through 23d if you want us to directly deposit the amount shown on line 23a into your checking or savings account at a U.S. bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.
Note. If you do not want your refund directly deposited into your account draw a line through the boxes on lines 23b and 23d.
Why Use Direct Deposit?

- You get your refund fast.
- 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.


You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.
Line 23b. The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32 Otherwise, the direct deposit will be rejected and a check sent instead. The routing number of the sample check, on page 7 , is 250250025 .

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financia institution for the correct routing number to enter on line 23b.
Line 23d. 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. The account number of the sample check, on this page, is 20202086. Do not include the check number.
Line 24-Applied to 2005 estimated tax. Enter on line 24 the amount, if any, of the overpayment on line 22 you want applied to your 2005 estimated tax. This election cannot be changed later.

## Amount You Owe <br> Line 25—Amount you owe.

## Pay your taxes in full to save

 interest and penalties. You do not have to pay if line 25 is under $\$ 1$.nclude any estimated tax penalty from line 26 in the amount you enter on line 25.

You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2005 in your check or money order. Instead, make the estimated tax payment separately.

To pay by check or money order. Make your check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2004 Form
1040NR-EZ" and your name, address, daytime phone number, and SSN or ITIN on your payment.

To help us process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX—" or "\$ XXX $\frac{\times X}{100}$ ").

To pay by credit card. You may use your American Express® Card, Discover® Card, MasterCard® card, or Visa® card. To pay by credit card, call toll free or visit the website of either service provider listed below and follow service proctions. You will be and follow provide your social security number provide your social security number (SSN) to get an SSN, use your IRS eligible to get an SSN, use your IRS issued individual taxpay

A convenience fee will be charged by the service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You can also find out what the fee will be by calling the provider's toll-free
automated customer service number or visiting the provider's website shown below.

If you pay by credit card before filing your return, please enter on page 1 of

Form 1040NR-EZ in the upper left corner the confirmation number you were given at the end of the transaction and the amount you were charged (not including the convenience fee).

Official Payments Corporation 1-800-2PAY-TAXSM (1-800-272-9829) 1-877-754-4413 (Customer Service) www.officialpayments.com

Link2Gov Corporation
1-888-PAY-1040SM (1-888-729-1040) 1-888-658-5465 (Customer Service) www.PAY1040.com

TIP)You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4 or (b) make estimated tax payments for 2005. See Income Tax Withholding and Estimated Tax Payments for 2005 on page 8.

What if you cannot pay? If you cannot pay the full amount shown on ine 25 when you file, you may ask to make monthly installment payments You may have up to 60 months to pay However, you will be charged interest and may be charged a late payment penalty on the tax not paid by the date due, 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 ax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank oan or credit card.
To ask for an installment agreement, se Form 9465. 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 26-Estimated tax penalty. You

 may owe this penalty if:- Line 25 is at least $\$ 1,000$ 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.

The "tax shown on your return" is the amount on line 17 minus any tax shown on Form 4137

Exception. You will not owe the penalty if your 2003 tax return was for a ax year of 12 full months and either of the following applies.

- You had no tax liability for 2003 and you were a U.S. citizen or resident for all of 2003, or
- Line 21 of your 2004 return is at least as much as the tax liability shown on your 2003 return. Your estimated tax payments for 2004 must have been made on time and for the required amount.

Figuring the penalty. If the Exception above does not apply and you choose to figure the penalty yourself, see Form 2210 to find out if you owe the penalty. If you do, you use the form to figure the amount.

Enter the penalty on Form 1040NR-EZ, line 26 . Add the penalty to any tax due and enter the total on line 25. If you are due a refund, subtract the penalty from the overpayment you show on line 22. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records

TIPBecause Form 2210 is complicated, if you want to, you can leave line 26 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. If your income varied during the year, the annualized income installment method may reduce hco amount of your penalty. But you the amount of 2210 because the IR must filigure your penalty under this method Soe the Instructions for Form 210 for sher situations in which you 210 for other situations in which you may be able to lower your penalty by filing Form 2210

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2004 tax return with the IRS, check the "Yes" box in th "Third Party Designee" area of your return. Also, enter the designee's name, U.S. phone number, and any five numbers the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you are authorizing the IRS to call the designee to answer any questions that may aris during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status
of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you
to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2005 tax return (see When To File on page 2). If you wish to revoke the authorization before it ends, see Pub. 947.

## Other Information (Page 2)

Item D
Enter the type of U.S. visa (for example, F, J, M, etc.) you used to enter the United States. Also enter your current nonimmigrant status. For example, enter your current nonimmigrant status shown on your current U.S. Citizenship and Immigration Services (USCIS) Form I-94, Arrival-Departure Record. If your status has changed while in the United States, enter the date of change. If your States, enter the date of change. If your "N."
status has not changed, enter

## Item E

You are generally required to enter your date of entry into the United States that pertains to your current nonimmigrant status (for example, the date of arrival shown on your most recent USCIS Form I-94).

Exception. If you are claiming a tax treaty benefit that is determined by reference to more than one date of arrival, enter the earlier date of arrival. For example, you are currently claiming treaty benefits (as a teacher or a researcher) under article 19 of the tax treaty between the United States and Japan. You previously claimed treaty benefits (as a student) under article 20 of that treaty. Under article 22 of that treaty, the combination of consecutive exemptions under articles 19 and 20 may not extend beyond 5 tax years from the date you entered the United States as a student. If article 22 of that treaty applies, enter in item E the date you entered the United States as a student.

## Item J

If you are a resident of a treaty country (that is, you qualify as a resident of that country within the meaning of the tax treaty between the United States and that country), you must know the terms of the tax treaty between the United States and the treaty country to properly complete item J. You may download the complete text of mos U.S. tax treaties at www.irs.gov.

Technical explanations for many of those treaties are also available at that site. Also, see Pub. 901 for a quick reference guide to the provisions of U.S. tax treaties.

If you are claiming treaty benefits on Form 1040NR-EZ, you must provide al of the information requested in item $ل$


If you are claiming tax treaty benefits and you failed to submit adequate documentation to a withholding agent, you must attach all information that would have otherwise document (for example, all information document (for example, all infor
Form 8233).

## Reminders

## Sign and Date Your Return

Form 1040NR-EZ is not considered a valid return unless you sign it. You may have an agent in the United States prepare and sign your return if you could not do so for one of the following reasons:

- You were ill.
- You were not in the United States at any time during the 60 days before the return was due.
- For other reasons that you explained in writing to the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A., and that the IRS approved.

A return prepared by an agent must be accompanied by a power of attorney. Form 2848 may be used for this purpose.

Be sure to date your return and show your occupation in the United States in the space provided. If you have someone prepare your return, you are still responsible for the correctness of the return.

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

Paid preparer must sign your return Generally, anyone you pay to prepare your return must sign it in the space provided. 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

## Address Change

If you move after you file, always notify the IRS in writing of your new address To do this, use Form 8822.

Income Tax Withholding and Estimated Tax Payments for 2005
If the amount you owe or the amount you overpaid is large, you may be able to file a new Form W-4 with your employer to change the amount o income tax withheld from your 2005 pay. For details on how to complete Form W-4, see the Instructions for Form 8233.

In general, you do not have to make estimated tax payments if you expect that your 2005 Form 1040NR-EZ will that your 2005 for or a tax bance due the IRS of less than $\$ 1,000$ If your total别 estimated tax for 2005 is $\$ 1,000$ or more, see Form 1040-ES (NR). It has a worksheet you can use to see if you have to make estimated tax payments However, if you expect to be a resident of Puerto Rico during all of 2005 and you must pay estimated tax, use Form 1040-ES.

## How Long Should Records <br> \section*{Be Kept?}

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as Forms W-2, 1099, and 1042-S) 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.

## Requesting a Copy of Your

## Tax Return

If you need a copy of your tax return, use Form 4506. If you want a free printed copy of your account, call us at 1-800-829-1040.

## Amended Return

File Form 1040X to change a return you already filed. Also, use
Form 1040X if you filed
Form 1040NR-EZ and you should have filed a Form 1040, 1040A, or 1040EZ, or vice versa. 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 wa paid whichever is later. But you may paid, whichever is later. But you may you are physically or mentally unable to you are physically or mentally unab manage your financia

## Interest and Penalties

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 (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040NR-EZ, page 1. Do not include interest or penalties (other than the estimated tax penalty) in the amount you owe on line 25.
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).

Penalty for 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 can be as much as $25 \%$ (more in some cases) 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.

Penalty for late payment of tax. If you pay your taxes late, the penalty is usually $1 / 2$ of $1 \%$ of the unpaid amount for each month or part of a month the tax is not paid. The penalty can be as much as $25 \%$ of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.
Penalty for 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 penalties. 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. 519 for details on some of these penalties.

Gift To Reduce Debt Held By the Public
If you wish to make such a gift, make a check payable to "Bureau of the Public Debt."You can send it to: Bureau of the Debt. You can send it to: Bureau of the Public Debt, Department G, P.O. Box 188, Parkersburg, WV 26106-2188. you can enclose the check with your
 add your gift to any tax you may owe See page 7 for details on how to pay any tax you owe.


You may be able to deduct this gift on your 2005 tax return as a charitable contribution. But you must file Form 1040NR to do so

## Taxpayer Assistance

IRS assistance is available to help you prepare your return. But you should know that you are responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax.

In the United States, you may call 1-800-829-1040. For TTY/TTD help, call 1-800-829-4059. If overseas, you may call 215-516-2000
(English-speaking only). This number is not toll free. The hours of operation are from 6:00 a.m. to 11:00 p.m. ET.

If you wish to write instead of call, please address your letter to: Internal Revenue Service, International Section, PO Box 920 Bensalem PA
19020-8518. Make sure you include your identifying number (defined on page 3) when you write
Assistance in answering tax questions and filling out tax returns is also available in person from IRS offices in: Berlin, Germany; London, England; and Paris, France. The offices generally are located in the U.S mbassies or consulates.

The IRS conducts an overseas axpayer assistance program during the filing season (January to mid-June). To find out if IRS personnel will be in your area, contact the consular office at the nearest U.S. embassy.
Everyday tax solutions. You can get ace-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments o your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment.
To find the number, go to www.irs.gov or look in the phone book under "United States Government, Internal Revenue Service."

## How can you get IRS tax forms and

 ublications?You can download them from the IRS website at www.irs.gov.

- In the United States, you can call 1-800-TAX-FORM (1-800-829-3676)
- If you have a foreign address, you can send your order to the Eastern Area Distribution Center, P. O. Box 85074, Richmond, VA 23261-5074,


## U.S.A.

- You can pick them up in person from our U.S. embassies and consulates abroad (but only during the tax return filing period).


## Help With Unresolved Tax <br> Issues

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous problacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate

- If you are in the United States, call
the toll-free number: 1-877-777-4778
TTY/TDD help is available by calling 1-800-829-4059
- If overseas, call 01-787-622-8930
(English-speaking only) or
01-787-622-8940 (Spanish-speaking only). These numbers are not toll free. - You can write to the Taxpayer Advocate at the IRS office that las contacted you (or contact one of the overseas IRS offices listed on this page).
- Vasit the website at www.irs.gov/ advocate.

For more information about the Taxpayer Advocate, see Pub. 1546.

## Disclosure and Paperwork

Reduction Act Notice. The IRS Restructuring and Reform Act of 1998 requires that we tell you the conditions under which return information may be disclosed to any party outside the Internal Revenue Service. We ask for the information on this form to carry out he Internal Revenue laws of the United States. You are required to give us the information. We need the information to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax

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.

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 section 6103. However, section 6103 allows or requires the Interna Revenue Service to disclose or give the information you write on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states the District of Columbia, U.S commonwealths or possessions, and certain foreign governments to carry ou their tax laws. We may disclose your tax information to the Department Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information that we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress federal, state, and local child support agencies; and to other federal agencies ager purposes of determining entitloment for benefits or the eligibility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal and state agencies to enforce federal nontax criminal laws and to combat terrorism.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is.

| Recordkeeping ...... 1hr., 18 min . |  |
| :---: | :---: |
| Learning about the law |  |
| or the form | 49 min . |
| Preparing the form | 1hr., 52 m |
| opying, assembling, and sending the form |  |
| to the IRS | 34 m |

We Welcome Comments on
Forms. If you have comments concerning the accuracy of these time

[^15]can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406 Washington, DC 20224. Do not send
your return to this address. Instead, see Where To File on page 2.


2004 Tax Table-Continued

| If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married filing separately ax is- | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | But <br> less than | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- |
| 9,000 |  |  |  | 12,000 |  |  |  | 15,000 |  |  |  | 18,000 |  |  |  |
| $\begin{aligned} & 9,000 \\ & 9,050 \\ & 9,100 \\ & 9,150 \end{aligned}$ | $\begin{aligned} & 9,050 \\ & 9,100 \\ & 9,150 \\ & 9,200 \end{aligned}$ | $\begin{array}{r} 996 \\ 1,004 \\ 1,011 \\ 1,019 \end{array}$ | $\begin{array}{r} 996 \\ 1,004 \\ 1,011 \\ 1,019 \end{array}$ | $\begin{aligned} & 12,000 \\ & 12,050 \\ & 12,100 \\ & 12,150 \end{aligned}$ | $\begin{aligned} & 12,050 \\ & 12,100 \\ & 12,150 \\ & 12,500 \end{aligned}$ | $\begin{aligned} & 1,446 \\ & 1,454 \\ & 1,461 \\ & 1,469 \end{aligned}$ | $\begin{aligned} & 1,446 \\ & 1,454 \\ & 1,461 \\ & 1,469 \end{aligned}$ | $\begin{aligned} & 15,000 \\ & 15,050 \\ & 15,100 \\ & 15,150 \end{aligned}$ | $\begin{aligned} & 15,050 \\ & 15,100 \\ & 15,150 \\ & 15,200 \end{aligned}$ | $\begin{aligned} & 1,896 \\ & 1,904 \\ & 1,911 \\ & 1,919 \end{aligned}$ | $\begin{aligned} & 1,896 \\ & 1,904 \\ & 1,911 \\ & 1,919 \end{aligned}$ | 18,000 18,050 18,100 18,150 | $\begin{aligned} & 18,050 \\ & 18,100 \\ & 18,150 \\ & 18,200 \end{aligned}$ | $\begin{aligned} & 2,346 \\ & 2,354 \\ & 2,361 \\ & 2,369 \end{aligned}$ | $\begin{aligned} & 2,346 \\ & 2,354 \\ & 2,361 \\ & 2,369 \end{aligned}$ |
| $\begin{aligned} & 9,200 \\ & 9,250 \\ & 9,300 \\ & 9,350 \end{aligned}$ | $\begin{aligned} & 9,250 \\ & 9,300 \\ & 9,350 \\ & 9,400 \end{aligned}$ | $\begin{aligned} & 1,026 \\ & 1,034 \\ & 1,041 \\ & 1,049 \end{aligned}$ | $\begin{aligned} & 1,026 \\ & 1,034 \\ & 1,041 \\ & 1,049 \end{aligned}$ | $\begin{aligned} & 12,200 \\ & 12,250 \\ & 12,300 \\ & 12,350 \end{aligned}$ | $\begin{aligned} & 12,250 \\ & 12,300 \\ & 12,350 \\ & 12,400 \end{aligned}$ | $\begin{aligned} & 1,476 \\ & 1,484 \\ & 1,491 \\ & 1,499 \end{aligned}$ | $\begin{aligned} & 1,476 \\ & 1,484 \\ & 1,491 \\ & 1,499 \end{aligned}$ | 15,200 15,250 15,300 15,350 | 15,250 15,300 15,350 15,400 | $\begin{array}{r} 1,926 \\ 1,934 \\ 1,941 \\ 1,949 \end{array}$ | 1,926 1,934 1,941 1,949 | 18,200 18,250 18,300 18,350 | 18,250 18,300 18,400 | $\begin{aligned} & 2,376 \\ & 2,384 \\ & 2,391 \\ & 2,399 \end{aligned}$ | $\begin{aligned} & 2,376 \\ & 2,384 \\ & 2,391 \\ & 2,399 \end{aligned}$ |
| $\begin{aligned} & 9,400 \\ & 9,450 \\ & 9,500 \\ & 9,550 \end{aligned}$ | $\begin{aligned} & 9,450 \\ & 9,500 \\ & 9,550 \\ & 9,600 \end{aligned}$ | $\begin{aligned} & 1,056 \\ & 1,064 \\ & 1,071 \\ & 1,079 \end{aligned}$ | $\begin{aligned} & 1,056 \\ & 1,064 \\ & 1,071 \\ & 1,079 \end{aligned}$ | 12,400 12,450 12,500 12,550 | $\begin{aligned} & 12,450 \\ & 12,500 \\ & 12,550 \\ & 12,600 \end{aligned}$ | $\begin{aligned} & 1,506 \\ & 1,514 \\ & 1,521 \\ & 1,529 \end{aligned}$ | $\begin{aligned} & 1,506 \\ & 1,514 \\ & 1,521 \\ & 1,529 \end{aligned}$ | 15,400 15,450 15,500 15,550 | 15,450 15,500 15,50 15,600 | $\begin{array}{r} 1,956 \\ 1,964 \\ 1,971 \\ 1,979 \end{array}$ | $\begin{array}{r} 1,956 \\ 1,964 \\ 1,971 \\ 1,979 \end{array}$ | 18,400 18,450 18,500 18,550 | $\begin{aligned} & 18,450 \\ & 18,500 \\ & 18,550 \\ & 18,600 \end{aligned}$ | $\begin{aligned} & 2,406 \\ & 2,414 \\ & 2,421 \\ & 2,429 \end{aligned}$ | $\begin{aligned} & 2,406 \\ & 2,414 \\ & 2,421 \\ & 2,429 \end{aligned}$ |
| $\begin{aligned} & 9,600 \\ & 9,650 \\ & 9,700 \\ & 9,750 \end{aligned}$ | $\begin{aligned} & 9,650 \\ & 9,700 \\ & 9,750 \\ & 9,800 \end{aligned}$ | $\begin{aligned} & 1,086 \\ & 1,094 \\ & 1,101 \\ & 1,109 \end{aligned}$ | $\begin{aligned} & 1,086 \\ & 1,094 \\ & 1,101 \\ & 1,109 \end{aligned}$ | $\begin{aligned} & 12,600 \\ & 12,650 \\ & 12,700 \\ & 12,750 \end{aligned}$ | $\begin{aligned} & 12,650 \\ & 12,700 \\ & 12,750 \\ & 12,800 \end{aligned}$ | $\begin{aligned} & 1,536 \\ & 1,544 \\ & 1,551 \\ & 1,559 \end{aligned}$ | $\begin{aligned} & 1,536 \\ & 1,544 \\ & 1,51 \\ & 1,559 \end{aligned}$ | $\begin{aligned} & 15,600 \\ & 15,650 \\ & 15,700 \\ & 15,750 \end{aligned}$ | 15,650 15,700 15,750 15,800 | $\begin{aligned} & 1,986 \\ & 1,994 \\ & 2,001 \\ & 2,009 \end{aligned}$ | $\begin{aligned} & 1,986 \\ & 1,994 \\ & 2,001 \\ & 2,009 \end{aligned}$ | $\begin{aligned} & 18,600 \\ & 18,650 \\ & 18,700 \\ & 18,750 \end{aligned}$ | $\begin{aligned} & 18,650 \\ & 18,700 \\ & 18,750 \\ & 18,800 \end{aligned}$ | $\begin{aligned} & 2,436 \\ & 2,444 \\ & 2,451 \\ & 2,459 \end{aligned}$ | $\begin{aligned} & 2,436 \\ & 2,444 \\ & 2,451 \\ & 2,459 \end{aligned}$ |
| $\begin{aligned} & 9,800 \\ & 9,850 \\ & 9,900 \\ & 9,950 \end{aligned}$ | $\begin{array}{r} 9,850 \\ 9,900 \\ 9,950 \\ 10,900 \end{array}$ | $\begin{aligned} & 1,116 \\ & 1,124 \\ & 1,131 \\ & 1,139 \end{aligned}$ | $\begin{aligned} & 1,116 \\ & 1,124 \\ & 1,131 \\ & 1,139 \end{aligned}$ | $\begin{aligned} & 12,800 \\ & 12,850 \\ & 12,900 \\ & 12,950 \end{aligned}$ | $\begin{aligned} & 12,850 \\ & 12,900 \\ & 12,950 \\ & 13,000 \end{aligned}$ | $\begin{aligned} & 1,566 \\ & 1,574 \\ & 1,581 \\ & 1,589 \end{aligned}$ | $\begin{aligned} & 1,566 \\ & 1,74 \\ & 1,581 \\ & 1,589 \end{aligned}$ | $\begin{aligned} & 15,800 \\ & 15,850 \\ & 15,900 \\ & 15,950 \end{aligned}$ | $\begin{aligned} & 15,850 \\ & 15,900 \\ & 15,950 \\ & 16,000 \end{aligned}$ | $\begin{aligned} & 2,016 \\ & 2,024 \\ & 2,031 \\ & 2,039 \end{aligned}$ | $\begin{aligned} & 2,016 \\ & 2,024 \\ & 2,031 \\ & 2,039 \end{aligned}$ | $\begin{aligned} & 18,800 \\ & 18,850 \\ & 18,900 \\ & 18,950 \end{aligned}$ | $\begin{aligned} & 18,850 \\ & 18,900 \\ & 18,950 \\ & 19,500 \end{aligned}$ | $\begin{aligned} & 2,466 \\ & 2,474 \\ & 2,481 \\ & 2,489 \end{aligned}$ | $\begin{aligned} & 2,466 \\ & 2,474 \\ & 2,481 \\ & 2,489 \end{aligned}$ |
| 10,000 |  |  |  | 13,000 |  |  |  | 16,000 |  |  |  | 19,000 |  |  |  |
| $\begin{aligned} & 10,000 \\ & 10,050 \\ & 10,100 \\ & 10,150 \end{aligned}$ | $\begin{array}{r} 10,050 \\ 10,100 \\ 10,150 \\ 10,200 \end{array}$ | $\begin{aligned} & 1,146 \\ & 1,154 \\ & 1,161 \\ & 1,169 \end{aligned}$ | $\begin{aligned} & 1,146 \\ & 1,154 \\ & 1,161 \\ & 1,169 \end{aligned}$ | $\begin{aligned} & 13,000 \\ & 13,050 \\ & 13,100 \\ & 13,150 \end{aligned}$ | $\begin{aligned} & 13,050 \\ & 13,100 \\ & 13,150 \\ & 13,200 \end{aligned}$ | $\begin{array}{r} 1,596 \\ 1,604 \\ 1,611 \\ 1,619 \end{array}$ | $\begin{aligned} & 1,596 \\ & 1,604 \\ & 1,611 \\ & 1,619 \end{aligned}$ | $\begin{array}{r} 16,000 \\ 16,050 \\ 16,100 \\ 16,150 \end{array}$ | $\begin{aligned} & 16,050 \\ & 16,100 \\ & 16,150 \\ & 16,200 \end{aligned}$ | $\begin{aligned} & 2,046 \\ & 2,054 \\ & 2,061 \\ & 2,069 \end{aligned}$ | $\begin{aligned} & 2,046 \\ & 2,054 \\ & 2,061 \\ & 2,069 \end{aligned}$ | $\begin{aligned} & 19,000 \\ & 19,050 \\ & 19,100 \\ & 19,150 \end{aligned}$ | $\begin{aligned} & 19,050 \\ & 19,100 \\ & 19,150 \\ & 19,200 \end{aligned}$ | 2,496 2,504 2,511 2,519 | $\begin{aligned} & 2,496 \\ & 2,504 \\ & 2,511 \\ & 2,519 \end{aligned}$ |
| $\begin{aligned} & 10,200 \\ & 10,250 \\ & 10,300 \\ & 10,350 \end{aligned}$ | $\begin{aligned} & 10,250 \\ & 10,300 \\ & 10,350 \\ & 10,400 \end{aligned}$ | $\begin{aligned} & 1,176 \\ & 1,184 \\ & 1,191 \\ & 1,199 \\ & 1,206 \end{aligned}$ | $\begin{aligned} & 1,176 \\ & 1,184 \\ & 1,191 \\ & 1,199 \end{aligned}$ | $\begin{aligned} & 13,200 \\ & 13,250 \\ & 13,300 \\ & 13,350 \end{aligned}$ | $\begin{aligned} & 13,250 \\ & 13,300 \\ & 13,350 \\ & 13,400 \end{aligned}$ | 1,626 1,634 1,641 1,649 1,650 | 1,626 1,634 1,641 1,649 1,650 | $\begin{aligned} & 16,200 \\ & 16,250 \\ & 16,300 \\ & 16,350 \end{aligned}$ | $\begin{aligned} & 16,250 \\ & 16,300 \\ & 16,350 \\ & 16,400 \end{aligned}$ | $\begin{aligned} & 2,076 \\ & 2,084 \\ & 2,091 \\ & 2,099 \end{aligned}$ | $\begin{aligned} & 2,076 \\ & 2,084 \\ & 2,091 \\ & 2,099 \\ & 2106 \end{aligned}$ | $\begin{aligned} & 19,200 \\ & 19,250 \\ & 19,300 \\ & 19,350 \end{aligned}$ | $\begin{aligned} & 19,250 \\ & 19,300 \\ & 19,350 \\ & 19,500 \end{aligned}$ | $\begin{aligned} & 2,526 \\ & 2,534 \\ & 2,541 \\ & 2,549 \\ & \hline \end{aligned}$ | $\begin{aligned} & 2,526 \\ & 2,534 \\ & 2,541 \\ & 2,549 \end{aligned}$ |
| $\begin{aligned} & 10,400 \\ & 10,450 \\ & 10,500 \\ & 10,550 \end{aligned}$ | $\begin{aligned} & 10,450 \\ & 10,500 \\ & 10,50 \\ & 10,500 \end{aligned}$ | $\begin{aligned} & 1,206 \\ & 1,214 \\ & 1,221 \\ & 1,229 \end{aligned}$ | 1,206 1,214 1,221 1,229 | 13,400 13,450 13,500 13,550 | $\begin{aligned} & 13,450 \\ & 13,500 \\ & 13,50 \\ & 13,500 \end{aligned}$ | $\begin{aligned} & 1,656 \\ & 1,664 \\ & 1,671 \\ & 1,679 \end{aligned}$ | $\begin{aligned} & 1,656 \\ & 1,664 \\ & 1,671 \\ & 1,679 \end{aligned}$ | 16,400 16,450 16,500 16,550 | $\begin{aligned} & 16,450 \\ & 16,500 \\ & 16,550 \\ & 16,500 \end{aligned}$ | $\begin{aligned} & 2,106 \\ & 2,114 \\ & 2,121 \\ & 2,129 \end{aligned}$ | $\begin{aligned} & 2,106 \\ & 2,114 \\ & 2,121 \\ & 2,129 \end{aligned}$ | 19,400 19,450 19,500 19,550 | $\begin{aligned} & 19,450 \\ & 19,500 \\ & 19,550 \\ & 19,600 \end{aligned}$ | 2,556 2,564 2,571 2,579 | $\begin{aligned} & 2,556 \\ & 2,564 \\ & 2,571 \\ & 2,579 \end{aligned}$ |
| $\begin{aligned} & 10,600 \\ & 10,650 \\ & 10,700 \\ & 10,750 \end{aligned}$ | $\begin{aligned} & 10,650 \\ & 10,700 \\ & 10,750 \\ & 10,800 \end{aligned}$ | 1,236 1,244 1,251 1,259 | $\begin{aligned} & 1,236 \\ & 1,244 \\ & 1,251 \\ & 1,259 \end{aligned}$ | $\begin{aligned} & 13,600 \\ & 13,650 \\ & 13,700 \\ & 13,750 \end{aligned}$ | $\begin{aligned} & 13,650 \\ & 13,700 \\ & 13,750 \\ & 13,800 \end{aligned}$ | $\begin{aligned} & 1,686 \\ & 1,694 \\ & 1,701 \\ & 1,709 \end{aligned}$ | $\begin{aligned} & 1,686 \\ & 1,694 \\ & 1,01 \\ & 1,709 \end{aligned}$ | $\begin{aligned} & 16,600 \\ & 16,650 \\ & 16,700 \\ & 16,750 \end{aligned}$ | $\begin{aligned} & 16,650 \\ & 16,700 \\ & 16,750 \\ & 16,800 \end{aligned}$ | $\begin{aligned} & 2,136 \\ & 2,144 \\ & 2,151 \\ & 2,159 \end{aligned}$ | $\begin{aligned} & 2,136 \\ & 2,144 \\ & 2,151 \\ & 2,159 \end{aligned}$ | $\begin{aligned} & 19,600 \\ & 19,650 \\ & 19,700 \\ & 19,750 \end{aligned}$ | $\begin{aligned} & 19,650 \\ & 19,700 \\ & 19,750 \\ & 19,800 \end{aligned}$ | $\begin{aligned} & 2,586 \\ & 2,594 \\ & 2,601 \\ & 2,609 \end{aligned}$ | $\begin{aligned} & 2,586 \\ & 2,594 \\ & 2,601 \\ & 2,609 \end{aligned}$ |
| $\begin{aligned} & 10,800 \\ & 10,850 \\ & 10,900 \\ & 10,950 \end{aligned}$ | $\begin{aligned} & 10,850 \\ & 10,900 \\ & 10,950 \\ & 11,000 \end{aligned}$ | 1,266 1,274 1,281 1,289 | 1,266 1,274 1,281 1,289 | $\begin{aligned} & 13,800 \\ & 13,850 \\ & 13,900 \\ & 13,950 \end{aligned}$ | 13,850 13,900 13,950 14,000 | $\begin{aligned} & 1,716 \\ & 1,724 \\ & 1,731 \\ & 1,739 \end{aligned}$ | $\begin{aligned} & 1,716 \\ & 1,724 \\ & 1,731 \\ & 1,739 \end{aligned}$ | $\begin{aligned} & 16,800 \\ & 16,850 \\ & 16,900 \\ & 16,950 \end{aligned}$ | 16,850 16,900 16,950 17,000 | 2,166 2,174 2,181 2,189 | 2,166 2,174 2,181 2,189 | $\begin{aligned} & 19,800 \\ & 19,850 \\ & 19,900 \\ & 19,950 \end{aligned}$ | $\begin{aligned} & 19,850 \\ & 19,900 \\ & 19,950 \\ & 20,000 \end{aligned}$ | $\begin{aligned} & 2,616 \\ & 2,624 \\ & 2,631 \\ & 2,639 \end{aligned}$ | 2,616 2,624 2,631 2,639 |
| 11,000 |  |  |  | 14,000 |  |  |  | 17,000 |  |  |  | 20,000 |  |  |  |
| $\begin{aligned} & 11,000 \\ & 11,050 \\ & 11,100 \\ & 11,150 \end{aligned}$ | $\begin{aligned} & 11,050 \\ & 11,1,00 \\ & 11,150 \\ & 11,200 \end{aligned}$ | $\begin{array}{r} 1,296 \\ 1,304 \\ 1,311 \\ 1,319 \end{array}$ | $\begin{aligned} & 1,296 \\ & 1,304 \\ & 1,311 \\ & 1,319 \end{aligned}$ | $\begin{aligned} & 14,000 \\ & 14,000 \\ & 14,100 \\ & 14,150 \end{aligned}$ | $\begin{aligned} & 14,050 \\ & 14,100 \\ & 14,150 \\ & 14,200 \end{aligned}$ | $\begin{aligned} & 1,746 \\ & 1,754 \\ & 1,761 \\ & 1,769 \end{aligned}$ | $\begin{aligned} & 1,746 \\ & 1,754 \\ & 1,761 \\ & 1,769 \end{aligned}$ | $\begin{array}{r} 17,000 \\ 17,050 \\ \text { 17,100 } \\ \text { 17,150 } \end{array}$ | $\begin{aligned} & 17,050 \\ & 17,100 \\ & 17,150 \\ & 17,200 \end{aligned}$ | $\begin{aligned} & 2,196 \\ & 2,204 \\ & 2,211 \\ & 2,219 \end{aligned}$ | $\begin{aligned} & 2,196 \\ & 2,204 \\ & 2,211 \\ & 2,219 \end{aligned}$ | $\begin{aligned} & 20,000 \\ & 20,0,50 \\ & 20,100 \\ & 20,150 \end{aligned}$ | $\begin{aligned} & 20,050 \\ & 20,100 \\ & 20,150 \\ & 20,200 \end{aligned}$ | $\begin{aligned} & 2,646 \\ & 2,654 \\ & 2,661 \\ & 2,669 \end{aligned}$ | $\begin{aligned} & 2,646 \\ & 2,654 \\ & 2,661 \\ & 2,669 \end{aligned}$ |
| $\begin{aligned} & 11,200 \\ & 11,250 \\ & 11,300 \\ & 11,350 \end{aligned}$ | $\begin{aligned} & 11,250 \\ & 11,300 \\ & 11,350 \\ & 11,400 \end{aligned}$ | $\begin{aligned} & 1,326 \\ & 1,334 \\ & 1,341 \\ & 1,349 \end{aligned}$ | $\begin{aligned} & 1,326 \\ & 1,334 \\ & 1,341 \\ & 1,349 \end{aligned}$ | $\begin{aligned} & 14,200 \\ & 14,250 \\ & 14,300 \\ & 14,350 \end{aligned}$ | $\begin{aligned} & 14,250 \\ & 14,300 \\ & 14,350 \\ & 14,400 \end{aligned}$ | $\begin{aligned} & 1,776 \\ & 1,784 \\ & 1,791 \\ & 1,799 \end{aligned}$ | $\begin{aligned} & 1,776 \\ & 1,784 \\ & 1,791 \\ & 1,799 \end{aligned}$ | $\begin{aligned} & 17,200 \\ & 17,250 \\ & 17,300 \\ & 17,350 \end{aligned}$ | $\begin{aligned} & 17,250 \\ & 17,300 \\ & 17,350 \\ & 17,400 \end{aligned}$ | $\begin{aligned} & 2,226 \\ & 2,234 \\ & 2,241 \\ & 2,249 \end{aligned}$ | $\begin{aligned} & 2,226 \\ & 2,234 \\ & 2,241 \\ & 2,249 \end{aligned}$ | $\begin{aligned} & 20,200 \\ & 20,200 \\ & 20,300 \\ & 20,350 \end{aligned}$ | $\begin{aligned} & 20,250 \\ & 20,300 \\ & 20,350 \\ & 20,400 \end{aligned}$ | $\begin{aligned} & 2,676 \\ & 2,684 \\ & 2,691 \\ & 2,699 \end{aligned}$ | $\begin{aligned} & 2,676 \\ & 2,684 \\ & 2,691 \\ & 2,699 \end{aligned}$ |
| $\begin{aligned} & 11,400 \\ & 11,550 \\ & 11,50 \\ & 11,550 \end{aligned}$ | $\begin{aligned} & 11,450 \\ & 11,500 \\ & 11,550 \\ & 11,560 \end{aligned}$ | $\begin{aligned} & 1,356 \\ & 1,364 \\ & 1,371 \\ & 1,379 \end{aligned}$ | $\begin{aligned} & 1,356 \\ & 1,364 \\ & 1,371 \\ & 1,379 \end{aligned}$ | $\begin{aligned} & 14,400 \\ & 14,450 \\ & 14,500 \\ & 14,550 \end{aligned}$ | $\begin{aligned} & 14,450 \\ & 14,500 \\ & 14,550 \\ & 14,500 \end{aligned}$ | $\begin{array}{r} 1,806 \\ 1,814 \\ 1,821 \\ 1,829 \end{array}$ | $\begin{aligned} & 1,806 \\ & 1,814 \\ & 1,821 \\ & 1,829 \end{aligned}$ | $\begin{aligned} & 17,400 \\ & 17,450 \\ & 17,500 \\ & 17,550 \end{aligned}$ | $\begin{aligned} & 17,450 \\ & 17,500 \\ & 17,550 \\ & 17,600 \end{aligned}$ | $\begin{aligned} & 2,256 \\ & 2,264 \\ & 2,271 \\ & 2,279 \end{aligned}$ | $\begin{aligned} & 2,256 \\ & 2,264 \\ & 2,271 \\ & 2,279 \end{aligned}$ | $\begin{aligned} & 20,400 \\ & 20,450 \\ & 20,500 \\ & 20,550 \end{aligned}$ | $\begin{aligned} & 20,450 \\ & 20,500 \\ & 20,550 \\ & 0,500 \end{aligned}$ | $\begin{aligned} & 2,706 \\ & 2,714 \\ & 2,721 \\ & 2,729 \end{aligned}$ | $\begin{aligned} & 2,706 \\ & 2,714 \\ & 2,721 \\ & 2,729 \end{aligned}$ |
| $\begin{aligned} & 11,600 \\ & 11,650 \\ & 11,700 \\ & 11,750 \end{aligned}$ | $\begin{aligned} & 11,650 \\ & 11,700 \\ & 11,750 \\ & 11,800 \end{aligned}$ | $\begin{aligned} & 1,386 \\ & 1,394 \\ & 1,401 \\ & 1,409 \end{aligned}$ | $\begin{aligned} & 1,386 \\ & 1,394 \\ & 1,401 \\ & 1,409 \end{aligned}$ | 14,600 14,650 14,700 14,750 | 14,650 14,700 14,750 14,800 | $\begin{aligned} & 1,836 \\ & 1,844 \\ & 1,851 \\ & 1,859 \end{aligned}$ | $\begin{aligned} & 1,836 \\ & 1,844 \\ & 1,851 \\ & 1,859 \end{aligned}$ | $\begin{aligned} & 17,600 \\ & 17,650 \\ & 17,700 \\ & 17,750 \end{aligned}$ | $\begin{aligned} & 17,650 \\ & 17,700 \\ & 17,750 \\ & 17,800 \end{aligned}$ | $\begin{aligned} & 2,286 \\ & 2,294 \\ & 2,301 \\ & 2,309 \end{aligned}$ | $\begin{aligned} & 2,286 \\ & 2,294 \\ & 2,301 \\ & 2,309 \end{aligned}$ | $\begin{aligned} & 20,600 \\ & 20,650 \\ & 20,700 \\ & 20,750 \end{aligned}$ | $\begin{aligned} & 20,650 \\ & 20,700 \\ & 20,750 \\ & 20,800 \end{aligned}$ | $\begin{aligned} & 2,736 \\ & 2,744 \\ & 2,751 \\ & 2,759 \end{aligned}$ | $\begin{aligned} & 2,736 \\ & 2,744 \\ & 2,751 \\ & 2,759 \end{aligned}$ |
| $\begin{aligned} & 11,800 \\ & 11,850 \\ & 11,900 \\ & 11,950 \end{aligned}$ | $\begin{aligned} & 11,850 \\ & 11,900 \\ & 11,950 \\ & 12,000 \end{aligned}$ | $\begin{aligned} & 1,416 \\ & 1,424 \\ & 1,431 \\ & 1,439 \end{aligned}$ | $\begin{aligned} & 1,416 \\ & 1,424 \\ & 1,431 \\ & 1,439 \end{aligned}$ | $\begin{aligned} & 14,800 \\ & 14,850 \\ & 14,900 \\ & 14,950 \end{aligned}$ | $\begin{aligned} & 14,850 \\ & 14,900 \\ & 14,950 \\ & 15,500 \end{aligned}$ | $\begin{aligned} & 1,866 \\ & 1,874 \\ & 1,881 \\ & 1,889 \end{aligned}$ | $\begin{aligned} & 1,866 \\ & 1,874 \\ & 1,881 \\ & 1,889 \end{aligned}$ | $\begin{aligned} & 17,800 \\ & 17,850 \\ & 17,900 \\ & 17,950 \end{aligned}$ | $\begin{aligned} & 17,850 \\ & 17,900 \\ & 17,950 \\ & 18,000 \end{aligned}$ | $\begin{aligned} & 2,316 \\ & 2,324 \\ & 2,311 \\ & 2,339 \end{aligned}$ | $\begin{aligned} & 2,316 \\ & 2,324 \\ & 2,331 \\ & 2,339 \end{aligned}$ | $\begin{aligned} & 20,800 \\ & 20,850 \\ & 20,900 \\ & 20,950 \end{aligned}$ | $\begin{aligned} & 20,850 \\ & 20,900 \\ & 20,950 \\ & 21,000 \end{aligned}$ | $\begin{aligned} & 2,766 \\ & 2,774 \\ & 2,781 \\ & 2,789 \end{aligned}$ | $\begin{aligned} & 2,766 \\ & 2,774 \\ & 2,781 \\ & 2,789 \end{aligned}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | tinued | ext page |

2004 Tax Table-Continued

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|}
\hline \multicolumn{2}{|l|}{If Form 1040NR-EZ, line 14, is-} \& \multicolumn{2}{|l|}{And you are-} \& \multicolumn{2}{|l|}{If Form 1040NR-EZ, line 14, is-} \& \multicolumn{2}{|l|}{And you are-} \& \multicolumn{2}{|l|}{If Form 1040NR-EZ, line 14 , is-} \& \multicolumn{2}{|l|}{And you are-} \& \multicolumn{2}{|l|}{If Form 1040NR-EZ, line 14 , is-} \& \multicolumn{2}{|l|}{And you are-} \\
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\hline \multicolumn{4}{|l|}{21,000} \& \multicolumn{4}{|l|}{24,000} \& \multicolumn{4}{|l|}{27,000} \& \multicolumn{4}{|l|}{30,000} <br>

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& 30,250 \\
& 30,300 \\
& 30,350
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,250 \\
& 30,300 \\
& 30,350 \\
& 30,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,294 \\
& 4,306 \\
& 4,319 \\
& 4,331
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,294 \\
& 4,306 \\
& 4,319 \\
& 4,331
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 21,400 \\
& 21,450 \\
& 21,500 \\
& 21,550
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 21,450 \\
& 21,500 \\
& 21,550 \\
& 21,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,856 \\
& 2,864 \\
& 2,871 \\
& 2,879
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,856 \\
& 2,864 \\
& 2,871 \\
& 2,879
\end{aligned}
$$
\] \& 24,400

24,450
24,500

24,550 \& $$
\begin{aligned}
& 24,450 \\
& 24,500 \\
& 24,550 \\
& 24,600
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 3,306 \\
& 3,314 \\
& 3,321 \\
& 3,329
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,306 \\
& 3,314 \\
& 3,321 \\
& 3,329
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
27,400 \\
27,450 \\
27,500 \\
27,550
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 27,450 \\
& 27,500 \\
& 27,550 \\
& 27,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,756 \\
& 3,764 \\
& 3,771 \\
& 3,779
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,756 \\
& 3,764 \\
& 3,771 \\
& 3,779
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,400 \\
& 30,450 \\
& 30,500 \\
& 30,550
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,450 \\
& 30,500 \\
& 30,550 \\
& 30,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,344 \\
& 4,356 \\
& 4,369 \\
& 4,381
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,344 \\
& 4,356 \\
& 4,369 \\
& 4,381
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 21,600 \\
& 21,650 \\
& 21,700 \\
& 21,750
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 21,650 \\
& 21,700 \\
& 21,750 \\
& 21,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,886 \\
& 2,894 \\
& 2,901 \\
& 2,909
\end{aligned}
$$
\] \& 2,886

2,894
2,901
2,909 \& 24,600
24,650
24,700

24,750 \& $$
\begin{aligned}
& 24,650 \\
& 24,700 \\
& 24,750 \\
& 24,800
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 3,336 \\
& 3,344 \\
& 3,351 \\
& 3,359
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,336 \\
& 3,344 \\
& 3,351 \\
& 3,359
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
27,600 \\
27,650 \\
27,700 \\
27,750
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 27,650 \\
& 27,700 \\
& 27,750 \\
& 27,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,786 \\
& 3,794 \\
& 3,801 \\
& 3,809
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,786 \\
& 3,794 \\
& 3,801 \\
& 3,809
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,600 \\
& 30,650 \\
& 30,700 \\
& 30,750
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,650 \\
& 30,700 \\
& 30,750 \\
& 30,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,394 \\
& 4,406 \\
& 4,419 \\
& 4,431
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,394 \\
& 4,406 \\
& 4,419 \\
& 4,431
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 21,800 \\
& 21,850 \\
& 21,900 \\
& 21,950
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 21,850 \\
& 21,900 \\
& 21,950 \\
& 22,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,916 \\
& 2,924 \\
& 2,931 \\
& 2,939
\end{aligned}
$$
\] \& 2,916

2,924
2,931
2,939 \& 24,800
24,850
24,900

24,950 \& $$
\begin{aligned}
& 24,850 \\
& 24,900 \\
& 24,950 \\
& 25,000
\end{aligned}
$$ \& 3,366

3,374
3,381
3,389 \& 3,366
3,374
3,381

3,389 \& $$
\begin{aligned}
& 27,800 \\
& 27,850 \\
& 27,900 \\
& 27,950
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 27,850 \\
& 27,900 \\
& 27,950 \\
& 28,000
\end{aligned}
$$
\] \& 3,816

3,824
3,831

3,839 \& $$
\begin{aligned}
& 3,816 \\
& 3,824 \\
& 3,831 \\
& 3,839
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 30,800 \\
& 30,850 \\
& 30,900 \\
& 30,950
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 30,850 \\
& 30,900 \\
& 30,950 \\
& 31,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,444 \\
& 4,456 \\
& 4,469 \\
& 4,481
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,444 \\
& 4,456 \\
& 4,469 \\
& 4,481
\end{aligned}
$$
\] <br>

\hline \multicolumn{4}{|l|}{22,000} \& \multicolumn{4}{|l|}{25,000} \& \multicolumn{4}{|l|}{28,000} \& \multicolumn{4}{|l|}{31,000} <br>

\hline $$
\begin{aligned}
& 22,000 \\
& 22,050 \\
& 22,100 \\
& 22,150
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 22,050 \\
& 22,100 \\
& 22,150 \\
& 22,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,946 \\
& 2,954 \\
& 2,961 \\
& 2,969
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,946 \\
& 2,954 \\
& 2,961 \\
& 2,969
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,000 \\
& 25,500 \\
& 25,100 \\
& 25,150
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,050 \\
& 25,100 \\
& 25,150 \\
& 25,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,396 \\
& 3,404 \\
& 3,411 \\
& 3,419
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,396 \\
& 3,404 \\
& 3,411 \\
& 3,419
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
28,000 \\
28,050 \\
28,100 \\
28,150
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 28,050 \\
& 28,100 \\
& 28,150 \\
& 28,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,846 \\
& 3,854 \\
& 3,861 \\
& 3,869
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,846 \\
& 3,854 \\
& 3,861 \\
& 3,869
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,000 \\
& 33,050 \\
& 31,100 \\
& 31,150
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,050 \\
& 31,100 \\
& 31,150 \\
& 31,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,494 \\
& 4,506 \\
& 4,519 \\
& 4,531
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,494 \\
& 4,506 \\
& 4,519 \\
& 4,531
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 22,200 \\
& 2,200 \\
& 22,300 \\
& 2,300
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 22,250 \\
& 22,300 \\
& 22,350 \\
& 22,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,976 \\
& 2,984 \\
& 2,991 \\
& 2,999
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 2,976 \\
& 2,984 \\
& 2,991 \\
& 2,999
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,200 \\
& 25,250 \\
& 25,300 \\
& 25,350
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,250 \\
& 25,300 \\
& 25,350 \\
& 25,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,426 \\
& 3,434 \\
& 3,441 \\
& 3,449
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,426 \\
& 3,434 \\
& 3,441 \\
& 3,449
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,200 \\
& 28,200 \\
& 28,300 \\
& 28,350
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,250 \\
& 28,300 \\
& 28,350 \\
& 28,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,876 \\
& 3,884 \\
& 3,891 \\
& 3,899
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,876 \\
& 3,884 \\
& 3,891 \\
& 3,899
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,200 \\
& 31,250 \\
& 31,300 \\
& 31,350
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,250 \\
& 31,300 \\
& 31,350 \\
& 31,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,544 \\
& 4,556 \\
& 4,569 \\
& 4,581
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,544 \\
& 4,556 \\
& 4,569 \\
& 4,581
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 22,400 \\
& 22,450 \\
& 22,500 \\
& 2,550
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 22,450 \\
& 22,500 \\
& 22,550 \\
& 22,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,006 \\
& 3,014 \\
& 3,021 \\
& 3,029
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,006 \\
& 3,014 \\
& 3,021 \\
& 3,029
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,400 \\
& 25,450 \\
& 25,50 \\
& 25,550
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,450 \\
& 25,500 \\
& 25,550 \\
& 25,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,456 \\
& 3,464 \\
& 3,471 \\
& 3,479
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,456 \\
& 3,464 \\
& 3,471 \\
& 3,479
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,400 \\
& 288,450 \\
& 28,500 \\
& 28,550
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,450 \\
& 28,500 \\
& 28,550 \\
& 28,500
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,906 \\
& 3,914 \\
& 3,921 \\
& 3,929
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,906 \\
& 3,914 \\
& 3,921 \\
& 3,929
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,400 \\
& 31,450 \\
& 31,500 \\
& 31,550
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,450 \\
& 31,500 \\
& 31,550 \\
& 31,600
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,594 \\
& 4,606 \\
& 4,619 \\
& 4,631
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,594 \\
& 4,606 \\
& 4,619 \\
& 4,631
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 22,600 \\
& 22,650 \\
& 22,700 \\
& 22,750
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 22,650 \\
& 22,700 \\
& 22,750 \\
& 22,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,036 \\
& 3,044 \\
& 3,051 \\
& 3,059
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,036 \\
& 3,044 \\
& 3,051 \\
& 3,059
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,600 \\
& 25,650 \\
& 25,700 \\
& 25,750
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,650 \\
& 25,700 \\
& 25,750 \\
& 25,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,486 \\
& 3,494 \\
& 3,501 \\
& 3,509
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,486 \\
& 3,494 \\
& 3,501 \\
& 3,509
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
28,600 \\
28,650 \\
28,700 \\
28,750
\end{array}
$$

\] \& \[

$$
\begin{array}{r}
28,650 \\
28,700 \\
28,750 \\
28,800
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 3,936 \\
& 3,944 \\
& 3,951 \\
& 3,959
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,936 \\
& 3,944 \\
& 3,951 \\
& 3,959
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,600 \\
& 31,650 \\
& 31,700 \\
& 31,750
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,650 \\
& 31,700 \\
& 31,750 \\
& 31,800
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,644 \\
& 4,656 \\
& 4,669 \\
& 4,681
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,644 \\
& 4,656 \\
& 4,669 \\
& 4,681
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 22,800 \\
& 22,850 \\
& 2,900 \\
& 22,950
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 22,850 \\
& 22,900 \\
& 22,950 \\
& 23,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,066 \\
& 3,074 \\
& 3,081 \\
& 3,089
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,066 \\
& 3,074 \\
& 3,081 \\
& 3,089
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,800 \\
& 25,850 \\
& 25,900 \\
& 25,950
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 25,850 \\
& 25,900 \\
& 25,950 \\
& 26,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,516 \\
& 3,524 \\
& 3,531 \\
& 3,539
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,516 \\
& 3,524 \\
& 3,531 \\
& 3,539
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,800 \\
& 288,850 \\
& 28,900 \\
& 28,950
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 28,850 \\
& 28,900 \\
& 28,950 \\
& 29,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,966 \\
& 3,974 \\
& 3,981 \\
& 3,989
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,966 \\
& 3,974 \\
& 3,981 \\
& 3,989
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,800 \\
& 31,850 \\
& 31,900 \\
& 31,950
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 31,850 \\
& 331,900 \\
& 31,950 \\
& 32,000
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,694 \\
& 4,706 \\
& 4,719 \\
& 4,731
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,694 \\
& 4,706 \\
& 4,719 \\
& 4,731
\end{aligned}
$$
\] <br>

\hline \multicolumn{4}{|l|}{23,000} \& \multicolumn{4}{|l|}{26,000} \& \multicolumn{4}{|l|}{29,000} \& \multicolumn{4}{|l|}{32,000} <br>

\hline $$
\begin{aligned}
& 23,000 \\
& 23,050 \\
& 23,100 \\
& 23,150
\end{aligned}
$$ \& \[

$$
\begin{aligned}
& 23,050 \\
& 23,100 \\
& 23,150 \\
& 23,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,096 \\
& 3,04 \\
& 3,111 \\
& 3,119
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,096 \\
& 3,104 \\
& 3,111 \\
& 3,119
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 26,000 \\
& 26,050 \\
& 26,100 \\
& 26,150
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 26,050 \\
& 26,100 \\
& 26,150 \\
& 26,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,546 \\
& 3,554 \\
& 3,561 \\
& 3,569
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,546 \\
& 3,554 \\
& 3,561 \\
& 3,569
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
29,000 \\
29,000 \\
29,100 \\
29,150
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 29,050 \\
& 29,100 \\
& 29,150 \\
& 29,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,996 \\
& 4,006 \\
& 4,019 \\
& 4,031
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,996 \\
& 4,006 \\
& 4,019 \\
& 4,031
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 32,000 \\
& 32,000 \\
& 32,100 \\
& 32,150
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 32,050 \\
& 32,100 \\
& 32,150 \\
& 32,200
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,744 \\
& 4,756 \\
& 4,769 \\
& 4,781
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 4,744 \\
& 4,756 \\
& 4,769 \\
& 4,781
\end{aligned}
$$
\] <br>

\hline $$
\begin{aligned}
& 23,200 \\
& 23,200 \\
& 23,300 \\
& 23,350
\end{aligned}
$$ \& \[

$$
\begin{array}{r}
23,250 \\
23,300 \\
23,350 \\
23,400
\end{array}
$$

\] \& \[

$$
\begin{aligned}
& 3,126 \\
& 3,134 \\
& 3,141 \\
& 3,149
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,126 \\
& 3,134 \\
& 3,41 \\
& 3,149
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 26,200 \\
& 26,500 \\
& 26,300 \\
& 26,350
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 26,250 \\
& 26,300 \\
& 26,350 \\
& 26,400
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,576 \\
& 3,584 \\
& 3,591 \\
& 3,599
\end{aligned}
$$

\] \& \[

$$
\begin{aligned}
& 3,576 \\
& 3,584 \\
& 3,591 \\
& 3,599
\end{aligned}
$$

\] \& \[

$$
\begin{array}{r}
29,200 \\
29,200 \\
29,300 \\
29,350
\end{array}
$$

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\begin{aligned}
& 29,250 \\
& 29,300 \\
& 29,350 \\
& 29,400
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& 4,044 \\
& 4,056 \\
& 4,069 \\
& 4,081
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& 4,044 \\
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& 32,200 \\
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& 32,250 \\
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& 32,400
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\begin{aligned}
& 4,794 \\
& 4,806 \\
& 4,819 \\
& 4,831
\end{aligned}
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& 4,794 \\
& 4,806 \\
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& 23,400 \\
& 23,450 \\
& 23,500 \\
& 23,550
\end{aligned}
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& 23,450 \\
& 23,500 \\
& 23,550 \\
& 23,600
\end{aligned}
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\begin{aligned}
& 3,156 \\
& 3,164 \\
& 3,171 \\
& 3,179
\end{aligned}
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\begin{aligned}
& 3,156 \\
& 3,164 \\
& 3,71 \\
& 3,179
\end{aligned}
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\begin{aligned}
& 26,400 \\
& 26,450 \\
& 26,500 \\
& 26,550
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& 26,450 \\
& 26,500 \\
& 26,550 \\
& 26,600
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& 3,606 \\
& 3,614 \\
& 3,621 \\
& 3,629
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& 4,094 \\
& 4,106 \\
& 4,119 \\
& 4,131
\end{aligned}
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& 4,094 \\
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& 4,844 \\
& 4,856 \\
& 4,869 \\
& 4,881
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& 4,844 \\
& 4,856 \\
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\begin{aligned}
& 23,600 \\
& 23,650 \\
& 23,700 \\
& 23,750
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23,650 \\
23,700 \\
23,750 \\
23,800
\end{array}
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\begin{aligned}
& 3,186 \\
& 3,194 \\
& 3,201 \\
& 3,209
\end{aligned}
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\begin{aligned}
& 3,186 \\
& 3,194 \\
& 3,201 \\
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\end{aligned}
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& 26,600 \\
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& 26,700 \\
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& 26,650 \\
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& 26,750 \\
& 26,800
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\begin{aligned}
& 3,636 \\
& 3,644 \\
& 3,651 \\
& 3,659
\end{aligned}
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& 3,636 \\
& 3,644 \\
& 3,651 \\
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& 29,650 \\
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& 29,750 \\
& 29,800
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\begin{aligned}
& 4,144 \\
& 4,156 \\
& 4,169 \\
& 4,181
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& 4,144 \\
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& 4,894 \\
& 4,906 \\
& 4,919 \\
& 4,931
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& 4,894 \\
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\begin{array}{r}
23,800 \\
23,850 \\
23,900 \\
23,950
\end{array}
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\begin{aligned}
& 23,850 \\
& 23,900 \\
& 23,950 \\
& 24,000
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\begin{aligned}
& 3,216 \\
& 3,224 \\
& 3,231 \\
& 3,239
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\begin{aligned}
& 3,216 \\
& 3,224 \\
& 3,231 \\
& 3,239
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\begin{aligned}
& 26,800 \\
& 26,500 \\
& 26,900 \\
& 26,950
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\begin{aligned}
& 26,850 \\
& 26,900 \\
& 26,950 \\
& 27,000
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\begin{aligned}
& 3,666 \\
& 3,674 \\
& 3,681 \\
& 3,689
\end{aligned}
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\begin{aligned}
& 3,666 \\
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29,900 \\
29,950
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& 29,900 \\
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& 30,000
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& 4,194 \\
& 4,206 \\
& 4,219 \\
& 4,231
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\begin{aligned}
& 4,944 \\
& 4,956 \\
& 4,969 \\
& 4,981
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& 4,944 \\
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\end{tabular}

| If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | $\begin{aligned} & \text { If Form } \\ & \text { 1040NR-EZ, } \\ & \text { line 14, is- } \end{aligned}$ |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { lean } \end{aligned}$ | Single <br> Your | Married filing separately <br> ax is- | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\left\lvert\, \begin{aligned} & \text { At } \\ & \text { least } \end{aligned}\right.$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- |
| 33,000 |  |  |  | 36,000 |  |  |  | 39,000 |  |  |  | 42,000 |  |  |  |
| $\begin{aligned} & 33,000 \\ & 33,050 \\ & 33,100 \\ & 33,150 \end{aligned}$ | $\begin{aligned} & 33,050 \\ & 33,100 \\ & 33,150 \\ & 33,200 \end{aligned}$ | $\begin{aligned} & 4,994 \\ & 5,006 \\ & 5,019 \\ & 5,031 \end{aligned}$ | $\begin{aligned} & 4,994 \\ & 5,006 \\ & 5,019 \\ & 5,031 \end{aligned}$ | $\begin{aligned} & 36,000 \\ & 36,050 \\ & 36,100 \\ & 36,150 \end{aligned}$ | 36,050 36,100 36,150 36,200 | $\begin{aligned} & 5,744 \\ & 5,756 \\ & 5,769 \\ & 5,781 \end{aligned}$ | $\begin{aligned} & 5,744 \\ & 5,756 \\ & 5,769 \\ & 5,781 \\ & 5,701 \end{aligned}$ | $\begin{aligned} & 39,000 \\ & 39,050 \\ & 39,100 \\ & 39,150 \end{aligned}$ | 39,050 <br> 39,100 <br> 39,200 | $\begin{aligned} & 6,494 \\ & 6,506 \\ & 6,519 \\ & 6,531 \end{aligned}$ | $\begin{aligned} & 6,494 \\ & 6,506 \\ & 6,519 \\ & 6,531 \end{aligned}$ | 42,000 42,050 42,100 42,150 | $\begin{aligned} & 42,050 \\ & 42,100 \\ & 42,150 \\ & 42,200 \end{aligned}$ | $\begin{aligned} & 7,244 \\ & 7,256 \\ & 7,269 \\ & 7,281 \end{aligned}$ | $\begin{aligned} & 7,244 \\ & 7,256 \\ & 7,269 \\ & 7,281 \end{aligned}$ |
| $\begin{aligned} & 33,200 \\ & 33,250 \\ & 33,300 \\ & 33,350 \end{aligned}$ | $\begin{aligned} & 33,250 \\ & 3,200 \\ & 33,350 \\ & 33,400 \end{aligned}$ | $\begin{aligned} & 5,044 \\ & 5,056 \\ & 5,069 \\ & 5,081 \end{aligned}$ | $\begin{aligned} & 5,044 \\ & 5,056 \\ & 5,069 \\ & 5,081 \end{aligned}$ | $\begin{aligned} & 36,200 \\ & 36,520 \\ & 36,300 \\ & 36,350 \end{aligned}$ | $\begin{aligned} & 36,250 \\ & 36,300 \\ & 36,350 \\ & 36,400 \end{aligned}$ | $\begin{aligned} & 5,794 \\ & 5,806 \\ & 5,819 \\ & 5,831 \end{aligned}$ | $\begin{aligned} & 5,794 \\ & 5,806 \\ & 5,819 \\ & 5,831 \end{aligned}$ | $\begin{aligned} & 39,200 \\ & 39,250 \\ & 39,300 \\ & 39,350 \end{aligned}$ | $\begin{aligned} & 39,250 \\ & 39,300 \\ & 39,350 \\ & 39,400 \end{aligned}$ | $\begin{aligned} & 6,544 \\ & 6,556 \\ & 6,569 \\ & 6,581 \end{aligned}$ | $\begin{aligned} & 6,544 \\ & 6,556 \\ & 6,569 \\ & 6,581 \end{aligned}$ | $\begin{aligned} & 42,200 \\ & 42,250 \\ & 42,300 \\ & 42,350 \end{aligned}$ | $\begin{aligned} & 42,250 \\ & 42,300 \\ & 42,350 \\ & 42,400 \end{aligned}$ | $\begin{aligned} & 7,294 \\ & 7,306 \\ & 7,319 \\ & 7,331 \end{aligned}$ | $\begin{aligned} & 7,294 \\ & 7,306 \\ & 7,319 \\ & 7,331 \end{aligned}$ |
| $\begin{aligned} & 33,400 \\ & 33,450 \\ & 33,500 \\ & 33,550 \end{aligned}$ | $\begin{aligned} & 33,450 \\ & 3,500 \\ & 33,550 \\ & 33,600 \end{aligned}$ | $\begin{aligned} & 5,094 \\ & 5,106 \\ & 5,119 \\ & 5,131 \end{aligned}$ | $\begin{aligned} & 5,094 \\ & 5,106 \\ & 5,119 \\ & 5,131 \end{aligned}$ | $\begin{aligned} & 36,400 \\ & 36,450 \\ & 36,500 \\ & 36,550 \end{aligned}$ | $\begin{aligned} & 36,450 \\ & 36,500 \\ & 36,550 \\ & 36,600 \end{aligned}$ | $\begin{aligned} & 5,844 \\ & 5,856 \\ & 5,869 \\ & 5,881 \end{aligned}$ | $\begin{aligned} & 5,844 \\ & 5,856 \\ & 5,869 \\ & 5,881 \end{aligned}$ | $\begin{aligned} & 39,400 \\ & 39,450 \\ & 39,500 \\ & 39,550 \end{aligned}$ | 39,450 39,500 39,600 | $\begin{aligned} & 6,594 \\ & 6,606 \\ & 6,619 \\ & 6,631 \end{aligned}$ | $\begin{aligned} & 6,594 \\ & 6,606 \\ & 6,619 \\ & 6,631 \end{aligned}$ | $\begin{aligned} & 42,400 \\ & 42,450 \\ & 42,500 \\ & 42,550 \end{aligned}$ | $\begin{aligned} & 42,450 \\ & 42,500 \\ & 42,550 \\ & 42,600 \end{aligned}$ | $\begin{aligned} & 7,344 \\ & 7,356 \\ & 7,369 \\ & 7,381 \end{aligned}$ | $\begin{aligned} & 7,344 \\ & 7,356 \\ & 7,369 \\ & 7,381 \end{aligned}$ |
|  | $\begin{aligned} & 33,650 \\ & 33,700 \\ & 33,750 \\ & 33,800 \end{aligned}$ | $\begin{aligned} & 5,144 \\ & 5,156 \\ & 5,169 \\ & 5,181 \end{aligned}$ | 5,144 5,156 5,169 5,181 | $\begin{aligned} & 36,600 \\ & 36,650 \\ & 36,700 \\ & 36,750 \end{aligned}$ | $\begin{aligned} & 36,650 \\ & 36,700 \\ & 36,750 \\ & 36,800 \end{aligned}$ | $\begin{aligned} & 5,894 \\ & 5,906 \\ & 5,919 \\ & 5,931 \end{aligned}$ | 5,894 5,906 5,919 5,931 | 39,600 399650 39,700 39,750 | 39,650 39,700 39,750 39,800 | $\begin{aligned} & 6,644 \\ & 6,656 \\ & 6,669 \\ & 6,681 \end{aligned}$ | $\begin{aligned} & 6,644 \\ & 6,656 \\ & 6,669 \\ & 6,681 \end{aligned}$ | 42,600 42,650 42,700 42,750 | $\begin{aligned} & 42,650 \\ & 42,700 \\ & 42,750 \\ & 42,800 \end{aligned}$ | $\begin{aligned} & 7,394 \\ & 7,406 \\ & 7,419 \\ & 7,431 \end{aligned}$ | $\begin{aligned} & 7,394 \\ & 7,406 \\ & 7,419 \\ & 7,431 \end{aligned}$ |
| $\begin{aligned} & 33,800 \\ & 33,500 \\ & 33,900 \\ & 33,950 \end{aligned}$ | $\begin{aligned} & 33,850 \\ & 33,900 \\ & 33,950 \\ & 34,000 \end{aligned}$ | $\begin{aligned} & 5,194 \\ & 5,106 \\ & 5,219 \\ & 5,231 \end{aligned}$ | $\begin{aligned} & 5,194 \\ & 5,206 \\ & 5,219 \\ & 5,231 \end{aligned}$ | $\begin{aligned} & 36,800 \\ & 36,500 \\ & 36,900 \\ & 36,950 \end{aligned}$ | $\begin{aligned} & 36,850 \\ & 36,900 \\ & 36,950 \\ & 37,000 \end{aligned}$ | 5,944 5,956 5,969 5,981 | 5,944 5,956 5,969 5,981 | $\begin{aligned} & 39,800 \\ & 39,580 \\ & 39,900 \\ & 39,950 \end{aligned}$ | $\begin{aligned} & 39,850 \\ & 39,900 \\ & 39,950 \\ & 40,000 \end{aligned}$ | $\begin{aligned} & 6,694 \\ & 6,706 \\ & 6,719 \\ & 6,731 \end{aligned}$ | $\begin{aligned} & 6,694 \\ & 6,706 \\ & 6,719 \\ & 6,731 \end{aligned}$ | $\begin{aligned} & 42,800 \\ & 42,850 \\ & 42,900 \\ & 42,950 \end{aligned}$ | $\begin{aligned} & 42,850 \\ & 42,900 \\ & 42,950 \\ & 43,000 \end{aligned}$ | $\begin{aligned} & 7,444 \\ & 7,456 \\ & 7,469 \\ & 7,481 \end{aligned}$ | 7,444 7,456 7,469 7,481 |
| 34,000 |  |  |  | 37,000 |  |  |  | 40,000 |  |  |  | 43,000 |  |  |  |
| $\begin{aligned} & 34,000 \\ & 34,050 \\ & 34,100 \\ & 34,150 \end{aligned}$ | $\begin{aligned} & 34,050 \\ & 34,100 \\ & 34,150 \\ & 34,200 \end{aligned}$ | $\begin{aligned} & 5,244 \\ & 5,256 \\ & 5,269 \\ & 5,281 \end{aligned}$ | 5,244 5,256 5,269 5,281 | 37,000 37,050 37,100 37,150 | $\begin{aligned} & 37,050 \\ & 37,100 \\ & 37,150 \\ & 37,200 \end{aligned}$ | $\begin{aligned} & 5,994 \\ & 6,006 \\ & 6,019 \\ & 6,031 \end{aligned}$ | 5,994 6,006 6,019 6,031 | 40,000 40,050 40,100 40,150 | $\begin{aligned} & 40,050 \\ & 40,100 \\ & 40,150 \\ & 40,200 \end{aligned}$ | $\begin{aligned} & 6,744 \\ & 6,756 \\ & 6,769 \\ & 6,781 \end{aligned}$ | $\begin{aligned} & 6,744 \\ & 6,756 \\ & 6,769 \\ & 6,781 \end{aligned}$ | $\begin{aligned} & 43,000 \\ & 43,000 \\ & 43,100 \\ & 43,150 \end{aligned}$ | $\begin{aligned} & 43,050 \\ & 43,100 \\ & 43,150 \\ & 43,200 \end{aligned}$ | $\begin{aligned} & 7,494 \\ & 7,506 \\ & 7,519 \\ & 7,531 \end{aligned}$ | $\begin{aligned} & 7,494 \\ & 7,506 \\ & 7,519 \\ & 7,531 \end{aligned}$ |
| $\begin{aligned} & 34,200 \\ & 34,250 \\ & 34,300 \\ & 34,350 \end{aligned}$ | $\begin{aligned} & 34,250 \\ & 34,300 \\ & 34,350 \\ & 34,400 \end{aligned}$ | $\begin{aligned} & 5,294 \\ & 5,306 \\ & 5,319 \\ & 5,331 \end{aligned}$ | $\begin{aligned} & 5,294 \\ & 5,306 \\ & 5,319 \\ & 5,331 \end{aligned}$ | $\begin{aligned} & 37,200 \\ & 37,500 \\ & 37,300 \\ & 37,350 \end{aligned}$ | $\begin{aligned} & 37,250 \\ & 37,300 \\ & 37,350 \\ & 37,500 \end{aligned}$ | $\begin{aligned} & 6,044 \\ & 6,056 \\ & 6,069 \\ & 6,081 \end{aligned}$ | $\begin{aligned} & 6,044 \\ & 6,056 \\ & 6,069 \\ & 6,081 \end{aligned}$ | $\begin{aligned} & 40,200 \\ & 40,250 \\ & 40,300 \\ & 40,350 \end{aligned}$ | $\begin{aligned} & 40,250 \\ & 40,300 \\ & 40,350 \\ & 40,400 \end{aligned}$ | $\begin{aligned} & 6,794 \\ & 6,806 \\ & 6,819 \\ & 6,831 \end{aligned}$ | $\begin{aligned} & 6,794 \\ & 6,806 \\ & 6,819 \\ & 6,831 \end{aligned}$ | $\begin{aligned} & 43,200 \\ & 43,250 \\ & 43,300 \\ & 43,350 \end{aligned}$ | $\begin{aligned} & 43,250 \\ & 43,300 \\ & 43,350 \\ & 43,400 \end{aligned}$ | $\begin{aligned} & 7,544 \\ & 7,556 \\ & 7,569 \\ & 7,581 \end{aligned}$ | $\begin{aligned} & 7,544 \\ & 7,556 \\ & 7,569 \\ & 7,581 \end{aligned}$ |
| $\begin{aligned} & 34,400 \\ & 34,450 \\ & 34,500 \\ & 34,550 \end{aligned}$ | $\begin{aligned} & 34,450 \\ & 34,500 \\ & 34,550 \\ & 34,600 \end{aligned}$ | $\begin{aligned} & 5,344 \\ & 5,356 \\ & 5,369 \\ & 5,381 \end{aligned}$ | 5,344 5,356 5,369 5,381 | $\begin{aligned} & 37,400 \\ & 37,450 \\ & 37,500 \\ & 37,550 \end{aligned}$ | $\begin{aligned} & 37,450 \\ & 37,500 \\ & 37,550 \\ & 37,600 \end{aligned}$ | $\begin{aligned} & 6,094 \\ & 6,106 \\ & 6,119 \\ & 6,131 \end{aligned}$ | $\begin{aligned} & 6,094 \\ & 6,106 \\ & 6,119 \\ & 6,131 \end{aligned}$ | $\begin{aligned} & 40,400 \\ & 40,450 \\ & 40,500 \\ & 40,550 \end{aligned}$ | $\begin{aligned} & 40,450 \\ & 40,500 \\ & 40,550 \\ & 40,600 \end{aligned}$ | $\begin{aligned} & 6,844 \\ & 6,856 \\ & 6,869 \\ & 6,881 \end{aligned}$ | $\begin{aligned} & 6,844 \\ & 6,856 \\ & 6,869 \\ & 6,881 \end{aligned}$ | $\begin{aligned} & 43,400 \\ & 43,450 \\ & 43,50 \\ & 43,550 \end{aligned}$ | $\begin{aligned} & 43,450 \\ & 43,500 \\ & 43,550 \\ & 43,600 \end{aligned}$ | $\begin{aligned} & 7,594 \\ & 7,606 \\ & 7,619 \\ & 7,631 \end{aligned}$ | $\begin{aligned} & 7,594 \\ & 7,606 \\ & 7,619 \\ & 7,631 \end{aligned}$ |
| $\begin{aligned} & 34,600 \\ & 34,650 \\ & 34,700 \\ & 34,750 \end{aligned}$ | $\begin{aligned} & 34,650 \\ & 34,700 \\ & 34,750 \\ & 34,800 \end{aligned}$ | $\begin{aligned} & 5,394 \\ & 5,406 \\ & 5,419 \\ & 5,431 \end{aligned}$ | 5,394 5,406 5,419 5,431 | $\begin{aligned} & 37,600 \\ & 37,650 \\ & 37,700 \\ & 37,750 \end{aligned}$ | $\begin{aligned} & 37,650 \\ & 37,700 \\ & 37,750 \\ & 37,800 \end{aligned}$ | $\begin{aligned} & 6,144 \\ & 6,156 \\ & 6,169 \\ & 6,181 \end{aligned}$ | $\begin{aligned} & 6,144 \\ & 6,156 \\ & 6,169 \\ & 6,181 \end{aligned}$ | $\begin{aligned} & 40,600 \\ & 40,650 \\ & 40,700 \\ & 40,750 \end{aligned}$ | $\begin{aligned} & 40,650 \\ & 40,700 \\ & 40,750 \\ & 40,800 \end{aligned}$ | $\begin{aligned} & 6,894 \\ & 6,906 \\ & 6,919 \\ & 6,931 \end{aligned}$ | $\begin{aligned} & 6,894 \\ & 6,906 \\ & 6,919 \\ & 6,931 \end{aligned}$ | $\begin{aligned} & 43,600 \\ & 43,650 \\ & 43,700 \\ & 43,750 \end{aligned}$ | $\begin{aligned} & 43,650 \\ & 43,700 \\ & 43,750 \\ & 43,800 \end{aligned}$ | $\begin{aligned} & 7,644 \\ & 7,656 \\ & 7,669 \\ & 7,681 \end{aligned}$ | $\begin{aligned} & 7,644 \\ & 7,656 \\ & 7,669 \\ & 7,681 \end{aligned}$ |
| $\begin{aligned} & 34,800 \\ & 34,850 \\ & 34,900 \\ & 34,950 \end{aligned}$ | $\begin{aligned} & 34,850 \\ & 34,900 \\ & 34,950 \\ & 35,500 \end{aligned}$ | $\begin{aligned} & 5,444 \\ & 5,456 \\ & 5,469 \\ & 5,481 \end{aligned}$ | 5,444 5,456 5,469 5,481 | $\begin{aligned} & 37,800 \\ & 37,850 \\ & 37,900 \\ & 37,950 \end{aligned}$ | $\begin{aligned} & 37,850 \\ & 37,900 \\ & 37,950 \\ & 38,000 \end{aligned}$ | $\begin{aligned} & 6,194 \\ & 6,206 \\ & 6,219 \\ & 6,231 \end{aligned}$ | $\begin{aligned} & 6,194 \\ & 6,206 \\ & 6,219 \\ & 6,231 \end{aligned}$ | $\begin{aligned} & 40,800 \\ & 40,850 \\ & 40,900 \\ & 40,950 \end{aligned}$ | $\begin{aligned} & 40,850 \\ & 40,900 \\ & 40,950 \\ & 41,500 \end{aligned}$ | $\begin{aligned} & 6,944 \\ & 6,956 \\ & 6,969 \\ & 6,981 \end{aligned}$ | $\begin{aligned} & 6,944 \\ & 6,956 \\ & 6,969 \\ & 6,981 \end{aligned}$ | $\begin{aligned} & 43,800 \\ & 43,850 \\ & 43,900 \\ & 43,950 \end{aligned}$ | $\begin{aligned} & 43,850 \\ & 43,900 \\ & 43,950 \\ & 44,000 \end{aligned}$ | $\begin{aligned} & 7,694 \\ & 7,706 \\ & 7,719 \\ & 7,731 \end{aligned}$ | $\begin{aligned} & 7,694 \\ & 7,706 \\ & 7,719 \\ & 7,731 \end{aligned}$ |
| 35,000 |  |  |  | 38,000 |  |  |  | 41,000 |  |  |  | 44,000 |  |  |  |
| $\begin{aligned} & 35,000 \\ & 35,5000 \\ & 35,100 \\ & 35,150 \end{aligned}$ | $\begin{aligned} & 35,050 \\ & 35,100 \\ & 35,150 \\ & 35,200 \end{aligned}$ | $\begin{aligned} & 5,494 \\ & 5,506 \\ & 5,519 \\ & 5,531 \end{aligned}$ | $\begin{aligned} & 5,494 \\ & 5,506 \\ & 5,519 \\ & 5,531 \end{aligned}$ | $\begin{aligned} & 38,000 \\ & 38,500 \\ & 38,100 \\ & 38,150 \end{aligned}$ | $\begin{aligned} & 38,050 \\ & 38,100 \\ & 38,150 \\ & 38,200 \end{aligned}$ | $\begin{aligned} & 6,244 \\ & 6,256 \\ & 6,269 \\ & 6,281 \end{aligned}$ | $\begin{aligned} & 6,244 \\ & 6,256 \\ & 6,269 \\ & 6,281 \end{aligned}$ | $\begin{aligned} & 41,000 \\ & 41,050 \\ & 41,100 \\ & 41,150 \end{aligned}$ | $\begin{aligned} & 41,050 \\ & 41,100 \\ & 41,150 \\ & 41,200 \end{aligned}$ | $\begin{aligned} & 6,994 \\ & 7,006 \\ & 7,019 \\ & 7,031 \end{aligned}$ | $\begin{aligned} & 6,994 \\ & 7,006 \\ & 7,019 \\ & 7,031 \end{aligned}$ | $\begin{aligned} & 44,000 \\ & 44,000 \\ & 44,100 \\ & 44,150 \end{aligned}$ | $\begin{aligned} & 44,050 \\ & 44,100 \\ & 44,150 \\ & 44,200 \end{aligned}$ | $\begin{aligned} & 7,744 \\ & 7,756 \\ & 7,769 \\ & 7,781 \end{aligned}$ | $\begin{aligned} & 7,744 \\ & 7,756 \\ & 7,769 \\ & 7,781 \end{aligned}$ |
| $\begin{aligned} & 35,200 \\ & 35,520 \\ & 35,300 \\ & 35,350 \end{aligned}$ | $\begin{aligned} & 35,250 \\ & 35,300 \\ & 35,350 \\ & 35,400 \end{aligned}$ | $\begin{aligned} & 5,544 \\ & 5,556 \\ & 5,569 \\ & 5,581 \end{aligned}$ | $\begin{aligned} & 5,544 \\ & 5,556 \\ & 5,569 \\ & 5,581 \end{aligned}$ | $\begin{aligned} & 38,200 \\ & 38,500 \\ & 38,300 \\ & 38,350 \end{aligned}$ | $\begin{aligned} & 38,250 \\ & 38,300 \\ & 38,350 \\ & 38,400 \end{aligned}$ | $\begin{aligned} & 6,294 \\ & 6,306 \\ & 6,319 \\ & 6,331 \end{aligned}$ | $\begin{aligned} & 6,294 \\ & 6,306 \\ & 6,319 \\ & 6,331 \end{aligned}$ | $\begin{aligned} & 41,200 \\ & 41,250 \\ & 11,300 \\ & 41,350 \end{aligned}$ | $\begin{aligned} & 41,250 \\ & 41,300 \\ & 41,350 \\ & 41,400 \end{aligned}$ | $\begin{aligned} & 7,044 \\ & 7,056 \\ & 7,069 \\ & 7,081 \end{aligned}$ | $\begin{aligned} & 7,044 \\ & 7,056 \\ & 7,069 \\ & 7,081 \end{aligned}$ | $\begin{aligned} & 44,200 \\ & 44,250 \\ & 44,300 \\ & 44,350 \end{aligned}$ | $\begin{aligned} & 44,250 \\ & 44,300 \\ & 44,350 \\ & 44,400 \end{aligned}$ | $\begin{aligned} & 7,794 \\ & 7,806 \\ & 7,819 \\ & 7,831 \end{aligned}$ | $\begin{aligned} & 7,794 \\ & 7,806 \\ & 7,819 \\ & 7,831 \end{aligned}$ |
| $\begin{aligned} & 35,400 \\ & 35,450 \\ & 35,50 \\ & 35,550 \end{aligned}$ | $\begin{aligned} & 35,450 \\ & 35,500 \\ & 35,550 \\ & 35,600 \end{aligned}$ | $\begin{aligned} & 5,594 \\ & 5,606 \\ & 5,619 \\ & 5,631 \end{aligned}$ | $\begin{aligned} & 5,594 \\ & 5,606 \\ & 5,619 \\ & 5,631 \end{aligned}$ | $\begin{aligned} & 38,400 \\ & 38,450 \\ & 38,500 \\ & 38,550 \end{aligned}$ | $\begin{aligned} & 38,450 \\ & 38,500 \\ & 38,550 \\ & 38,600 \end{aligned}$ | $\begin{aligned} & 6,344 \\ & 6,356 \\ & 6,369 \\ & 6,381 \end{aligned}$ | $\begin{aligned} & 6,344 \\ & 6,356 \\ & 6,369 \\ & 6,381 \end{aligned}$ | $\begin{aligned} & 41,400 \\ & 41,450 \\ & 11,500 \\ & 41,550 \end{aligned}$ | $\begin{aligned} & 41,450 \\ & 41,500 \\ & 41,550 \\ & 41,600 \end{aligned}$ | $\begin{aligned} & 7,094 \\ & 7,106 \\ & 7,119 \\ & 7,131 \end{aligned}$ | $\begin{aligned} & 7,094 \\ & 7,106 \\ & 7,119 \\ & 7,131 \end{aligned}$ | $\begin{aligned} & 44,400 \\ & 44,450 \\ & 44,500 \\ & 44,550 \end{aligned}$ | $\begin{aligned} & 44,450 \\ & 44,500 \\ & 44,550 \\ & 44,600 \end{aligned}$ | $\begin{aligned} & 7,844 \\ & 7,856 \\ & 7,869 \\ & 7,881 \end{aligned}$ | $\begin{aligned} & 7,844 \\ & 7,856 \\ & 7,869 \\ & 7,881 \end{aligned}$ |
| $\begin{aligned} & 35,600 \\ & 35,650 \\ & 35,700 \\ & 35,750 \end{aligned}$ | $\begin{aligned} & 35,650 \\ & 35,700 \\ & 35,750 \\ & 35,800 \end{aligned}$ | $\begin{aligned} & 5,644 \\ & 5,656 \\ & 5,669 \\ & 5,681 \end{aligned}$ | $\begin{aligned} & 5,644 \\ & 5,656 \\ & 5,669 \\ & 5,681 \end{aligned}$ | $\begin{aligned} & 38,600 \\ & 38,650 \\ & 38,700 \\ & 38,750 \end{aligned}$ | $\begin{aligned} & 38,650 \\ & 38,700 \\ & 38,750 \\ & 38,800 \end{aligned}$ | $\begin{aligned} & 6,394 \\ & 6,406 \\ & 6,419 \\ & 6,431 \end{aligned}$ | $\begin{aligned} & 6,394 \\ & 6,406 \\ & 6,419 \\ & 6,431 \end{aligned}$ | $\begin{aligned} & 41,600 \\ & 41,650 \\ & 41,700 \\ & 41,750 \end{aligned}$ | $\begin{aligned} & 41,650 \\ & 41,700 \\ & 41,750 \\ & 41,800 \end{aligned}$ | $\begin{aligned} & 7,144 \\ & 7,156 \\ & 7,169 \\ & 7,181 \end{aligned}$ | $\begin{aligned} & 7,144 \\ & 7,156 \\ & 7,169 \\ & 7,181 \end{aligned}$ | $\begin{aligned} & 44,600 \\ & 44,650 \\ & 44,700 \\ & 44,750 \end{aligned}$ | $\begin{aligned} & 44,650 \\ & 44,700 \\ & 44,750 \\ & 44,800 \end{aligned}$ | $\begin{aligned} & 7,894 \\ & 7,906 \\ & 7,919 \\ & 7,931 \end{aligned}$ | $\begin{aligned} & 7,894 \\ & 7,906 \\ & 7,919 \\ & 7,931 \end{aligned}$ |
| 35,800 35,850 35,900 35,950 | $\begin{aligned} & 35,850 \\ & 35,900 \\ & 35,950 \\ & 36,000 \end{aligned}$ | $\begin{aligned} & 5,694 \\ & 5,706 \\ & 5,719 \\ & 5,731 \end{aligned}$ | $\begin{aligned} & 5,694 \\ & 5,706 \\ & 5,719 \\ & 5,731 \end{aligned}$ | $\begin{aligned} & 38,800 \\ & 38,550 \\ & 38,900 \\ & 38,950 \end{aligned}$ | $\begin{aligned} & 38,850 \\ & 38,900 \\ & 38,950 \\ & 39,000 \end{aligned}$ | $\begin{aligned} & 6,444 \\ & 6,456 \\ & 6,469 \\ & 6,481 \end{aligned}$ | $\begin{aligned} & 6,444 \\ & 6,456 \\ & 6,469 \\ & 6,481 \end{aligned}$ | $\begin{aligned} & 41,800 \\ & 41,850 \\ & 41,900 \\ & 41,950 \end{aligned}$ | $\begin{aligned} & 41,850 \\ & 41,900 \\ & 41,950 \\ & 42,000 \end{aligned}$ | $\begin{aligned} & 7,194 \\ & 7,206 \\ & 7,219 \\ & 7,231 \end{aligned}$ | $\begin{aligned} & 7,194 \\ & 7,206 \\ & 7,219 \\ & 7,231 \end{aligned}$ | $\begin{aligned} & 44,800 \\ & 44,850 \\ & 44,900 \\ & 44,950 \end{aligned}$ | $\begin{aligned} & 44,850 \\ & 44,900 \\ & 44,950 \\ & 45,000 \end{aligned}$ | $\begin{aligned} & 7,944 \\ & 7,956 \\ & 7,969 \\ & 7,981 \end{aligned}$ | $\begin{aligned} & 7,944 \\ & 7,956 \\ & 7,969 \\ & 7,981 \end{aligned}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | inued | ext page |


| $\begin{aligned} & \text { If Form } \\ & \text { 1040NR-EZ, } \\ & \text { line 14, is- } \end{aligned}$ |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> sepa- <br> rately | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | But less than | Single | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \end{aligned}$ | $\left\lvert\, \begin{array}{l\|l} \text { At } \\ \text { least } \end{array}\right.$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> sepa- <br> rately | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married <br> filing <br> sepa- <br> rately |
|  |  | Your | is- |  |  | Your tax | $x$ is- |  |  | Your tax | is |  |  | Your tax | ax is- |
| 45,000 |  |  |  | 48,000 |  |  |  | 51,000 |  |  |  | 54,000 |  |  |  |
| $\begin{aligned} & 45,000 \\ & 45,050 \\ & 45,100 \\ & 45,150 \end{aligned}$ | $\begin{aligned} & 45,050 \\ & 45,100 \\ & 45,150 \\ & 45,200 \end{aligned}$ | 7,994 8,006 8,019 8,031 | 7,994 8,006 8,019 8,031 | 48,000 48,050 48,100 48,150 | $\begin{aligned} & 48,050 \\ & 48,100 \\ & 48,150 \\ & 48,200 \end{aligned}$ | $\begin{aligned} & 8,744 \\ & 8,756 \\ & 8,769 \\ & 8,781 \end{aligned}$ | 8,744 8,756 8,769 8,781 | 51,000 51,050 51,100 51,150 | 51,050 <br> 51,150 <br> 51,200 | $\begin{aligned} & 9,494 \\ & 9,506 \\ & 9,519 \\ & 9,531 \end{aligned}$ | $\begin{aligned} & 9,494 \\ & 9,506 \\ & 9,519 \\ & 9,531 \end{aligned}$ | 54,000 54,050 54,100 54,150 | $\begin{aligned} & 54,050 \\ & 54,100 \\ & 54,150 \\ & 54,200 \end{aligned}$ | $\begin{aligned} & 10,244 \\ & 10,256 \\ & 10,269 \\ & 10,281 \end{aligned}$ | $\begin{aligned} & 10,244 \\ & 10,256 \\ & 10,269 \\ & 10,281 \end{aligned}$ |
| $\begin{aligned} & 45,200 \\ & 45,250 \\ & 45,300 \\ & 45,350 \end{aligned}$ | $\begin{aligned} & 45,250 \\ & 45,300 \\ & 45,350 \\ & 45,400 \end{aligned}$ | $\begin{aligned} & 8,044 \\ & 8,056 \\ & 8,069 \\ & 8,081 \end{aligned}$ | 8,044 8,056 8,069 8,081 | 48,200 48,250 48,300 48,350 | $\begin{aligned} & 48,250 \\ & 48,300 \\ & 48,350 \\ & 48,400 \end{aligned}$ | $\begin{aligned} & 8,794 \\ & 8,806 \\ & 8,819 \\ & 8,831 \end{aligned}$ | 8,794 8,806 8,819 8,831 | $\begin{aligned} & 51,200 \\ & 51,200 \\ & 51,300 \\ & 51,350 \end{aligned}$ | $\begin{aligned} & 51,250 \\ & 51,300 \\ & 51,350 \\ & 51,400 \end{aligned}$ | $\begin{aligned} & 9,544 \\ & 9,556 \\ & 9,569 \\ & 9,581 \end{aligned}$ | $\begin{aligned} & 9,544 \\ & 9,556 \\ & 9,569 \\ & 9,581 \end{aligned}$ | $\begin{aligned} & 54,200 \\ & 54,250 \\ & 54,300 \\ & 54,350 \end{aligned}$ | $\begin{aligned} & 54,250 \\ & 54,300 \\ & 54,350 \\ & 54,400 \end{aligned}$ | $\begin{aligned} & 10,294 \\ & 10,306 \\ & 10,319 \\ & 10,331 \end{aligned}$ | $\begin{aligned} & 10,29 \\ & 10,306 \\ & 10,319 \\ & 10,331 \end{aligned}$ |
| $\begin{aligned} & 45,400 \\ & 45,450 \\ & 45,500 \\ & 45,550 \end{aligned}$ | $\begin{aligned} & 45,450 \\ & 45,500 \\ & 45,50 \\ & 45,500 \end{aligned}$ | 8,094 8,106 8,19 8,131 | 8,094 8,106 8,119 8,131 | 48,400 48,450 48,500 48,550 | 48,450 48,500 48,600 | $\begin{aligned} & 8,844 \\ & 8,856 \\ & 8,869 \\ & 8,881 \end{aligned}$ | $\begin{aligned} & 8,844 \\ & 8,856 \\ & 8,869 \\ & 8,881 \end{aligned}$ | $\begin{aligned} & 51,400 \\ & 51,450 \\ & 51,500 \\ & 51,550 \end{aligned}$ | $\begin{aligned} & 51,450 \\ & 51,500 \\ & 51,550 \\ & 51,600 \end{aligned}$ | $\begin{aligned} & 9,594 \\ & 9,606 \\ & 9,619 \\ & 9,631 \end{aligned}$ | $\begin{aligned} & 9,594 \\ & 9,606 \\ & 9,619 \\ & 9,631 \end{aligned}$ | $\begin{aligned} & 54,400 \\ & 54,400 \\ & 54,500 \\ & 54,50 \end{aligned}$ | 54,450 54,500 54,550 $\qquad$ | $\begin{aligned} & 10,344 \\ & 10,356 \\ & 10,369 \\ & 10,381 \end{aligned}$ | $\begin{aligned} & 10,344 \\ & 10,356 \\ & 10,369 \\ & 10,381 \end{aligned}$ |
| $\begin{aligned} & 45,600 \\ & 45,650 \\ & 45,700 \\ & 45,750 \end{aligned}$ | 45,650 45,700 45,750 45,800 | $\begin{aligned} & 8,144 \\ & 8,156 \\ & 8,169 \\ & 8,181 \end{aligned}$ | $\begin{aligned} & 8,144 \\ & 8,156 \\ & 8,169 \\ & 8,181 \end{aligned}$ | $\begin{aligned} & 48,600 \\ & 48,650 \\ & 48,700 \\ & 48,750 \end{aligned}$ | 48,650 48,700 48,800 | $\begin{aligned} & 8,894 \\ & 8,906 \\ & 8,919 \\ & 8,931 \end{aligned}$ | $\begin{aligned} & 8,894 \\ & 8,906 \\ & 8,919 \\ & 8,931 \end{aligned}$ | $\begin{aligned} & 51,600 \\ & 51,650 \\ & 51,700 \\ & 51,750 \end{aligned}$ | 51,650 <br> 51,700 <br> 51,750 51,800 | $\begin{aligned} & 9,644 \\ & 9,656 \\ & 9,669 \\ & 9,681 \end{aligned}$ | $\begin{aligned} & 9,644 \\ & 9,656 \\ & 9,669 \\ & 9,681 \end{aligned}$ | 54,600 54,650 54,700 54,750 | $\begin{aligned} & 54,650 \\ & 54,700 \\ & 54,750 \\ & 54,800 \end{aligned}$ | $\begin{aligned} & 10,394 \\ & 10,406 \\ & 10,419 \\ & 10,431 \end{aligned}$ | $\begin{aligned} & 10,394 \\ & 10,406 \\ & 10,419 \\ & 10,431 \end{aligned}$ |
| 45,800 45,850 45,900 | $\begin{aligned} & 45,850 \\ & 45,900 \\ & 45,950 \end{aligned}$ | $\begin{aligned} & 8,194 \\ & 8,206 \\ & 8,219 \end{aligned}$ | $\begin{aligned} & 8,194 \\ & 8,206 \\ & 8,219 \end{aligned}$ | $\begin{aligned} & 48,800 \\ & 48,850 \\ & 48,900 \end{aligned}$ | $\begin{aligned} & 48,850 \\ & 48,900 \\ & 48,950 \end{aligned}$ | $\begin{aligned} & 8,944 \\ & 8,956 \\ & 8,969 \end{aligned}$ | $\begin{aligned} & 8,944 \\ & 8,956 \\ & 8,969 \end{aligned}$ | $\begin{aligned} & 51,800 \\ & 51,850 \\ & 51,900 \end{aligned}$ | 51,850 51,900 <br> 51,950 | $\begin{aligned} & 9,694 \\ & 9,706 \\ & 9,719 \end{aligned}$ | $\begin{aligned} & 9,694 \\ & 9,706 \\ & 9,719 \\ & \hline, 721 \end{aligned}$ | $\begin{aligned} & 54,800 \\ & 54,850 \end{aligned}$ $54,900$ | $\begin{aligned} & 54,850 \\ & 54,900 \\ & 54,950 \end{aligned}$ | $\begin{aligned} & 10,444 \\ & 10,456 \\ & 10,469 \end{aligned}$ | $\begin{aligned} & 10,44 \\ & 10,456 \\ & 10,469 \end{aligned}$ |
| 45,950 | 46,000 | 8,231 | 8,231 | 48,950 | 49,000 | 8,981 | 8,981 | 51,950 | 52,000 | 9,731 | 9,731 |  | 55,000 | 10,481 | 10,481 |
| 46,000 |  |  |  | 49,000 |  |  |  | 52,000 |  |  |  | 55,000 |  |  |  |
| $\begin{aligned} & 46,000 \\ & 46,050 \\ & 46,100 \\ & 46,150 \end{aligned}$ | 46,050 46,100 46,150 46,200 | 8,244 8,256 8,269 8,281 | 8,244 8,256 8,269 8,281 | 49,000 49,050 49,100 49,150 | 49,050 49,100 49,150 49,200 <br> 4, | 8,994 9,006 9,019 9,031 | 8,994 9,006 9,019 9,031 | 52,000 52,050 52,100 52,150 | $\begin{aligned} & 52,050 \\ & 52,100 \\ & 52,150 \\ & 52,200 \end{aligned}$ | 9,744 9,756 9,769 9,781 | 9,744 9,756 9,769 9,781 | 55,000 55,050 55,100 55,150 | 55,050 55,100 55,150 55,200 $\qquad$ | $\begin{aligned} & 10,494 \\ & 10,506 \\ & 10,519 \\ & 10,531 \end{aligned}$ | $\begin{aligned} & 10,494 \\ & 10,506 \\ & 10,519 \\ & 10,531 \end{aligned}$ |
| $\begin{aligned} & 46,200 \\ & 46,250 \\ & 46,300 \\ & 46,350 \end{aligned}$ | $\begin{aligned} & 46,250 \\ & 46,300 \\ & 46,350 \\ & 46,400 \end{aligned}$ | 8,294 8,306 8,319 8,331 | 8,294 8,306 8,319 8,331 | $\begin{aligned} & 49,200 \\ & 49,250 \\ & 49,300 \\ & 49,350 \end{aligned}$ | 49,250 49,300 49,350 49,400 | $\begin{aligned} & 9,044 \\ & 9,056 \\ & 9,069 \\ & 9,081 \end{aligned}$ | 9,044 9,056 9,069 9,081 | $\begin{aligned} & 52,200 \\ & 52,250 \\ & 52,300 \\ & 52,350 \end{aligned}$ | $\begin{aligned} & 52,250 \\ & 52,300 \\ & 52,350 \\ & 52,400 \end{aligned}$ | $\begin{aligned} & 9,794 \\ & 9,806 \\ & 9,819 \\ & 9,831 \end{aligned}$ | $\begin{aligned} & 9,794 \\ & 9,806 \\ & 9,819 \\ & 9,831 \end{aligned}$ | $\begin{aligned} & 55,200 \\ & 55,20 \\ & 55,300 \\ & 55,350 \end{aligned}$ | 55,250 55,300 55,350 55,400 | $\begin{aligned} & 10,544 \\ & 10,556 \\ & 10,56 \\ & 10,581 \end{aligned}$ | $\begin{aligned} & 10,544 \\ & 10,556 \\ & 10,569 \\ & 10,581 \end{aligned}$ |
| $\begin{aligned} & 46,400 \\ & 46,450 \\ & 46,500 \\ & 46,550 \end{aligned}$ | $\begin{aligned} & 46,450 \\ & 46,500 \\ & 46,550 \\ & 46,600 \end{aligned}$ | $\begin{aligned} & 8,344 \\ & 8,356 \\ & 8,369 \\ & 8,381 \end{aligned}$ | 8,344 8,356 8,369 8,381 | 49,400 49,450 49,500 49,550 | $\begin{aligned} & 49,450 \\ & 49,500 \\ & 49,550 \\ & 49,600 \end{aligned}$ | 9,094 9,106 9,119 9,131 | 9,094 9,106 9,119 9,131 | $\begin{aligned} & 52,400 \\ & 52,450 \\ & 52,500 \\ & 52,550 \end{aligned}$ | $\begin{aligned} & 52,450 \\ & 52,500 \\ & 52,550 \\ & 52,600 \end{aligned}$ | $\begin{aligned} & 9,844 \\ & 9,856 \\ & 9,869 \\ & 9,881 \end{aligned}$ | $\begin{aligned} & 9,844 \\ & 9,856 \\ & 9,869 \\ & 9,881 \end{aligned}$ | $\begin{aligned} & 55,400 \\ & 55,450 \\ & 55,500 \\ & 55,550 \end{aligned}$ | $\begin{aligned} & 55,450 \\ & 55,500 \\ & 55,550 \\ & 55,600 \end{aligned}$ | $\begin{aligned} & 10,594 \\ & 10,606 \\ & 10,619 \\ & 10,631 \end{aligned}$ | $\begin{aligned} & 10,599 \\ & 10,006 \\ & 10,619 \\ & 10,631 \end{aligned}$ |
| $\begin{aligned} & 46,600 \\ & 46,650 \\ & 46,700 \\ & 46,750 \end{aligned}$ | 46,650 46,700 46,800 | 8,394 8,406 8,419 8,431 | 8,394 8,406 8,419 8,431 | $\begin{aligned} & 49,600 \\ & 49,650 \\ & 49,700 \\ & 49,750 \end{aligned}$ | $\begin{aligned} & 49,650 \\ & 49,700 \\ & 49,750 \\ & 49,800 \end{aligned}$ | 9,144 9,156 9,169 9,181 | 9,144 9,156 9,169 9,181 | $\begin{aligned} & 52,600 \\ & 52,650 \\ & 52,700 \\ & 52,750 \end{aligned}$ | $\begin{aligned} & 52,650 \\ & 52,700 \\ & 52,750 \\ & 52,800 \end{aligned}$ | 9,894 9,906 9,919 9,931 | 9,894 9,906 9,919 9,931 | $\begin{aligned} & 55,600 \\ & 55,650 \\ & 55,700 \\ & 55,750 \end{aligned}$ | $\begin{aligned} & 55,650 \\ & 55,700 \\ & 55,750 \\ & 55,800 \end{aligned}$ | $\begin{aligned} & 10,644 \\ & 10,656 \\ & 10,669 \\ & 10,681 \end{aligned}$ | $\begin{aligned} & 10,644 \\ & 10,656 \\ & 10,669 \\ & 10,681 \end{aligned}$ |
| 46,800 46,850 46,900 | $\begin{aligned} & 46,850 \\ & 46,900 \\ & 46,950 \end{aligned}$ | $\begin{aligned} & 8,444 \\ & 8,456 \\ & 8,469 \end{aligned}$ | $\begin{aligned} & 8,444 \\ & 8,456 \\ & 8,469 \end{aligned}$ | $\begin{aligned} & 49,800 \\ & 49,850 \\ & 49,900 \end{aligned}$ | $\begin{aligned} & 49,850 \\ & 49,900 \\ & 49,950 \end{aligned}$ | $\begin{aligned} & 9,194 \\ & 9,206 \\ & 9,219 \end{aligned}$ | $\begin{aligned} & 9,194 \\ & 9,206 \\ & 9,219 \end{aligned}$ | $\begin{aligned} & 52,800 \\ & 52,850 \\ & 52,900 \end{aligned}$ | $\begin{aligned} & 52,850 \\ & 52,900 \\ & 52,950 \end{aligned}$ | $\begin{aligned} & 9,944 \\ & 9,956 \\ & 9,969 \end{aligned}$ | $\begin{aligned} & 9,944 \\ & 9,956 \\ & 9,969 \end{aligned}$ | $\begin{aligned} & 55,800 \\ & 55,850 \\ & 55,900 \end{aligned}$ | $\begin{aligned} & 55,850 \\ & 55,900 \\ & 55,950 \end{aligned}$ | $\begin{aligned} & 10,694 \\ & 10,706 \\ & 10,719 \end{aligned}$ | $\begin{aligned} & 10,694 \\ & 10,706 \\ & 10,79 \end{aligned}$ |
| 46,950 | 47,000 | 8,481 | 8,481 | 49,950 | 50,000 | 9,231 | 9,231 | 52,950 | 53,000 | 9,981 | 9,981 | 55,950 | 56,000 | 10,731 | 10,731 |
| 47,000 |  |  |  | 50,000 |  |  |  | 53,000 |  |  |  | 56,000 |  |  |  |
| $\begin{aligned} & 47,000 \\ & 47,050 \\ & 47,100 \\ & 47,150 \end{aligned}$ | $\begin{aligned} & 47,050 \\ & 47,100 \\ & 47,150 \\ & 47,200 \end{aligned}$ | $\begin{aligned} & 8,494 \\ & 8,506 \\ & 8,519 \\ & 8,531 \end{aligned}$ | $\begin{aligned} & 8,494 \\ & 8,506 \\ & 8,519 \\ & 8,531 \end{aligned}$ | $\begin{aligned} & 50,000 \\ & 50,050 \\ & 50,100 \\ & 50,150 \end{aligned}$ | 50,050 <br> 50,100 <br> 50,150 50,200 | $\begin{aligned} & 9,244 \\ & 9,256 \\ & 9,269 \\ & 9,281 \end{aligned}$ | $\begin{aligned} & 9,244 \\ & 9,256 \\ & 9,269 \\ & 9,281 \end{aligned}$ | $\begin{aligned} & 53,000 \\ & 53,050 \\ & 53,100 \\ & 53,150 \end{aligned}$ | 53,050 <br> 53,100 <br> 53,150 53,200 | $\begin{array}{r} 9,994 \\ 10,000 \\ 10,019 \\ 10,031 \end{array}$ | $\begin{array}{r} 9,994 \\ 10,006 \\ 10,019 \\ 10,031 \end{array}$ | 56,000 56,050 56,100 56,150 $\qquad$ | 56,050 56,100 56,150 $\qquad$ | $\begin{aligned} & 10,744 \\ & 10,756 \\ & 10,769 \\ & 10,781 \end{aligned}$ | $\begin{aligned} & 10,744 \\ & 10,756 \\ & 10,769 \\ & 10,781 \end{aligned}$ |
| $\begin{aligned} & 47,200 \\ & 47,200 \\ & 47,300 \\ & 47,350 \end{aligned}$ | $\begin{aligned} & 47,250 \\ & 47,300 \\ & 47,350 \\ & 47,400 \end{aligned}$ | $\begin{aligned} & 8,544 \\ & 8,556 \\ & 8,569 \\ & 8,581 \end{aligned}$ | $\begin{aligned} & 8,544 \\ & 8,556 \\ & 8,569 \\ & 8,581 \end{aligned}$ | $\begin{aligned} & 50,200 \\ & 50,200 \\ & 50,300 \\ & 50,350 \end{aligned}$ | $\begin{aligned} & 50,250 \\ & 50,300 \\ & 50,350 \\ & 50,400 \end{aligned}$ | $\begin{aligned} & 9,294 \\ & 9,306 \\ & 9,319 \\ & 9,331 \end{aligned}$ | $\begin{aligned} & 9,294 \\ & 9,306 \\ & 9,319 \\ & 9,331 \end{aligned}$ | $\begin{aligned} & 53,200 \\ & 53,250 \\ & 53,300 \\ & 53,350 \end{aligned}$ | $\begin{aligned} & 53,250 \\ & 53,300 \\ & 53,350 \\ & 53,400 \end{aligned}$ | $\begin{array}{\|l} 10,044 \\ 10,056 \\ 10,069 \\ 10,081 \end{array}$ | $\begin{aligned} & 10,044 \\ & 10,0,066 \\ & 10,069 \\ & 10,081 \end{aligned}$ | $\begin{aligned} & 56,200 \\ & 56,250 \\ & 56,300 \\ & 56,350 \end{aligned}$ $\qquad$ | $\begin{aligned} & 56,250 \\ & 56,300 \\ & 56,350 \\ & 56,400 \end{aligned}$ | $\begin{aligned} & 10,794 \\ & 10,806 \\ & 10,89 \\ & 10,831 \end{aligned}$ | $\begin{aligned} & 10,794 \\ & 10,806 \\ & 10,819 \\ & 10,831 \end{aligned}$ |
| $\begin{aligned} & 47,400 \\ & 47,450 \\ & 47,500 \\ & 47,550 \end{aligned}$ | $\begin{aligned} & 47,450 \\ & 47,500 \\ & 47,50 \\ & 47,600 \end{aligned}$ | $\begin{aligned} & 8,594 \\ & 8,606 \\ & 8,619 \\ & 8,631 \end{aligned}$ | $\begin{aligned} & 8,594 \\ & 8,606 \\ & 8,619 \\ & 8,631 \end{aligned}$ | $\begin{aligned} & 50,400 \\ & 50,450 \\ & 50,500 \\ & 50,550 \end{aligned}$ | $\begin{aligned} & 50,450 \\ & 50,500 \\ & 50,550 \\ & 50,600 \end{aligned}$ | $\begin{aligned} & 9,344 \\ & 9,356 \\ & 9,369 \\ & 9,381 \end{aligned}$ | $\begin{aligned} & 9,344 \\ & 9,356 \\ & 9,369 \\ & 9,381 \end{aligned}$ | $\begin{aligned} & 53,400 \\ & 53,450 \\ & 53,500 \\ & 53,550 \end{aligned}$ | 53,450 53,500 53,550 53,600 | $\begin{aligned} & 10,094 \\ & 10,106 \\ & 10,119 \\ & 10,131 \end{aligned}$ | $\begin{aligned} & 10,094 \\ & 10,09 \\ & 10,19 \\ & 10,131 \end{aligned}$ | $\begin{aligned} & 56,400 \\ & 56,450 \\ & 56,500 \\ & 56,550 \end{aligned}$ | $\begin{aligned} & 56,450 \\ & 56,500 \\ & 56,550 \\ & 56,500 \end{aligned}$ | $\begin{aligned} & 10,844 \\ & 10,856 \\ & 10,869 \\ & 10,881 \end{aligned}$ | $\begin{aligned} & 10,844 \\ & 10,856 \\ & 10,869 \\ & 10,881 \end{aligned}$ |
| $\begin{aligned} & 47,600 \\ & 47,650 \\ & 47,700 \\ & 47,750 \end{aligned}$ | $\begin{aligned} & 47,650 \\ & 47,700 \\ & 47,750 \\ & 47,800 \end{aligned}$ | $\begin{aligned} & 8,644 \\ & 8,656 \\ & 8,669 \\ & 8,681 \end{aligned}$ | $\begin{aligned} & 8,644 \\ & 8,656 \\ & 8,669 \\ & 8,681 \end{aligned}$ | $\begin{aligned} & 50,600 \\ & 50,650 \\ & 50,700 \\ & 50,750 \end{aligned}$ | 50,650 <br> 50,700 50,750 <br> 50,800 | $\begin{aligned} & 9,394 \\ & 9,406 \\ & 9,419 \\ & 9,431 \end{aligned}$ | $\begin{aligned} & 9,394 \\ & 9,406 \\ & 9,419 \\ & 9,431 \end{aligned}$ | $\begin{aligned} & 53,600 \\ & 53,650 \\ & 53,700 \\ & 53,750 \end{aligned}$ | 53,650 <br> 53,700 <br> 53,750 53,800 | $\begin{array}{\|l} 10,144 \\ 10,156 \\ 10,69 \\ 10,181 \end{array}$ | $\begin{aligned} & 10,144 \\ & 10,156 \\ & 10,169 \\ & 10,181 \end{aligned}$ | $\begin{aligned} & 56,600 \\ & 56,650 \\ & 56,700 \\ & 56,750 \end{aligned}$ | 56,650 56,700 56,800 | $\begin{aligned} & 10,894 \\ & 10,906 \\ & 10,919 \\ & 10,931 \end{aligned}$ | $\begin{aligned} & 10,894 \\ & 10,906 \\ & 10,919 \\ & 10,931 \end{aligned}$ |
| 47,800 <br> 47,850 <br> 47,900 <br> 47,95 | 47,850 <br> 47,900 <br> 47,950 <br> 48,000 | $\begin{aligned} & 8,694 \\ & 8,706 \\ & 8,719 \end{aligned}$ | $\begin{aligned} & 8,694 \\ & 8,706 \\ & 8,719 \end{aligned}$ | $\begin{aligned} & 50,800 \\ & 50,850 \\ & 50,900 \end{aligned}$ $5095$ | 50,850 50,900 <br> 50,950 <br> 51,000 | $\begin{aligned} & 9,444 \\ & 9,456 \\ & 9,469 \end{aligned}$ | $\begin{aligned} & 9,444 \\ & 9,456 \\ & 9.469 \end{aligned}$ | $\begin{aligned} & 53,800 \\ & 53,850 \\ & 53,900 \end{aligned}$ | 53,850 <br> 53,900 53,950 <br> 54,000 | $\begin{aligned} & 10,194 \\ & 10,206 \\ & 10,219 \end{aligned}$ | $\begin{aligned} & 10,194 \\ & 10,206 \\ & 10,219 \end{aligned}$ | 56,800 56,850 56,900 56,95 | 56,850 56,900 56,950 57,000 | $\begin{aligned} & 10,944 \\ & 10,956 \\ & 10,969 \end{aligned}$ | 10,944 10,956 10,969 10,981 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | ntinued on | next page |


| If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \end{aligned}$ | At least | But <br> less <br> than | Single | $\begin{aligned} & \text { Married } \\ & \text { filing } \\ & \text { sepa- } \\ & \text { rately } \end{aligned}$ | $\begin{array}{\|l\|} \hline \text { At } \\ \text { least } \end{array}$ | But <br> less than | Single | Married <br> filing <br> sepa- <br> rately | At least | But <br> less than | Single | Married <br> filing <br> sepa- <br> rately |
|  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |  |  | Your tax is- |  |
| 57,000 |  |  |  | 60,000 |  |  |  | 63,000 |  |  |  | 66,000 |  |  |  |
| 57,000 | 57,050 | 10,994 | 10,994 | 60,000 | 60,050 | 11,744 | 11,786 | 63,000 | 63,050 | 12,494 | 12,626 | 66,000 | 66,050 | 13,244 | 13,466 |
| 57,050 | 57,100 | 11,006 | 11,006 | 60,050 | 60,100 | 11,756 | 11,800 | 63,050 | 63,100 | 12,506 | 12,640 | 66,050 | 66,100 | 13,256 | 13,480 |
| 57,100 | 57,150 | 11,019 | 11,019 | 60,100 | 60,150 | 11,769 | 11,814 | 63,100 | 63,150 | 12,519 | 12,654 | 66,100 | 66,150 | 13,269 | 13,494 |
| 57,150 | 57,200 | 11,031 | 11,031 | 60,150 | 60,200 | 11,781 | 11,828 | 63,150 | 63,200 | 12,531 | 12,668 | 66,150 | 66,200 | 13,281 | 13,508 |
| 57,200 | 57,250 | 11,044 | 11,044 | 60,200 | 60,250 | 11,794 | 11,842 | 63,200 | 63,250 | 12,544 | 12,682 | 66,200 | 66,250 | 13,294 | 13,522 |
| 57,250 | 57,300 | 11,056 | 11,056 | 60,250 | 60,300 | 11,806 | 11,856 | 63,250 | 63,300 | 12,556 | 12,696 | 66,250 | 66,300 | 13,306 | 13,536 |
| 57,300 | 57,350 | 11,069 | 11,069 | 60,300 | 60,350 | 11,819 | 11,870 | 63,300 | 63,350 | 12,569 | 12,710 | 66,300 | 66,350 | 13,319 | 13,550 |
| 57,350 | 57,400 | 11,081 | 11,081 | 60,350 | 60,400 | 11,831 | 11,884 | 63,350 | 63,400 | 12,581 | 12,724 | 66,350 | 66,400 | 13,331 | 13,564 |
| 57,400 | 57,450 | 11,094 | 11,094 | 60,400 | 60,450 | 11,844 | 11,898 | 63,400 | 63,450 | 12,594 | 12,738 | 66,400 | 66,450 | 13,344 | 13,578 |
| 57,450 | 57,500 | 11,106 | 11,106 | 60,450 | 60,500 | 11,856 | 11,912 | 63,450 | 63,500 | 12,606 | 12,752 | 66,450 | 66,500 | 13,356 | 13,592 |
| 57,500 | 57,550 | 11,119 | 11,119 | 60,500 | 60,550 | 11,869 | 11,926 | 63,500 | 63,550 | 12,619 | 12,766 | 66,500 | 66,550 | 13,369 | 13,606 |
| 57,550 | 57,600 | 11,131 | 11,131 | 60,550 | 60,600 | 11,881 | 11,940 | 63,550 | 63,600 | 12,631 | 12,780 | 66,550 | 66,600 | 13,381 | 13,620 |
| 57,600 | 57,650 | 11,144 | 11,144 | 60,600 | 60,650 | 11,894 | 11,954 | 63,600 | 63,650 | 12,644 | 12,794 | 66,600 | 66,650 | 13,394 | 13,634 |
| 57,650 | 57,700 | 11,156 | 11,156 | 60,650 | 60,700 | 11,906 | 11,968 | 63,650 | 63,700 | 12,656 | 12,808 | 66,650 | 66,700 | 13,406 | 13,648 |
| 57,700 | 57,750 | 11,169 | 11,169 | 60,700 | 60,750 | 11,919 | 11,982 | 63,700 | 63,750 | 12,669 | 12,822 | 66,700 | 66,750 | 13,419 | 13,662 |
| 57,750 | 57,800 | 11,181 | 11,181 | 60,750 | 60,800 | 11,931 | 11,996 | 63,750 | 63,800 | 12,681 | 12,836 | 66,750 | 66,800 | 13,431 | 13,676 |
| 57,800 | 57,850 | 11,194 | 11,194 | 60,800 | 60,850 | 11,944 | 12,010 | 63,800 | 63,850 | 12,694 | 12,850 | 66,800 | 66,850 | 13,444 | 13,690 |
| 57,850 | 57,900 | 11,206 | 11,206 | 60,850 | 60,900 | 11,956 | 12,024 | 63,850 | 63,900 | 12,706 | 12,864 | 66,850 | 66,900 | 13,456 | 13,704 |
| 57,900 | 57,950 | 11,219 | 11,219 | 60,900 | 60,950 | 11,969 | 12,038 | 63,900 | 63,950 | 12,719 | 12,878 | 66,900 | 66,950 | 13,469 | 13,718 |
| 57,950 | 58,000 | 11,231 | 11,231 | 60,950 | 61,000 | 11,981 | 12,052 | 63,950 | 64,000 | 12,731 | 12,892 | 66,950 | 67,000 | 13,481 | 13,732 |
| 58,000 |  |  |  | 61,000 |  |  |  | 64,000 |  |  |  | 67,000 |  |  |  |
| 58,000 | 58,050 | 11,244 | 11,244 | 61,000 | 61,050 | 11,994 | 12,066 | 64,000 | 64,050 | 12,744 | 12,906 | 67,000 | 67,050 | 13,494 | 13,746 |
| 58,050 | 58,100 | 11,256 | 11,256 | 61,050 | 61,100 | 12,006 | 12,080 | 64,050 | 64,100 | 12,756 | 12,920 | 67,050 | 67,100 | 13,506 | 13,760 |
| 58,100 | 58,150 | 11,269 | 11,269 | 61,100 | 61,150 | 12,019 | 12,094 | 64,100 | 64,150 | 12,769 | 12,934 | 67,100 | 67,150 | 13,519 | 13,774 |
| 58,150 | 58,200 | 11,281 | 11,281 | 61,150 | 61,200 | 12,031 | 12,108 | 64,150 | 64,200 | 12,781 | 12,948 | 67,150 | 67,200 | 13,531 | 13,788 |
| 58,200 | 58,250 | 11,294 | 11,294 | 61,200 | 61,250 | 12,044 | 12,122 | 64,200 | 64,250 | 12,794 | 12,962 | 67,200 | 67,250 | 13,544 | 13,802 |
| 58,250 | 58,300 | 11,306 | 11,306 | 61,250 | 61,300 | 12,056 | 12,136 | 64,250 | 64,300 | 12,806 | 12,976 | 67,250 | 67,300 | 13,556 | 13,816 |
| 58,300 | 58,350 | 11,319 | 11,319 | 61,300 | 61,350 | 12,069 | 12,150 | 64,300 | 64,350 | 12,819 | 12,990 | 67,300 | 67,350 | 13,569 | 13,830 |
| 58,350 | 58,400 | 11,331 | 11,331 | 61,350 | 61,400 | 12,081 | 12,164 | 64,350 | 64,400 | 12,831 | 13,004 | 67,350 | 67,400 | 13,581 | 13,844 |
| 58,400 | 58,450 | 11,344 | 11,344 | 61,400 | 61,450 | 12,094 | 12,178 | 64,400 | 64,450 | 12,844 | 13,018 | 67,400 | 67,450 | 13,594 | 13,858 |
| 58,450 | 58,500 | 11,356 | 11,356 | 61,450 | 61,500 | 12,106 | 12,192 | 64,450 | 64,500 | 12,856 | 13,032 | 67,450 | 67,500 | 13,606 | 13,872 |
| 58,500 | 58,550 | 11,369 | 11,369 | 61,500 | 61,550 | 12,119 | 12,206 | 64,500 | 64,550 | 12,869 | 13,046 | 67,500 | 67,550 | 13,619 | 13,886 |
| 58,550 | 58,600 | 11,381 | 11,381 | 61,550 | 61,600 | 12,131 | 12,220 | 64,550 | 64,600 | 12,881 | 13,060 | 67,550 | 67,600 | 13,631 | 13,900 |
| 58,600 | 58,650 | 11,394 | 11,394 | 61,600 | 61,650 | 12,144 | 12,234 | 64,600 | 64,650 | 12,894 | 13,074 | 67,600 | 67,650 | 13,644 | 13,914 |
| 58,650 | 58,700 | 11,406 | 11,408 | 61,650 | 61,700 | 12,156 | 12,248 | 64,650 | 64,700 | 12,906 | 13,088 | 67,650 | 67,700 | 13,656 | 13,928 |
| 58,700 | 58,750 | 11,419 | 11,422 | 61,700 | 61,750 | 12,169 | 12,262 | 64,700 | 64,750 | 12,919 | 13,102 | 67,700 | 67,750 | 13,669 | 13,942 |
| 58,750 | 58,800 | 11,43 | 11,436 | 61,750 | 61,800 | 12,181 | 12,276 | 64,750 | 64,800 | 12,93 | 13,116 | 67,750 | 67,800 | 13,681 | 13,956 |
| 58,800 | 58,850 | 11,444 | 11,450 | 61,800 | 61,850 | 12,194 | 12,290 | 64,800 | 64,850 | 12,944 | 13,130 | 67,800 | 67,850 | 13,694 |  |
| 58,850 | 58,900 | 11,456 | 11,464 | 61,850 | 61,900 | 12,206 | 12,304 | 64,850 | 64,900 | 12,956 | 13,144 | 67,850 | 67,900 | 13,706 | 13,984 |
| 58,900 | 58,950 | 11,469 | 11,478 | 61,900 | 61,950 | 12,219 | 12,318 | 64,900 | 64,950 | 12,969 | 13,158 | 67,900 | 67,950 | 13,719 | 13,998 |
| 58,950 | 59,000 | 11,481 | 11,492 | 61,950 | 62,000 | 12,231 | 12,332 | 64,950 | 65,000 | 12,981 | 13,172 | 67,950 | 68,000 | 13,731 | 14,012 |
| 59,000 |  |  |  | 62,000 |  |  |  | 65,000 |  |  |  | 68,000 |  |  |  |
| 59,000 | 59,050 | 11,494 | 11,506 | 62,000 | 62,050 | 12,244 | 12,346 | 65,000 | 65,050 | 12,994 | 13,186 | 68,000 | 68,050 | 13,744 | 14,026 |
| 59,050 | 59,100 | 11,506 | 11,520 | 62,050 | 62,100 | 12,256 | 12,360 | 65,050 | 65,100 | 13,006 | 13,200 | 68,050 | 68,100 | 13,756 | 14,040 |
| 59,100 | 59,150 | 11,519 | 11,534 | 62,100 | 62,150 | 12,269 | 12,374 | 65,100 | 65,150 | 13,019 | 13,214 | 68,100 | 68,150 | 13,769 | 14,054 |
| 59,150 | 59,200 | 11,531 | 11,548 | 62,150 | 62,200 | 12,281 | 12,388 | 65,150 | 65,200 | 13,031 | 13,228 | 68,150 | 68,200 | 13,781 | 14,068 |
| 59,200 | 59,250 | 11,544 | 11,562 | 62,200 | 62,250 | 12,294 | 12,402 | 65,200 | 65,250 | 13,044 | 13,242 | 68,200 | 68,250 | 13,794 | 14,082 |
| 59,250 | 59,300 | 11,556 | 11,576 | 62,250 | 62,300 | 12,306 | 12,416 | 65,250 | 65,300 | 13,056 | 13,256 | 68,250 | 68,300 | 13,806 | 14,096 |
| 59,300 | 59,350 | 11,569 | 11,590 | 62,300 | 62,350 | 12,319 | 12,430 | 65,300 | 65,350 | 13,069 | 13,270 | 68,300 | 68,350 | 13,819 | 14,110 |
| 59,350 | 59,400 | 11,581 | 11,604 | 62,350 | 62,400 | 12,331 | 12,444 | 65,350 | 65,400 | 13,081 | 13,284 | 68,350 | 68,400 | 13,831 | 14,124 |
| 59,400 | 59,450 | 11,594 | 11,618 | 62,400 | 62,450 | 12,344 | 12,458 | 65,400 | 65,450 | 13,094 | 13,298 | 68,400 | 68,450 | 13,844 | 14,138 |
| 59,450 | 59,500 | 11,606 | 11,632 | 62,450 | 62,500 | 12,356 | 12,472 | 65,450 | 65,500 | 13,106 | 13,312 | 68,450 | 68,500 | 13,856 | 14,152 |
| 59,500 | 59,550 | 11,619 | 11,646 | 62,500 | 62,550 | 12,369 | 12,486 | 65,500 | 65,550 | 13,119 | 13,326 | 68,500 | 68,550 | 13,869 | 14,166 |
| 59,550 | 59,600 | 11,631 | 11,660 | 62,550 | 62,600 | 12,381 | 12,500 | 65,550 | 65,600 | 13,131 | 13,340 | 68,550 | 68,600 | 13,881 | 14,180 |
| 59,600 | 59,650 | 11,644 | 11,674 | 62,600 | 62,650 | 12,394 | 12,514 | 65,600 | 65,650 | 13,144 | 13,354 | 68,600 | 68,650 | 13,894 | 14,194 |
| 59,650 | 59,700 | 11,656 | 11,688 | 62,650 | 62,700 | 12,406 | 12,528 | 65,650 | 65,700 | 13,156 | 13,368 | 68,650 | 68,700 | 13,906 | 14,208 |
| 59,700 | 59,750 | 11,669 | 11,702 | 62,700 | 62,750 | 12,419 | 12,542 | 65,700 | 65,750 | 13,169 | 13,382 | 68,700 | 68,750 | 13,919 | 14,222 |
| 59,750 | 59,800 | 11,681 | 11,716 | 62,750 | 62,800 | 12,431 | 12,556 | 65,750 | 65,800 | 13,181 | 13,396 | 68,750 | 68,800 | 13,931 | 14,236 |
| 59,800 | 59,850 | 11,694 | 11,730 | 62,800 | 62,850 | 12,444 | 12,570 | 65,800 | 65,850 | 13,194 | 13,410 | 68,800 | 68,850 | 13,944 | 14,250 |
| 59,850 | 59,900 | 11,706 | 11,744 | 62,850 | 62,900 | 12,456 | 12,584 | 65,850 | 65,900 | 13,206 | 13,424 | 68,850 | 68,900 | 13,956 | 14,264 |
| 59,900 | 59,950 | 11,719 | 11,758 | 62,900 | 62,950 | 12,469 | 12,598 | 65,900 | 65,950 | 13,219 | 13,438 | 68,900 | 68,950 | 13,969 | 14,278 |
| 59,950 | 60,000 | 11,731 | 11,772 | 62,950 | 63,000 | 12,481 | 12,612 | 65,950 | 66,000 | 13,231 | 13,452 | 68,950 | 69,000 | 13,981 | 14,292 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | tinued | next pag |


| If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | If Form 1040NR-EZ, line 14 , is- |  | And you are- |  | $\begin{aligned} & \text { If Form } \\ & \text { 1040NR-EZ, } \\ & \text { line 14, is- } \end{aligned}$ |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less <br> than | Single <br> Your | Married filing separately <br> ax is- | $\begin{array}{\|l\|l} \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married filing separately <br> ax is- | $\begin{array}{\|l\|} \text { At } \\ \text { least } \end{array}$ | But less than | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> x is- |
| 69,000 |  |  |  | 72,000 |  |  |  | 75,000 |  |  |  | 78,000 |  |  |  |
| 69,000 69,050 69,100 69,150 | 69,050 <br> 69,100 <br> 69,150 <br> 69,200 | $\begin{aligned} & 13,994 \\ & 14,006 \\ & 14,019 \\ & 14,031 \end{aligned}$ | $\begin{aligned} & 14,306 \\ & 14,320 \\ & 14,34 \\ & 14,348 \end{aligned}$ | $\begin{aligned} & 72,000 \\ & 72,500 \\ & 72,100 \\ & 72,150 \end{aligned}$ | $\begin{aligned} & 72,050 \\ & 72,100 \\ & 72,150 \\ & 72,500 \end{aligned}$ | $\begin{aligned} & 14,794 \\ & 14,808 \\ & 14,822 \\ & 14,836 \end{aligned}$ | $\begin{aligned} & 15,146 \\ & 15,460 \\ & 15,174 \\ & 15,188 \end{aligned}$ | 75,000 75,050 75,100 75,150 | $\begin{aligned} & 75,050 \\ & 75,100 \\ & 75,150 \\ & 75,20 \end{aligned}$ | $\begin{array}{\|l} 15,634 \\ 15,648 \\ 15,662 \\ 15,676 \end{array}$ | $\begin{aligned} & 15,986 \\ & 16,000 \\ & 16,014 \\ & 16,028 \end{aligned}$ | $\begin{aligned} & 78,000 \\ & 78,050 \\ & 78,100 \\ & 78,150 \end{aligned}$ | $\begin{aligned} & 78,050 \\ & 78,100 \\ & 78,150 \\ & 78,200 \end{aligned}$ | $\begin{aligned} & 16,474 \\ & 16,488 \\ & 16,502 \\ & 16,516 \end{aligned}$ | $\begin{aligned} & 16,826 \\ & 16,840 \\ & 16,854 \\ & 16,868 \end{aligned}$ |
| 69,200 69,250 69,300 69,350 | 69,250 69,300 69,350 <br> 69,400 | $\begin{aligned} & 14,044 \\ & 14,056 \\ & 14,069 \\ & 14,081 \end{aligned}$ | $\begin{aligned} & 14,362 \\ & 14,376 \\ & 14,390 \\ & 14,404 \end{aligned}$ | $\begin{aligned} & 72,200 \\ & 72,250 \\ & 72,300 \\ & 72,350 \end{aligned}$ | $\begin{aligned} & 72,250 \\ & 72,300 \\ & 72,350 \\ & 72,400 \end{aligned}$ | $\begin{aligned} & 14,850 \\ & 14,864 \\ & 14,878 \\ & 14,892 \end{aligned}$ | $\begin{aligned} & 15,202 \\ & 15,216 \\ & 15,2160 \\ & 15,244 \end{aligned}$ | $\begin{aligned} & 75,200 \\ & 75,250 \\ & 75,300 \\ & 75,350 \end{aligned}$ | $\begin{aligned} & 75,250 \\ & 75,300 \\ & 75,350 \\ & 75,400 \end{aligned}$ | $\begin{aligned} & 15,690 \\ & 15,704 \\ & 15,718 \\ & 15,732 \end{aligned}$ | $\begin{aligned} & 16,042 \\ & 16,056 \\ & 16,070 \\ & 16,084 \end{aligned}$ | $\begin{aligned} & 78,200 \\ & 78,500 \\ & 78,300 \\ & 78,350 \end{aligned}$ | $\begin{aligned} & 78,250 \\ & 78,300 \\ & 78,350 \\ & 78,400 \end{aligned}$ | $\begin{aligned} & 16,530 \\ & 16,544 \\ & 16,558 \\ & 16,572 \end{aligned}$ | $\begin{aligned} & 16,882 \\ & 16,896 \\ & 16,910 \\ & 16,924 \end{aligned}$ |
| 69,400 69,450 69,500 69,550 | $\begin{aligned} & 69,450 \\ & 69,500 \\ & 69,550 \\ & 69,600 \end{aligned}$ | 14,094 14,006 14,19 14,131 | 14,418 <br> 14,432 <br> 14,46 <br> 14,460 | 72,400 72,450 72,500 72,550 | $\begin{aligned} & 72,450 \\ & 72,500 \\ & 72,550 \\ & 72,600 \end{aligned}$ | $\begin{aligned} & 14,906 \\ & 14,920 \\ & 14,934 \\ & 14,948 \end{aligned}$ | 15,258 15,272 15,286 15,300 | 75,400 75,450 75,500 75,550 | 75,450 <br> 75,500 <br> 75,550 | 15,746 15,760 15,74 15,788 | 16,098 16,112 16,126 16,140 | 78,400 78,450 78,500 78,550 | $\begin{aligned} & 78,450 \\ & 78,500 \\ & 78,550 \\ & 78,600 \end{aligned}$ | $\begin{aligned} & 16,586 \\ & 16,600 \\ & 16,614 \\ & 16,628 \end{aligned}$ | $\begin{aligned} & 16,938 \\ & 16,952 \\ & 16,966 \\ & 16,980 \end{aligned}$ |
| 69,600 69,650 69,700 69,750 | 69,650 <br> 69,700 69,750 69,800 | 14,144 14,156 14,69 14,181 | $\begin{aligned} & 14,474 \\ & 14,488 \\ & 14,502 \\ & 14,516 \end{aligned}$ | $\begin{aligned} & 72,600 \\ & 72,650 \\ & 72,700 \\ & 72,750 \end{aligned}$ | $\begin{aligned} & 72,650 \\ & 72,720 \\ & 72,750 \\ & 72,800 \end{aligned}$ | $\begin{aligned} & 14,962 \\ & 14,976 \\ & 14,990 \\ & 15,004 \end{aligned}$ | $\begin{aligned} & 15,314 \\ & 15,328 \\ & 15,342 \\ & 15,356 \end{aligned}$ | $\begin{aligned} & 75,600 \\ & 75,650 \\ & 75,700 \\ & 75,750 \end{aligned}$ | 75,650 75,700 75,800 | $\begin{aligned} & 15,802 \\ & 15,816 \\ & 15,830 \\ & 15,844 \end{aligned}$ | $\begin{aligned} & 16,154 \\ & 16,168 \\ & 16,182 \\ & 16,196 \end{aligned}$ | $\begin{aligned} & 78,600 \\ & 78,650 \\ & 78,700 \\ & 78,750 \end{aligned}$ | $\begin{aligned} & 78,650 \\ & 78,700 \\ & 78,750 \\ & 78,800 \end{aligned}$ | $\begin{aligned} & 16,642 \\ & 16,656 \\ & 16,670 \\ & 16,684 \end{aligned}$ | $\begin{aligned} & 16,994 \\ & 17,008 \\ & 17,022 \\ & 17,036 \end{aligned}$ |
| $\begin{aligned} & 69,800 \\ & 69,850 \\ & 69,900 \\ & 69,950 \end{aligned}$ | $\begin{aligned} & 69,850 \\ & 69,900 \\ & 69,950 \\ & 70,500 \end{aligned}$ | $\begin{aligned} & 14,194 \\ & 14,206 \\ & 14,219 \\ & 14,231 \end{aligned}$ | $\begin{aligned} & 14,530 \\ & 14,544 \\ & 14,58 \\ & 14,572 \end{aligned}$ | 72,800 72,850 72,900 72,950 | $\begin{aligned} & 72,850 \\ & 72,900 \\ & 72,950 \\ & 73,000 \end{aligned}$ | $\begin{aligned} & 15,018 \\ & 15,032 \\ & 15,046 \\ & 15,060 \end{aligned}$ | $\begin{aligned} & 15,370 \\ & 15,384 \\ & 15,398 \\ & 15,412 \end{aligned}$ | $\begin{aligned} & 75,800 \\ & 75,850 \\ & 75,900 \\ & 75,950 \end{aligned}$ | $\begin{aligned} & 75,850 \\ & 75,900 \\ & 75,950 \\ & 76,000 \end{aligned}$ | $\begin{aligned} & 15,858 \\ & 15,872 \\ & 15,86 \\ & 15,900 \end{aligned}$ | $\begin{aligned} & 16,210 \\ & 16,224 \\ & 16,238 \\ & 16,252 \end{aligned}$ | $\begin{aligned} & 78,800 \\ & 78,850 \\ & 78,900 \\ & 78,950 \end{aligned}$ | $\begin{aligned} & 78,850 \\ & 78,900 \\ & 78,950 \\ & 79,000 \end{aligned}$ | $\begin{aligned} & 16,698 \\ & 16,712 \\ & 16,726 \\ & 16,740 \end{aligned}$ | $\begin{aligned} & 17,050 \\ & 17,064 \\ & 17,78 \\ & 17,092 \end{aligned}$ |
| 70,000 |  |  |  | 73,000 |  |  |  | 76,000 |  |  |  | 79,000 |  |  |  |
| $\begin{aligned} & 70,000 \\ & 70,050 \\ & 70,100 \\ & 70,150 \end{aligned}$ | $\begin{aligned} & 70,050 \\ & 70,100 \\ & 70,150 \\ & 70,200 \end{aligned}$ | $\begin{aligned} & 14,244 \\ & 14,256 \\ & 14,269 \\ & 14,281 \end{aligned}$ | $\begin{aligned} & 14,586 \\ & 14,600 \\ & 14,614 \\ & 14,628 \end{aligned}$ | $\begin{aligned} & 73,000 \\ & 73,050 \\ & 73,100 \\ & 73,150 \end{aligned}$ | 73,050 <br> 73,100 <br> 73,150 73,200 | $\begin{aligned} & 15,074 \\ & 15,088 \\ & 15,12 \\ & 15,116 \end{aligned}$ | $\begin{aligned} & 15,426 \\ & 15,440 \\ & 15,454 \\ & 15,468 \end{aligned}$ | $\begin{aligned} & 76,000 \\ & 76,050 \\ & 76,100 \\ & 76,150 \end{aligned}$ | 76,050 <br> 76,100 <br> 76,150 76,200 | $\begin{aligned} & 15,914 \\ & 15,928 \\ & 15,942 \\ & 15,956 \end{aligned}$ | 16,266 <br> 16,280 <br> 16,294 <br> 16,308 | $\begin{aligned} & 79,000 \\ & 79,000 \\ & 79,100 \\ & 79,150 \end{aligned}$ | $\begin{aligned} & 79,050 \\ & 79,100 \\ & 79,150 \\ & 79,200 \end{aligned}$ | $\begin{aligned} & 16,754 \\ & 16,768 \\ & 16,782 \\ & 16,796 \end{aligned}$ | $\begin{aligned} & 17,106 \\ & 17,120 \\ & 17,134 \\ & 17,148 \end{aligned}$ |
| $\begin{aligned} & 70,200 \\ & 70,200 \\ & 70,300 \\ & 70,350 \end{aligned}$ | $\begin{aligned} & 70,250 \\ & 70,300 \\ & 70,350 \\ & 70,400 \end{aligned}$ | 14,294 14,306 14,19 14,332 | $\begin{aligned} & 14,642 \\ & 14,656 \\ & 14,670 \\ & 14,684 \end{aligned}$ | $\begin{aligned} & 73,200 \\ & 73,250 \\ & 73,300 \\ & 73,350 \end{aligned}$ | $\begin{aligned} & 73,250 \\ & 73,300 \\ & 73,350 \\ & 73,400 \end{aligned}$ | $\begin{aligned} & 15,130 \\ & 15,444 \\ & 15,158 \\ & 15,172 \end{aligned}$ | 15,482 15,496 15,510 15,524 | $\begin{aligned} & 76,200 \\ & 76,200 \\ & 76,300 \\ & 76,350 \end{aligned}$ | 76,250 <br> 76,300 <br> 76,350 <br> 7,40 | $\begin{array}{\|l} 15,970 \\ 15,984 \\ 15,998 \\ 16,012 \end{array}$ | $\begin{aligned} & 16,322 \\ & 16,336 \\ & 16,350 \\ & 16,364 \end{aligned}$ | $\begin{aligned} & 79,200 \\ & 79,250 \\ & 79,300 \\ & 79,350 \end{aligned}$ | $\begin{aligned} & 79,250 \\ & 79,300 \\ & 79,350 \\ & 79,400 \end{aligned}$ | $\begin{aligned} & 16,810 \\ & 16,824 \\ & 16,888 \\ & 16,852 \end{aligned}$ | $\begin{aligned} & 17,162 \\ & 17,176 \\ & 17,190 \\ & 17,204 \end{aligned}$ |
| $\begin{aligned} & 70,400 \\ & 70,450 \\ & 70,500 \\ & 70,550 \end{aligned}$ | $\begin{aligned} & 70,450 \\ & 70,500 \\ & 70,550 \\ & 70,600 \end{aligned}$ | $\begin{aligned} & 14,346 \\ & 14,360 \\ & 14,74 \\ & 14,788 \end{aligned}$ | $\begin{aligned} & 14,698 \\ & 14,712 \\ & 14,726 \\ & 14,740 \end{aligned}$ | $\begin{aligned} & 73,400 \\ & 73,450 \\ & 73,500 \\ & 73,550 \end{aligned}$ | $\begin{aligned} & 73,450 \\ & 73,500 \\ & 73,550 \\ & 73,600 \end{aligned}$ | $\begin{aligned} & 15,186 \\ & 15,200 \\ & 15,214 \\ & 15,228 \end{aligned}$ | $\begin{aligned} & 15,538 \\ & 15,52 \\ & 15,566 \\ & 15,580 \end{aligned}$ | $\begin{aligned} & 76,400 \\ & 76,400 \\ & 76,500 \\ & 76,550 \end{aligned}$ | 76,450 <br> 76,500 <br> 76,550 76,600 | $\begin{aligned} & 16,026 \\ & 16,040 \\ & 16,054 \\ & 16,068 \end{aligned}$ | $\begin{aligned} & 16,378 \\ & 16,392 \\ & 16,406 \\ & 16,420 \end{aligned}$ | $\begin{aligned} & 79,400 \\ & 79,450 \\ & 79,500 \\ & 79,550 \end{aligned}$ | $\begin{aligned} & 79,450 \\ & 79,500 \\ & 79,550 \\ & 79,600 \end{aligned}$ | $\begin{aligned} & 16,866 \\ & 16,880 \\ & 16,894 \\ & 16,908 \end{aligned}$ | $\begin{aligned} & 17,218 \\ & 17,232 \\ & 17,246 \\ & 17,260 \end{aligned}$ |
| $\begin{aligned} & 70,600 \\ & 70,650 \\ & 70,700 \\ & 70,750 \end{aligned}$ | 70,650 70,700 70,750 70,800 | $\begin{aligned} & 14,402 \\ & 14,416 \\ & 14,430 \\ & 14,444 \end{aligned}$ | $\begin{aligned} & 14,754 \\ & 14,768 \\ & 14,782 \\ & 14,796 \end{aligned}$ | $\begin{aligned} & 73,600 \\ & 73,650 \\ & 73,700 \\ & 73,750 \end{aligned}$ | $\begin{aligned} & 73,650 \\ & 73,700 \\ & 73,750 \\ & 73,800 \end{aligned}$ | $\begin{aligned} & 15,242 \\ & 15,256 \\ & 15,270 \\ & 15,284 \end{aligned}$ | $\begin{aligned} & 15,594 \\ & 15,608 \\ & 15,622 \\ & 15,636 \end{aligned}$ | $\begin{aligned} & 76,600 \\ & 76,650 \\ & 76,700 \\ & 76,750 \end{aligned}$ | 76,650 <br> 76,700 <br> 76,750 | $\begin{array}{\|l} 16,082 \\ 16,0,09 \\ 16,110 \\ 16,124 \end{array}$ | $\begin{aligned} & 16,434 \\ & 16,448 \\ & 16,462 \\ & 16,476 \end{aligned}$ | $\begin{aligned} & 79,600 \\ & 79,650 \\ & 79,700 \\ & 79,750 \end{aligned}$ | $\begin{aligned} & 79,650 \\ & 79,700 \\ & 79,750 \\ & 79,800 \end{aligned}$ | $\begin{aligned} & 16,922 \\ & 16,936 \\ & 16,950 \\ & 16,964 \end{aligned}$ | $\begin{aligned} & 17,274 \\ & 17,288 \\ & 17,02 \\ & 17,316 \end{aligned}$ |
| $\begin{aligned} & 70,800 \\ & 70,850 \\ & 70,900 \\ & 70,950 \end{aligned}$ | $\begin{aligned} & 70,850 \\ & 70,900 \\ & 70,950 \\ & 71,500 \end{aligned}$ | $\begin{aligned} & 14,458 \\ & 14,472 \\ & 14,486 \\ & 14,500 \end{aligned}$ | $\begin{aligned} & 14,810 \\ & 14,824 \\ & 14,838 \\ & 14,852 \end{aligned}$ | $\begin{aligned} & 73,800 \\ & 73,850 \\ & 73,900 \\ & 73,950 \end{aligned}$ | $\begin{aligned} & 73,850 \\ & 73,900 \\ & 73,950 \\ & 74,000 \end{aligned}$ | $\begin{aligned} & 15,298 \\ & 15,312 \\ & 15,326 \\ & 15,340 \end{aligned}$ | $\begin{aligned} & 15,650 \\ & 15,664 \\ & 15,678 \\ & 15,692 \end{aligned}$ | $\begin{aligned} & 76,800 \\ & 76,850 \\ & 76,900 \\ & 76,950 \end{aligned}$ | $\begin{aligned} & 76,850 \\ & 76,900 \\ & 76,590 \\ & 77,000 \end{aligned}$ | $\begin{array}{\|l} 16,138 \\ 16,152 \\ 16,166 \\ 16,180 \end{array}$ | $\begin{aligned} & 16,490 \\ & 16,504 \\ & 16,518 \\ & 16,532 \end{aligned}$ | $\begin{aligned} & 79,800 \\ & 79,850 \\ & 79,900 \\ & 79,950 \end{aligned}$ | $\begin{aligned} & 79,850 \\ & 79,900 \\ & 79,950 \\ & 80,000 \end{aligned}$ | $\begin{aligned} & 16,978 \\ & 16,992 \\ & 17,006 \\ & 17,020 \end{aligned}$ | $\begin{aligned} & 17,330 \\ & 17,344 \\ & 17,358 \\ & 17,372 \end{aligned}$ |
| 71,000 |  |  |  | 74,000 |  |  |  | 77,000 |  |  |  | 80,000 |  |  |  |
| $\begin{aligned} & 71,000 \\ & 71,050 \\ & 71,100 \\ & 71,150 \end{aligned}$ | $\begin{aligned} & 71,050 \\ & 71,050 \\ & 71,150 \\ & 71,200 \end{aligned}$ | $\begin{aligned} & 14,514 \\ & 14,528 \\ & 14,542 \\ & 14,556 \end{aligned}$ | $\begin{aligned} & 14,866 \\ & 14,860 \\ & 14,894 \\ & 14,908 \end{aligned}$ | $\begin{aligned} & 74,000 \\ & 74,500 \\ & 74,100 \\ & 74,150 \end{aligned}$ | 74,050 <br> 74,100 <br> 74,150 <br> 74,200 | $\begin{aligned} & 15,354 \\ & 15,368 \\ & 15,382 \\ & 15,396 \end{aligned}$ | $\begin{aligned} & 15,706 \\ & 15,720 \\ & 15,734 \\ & 15,748 \end{aligned}$ | $\begin{aligned} & 77,000 \\ & 77,000 \\ & 77,100 \\ & 77,150 \end{aligned}$ | $\begin{aligned} & 77,050 \\ & 77,100 \\ & 77,150 \\ & 77,200 \end{aligned}$ | $\begin{aligned} & 16,194 \\ & 16,208 \\ & 16,222 \\ & 16,236 \end{aligned}$ | $\begin{aligned} & 16,546 \\ & 16,560 \\ & 16,574 \\ & 16,588 \end{aligned}$ | $\begin{aligned} & 80,000 \\ & 80,0,50 \\ & 80,100 \\ & 80,150 \end{aligned}$ | $\begin{aligned} & 80,050 \\ & 80,100 \\ & 80,150 \\ & 80,200 \end{aligned}$ | $\begin{aligned} & 17,034 \\ & 17,048 \\ & 17,062 \\ & 17,076 \end{aligned}$ | $\begin{aligned} & 17,386 \\ & 17,400 \\ & 17,414 \\ & 17,428 \end{aligned}$ |
| $\begin{aligned} & 71,200 \\ & 71,250 \\ & 71,300 \\ & 71,350 \end{aligned}$ | $\begin{aligned} & 71,250 \\ & 71,300 \\ & 71,350 \\ & 71,400 \end{aligned}$ | $\begin{aligned} & 14,570 \\ & 14,584 \\ & 14,598 \\ & 14,612 \end{aligned}$ | $\begin{aligned} & 14,922 \\ & 14,936 \\ & 14,950 \\ & 14,964 \end{aligned}$ | $\begin{aligned} & 74,200 \\ & 74,200 \\ & 74,300 \\ & 74,350 \end{aligned}$ | $\begin{aligned} & 74,250 \\ & 74,300 \\ & 74,350 \\ & 74,400 \end{aligned}$ | $\begin{aligned} & 15,410 \\ & 15,424 \\ & 15,438 \\ & 15,452 \end{aligned}$ | $\begin{aligned} & 15,762 \\ & 15,776 \\ & 15,790 \\ & 15,804 \end{aligned}$ | $\begin{aligned} & 77,200 \\ & 77,200 \\ & 77,300 \\ & 77,350 \end{aligned}$ | $\begin{aligned} & 77,250 \\ & 77,300 \\ & 77,350 \\ & 77,400 \end{aligned}$ | $\begin{aligned} & 16,250 \\ & 16,264 \\ & 16,278 \\ & 16,292 \end{aligned}$ | $\begin{aligned} & 16,602 \\ & 16,616 \\ & 16,630 \\ & 16,644 \end{aligned}$ | $\begin{aligned} & 80,200 \\ & 80,250 \\ & 80,300 \\ & 80,350 \end{aligned}$ | $\begin{aligned} & 80,250 \\ & 80,300 \\ & 80,350 \\ & 80,400 \end{aligned}$ | $\begin{aligned} & 17,090 \\ & 17,104 \\ & 17,118 \\ & 17,132 \end{aligned}$ | $\begin{aligned} & 17,442 \\ & 17,456 \\ & 17,470 \\ & 17,484 \end{aligned}$ |
| $\begin{aligned} & 71,400 \\ & 71,450 \\ & 71,500 \\ & 71,550 \end{aligned}$ | $\begin{aligned} & 71,450 \\ & 71,500 \\ & 71,550 \\ & 71,600 \end{aligned}$ | $\begin{aligned} & 14,626 \\ & 14,640 \\ & 14,654 \\ & 14,568 \end{aligned}$ | $\begin{aligned} & 14,978 \\ & 14,992 \\ & 15,006 \\ & 15,020 \end{aligned}$ | $\begin{aligned} & 74,400 \\ & 74,450 \\ & 74,500 \\ & 74,550 \end{aligned}$ | $\begin{aligned} & 74,450 \\ & 74,500 \\ & 74,50 \\ & 74,500 \end{aligned}$ | $\begin{aligned} & 15,466 \\ & 15,480 \\ & 15,494 \\ & 15,508 \end{aligned}$ | $\begin{aligned} & 15,818 \\ & 15,83 \\ & 15,846 \\ & 15,860 \end{aligned}$ | $\begin{aligned} & 77,400 \\ & 77,40 \\ & 77,500 \\ & 77,550 \end{aligned}$ | $\begin{aligned} & 77,450 \\ & 77,500 \\ & 77,50 \\ & 77,600 \end{aligned}$ | $\begin{aligned} & 16,306 \\ & 16,320 \\ & 16,334 \\ & 16,348 \end{aligned}$ | $\begin{aligned} & 16,658 \\ & 16,672 \\ & 16,686 \\ & 16,700 \end{aligned}$ | $\begin{aligned} & 80,400 \\ & 80,450 \\ & 80,500 \\ & 80,550 \end{aligned}$ | $\begin{aligned} & 80,450 \\ & 80,500 \\ & 80,550 \\ & 80,600 \end{aligned}$ | $\begin{aligned} & 17,146 \\ & 17,160 \\ & 17,174 \\ & 17,188 \end{aligned}$ | $\begin{aligned} & 17,498 \\ & 17,512 \\ & 17,526 \\ & 17,540 \end{aligned}$ |
| $\begin{aligned} & 71,600 \\ & 71,650 \\ & 71,700 \\ & 71,750 \end{aligned}$ | $\begin{aligned} & 71,650 \\ & 71,700 \\ & 71,750 \\ & 71,800 \end{aligned}$ | $\begin{aligned} & 14,682 \\ & 14,696 \\ & 14,710 \\ & 14,724 \end{aligned}$ | $\begin{aligned} & 15,034 \\ & 15,048 \\ & 15,062 \\ & 15,076 \end{aligned}$ | $\begin{aligned} & 74,600 \\ & 74,650 \\ & 74,700 \\ & 74,750 \end{aligned}$ | 74,650 <br> 74,700 <br> 74,750 <br> 74,800 | $\begin{aligned} & 15,522 \\ & 15,536 \\ & 15,550 \\ & 15,564 \end{aligned}$ | $\begin{aligned} & 15,874 \\ & 15,888 \\ & 15,902 \\ & 15,916 \end{aligned}$ | $\begin{aligned} & 77,600 \\ & 77,650 \\ & 77,700 \\ & 77,750 \end{aligned}$ | $\begin{aligned} & 77,650 \\ & 77,700 \\ & 77,750 \\ & 77,800 \end{aligned}$ | $\begin{aligned} & 16,362 \\ & 16,376 \\ & 16,390 \\ & 16,404 \end{aligned}$ | $\begin{aligned} & 16,714 \\ & 16,728 \\ & 16,742 \\ & 16,756 \end{aligned}$ | $\begin{aligned} & 80,600 \\ & 80,650 \\ & 80,700 \\ & 80,750 \end{aligned}$ | $\begin{aligned} & 80,650 \\ & 80,700 \\ & 80,750 \\ & 80,800 \end{aligned}$ | $\begin{aligned} & 17,202 \\ & 17,16 \\ & 17,230 \\ & 17,244 \end{aligned}$ | $\begin{aligned} & 17,554 \\ & 17,568 \\ & 17,58 \\ & 17,596 \end{aligned}$ |
| $\begin{aligned} & 71,800 \\ & 71,850 \\ & 71,900 \\ & 71,950 \end{aligned}$ | $\begin{aligned} & 71,850 \\ & 71,900 \\ & 71,950 \\ & 72,000 \end{aligned}$ | $\begin{aligned} & 14,738 \\ & 14,752 \\ & 14,66 \\ & 14,780 \end{aligned}$ | $\begin{aligned} & 15,090 \\ & 15,104 \\ & 15,18 \\ & 15,132 \end{aligned}$ | $\begin{aligned} & 74,800 \\ & 74,850 \\ & 74,900 \\ & 74,950 \end{aligned}$ | $\begin{aligned} & 74,850 \\ & 74,900 \\ & 74,950 \\ & 75,500 \end{aligned}$ | $\begin{aligned} & 15,578 \\ & 15,592 \\ & 15,66 \\ & 15,620 \end{aligned}$ | $\begin{aligned} & 15,930 \\ & 15,944 \\ & 15,958 \\ & 15,972 \end{aligned}$ | $\begin{aligned} & 77,800 \\ & 77,850 \\ & 77,900 \\ & 77,950 \end{aligned}$ | $\begin{aligned} & 77,850 \\ & 77,900 \\ & 77,950 \\ & 78,000 \end{aligned}$ | $\begin{aligned} & 16,418 \\ & 16,432 \\ & 16,446 \\ & 16,460 \end{aligned}$ | $\begin{aligned} & 16,770 \\ & 16,784 \\ & 16,798 \\ & 16,812 \end{aligned}$ | $\begin{aligned} & 80,800 \\ & 80,850 \\ & 80,900 \\ & 80,950 \end{aligned}$ | $\begin{aligned} & 80,850 \\ & 80,900 \\ & 80,950 \\ & 81,000 \\ & \hline \end{aligned}$ | $\begin{aligned} & 17,258 \\ & 17,272 \\ & 17,286 \\ & 17,300 \end{aligned}$ | $\begin{aligned} & 17,610 \\ & 17,624 \\ & 17,638 \\ & 17,652 \end{aligned}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | inued | ext page |


| If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  | If Form 1040NR-EZ, line 14, is- |  | And you are- |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Married filing separately <br> ax is- | At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { lhan } \end{aligned}$ | Single | Married <br> filing <br> sepa- <br> rately <br> x is- | $\left\lvert\, \begin{array}{l\|} \text { At } \\ \text { least } \end{array}\right.$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married <br> filing <br> sepa- <br> rately <br> ax is- | $\begin{array}{\|l\|} \text { At } \\ \text { least } \end{array}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single <br> Your | Married filing separately <br> ax is- |
| 81,000 |  |  |  | 84,000 |  |  |  | 87,000 |  |  |  | 90,000 |  |  |  |
| $\begin{aligned} & 81,000 \\ & 81,050 \\ & 81,100 \\ & 81,150 \end{aligned}$ | $\begin{aligned} & 81,050 \\ & 81,100 \\ & 81,150 \\ & 81,200 \end{aligned}$ | $\begin{aligned} & 17,314 \\ & 17,328 \\ & 17,342 \\ & 17,356 \end{aligned}$ | $\begin{aligned} & 17,666 \\ & 17,680 \\ & 17,694 \\ & 17,708 \end{aligned}$ | $\begin{aligned} & 84,000 \\ & 84,050 \\ & 84,100 \\ & 84,150 \end{aligned}$ | $\begin{aligned} & 84,050 \\ & 84,50 \\ & 84,150 \\ & 84,200 \end{aligned}$ | $\begin{aligned} & 18,154 \\ & 18,168 \\ & 18,182 \\ & 18,196 \end{aligned}$ | $\begin{aligned} & 18,506 \\ & 18,520 \\ & 18,534 \\ & 18,548 \end{aligned}$ | $\begin{aligned} & 87,000 \\ & 87,050 \\ & 87,100 \\ & 87,150 \end{aligned}$ | $\begin{aligned} & 87,050 \\ & 87,100 \\ & 87,150 \\ & 87,200 \end{aligned}$ | $\begin{aligned} & 18,994 \\ & 19,008 \\ & 19,022 \\ & 19,036 \end{aligned}$ | $\begin{aligned} & 19,346 \\ & 19,360 \\ & 19,374 \\ & 19,388 \end{aligned}$ | $\begin{aligned} & 90,000 \\ & 90,000 \\ & 90,100 \\ & 90,150 \end{aligned}$ | $\begin{aligned} & 90,050 \\ & 90,100 \\ & 90,150 \\ & 90,200 \end{aligned}$ | $\begin{aligned} & 19,834 \\ & 19,848 \\ & 19,862 \\ & 19,876 \end{aligned}$ | $\begin{aligned} & 20,221 \\ & 20,237 \\ & 20,254 \\ & 20,270 \end{aligned}$ |
| $\begin{aligned} & 81,200 \\ & 81,200 \\ & 81,300 \\ & 81,350 \end{aligned}$ | $\begin{aligned} & 81,250 \\ & 81,300 \\ & 81,350 \\ & 81,400 \end{aligned}$ | $\begin{aligned} & 17,370 \\ & 17,384 \\ & 17,398 \\ & 17,412 \end{aligned}$ | $\begin{aligned} & 17,722 \\ & 17,736 \\ & 17,750 \\ & 17,764 \\ & 17,770 \end{aligned}$ | $\begin{aligned} & 84,200 \\ & 84,250 \\ & 84,300 \\ & 84,350 \end{aligned}$ | 84,250 <br> 84,300 <br> 84,350 <br> 84,400 | $\begin{aligned} & 18,210 \\ & 18,224 \\ & 18,238 \\ & 18,252 \end{aligned}$ | $\begin{aligned} & 18,562 \\ & 18,576 \\ & 18,590 \\ & 18,604 \end{aligned}$ | $\begin{aligned} & 87,200 \\ & 87,50 \\ & 87,300 \\ & 87,350 \end{aligned}$ | $\begin{aligned} & 87,250 \\ & 87,300 \\ & 87,350 \\ & 87,400 \end{aligned}$ | 19,050 19,064 19,092 | 19,402 19,416 19,430 19,444 | $\begin{aligned} & 90,200 \\ & 99,200 \\ & 90,300 \\ & 90,350 \end{aligned}$ | $\begin{aligned} & 90,250 \\ & 90,300 \\ & 90,350 \\ & 90,400 \end{aligned}$ | $\begin{aligned} & 19,890 \\ & 19,904 \\ & 19,918 \\ & 19,932 \end{aligned}$ | $\begin{aligned} & 20,287 \\ & 20,303 \\ & 20,320 \\ & 00,336 \end{aligned}$ |
| $\begin{aligned} & 81,400 \\ & 81,400 \\ & 81,500 \\ & 81,550 \end{aligned}$ | $\begin{aligned} & 81,450 \\ & 81,500 \\ & 81,550 \\ & 81,600 \end{aligned}$ | $\begin{aligned} & 17,426 \\ & 17,440 \\ & 17,454 \\ & 17,468 \end{aligned}$ | $\begin{aligned} & 17,778 \\ & 17,792 \\ & 17,806 \\ & 17,820 \end{aligned}$ | $\begin{aligned} & 84,400 \\ & 84,450 \\ & 84,500 \\ & 84,550 \end{aligned}$ | $\begin{aligned} & 84,450 \\ & 84,500 \\ & 84,550 \\ & 84,500 \end{aligned}$ | $\begin{aligned} & 18,266 \\ & 18,280 \\ & 18,294 \\ & 18,308 \end{aligned}$ | 18,618 18,632 18,646 18,660 | $\begin{aligned} & 87,400 \\ & 87,450 \\ & 87,500 \\ & 87,50 \end{aligned}$ | $\begin{aligned} & 87,450 \\ & 87,500 \\ & 87,50 \\ & 87,600 \end{aligned}$ | $\begin{aligned} & 19,106 \\ & 19,120 \\ & 19,134 \\ & 19,148 \end{aligned}$ | 19,458 19,472 19,486 19,500 | $\begin{aligned} & 90,400 \\ & 90,450 \\ & 90,500 \\ & 90,550 \end{aligned}$ | $\begin{aligned} & 90,450 \\ & 90,500 \\ & 90,550 \\ & 90,600 \end{aligned}$ | $\begin{aligned} & 19,946 \\ & 19,960 \\ & 19,974 \\ & 19,988 \end{aligned}$ | $\begin{aligned} & 20,353 \\ & 20,369 \\ & 20,386 \\ & 20,402 \end{aligned}$ |
| $\begin{aligned} & 81,600 \\ & 81,650 \\ & 81,700 \\ & 81,750 \end{aligned}$ | $\begin{aligned} & 81,650 \\ & 81,700 \\ & 81,750 \\ & 81,800 \end{aligned}$ | $\begin{aligned} & 17,482 \\ & 17,496 \\ & 17,510 \\ & 17,524 \end{aligned}$ | $\begin{aligned} & 17,834 \\ & 17,848 \\ & 17,862 \\ & 17,876 \end{aligned}$ | $\begin{aligned} & 84,600 \\ & 84,650 \\ & 84,700 \\ & 84,750 \end{aligned}$ | $\begin{aligned} & 84,650 \\ & 84,700 \\ & 84,750 \\ & 84,800 \end{aligned}$ | $\begin{aligned} & 18,322 \\ & 18,336 \\ & 18,350 \\ & 18,364 \end{aligned}$ | $\begin{aligned} & 18,674 \\ & 18,688 \\ & 18,702 \\ & 18,716 \end{aligned}$ | $\begin{aligned} & 87,600 \\ & 87,650 \\ & 87,700 \\ & 87,750 \end{aligned}$ | $\begin{aligned} & 87,650 \\ & 87,700 \\ & 87,750 \\ & 87,800 \end{aligned}$ | $\begin{aligned} & 19,162 \\ & 19,176 \\ & 19,190 \\ & 19,204 \end{aligned}$ | $\begin{aligned} & 19,514 \\ & 19,528 \\ & 19,542 \\ & 19,556 \end{aligned}$ | $\begin{aligned} & 90,600 \\ & 90,650 \\ & 90,700 \\ & 90,750 \end{aligned}$ | $\begin{aligned} & 90,650 \\ & 90,700 \\ & 90,750 \\ & 90,800 \end{aligned}$ | $\begin{aligned} & 20,002 \\ & 20,016 \\ & 20,030 \\ & 20,044 \end{aligned}$ | $\begin{aligned} & 20,419 \\ & 20,435 \\ & 20,452 \\ & 0,468 \end{aligned}$ |
| $\begin{aligned} & 81,800 \\ & 81,850 \\ & 81,900 \\ & 81,950 \end{aligned}$ | $\begin{aligned} & 81,850 \\ & 81,900 \\ & 81,950 \\ & 82,000 \end{aligned}$ | $\begin{aligned} & 17,538 \\ & 17,52 \\ & 17,566 \\ & 17,580 \end{aligned}$ | $\begin{aligned} & 17,890 \\ & 17,904 \\ & 17,918 \\ & 17,932 \end{aligned}$ | $\begin{aligned} & 84,800 \\ & 84,850 \\ & 84,900 \\ & 84,950 \end{aligned}$ | $\begin{aligned} & 84,850 \\ & 84,900 \\ & 84,950 \\ & 85,500 \end{aligned}$ | $\begin{aligned} & 18,378 \\ & 18,392 \\ & 18,406 \\ & 18,420 \end{aligned}$ | $\begin{aligned} & 18,730 \\ & 18,744 \\ & 18,758 \\ & 18,772 \end{aligned}$ | $\begin{aligned} & 87,800 \\ & 87,850 \\ & 87,900 \\ & 87,950 \end{aligned}$ | $\begin{aligned} & 87,850 \\ & 87,900 \\ & 87,950 \\ & 88,500 \end{aligned}$ | $\begin{aligned} & 19,218 \\ & 19,232 \\ & 19,246 \\ & 19,260 \end{aligned}$ | $\begin{aligned} & 19,570 \\ & 19,584 \\ & 19,598 \\ & 19,612 \end{aligned}$ | $\begin{aligned} & 99,800 \\ & 90,850 \\ & 90,900 \\ & 90,950 \end{aligned}$ | $\begin{aligned} & 90,850 \\ & 90,900 \\ & 90,950 \\ & 91,000 \end{aligned}$ | $\begin{aligned} & 20,058 \\ & 20,072 \\ & 20,086 \\ & 20,100 \end{aligned}$ | $\begin{aligned} & 20,485 \\ & 20,501 \\ & 20,518 \\ & 20,534 \end{aligned}$ |
| 82,000 |  |  |  | 85,000 |  |  |  | 88,000 |  |  |  | 91,000 |  |  |  |
| $\begin{aligned} & 82,000 \\ & 82,050 \\ & 82,100 \\ & 82,150 \end{aligned}$ | $\begin{aligned} & 82,050 \\ & 82,100 \\ & 82,150 \\ & 82,200 \end{aligned}$ | $\begin{aligned} & 17,594 \\ & 17,608 \\ & 17,622 \\ & 17,636 \end{aligned}$ | $\begin{aligned} & 17,946 \\ & 17,960 \\ & 17,974 \\ & 17,988 \end{aligned}$ | $\begin{aligned} & 85,000 \\ & 85,050 \\ & 85,100 \\ & 85,150 \end{aligned}$ | 85,050 <br> 85,100 <br> 85,150 <br> 85,200 | $\begin{aligned} & 18,434 \\ & 18,448 \\ & 18,462 \\ & 18,476 \end{aligned}$ | 18,786 18,800 18,814 18,828 | $\begin{aligned} & 88,000 \\ & 88,050 \\ & 88,100 \\ & 88,150 \end{aligned}$ | 88,050 <br> 88,100 <br> 88,150 88,200 | $\begin{aligned} & 19,274 \\ & 19,288 \\ & 19,302 \\ & 19,316 \end{aligned}$ | $\begin{aligned} & 19,626 \\ & 19,640 \\ & 19,654 \\ & 19,668 \end{aligned}$ | $\begin{aligned} & 91,000 \\ & 91,050 \\ & 91,100 \\ & 91,150 \end{aligned}$ | $\begin{aligned} & 91,050 \\ & 91,100 \\ & 91,50 \\ & 91,500 \end{aligned}$ | $\begin{aligned} & 20,114 \\ & 20,128 \\ & 20,142 \\ & 20,156 \end{aligned}$ | $\begin{aligned} & 20,551 \\ & 20,567 \\ & 20,584 \\ & 20,600 \end{aligned}$ |
| $\begin{aligned} & 82,200 \\ & 82,200 \\ & 82,300 \\ & 82,350 \end{aligned}$ | $\begin{aligned} & 82,250 \\ & 82,300 \\ & 82,350 \\ & 82,400 \end{aligned}$ | $\begin{aligned} & 17,650 \\ & 17,664 \\ & 17,678 \\ & 17,692 \end{aligned}$ | $\begin{aligned} & 18,002 \\ & 18,016 \\ & 18,030 \\ & 18,044 \end{aligned}$ | $\begin{aligned} & 85,200 \\ & 88,200 \\ & 85,300 \\ & 85,350 \end{aligned}$ | $\begin{aligned} & 85,250 \\ & 85,300 \\ & 85,350 \\ & 85,400 \end{aligned}$ | $\begin{aligned} & 18,490 \\ & 18,504 \\ & 18,518 \\ & 18,532 \end{aligned}$ | $\begin{aligned} & 18,842 \\ & 18,856 \\ & 18,870 \\ & 18,884 \end{aligned}$ | $\begin{aligned} & 88,200 \\ & 88,200 \\ & 88,300 \\ & 88,350 \end{aligned}$ | $\begin{aligned} & 88,250 \\ & 88,300 \\ & 88,350 \\ & 88,400 \end{aligned}$ | $\begin{aligned} & 19,330 \\ & 19,344 \\ & 19,358 \\ & 19,372 \end{aligned}$ | $\begin{aligned} & 19,682 \\ & 19,696 \\ & 19,710 \\ & 19,724 \\ & 10700 \end{aligned}$ | $\begin{aligned} & 91,200 \\ & 91,250 \\ & 91,300 \\ & 91,350 \end{aligned}$ | $\begin{aligned} & 91,250 \\ & 91,300 \\ & 91,350 \\ & 91,400 \end{aligned}$ | $\begin{aligned} & 20,170 \\ & 20,184 \\ & 20,198 \\ & 0,212 \end{aligned}$ | $\begin{aligned} & 20,617 \\ & 20,633 \\ & 20,650 \\ & 20,666 \end{aligned}$ |
| $\begin{aligned} & 82,400 \\ & 82,40 \\ & 82,500 \\ & 82,550 \end{aligned}$ | $\begin{aligned} & 82,450 \\ & 82,500 \\ & 82,550 \\ & 82,600 \end{aligned}$ | $\begin{aligned} & 17,706 \\ & 17,720 \\ & 17,734 \\ & 17,748 \end{aligned}$ | $\begin{aligned} & 18,058 \\ & 18,072 \\ & 18,086 \\ & 18,100 \end{aligned}$ | 85,400 85,450 85,500 85,550 | $\begin{aligned} & 85,450 \\ & 85,500 \\ & 85,550 \\ & 85,600 \end{aligned}$ | $\begin{aligned} & 18,546 \\ & 18,560 \\ & 18,574 \\ & 18,588 \end{aligned}$ | $\begin{aligned} & 18,898 \\ & 18,912 \\ & 18,926 \\ & 18,940 \end{aligned}$ | $\begin{aligned} & 88,400 \\ & 88,450 \\ & 88,500 \\ & 88,550 \end{aligned}$ | $\begin{aligned} & 88,450 \\ & 88,500 \\ & 88,550 \\ & 88,600 \end{aligned}$ | $\begin{aligned} & 19,386 \\ & 19,400 \\ & 19,414 \\ & 19,428 \end{aligned}$ | $\begin{aligned} & 19,738 \\ & 19,752 \\ & 19,666 \\ & 19,780 \end{aligned}$ | $\begin{aligned} & 91,400 \\ & 91,450 \\ & 91,500 \\ & 91,550 \end{aligned}$ | $\begin{aligned} & 91,450 \\ & 91,500 \\ & 91,50 \\ & 91,500 \end{aligned}$ | $\begin{aligned} & 20,226 \\ & 20,240 \\ & 20,254 \\ & 20,268 \end{aligned}$ | $\begin{aligned} & 20,683 \\ & 20,699 \\ & 20,716 \\ & 20,732 \end{aligned}$ |
| $\begin{aligned} & 82,600 \\ & 82,650 \\ & 82,700 \\ & 82,750 \end{aligned}$ | $\begin{aligned} & 82,650 \\ & 8,700 \\ & 82,750 \\ & 82,800 \end{aligned}$ | $\begin{aligned} & 17,762 \\ & 17,766 \\ & 17,790 \\ & 17,804 \end{aligned}$ | $\begin{aligned} & 18,114 \\ & 18,128 \\ & 18,142 \\ & 18,156 \end{aligned}$ | $\begin{aligned} & 85,600 \\ & 85,650 \\ & 85,700 \\ & 85,750 \end{aligned}$ | $\begin{aligned} & 85,650 \\ & 85,700 \\ & 85,750 \\ & 85,800 \end{aligned}$ | $\begin{aligned} & 18,602 \\ & 18,616 \\ & 18,630 \\ & 18,644 \end{aligned}$ | $\begin{aligned} & 18,954 \\ & 18,968 \\ & 18,982 \\ & 18,996 \end{aligned}$ | $\begin{aligned} & 88,600 \\ & 88,650 \\ & 88,700 \\ & 88,750 \end{aligned}$ | $\begin{aligned} & 88,650 \\ & 88,700 \\ & 88,750 \\ & 88,800 \end{aligned}$ | $\begin{aligned} & 19,442 \\ & 19,456 \\ & 19,470 \\ & 19,484 \end{aligned}$ | $\begin{aligned} & 19,794 \\ & 19,808 \\ & 19,82 \\ & 19,836 \end{aligned}$ | $\begin{aligned} & 91,600 \\ & 91,650 \\ & 91,700 \\ & 91,750 \end{aligned}$ | $\begin{aligned} & 91,650 \\ & 91,700 \\ & 91,750 \\ & 91,800 \end{aligned}$ | $\begin{aligned} & 20,282 \\ & 20,296 \\ & 20,310 \\ & 20,324 \end{aligned}$ | $\begin{aligned} & 20,749 \\ & 20,765 \\ & 20,782 \\ & 20,798 \end{aligned}$ |
| $\begin{aligned} & 82,800 \\ & 82,800 \\ & 82,900 \\ & 82,950 \end{aligned}$ | $\begin{aligned} & 82,850 \\ & 8,900 \\ & 82,950 \\ & 83,000 \end{aligned}$ | $\begin{aligned} & 17,818 \\ & 17,832 \\ & 17,846 \\ & 17,860 \end{aligned}$ | $\begin{aligned} & 18,170 \\ & 18,184 \\ & 18,198 \\ & 18,212 \end{aligned}$ | $\begin{aligned} & 85,800 \\ & 85,850 \\ & 85,900 \\ & 85,950 \end{aligned}$ | $\begin{aligned} & 85,850 \\ & 85,900 \\ & 85,950 \\ & 86,000 \end{aligned}$ | $\begin{aligned} & 18,658 \\ & 18,672 \\ & 18,686 \\ & 18,700 \end{aligned}$ | $\begin{aligned} & 19,010 \\ & 19,024 \\ & 19,038 \\ & 19,052 \end{aligned}$ | $\begin{aligned} & 88,800 \\ & 88,850 \\ & 88,900 \\ & 88,950 \end{aligned}$ | $\begin{aligned} & 88,850 \\ & 88,900 \\ & 88,90 \\ & 89,500 \end{aligned}$ | $\begin{aligned} & 19,498 \\ & 19,512 \\ & 19,526 \\ & 19,540 \end{aligned}$ | $\begin{aligned} & 19,850 \\ & 19,864 \\ & 19,878 \\ & 19,892 \end{aligned}$ | $\begin{aligned} & 91,800 \\ & 91,850 \\ & 91,900 \\ & 91,950 \end{aligned}$ | $\begin{aligned} & 91,850 \\ & 91,900 \\ & 91,950 \\ & 92,500 \end{aligned}$ | $\begin{aligned} & 20,338 \\ & 20,352 \\ & 20,366 \\ & 20,380 \end{aligned}$ | $\begin{aligned} & 20,815 \\ & 20,831 \\ & 20,848 \\ & 0,864 \end{aligned}$ |
| 83,000 |  |  |  | 86,000 |  |  |  | 89,000 |  |  |  | 92,000 |  |  |  |
| $\begin{aligned} & 83,000 \\ & 83,050 \\ & 83,100 \\ & 83,150 \end{aligned}$ | $\begin{aligned} & 83,050 \\ & 83,100 \\ & 83,150 \\ & 83,200 \end{aligned}$ | $\begin{aligned} & 17,874 \\ & 17,888 \\ & 17,902 \\ & 17,916 \end{aligned}$ | $\begin{aligned} & 18,226 \\ & 18,240 \\ & 18,54 \\ & 18,268 \end{aligned}$ | $\begin{aligned} & 86,000 \\ & 86,050 \\ & 86,100 \\ & 86,150 \end{aligned}$ | 86,050 <br> 86,100 <br> 86,150 <br> 86,200 | $\begin{aligned} & 18,714 \\ & 18,728 \\ & 18,742 \\ & 18,756 \end{aligned}$ | 19,066 <br> 19,080 <br> 19,094 <br> 19,108 | $\begin{aligned} & 89,000 \\ & 89,050 \\ & 89,100 \\ & 89,150 \end{aligned}$ | $\begin{aligned} & 89,050 \\ & 89,100 \\ & 89,150 \\ & 89,200 \end{aligned}$ | $\begin{aligned} & 19,554 \\ & 19,568 \\ & 19,582 \\ & 19,596 \end{aligned}$ | 19,906 19,920 19,934 19,948 | $\begin{aligned} & 92,000 \\ & 92,050 \\ & 92,100 \\ & 92,150 \end{aligned}$ | $\begin{aligned} & 92,050 \\ & 92,100 \\ & 92,150 \\ & 92,200 \end{aligned}$ | $\begin{aligned} & 20,394 \\ & 20,408 \\ & 20,422 \\ & 20,436 \end{aligned}$ | $\begin{aligned} & 20,881 \\ & 20,897 \\ & 20,914 \\ & 20,930 \end{aligned}$ |
| $\begin{aligned} & 83,200 \\ & 83,250 \\ & 83,300 \\ & 83,350 \end{aligned}$ | $\begin{aligned} & 83,250 \\ & 83,300 \\ & 83,350 \\ & 83,400 \end{aligned}$ | $\begin{aligned} & 17,930 \\ & 17,94 \\ & 17,958 \\ & 17,972 \end{aligned}$ | $\begin{aligned} & 18,282 \\ & 18,296 \\ & 18,310 \\ & 18,324 \end{aligned}$ | 86,200 86,250 86,300 86,350 | 86,250 86,300 86,350 86,400 | $\begin{aligned} & 18,770 \\ & 18,784 \\ & 18,798 \\ & 18,812 \end{aligned}$ | $\begin{aligned} & 19,122 \\ & 19,136 \\ & 19,150 \\ & 19,164 \\ & 1,170 \end{aligned}$ | $\begin{aligned} & 89,200 \\ & 89,250 \\ & 89,300 \\ & 89,350 \end{aligned}$ | $\begin{aligned} & 89,250 \\ & 89,300 \\ & 89,350 \\ & 89,400 \end{aligned}$ | $\begin{aligned} & 19,610 \\ & 19,624 \\ & 19,638 \\ & 19,652 \end{aligned}$ | $\begin{aligned} & 19,962 \\ & 19,976 \\ & 19,990 \\ & 20,006 \end{aligned}$ | $\begin{aligned} & 92,200 \\ & 92,250 \\ & 92,300 \\ & 92,350 \end{aligned}$ | $\begin{aligned} & 92,250 \\ & 92,300 \\ & 92,350 \\ & 92,400 \end{aligned}$ | $\begin{aligned} & 20,450 \\ & 20,464 \\ & 20,478 \\ & 20,492 \end{aligned}$ | $\begin{aligned} & 20,947 \\ & 20,963 \\ & 20,980 \\ & 20,996 \end{aligned}$ |
| $\begin{aligned} & 83,400 \\ & 83,450 \\ & 83,500 \\ & 83,550 \end{aligned}$ | $\begin{aligned} & 83,450 \\ & 83,500 \\ & 83,550 \\ & 83,600 \end{aligned}$ | $\begin{aligned} & 17,986 \\ & 18,000 \\ & 18,014 \\ & 18,028 \end{aligned}$ | $\begin{aligned} & 18,338 \\ & 18,352 \\ & 18,366 \\ & 18,380 \end{aligned}$ | $\begin{aligned} & 86,400 \\ & 86,450 \\ & 86,500 \\ & 86,550 \end{aligned}$ | 86,450 <br> 86,500 86,550 86,600 | $\begin{aligned} & 18,826 \\ & 18,840 \\ & 18,854 \\ & 18,868 \end{aligned}$ | $\begin{aligned} & 19,178 \\ & 19,192 \\ & 19,206 \\ & 19,220 \end{aligned}$ | $\begin{aligned} & 89,400 \\ & 89,450 \\ & 89,500 \\ & 89,550 \end{aligned}$ | $\begin{aligned} & 89,450 \\ & 89,500 \\ & 89,550 \\ & 89,500 \end{aligned}$ | $\begin{array}{\|l} 19,666 \\ 19,680 \\ 19,694 \\ 19,708 \end{array}$ | $\begin{aligned} & 20,023 \\ & 20,039 \\ & 20,056 \\ & 20,072 \end{aligned}$ | $\begin{aligned} & 92,400 \\ & 92,450 \\ & 92,50 \\ & 92,550 \end{aligned}$ | $\begin{aligned} & 92,450 \\ & 92,500 \\ & 92,550 \\ & 92,600 \end{aligned}$ | $\begin{aligned} & 20,506 \\ & 20,520 \\ & 20,534 \\ & 20,544 \end{aligned}$ | $\begin{aligned} & 21,013 \\ & 21,029 \\ & 21,046 \\ & 21,062 \end{aligned}$ |
| $\begin{array}{r} 83,600 \\ 83,650 \\ 83,700 \\ 83,750 \end{array}$ | $\begin{aligned} & 83,650 \\ & 83,700 \\ & 83,750 \\ & 83,800 \end{aligned}$ | $\begin{aligned} & 18,042 \\ & 18,056 \\ & 18,070 \\ & 18,084 \end{aligned}$ | $\begin{aligned} & 18,394 \\ & 18,408 \\ & 18,422 \\ & 18,436 \end{aligned}$ | $\begin{aligned} & 86,600 \\ & 86,650 \\ & 86,700 \\ & 86,750 \end{aligned}$ | $\begin{aligned} & 86,650 \\ & 86,700 \\ & 86,750 \\ & 86,800 \end{aligned}$ | $\begin{aligned} & 18,882 \\ & 18,896 \\ & 18,910 \\ & 18,924 \end{aligned}$ | $\begin{aligned} & 19,234 \\ & 19,248 \\ & 19,262 \\ & 19,276 \end{aligned}$ | $\begin{aligned} & 89,600 \\ & 89,650 \\ & 89,700 \\ & 89,750 \end{aligned}$ | $\begin{aligned} & 89,650 \\ & 89,700 \\ & 89,750 \\ & 89,800 \end{aligned}$ | $\begin{aligned} & 19,722 \\ & 19,736 \\ & 19,750 \\ & 19,764 \end{aligned}$ | $\begin{aligned} & 20,089 \\ & 20,105 \\ & 20,122 \\ & 20,138 \end{aligned}$ | $\begin{aligned} & 92,600 \\ & 92,650 \\ & 92,700 \\ & 92,750 \end{aligned}$ | $\begin{aligned} & 92,650 \\ & 92,700 \\ & 92,750 \\ & 92,800 \end{aligned}$ | $\begin{aligned} & 20,562 \\ & 20,576 \\ & 20,590 \\ & 0,604 \end{aligned}$ | $\begin{aligned} & 21,079 \\ & 21,095 \\ & 21,112 \\ & 21,128 \end{aligned}$ |
| $\begin{aligned} & 83,800 \\ & 83,850 \\ & 83,900 \\ & 83,950 \end{aligned}$ | $\begin{aligned} & 83,850 \\ & 83,900 \\ & 83,950 \\ & 84,000 \end{aligned}$ | $\begin{aligned} & 18,098 \\ & 18,112 \\ & 18,126 \\ & 18,140 \\ & \hline \end{aligned}$ | $\begin{aligned} & 18,450 \\ & 18,464 \\ & 18,478 \\ & 18,492 \\ & \hline \end{aligned}$ | $\begin{aligned} & 86,800 \\ & 86,500 \\ & 86,900 \\ & 86,950 \end{aligned}$ | 86,850 86,900 86,950 <br> 87,000 | $\begin{aligned} & 18,938 \\ & 18,952 \\ & 18,966 \\ & 18,980 \end{aligned}$ | $\begin{aligned} & 19,290 \\ & 19,304 \\ & 19,318 \\ & 19,332 \\ & \hline \end{aligned}$ | $\begin{aligned} & 89,800 \\ & 89,850 \\ & 89,900 \\ & 89,950 \end{aligned}$ | $\begin{aligned} & 89,850 \\ & 89,900 \\ & 89,950 \\ & 90,000 \end{aligned}$ | $\begin{aligned} & 19,778 \\ & 19,792 \\ & 19,806 \\ & 19,820 \end{aligned}$ | $\begin{aligned} & 20,155 \\ & 20,171 \\ & 20,188 \\ & 20,204 \end{aligned}$ | $\begin{aligned} & 92,800 \\ & 92,850 \\ & 92,900 \\ & 92,950 \end{aligned}$ | $\begin{aligned} & 92,850 \\ & 92,900 \\ & 92,950 \\ & 93,000 \end{aligned}$ | $\begin{aligned} & 20,618 \\ & 20,632 \\ & 20,646 \\ & 20,660 \\ & \hline \end{aligned}$ | $\begin{aligned} & 21,145 \\ & 21,161 \\ & 21,178 \\ & 21,194 \end{aligned}$ |



# U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents 



## Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport?
B Were you ever a U.S. citizen?

> Yes

No
C Give the purpose of your visit to the United States

D Type of entry visa and current nonimmigrant status and date of change

E Date you entered the United States (see page 8)

F Did you give up your permanent residence as an immigrant in the United States this year? Yes

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only.
$\qquad$
$\qquad$
$\qquad$
$\qquad$

H Give number of days (including vacation and nonworkdays) you were present in the United States during


I Did you file a U.S. income tax return for any year before 2005?
If "Yes," give the latest year and form number
J If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 9 for additional information.

- Country
- Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2005 below and on line 6; not on line 3 or 5 .

For 2005
$\qquad$
$\qquad$

For 2004 $\qquad$
$\qquad$

- Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? No

K During 2005, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States?

Department of the Treasury Internal Revenue Service
U.S. Nonresident Alien Income Tax Return

For the year January 1-December 31, 2004, or other tax year
2004, and ending
20
beginning

Your first name and initial

| Your first name and initial |
| :--- |
| Present home address (number, street, and apt. no., or rur |

Identifying number (see page 7 of inst.)

Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see page 7

City, town or post office, state, and ZIP code. If you have a foreign address, see page 7.
Check if: $\square$ Individual

For Disclosure and Paperwork Reduction Act Notice, see page 27.
Country $\quad$ Of what country were you a citizen or national during the tax year?
Give address outside the United States to which you want any
Give address in the country where you are a permanent resident. refund check mailed. If same as above, write "Same."

If same as abov vrite "Same."

Enclose, but do not attach, any payment.



## Schedule A—Itemized Deductions (See pages 22, 23, and 24.)



Form 1040NR (2004) oo |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

Page 4

| (a) U.S. tax |
| :--- | :--- | :--- | :--- |
| withheld |$\quad$ Enter amount of income under the appropriate rate of tax (see pages 24 and 25)


(c) $15 \%$

## 

(d) $30 \%$
........... - .................






 $+$

| $75 a$ |
| :--- |
| $75 b$ |


| $75 b$ |
| :--- |
| $75 c$ |

76

| 76 |
| :--- |
| 77 |


| 77 |
| :--- |
| 78 |

79
80
82
83 $\qquad$ 84
85
98
 1040 NR, 1 .

84

\[
(d) 30 \%

\] 

$$
\begin{array}{l|l|l}
\begin{array}{c}
\text { withheld } \\
\text { at source }
\end{array} & \text { (b) } 10 \% &
\end{array}
$$










$$
74 \text { Dividends paid by: }
$$

a U.S. corporations .
b Foreign corporations
75 Interest:
a Mortgage . . . . . .
b Paid by foreign corporations
c Other . . . . . .
76 Industrial royalties (patents, t
77
b Foreign corporations
75 Interest:
a Mortgage . . . . . .
b Paid by foreign corporations
c Other . . . . . .
76 Industrial royalties (patents, t
77
b Foreign corporations
75 Interest:
a Mortgage . . . . . .
b Paid by foreign corporations
c Other . . . . . .
76 Industrial royalties (patents, t
77


86 Multiply line 85 by rate of tax at top of each column. . 87 Tax on income not effectively connected with a U.S. trade or business. A 84 Total U.S. tax withheld at source. Add column (a) of lines 74a through 83. Enter the total here and on Form
$\begin{array}{lll}76 & \text { Industrial royalties (patents, trademarks, etc.) } \\ 77 & \text { Motion picture or T.V. copyright royalties } \\ 78 & \text { Other royalties (copyrights, recording, publishing, etc.) } \\ 79 & \text { Real property income and natural resources royalties } \\ 80 & \text { Pensions and annuities } \\ 81 & \text { Social security benefits . } \\ 82 & \text { Gains (include capital gain from line } 90 & \text { below) } \\ 83 & \text { Other (specify) }\end{array}$
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b Foreign corporations
75 Interest:
a Mortgage . . . . .
b Paid by foreign corporations
c Other
76
77 Industrial royalties (patents,
$\begin{array}{lll}76 & \text { Industrial royalties (patents, trademarks, etc.) } \\ 77 & \text { Motion picture or T.V. copyright royalties. } \\ 78 & \text { Other royalties (copyrights, recording, publishing, etc.) } \\ 79 & \text { Real property income and natural resources royalties. } \\ 80 & \text { Pensions and annuities } \\ 81 & \text { Social security benefits . } \\ 82 & \text { Gains (include capital gain from line } 90 & \\ 83 & \text { Other (specify) }\end{array}$
85 Add lines 74 a through 83 in columns (b)-(e). .
Nature of income
b Paid by foreign corporations
84 Total U.S. tax withheld at source. Add column (a)
-


|  | $\begin{array}{c}\text { (g) GAIN } \\ \text { If (d) is more } \\ \text { (d) } \\ \text { than (e), subtract (e) } \\ \text { from (d) }\end{array}$ |  |
| :--- | :--- | :--- |
|  |  |  |
|  |  |  |
| ) |  |  |

## Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport?
B Were you ever a U.S. citizen?YesNo

C Give the purpose of your visit to the United States
$\square$

D Type of entry visa
and current nonimmigrant status and date of change (see page 25)

E Date you entered the United States (see page 25)
$-$
F Did you give up your permanent residence as an immigrant in the United States this year?

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only.

H Give number of days (including vacation and nonworkdays) you were present in the United States during:
2002 ............, 2003 ............. , and 2004 $\qquad$
$\qquad$
I If you are a resident of Canada, Mexico, Japan, or the Republic of Korea (South Korea), or a U.S. national, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? Yes No If "Yes," enter amount $>$ \$

If you were a resident of Japan or the Republic of Korea (South Korea) for any part of the tax year, enter in the space below your total foreign source income not effectively connected with a U.S. trade or business. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the United States and Japan or the United States and the Republic of Korea (South Korea).

Total foreign source income not effectively connected with a U.S. trade or business $\boldsymbol{\$}$
J Did you file a U.S. income tax return for any year before 2004?Yes No
If "Yes," give the latest year and form number

K To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 59, 62, and 64?

L Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business?Yes No

If "Yes," show the amount, nature, and source of the excluded income. Also, give the reason it was excluded. (Do not include amounts shown in item M.)

M If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 26 for additional information.

- Country
- Type and amount of effectively connected income exempt from tax. Also, identify the applicable tax treaty article. Do not enter exempt income on lines 8, 9a, 10a, 11-15, 16b, or 17b-21 of Form 1040NR:

For 2004 (also, include this exempt income on line 22 of Form 1040NR)

For 2003

- Type and amount of income not effectively connected that is exempt from or subject to a reduced rate of tax. Also, identify the applicable tax treaty article:

For 2004

For 2003

- Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? .Yes No
- Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the United States at any time during 2004?Yes No
N If you file this return to report community income, give your spouse's name, address, and identifying number.

O If you file this return for a trust, does the trust have a U.S. business? $\qquad$ No
If "Yes," give name and address
$\mathbf{P}$ Is this an "expatriation return" (see page 26)? Yes
If "Yes," you must attach an annual information statement.

Q During 2004, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? $\qquad$ Yes No

If "Yes," explain

|  |  |  |  | Leading adjust: 0\% | Draft | $\square$ Ok to Print |
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Page 1 of 43 Instructions for Form 1040NR
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# Instructions for Form 1040NR 

U.S. Nonresident Alien Income Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

TIP
For details on these and other changes for 2004 and 2005, see Pub. 553.

## What's New for 2004

Health savings account (HSA) deduction. You may be able to take a deduction if contributions (other than an employer contribution) were made to your HSA for 2004. See Form 8889 for details.
Tax computation worksheet. If your taxable income is $\$ 100,000$ or more, you will now use the Tax Computation Worksheet instead of the Tax Rate Schedules to figure your tax. The Tax Computation Worksheet is on page 41. The Tax Rate Schedules are shown on page 40 so you can see the tax rate that applies to all levels of taxable income, but should not be used to figure your tax $\wedge$

IRA deduction allowed to more people covered by retirement plans. You may be able to take an IRA deduction if you were covered by a retirement plan and your modified AGI is less than $\$ 55,000$ ( $\$ 75,000$ if qualifying widow(er)). See the instructions for line 25 on page 13.

Standard mileage rates. The 2004 rate for business use of your vehicle is $371 / 2$ cents a mile. The 2004 rate for use of your vehicle to move is 14 cents a mile.

Qualified tuition program (QTP) distributions. You may be able to exclude from income distributions from a QTP established and maintained by an eligible educational institution if the distributions are not more than your qualified higher education expenses. See Pub. 970.
Winnings from horse or dog races. Winnings from horse or dog races in the United States are excludable from your income if they are from a legal wager you made after October 22, 2004, outside the United States in a parimutuel pool.

Special rules for former U.S. citizens and former U.S. long-term residents.
The rules have changed. If you expatriated after June 3, 2004, see Pub. 519, chapter 4.

## What's New for 2005

IRA deduction expanded. You may be able to deduct up to \$4,000 (\$4,500 if age 50 or older at the end of 2005). If you were covered by a retirement plan, you may be able to take an IRA deduction if your 2005 modified AGI is less than \$60,000 (\$80,000 if qualifying widow(er)).
Residents of Japan. Beginning in 2005, nonresident aliens who are residents of Japan generally cannot claim the following benefits. This is because the new U.S.-Japan income tax treaty, which became effective on January 1, 2005, does not allow them.

- Exemptions for spouse and dependents.
- Qualifying widow(er) filing status.
- Single filing status for people who are married, have a child, and do not live with their spouse.
However, if you choose to have the old U.S.-Japan treaty apply in its entirety for 2005, you may be able to claim these benefits on your 2005 Form 1040NR.
Certain dividends from a mutual fund. Interest-related dividends a nonresident alien receives from a mutual fund are excluded from income if the dividends are not effectively connected with the alien's U.S. trade or business. The exclusion also applies to short-term capital gain dividends from a mutual fund if the alien is present in the United States for less than 183 days during the tax year. These exclusions apply to dividends for any tax year of the mutual fund that begins after 2004 and before 2008 .
U.S. source dividends paid by certain foreign corporations. U.S. source dividends paid after 2004 by certain foreign corporations are excluded from income if they are not effectively connected with the nonresident alien's U.S. trade or business. See Second exception under

Dividends in chapter 2 of Pub. 519 for a definition of foreign corporation and how to figure the amount of excludable dividends.

Reminders Items to Note
Form 1040NR-EZ. You may be able to use Form 1040NR-EZ if your only income from U.S. sources is wages, salaries, tips, taxable refunds of state and local income taxes, and scholarship or fellowship grants. For more details, see Form 1040NR-EZ and its instructions.
Other reporting requirements. If you meet the closer connection to a foreign country exception to the substantial presence test, you must file Form 8840. If you exclude days of presence in the United States for purposes of the substantial presence test, you must file Form 8843. This rule does not apply to foreign-governmentrelated individuals who exclude days of presence in the United States. Certain dual-resident taxpayers who claim tax treaty benefits must file Form 8833. A dual-resident taxpayer is one who is a resident of both the United States and another country under each country's tax laws.

## Additional Information

If you need more information, our free publications may help you. Pub. 519, U.S. Tax Guide for Aliens, will be the most important, but the following publications may also help.

Pub. 525 Taxable and Nontaxable Income
Pub. 529 Miscellaneous Deductions
Pub. 552 Recordkeeping for Individuals
Pub. 597 Information on the United States-Canada Income Tax Treaty
Pub. 901 U.S. Tax Treaties
Pub. 910 Guide to Free Tax Services (includes a list of all publications)
These free publications and the forms and schedules you will need are available from the Internal Revenue Service. You can download them from

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the IRS website at www.irs.gov. Also see Taxpayer Assistance on page 26 for other ways to get them (as well as information on receiving IRS assistance in completing the forms).

## Resident Alien or Nonresident Alien

If you are not a citizen of the United States, specific rules apply to determine if you are a resident alien or a nonresident alien for tax purposes. Generally, you are considered a resident alien if you meet either the green card test or the substantial presence test for 2004. (These tests are explained below.) Even if you do not meet either of these tests, you may be able to choose to be treated as a U.S. resident for part of 2004. See First-Year Choice in Pub. 519 for details.

You are generally considered a nonresident alien for the year if you are not a U.S. resident under either of these tests. However, even if you are a U.S. resident under one of these tests, you may still be considered a nonresident alien if you qualify as a resident of a treaty country within the meaning of the tax treaty between the United States and that country. You may download the complete text of most U.S. tax treaties at www.irs.gov. Technical explanations for many of those treaties are also available at that site.

For more details on resident and nonresident status, the tests for residence, and the exceptions to them, see Pub. 519.

## Green Card Test

You are a resident for tax purposes if you were a lawful permanent resident (immigrant) of the United States at any time during 2004.

## Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test for 2004. You meet this test if you were physically present in the United States for at least:

1. 31 days during 2004 and
2. 183 days during the period 2004 , 2003, and 2002, counting all the days of physical presence in 2004, but only $1 / 3$ the number of days of presence in 2003 and only $1 / 6$ the number of days in 2002.

Generally, you are treated as present in the United States on any day that you are physically present in the country at any time during the day. However, there are exceptions to this rule. In general, do not count the following as days of presence in the

United States for the substantial presence test.

- Days you commute to work in the United States from a residence in Canada or Mexico if you regularly commute from Canada or Mexico. - Days you are in the United States for less than 24 hours when you are in transit between two places outside of the United States.
- Days you are in the United States as a crew member of a foreign vessel.
- Days you intend, but are unable, to leave the United States because of a medical condition that develops while you are in the United States.
- Days you are an exempt individual (defined below).
Exempt individual. For these purposes, an exempt individual is generally an individual who is a:
- Foreign-government-related individual,
- Teacher or trainee,
- Student, or
- Professional athlete who is temporarily in the United States to compete in a charitable sports event.
Note. Alien individuals with "Q" visas are treated as either students, teachers, or trainees and, as such, are exempt individuals for purposes of the substantial presence test if they otherwise qualify. "Q" visas are issued to aliens participating in certain international cultural exchange programs.

See Pub. 519 for more details regarding days of presence in the United States for the substantial presence test.

## Closer Connection to Foreign Country

Even though you would otherwise meet the substantial presence test, you can be treated as a nonresident alien if you: - Were present in the United States for fewer than 183 days during 2004,

- Establish that during 2004 you had a tax home in a foreign country, and - Establish that during 2004 you had a closer connection to one foreign country in which you had a tax home than to the United States unless you had a closer connection to two foreign countries.

See Pub. 519 for more information.

## Who Must File

File Form 1040NR if any of the following four conditions applies to you.

1. You were a nonresident alien engaged in a trade or business in the United States during 2004. You must file even if-

- None of your income came from a trade or business conducted in the United States,
- You have no U.S. source income, or
- Your income is exempt from U.S. tax.

However, if you have no gross income for 2004, do not complete the schedules for Form 1040NR. Instead, attach a list of the kinds of exclusions you claim and the amount of each.

Exception. If you were a nonresident alien student, teacher, or trainee who was temporarily present in the United States under an " $F$," " $J$," " $M$," or "Q" visa, you must file Form 1040NR (or Form 1040NR-EZ) only if you have income that is subject to tax under section 871 (that is, the income items listed on lines 8 through 21 on page 1 of Form 1040NR and on lines 74a through 83 on page 4 of Form 1040NR).
2. You were a nonresident alien not engaged in a trade or business in the United States during 2004 and:

- You received income from U.S. sources that is reportable on lines 74a through 83 and
- Not all of the U.S. tax that you owe was withheld from that income.

3. You represent a deceased person who would have had to file Form 1040NR.
4. You represent an estate or trust that has to file Form 1040NR.

## Exception for children under age 14.

 If your child was under age 14 at the end of 2004, had income only from interest and dividends that are effectively connected with a U.S. trade or business, and that income totaled less than $\$ 8,000$, you may be able to elect to report your child's income on your return. But you must use Form 8814 to do so. If you make this election, your child does not have to file a return. For details, see Form 8814.CaUtionA child born on January 1, 1991, is considered to be age 14 at the end of 2004. Do not use Form 8814 for such a child.

Filing a deceased person's return. The personal representative must file the return for a deceased person who was required to file a return for 2004. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased person's property.

Filing for an estate or trust. If you are filing Form 1040NR for a nonresident alien estate or trust, change the form to reflect the provisions of Subchapter J, Chapter 1, of the Internal Revenue Code. You may find it helpful to refer to Form 1041 and its instructions.

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## Simplified Procedure for Claiming Certain Refunds

You can use this procedure only if you meet all of the following conditions for the tax year.

- You were a nonresident alien.
- You were not engaged in a trade or business in the United States at any time.
- You had no income that was effectively connected with the conduct of a U.S. trade or business.
- Your U.S. income tax liability was fully satisfied through withholding of tax at source.
- You are filing Form 1040NR solely to claim a refund of U.S. tax withheld at source.

Example. John is a nonresident alien individual. The only U.S. source income he received during the year was dividend income from U.S. stocks. The dividend income was reported to him on Form(s) 1042-S. On one of the dividend payments, the withholding agent incorrectly withheld at a rate of 30\% (instead of 15\%). John is eligible to use the simplified procedure.

If you meet all of the conditions listed earlier for the tax year, complete Form 1040NR as follows.
Page 1. Enter your name, identifying number (defined on page 7), country of citizenship, and all address information requested at the top of page 1 . Leave the rest of page 1 blank.
Page 4, lines 74a through 83. Enter the amounts of gross income you received from dividends, interest, royalties, pensions, annuities, and other income. If any income you received was subject to backup withholding or withholding at source, you must include all gross income of that type that you received. The amount of each type of income should be shown in the column under the appropriate U.S. tax rate, if any, that applies to that type of income in your particular circumstances.

If you are entitled to a reduced rate of, or exemption from, withholding on the income pursuant to a tax treaty, the applicable rate of U.S. tax is the same as the treaty rate. Use column (e) if the applicable tax rate is $0 \%$.

Example. Mary is a nonresident alien individual. The only U.S. source income she received during the year was as follows:

- 4 dividend payments
- 12 interest payments

All payments were reported to Mary on Form(s) 1042-S. On one of the dividend payments, the withholding agent incorrectly withheld at a rate of $30 \%$ (instead of 15\%). There were no other withholding discrepancies. Mary must report all four dividend payments.

She is not required to report any of the interest payments.
Note. Payments of gross proceeds from the sale of securities or regulated futures contracts are generally exempt from U.S. tax. If you received such payments and they were subjected to backup withholding, specify the type of payment on line 83 and show the amount in column (e).

Line 84. Enter the total amount of U.S. tax withheld at source (and not refunded by the payer or withholding agent) for the income you included on lines 74a through 83.

Lines 85 through 87. Complete these lines as instructed on the form.
Page 5. You must answer all questions that apply. For item M, you must identify the income tax treaty and treaty article(s) under which you are applying for a refund of tax. Also, enter the type of income (for example, dividends, royalties) and amount in the appropriate space. You must provide the information required for each type of income for which a treaty claim is made.
Note. If you are claiming a reduced rate of, or exemption from, tax based on a tax treaty, you must generally be a resident of the particular treaty country within the meaning of the treaty and you cannot have a permanent establishment or fixed base in the United States.
Page 2, lines 52 and 57. Enter your total income tax liability.

Lines 65 and 68. Enter the total amount of U.S. tax withheld (from line 84).

Lines 69 and 70a. Enter the difference between line 57 and line 68. This is your total refund.

Signature. You must sign and date your tax return. See Reminders on page 25.
Documentation. You must attach acceptable proof of the withholding for which you are claiming a refund. If you are claiming a refund of backup withholding tax based on your status as a nonresident alien, you must attach a copy of the Form 1099 that shows the income and the amount of backup withholding. If you are claiming a refund of U.S. tax withheld at source, you must attach a copy of the Form 1042-S that shows the income and the amount of U.S. tax withheld.

## Additional Information

Portfolio interest. If you are claiming a refund of U.S. tax withheld from portfolio interest, include a description of the relevant debt obligation, including the name of the issuer, CUSIP number
(if any), interest rate, and the date the debt was issued.
Withholding on distributions. If you are claiming an exemption from withholding on a distribution from a U.S. corporation with respect to its stock because the corporation had insufficient earnings and profits to support ordinary income treatment, you must attach a statement that identifies the distributing corporation and provides the basis for the claim.

If you are claiming an exemption from withholding on a distribution from a mutual fund or real estate investment trust (REIT) with respect to its stock because the distribution was designated as long-term capital gain or a nondividend distribution, you must attach a statement that identifies the mutual fund or REIT and provides the basis for the claim.

If you are claiming an exemption from withholding on a distribution from a U.S. corporation with respect to its stock because, in your particular circumstances, the transaction qualifies as a redemption of stock under section 302, you must attach a statement that describes the transaction and presents the facts necessary to establish that the payment was (a) a complete redemption, (b) a disproportionate redemption, or (c) not essentially equivalent to a dividend.

## When To File

Individuals. If you were an employee and received wages subject to U.S. income tax withholding, file Form 1040NR by the 15th day of the 4th month after your tax year ends. A return for the 2004 calendar year is due by April 15, 2005.

If you did not receive wages as an employee subject to U.S. income tax withholding, file Form 1040NR by the 15th day of the 6th month after your tax year ends. A return for the 2004 calendar year is due by June 15, 2005.
Estates and trusts. If you file for a nonresident alien estate or trust that has an office in the United States, file the return by the 15th day of the 4th month after the tax year ends. If you file for a nonresident alien estate or trust that does not have an office in the United States, file the return by the 15th day of the 6th month after the tax year ends.
Note. If the regular due date for filing falls on a Saturday, Sunday, or legal holiday, file by the next business day.
Extension of time to file. If you cannot file your return by the due date, you should file Form 4868. You must file Form 4868 by the regular due date of the return.

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Note. Form 4868 does not extend the time to pay your income tax. The tax is due by the regular due date of the return.

## Where To File

File Form 1040NR with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

## Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/ paying" rule for tax returns and payments. These private delivery services include only the following. - DHL Express (DHL): DHL Same Day Service, DHL Next Day 10:30 am, DHL Next Day 12:00 pm, DHL Next Day 3:00pm, and DHL 2nd Day Service. - Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.

- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

APrivate delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal
Service to mail any item to an IRS P.O. box address.

## Election To Be Taxed as a Resident Alien

You can elect to be taxed as a U.S. resident for the whole year if all of the following apply:

- You were married.
- Your spouse was a U.S. citizen or resident alien on the last day of the tax year.
- You file a joint return for the year of the election using Form 1040, 1040A, or $1040 E Z$.

To make this election, you must attach the statement described in Pub. 519 to your return. Do not use Form 1040NR.

Your worldwide income for the whole year must be included and will be taxed under U.S. tax laws. You must agree to keep the records, books, and other information needed to figure the tax. If you made the election in an earlier year, you may file a joint return or separate return for 2004. If you file a separate return, use Form 1040 or Form 1040A. Your worldwide income for the whole year must be included
whether you file a joint or separate return.

cautionNonresident aliens who make this election may forfeit the right to claim benefits otherwise available under a U.S. tax treaty. For more details, see the specific treaty.

## Dual-Status Taxpayers

Note. If you elect to be taxed as a resident alien (discussed earlier), the special instructions and restrictions discussed here do not apply.

## Dual-Status Tax Year

A dual-status year is one in which you change status between nonresident and resident alien. Different U.S. income tax rules apply to each status.

Most dual-status years are the years of arrival or departure. Before you arrive in the United States, you are a nonresident alien. After you arrive, you may or may not be a resident, depending on the circumstances.

If you become a U.S. resident, you stay a resident until you leave the United States. You may become a nonresident alien when you leave, if, after leaving (or after your last day of lawful permanent residency if you met the green card test) and for the remainder of the calendar year of your departure, you have a closer connection to a foreign country than to the United States, and, during the next calendar year, you are not a U.S. resident under either the green card test or the substantial presence test. See Pub. 519.

## What and Where to File for a Dual-Status Year

If you were a U.S. resident on the last day of the tax year, file Form 1040. Enter "Dual-Status Return" across the top and attach a statement showing your income for the part of the year you were a nonresident. You may use Form 1040NR as the statement; enter "Dual-Status Statement" across the top. File your return and statement with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.

If you were a nonresident on the last day of the tax year, file Form 1040NR. Enter "Dual-Status Return" across the top and attach a statement showing your income for the part of the year you were a U.S. resident. You may use Form 1040 as the statement; enter "Dual-Status Statement" across the top. File your return and statement with the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A.
Statements. Any statement you file with your return must show your name, address, and identifying number (defined on page 7).

Former U.S. long-term residents are required to file Form 8854 with their dual-status return for the last year of U.S. residency. To determine if you are a former U.S. long-term resident, see page 6.

## Income Subject to Tax for Dual-Status Year

As a dual-status taxpayer not filing a joint return, you are taxed on income from all sources for the part of the year you were a resident alien. Generally, you are taxed on income only from U.S. sources for the part of the year you were a nonresident alien. However, all income effectively connected with the conduct of a trade or business in the United States is taxable.

Income you received as a dual-status taxpayer from sources outside the United States while a resident alien is taxable even if you became a nonresident alien after receiving it and before the close of the tax year. Conversely, income you received from sources outside the United States while a nonresident alien is not taxable in most cases even if you became a resident alien after receiving it and before the close of the tax year. Income from U.S. sources is taxable whether you received it while a nonresident alien or a resident alien.

## Restrictions for Dual-Status Taxpayers

Standard deduction. You cannot take the standard deduction.
Head of household. You cannot use the Head of household Tax Table column or Tax Computation Worksheet. Joint return. You cannot file a joint return unless you elect to be taxed as a resident alien (see page 4) in lieu of these dual-status taxpayer rules.
Tax rates. If you were married and a nonresident of the United States for all or part of the tax year and you do not make the election to be taxed as a resident alien as discussed earlier, you must use the Tax Table column or Tax Computation Worksheet for Married filing separately to figure your tax on income effectively connected with a U.S. trade or business. If married, you cannot use the Single Tax Table column or Tax Computation Worksheet. Deduction for exemptions. As a dual-status taxpayer, you usually will be entitled to your own personal exemption. Subject to the general rules for qualification, you are allowed exemptions for your spouse and dependents in figuring taxable income for the part of the year you were a resident alien. The amount you can claim for these exemptions is limited to your taxable income (determined

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without regard to exemptions) for the part of the year you were a resident alien. You cannot use exemptions (other than your own) to reduce taxable income to below zero for that period.

Special rules apply for exemptions for the part of the tax year a dual-status taxpayer is a nonresident alien if the taxpayer is a resident of Canada, Mexico, Japan, or the Republic of Korea (South Korea); a U.S. national; or a student or business apprentice from India. See Pub. 519.

Tax credits. You cannot take the earned income credit, the credit for the elderly or disabled, or an education credit unless you elect to be taxed as a resident alien (see page 4) in lieu of these dual-status taxpayer rules. For information on other credits, see chapter 6 of Pub. 519.

## How To Figure Tax for Dual-Status Year

When you figure your U.S. tax for a dual-status year, you are subject to different rules for the part of the year you were a resident and the part of the year you were a nonresident.

All income for the period of residence and all income that is effectively connected with a trade or business in the United States for the period of nonresidence, after allowable deductions, is combined and taxed at the same rates that apply to U.S. citizens and residents. Income that is not effectively connected with a trade or business in the United States for the period of nonresidence is subject to the flat $30 \%$ rate or lower treaty rate. No deductions are allowed against this income.

If you were a resident alien on the last day of the tax year and you are filing Form 1040, include the tax on the noneffectively connected income in the total on Form 1040, line 62. To the left of line 62 enter "Tax from Form 1040NR" and the amount.

If you are filing Form 1040NR, enter the tax from the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, Schedule J (Form 1040), or Form 8615 on line 40 and the tax on the noneffectively connected income on line 52.

Credit for taxes paid. You are allowed a credit against your U.S. income tax liability for certain taxes you paid, are considered to have paid, or that were withheld from your income. These include:

1. Tax withheld from wages earned in the United States and taxes withheld at the source from various items of income from U.S. sources other than wages. This includes U.S. tax withheld on dispositions of U.S. real property interests.
When filing Form 1040, show the total tax withheld on line 63. Enter amounts from the attached statement (Form 1040NR, lines 58, 65, 66a, $66 \mathrm{~b}, 67 \mathrm{a}$, and 67 b ) to the right of line 63 and identify and include in the amount on line 63.
When filing Form 1040 NR, show the total tax withheld on lines 58, 65, 66a, 66b, 67a, and 67b. Enter the amount from the attached statement (Form 1040, line 63) to the right of line 58 and identify and include in the amount on line 58.
2. Estimated tax paid with Form 1040-ES or Form 1040-ES (NR).
3. Tax paid with Form 1040-C at the time of departure from the United States. When filing Form 1040, include the tax paid with Form 1040-C with the total payments on line 70 . Identify the payment in the area to the left of the entry.

## How To Report Income on Form 1040NR

## Community Income

If either you or your spouse (or both you and your spouse) were nonresident aliens at any time during the tax year and you had community income during the year, treat the community income according to the applicable community property laws except as follows:

- Earned income of a spouse, other than trade or business income or partnership distributive share income. The spouse whose services produced the income must report it on his or her separate return.
- Trade or business income, other than partnership distributive share income.
Treat this income as received by the spouse carrying on the trade or business and report it on that spouse's return.
- Partnership distributive share income (or loss). Treat this income (or loss) as received by the spouse who is the partner and report it on that spouse's return.
- Income derived from the separate property of one spouse that is not earned income, trade or business income, or partnership distributive share income. The spouse with the separate property must report this income on his or her separate return.


## See Pub. 555 for more details

## Kinds of Income

You must divide your income for the tax year into the following three categories.

1. Income effectively connected with a U.S. trade or business. This income is taxed at the same rates that apply to U.S. citizens and residents. Report this income on page 1 of Form 1040NR. Pub. 519 describes this income in greater detail.
2. U.S. income not effectively connected with a U.S. trade or business. This income is taxed at 30\% unless a treaty between your country and the United States has set a lower rate that applies to you. Report this income on page 4 of Form 1040NR. Pub. 519 describes this income more fully.
Note. Use line 55 to report the 4\% tax on U.S. source gross transportation income.
3. Income exempt from U.S. tax. Complete items L and/or M on page 5 of Form 1040NR and, if applicable, line 22 on page 1.

## Dispositions of U.S. Real Property Interests

Gain or loss on the disposition of a U.S. real property interest (see Pub. 519 for definition) is taxed as if the gain or loss were effectively connected with the conduct of a U.S. trade or business. See section 897 and its regulations.

Report gains and losses on the disposition of U.S. real property interests on Schedule D (Form 1040) and Form 1040NR, line 14. Also, net gains may be subject to the alternative minimum tax. See the instructions for line 41.

## Income You May Elect To Treat as Effectively Connected With a U.S. Trade or Business

You can elect to treat some items of income as effectively connected with a U.S. trade or business. The election applies to all income from real property located in the United States and held for the production of income and to all income from any interest in such property. This includes:

- Gains from the sale or exchange of such property or an interest therein. - Gains on the disposal of timber, coal, or iron ore with a retained economic interest.
- Rents and royalties from mines, oil or gas wells, or other natural resources.

The election does not apply to dispositions of U.S. real property interests discussed earlier.

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To make the election, attach a statement to your return for the year of the election. Include in your statement:

1. That you are making the election
2. A complete list of all of your real property, or any interest in real property, located in the United States (including location). Give the legal identification of U.S. timber, coal, or iron ore in which you have an interest.
3. The extent of your ownership in the real property.
4. A description of any substantial improvements to the property.
5. Your income from the property.
6. The dates you owned the property.
7. Whether the election is under section 871 (d) or a tax treaty.
8. Details of any previous elections and revocations of the real property election.

## Foreign Income Taxed by the United States

You may be required to report some income from foreign sources on your U.S. return if it is effectively connected with a U.S. trade or business. For this foreign income to be treated as effectively connected with a U.S. trade or business, you must have an office or other fixed place of business in the United States to which the income can be attributed. For more information, including a list of the types of foreign source income that must be treated as effectively connected with a U.S. trade or business, see Pub. 519.

## Special Rules for Former U.S. Citizens and Former U.S. Long-Term Residents

Note. The rules have changed. If you expatriated after June 3, 2004, see Pub. 519, chapter 4.

Section 877 may affect your tax liability if you are a former citizen or former long-term resident (LTR) of the United States. You are a former LTR if you were a lawful permanent resident of the United States (that is, you had a green card) for at least 8 of the 15 consecutive tax years ending with the year your residency ended. In determining if you are a former LTR, do not count any year that you were treated as a resident of another country under a tax treaty and you did not waive treaty benefits.

If you were a former citizen or former LTR and you relinquished your citizenship or terminated your residency after February 5, 1995, you are subject to the provisions of section 877 on your U.S. source income if one of the
principal purposes of your action was to avoid U.S. taxes.

You are considered to have tax avoidance as a principal purpose if (a) your average annual net income tax for the last 5 tax years ending before the date of your action to relinquish your citizenship or terminate your residency was more than $\$ 100,000$ or (b) your net worth on the date of your action was $\$ 500,000$ or more. These amounts are adjusted for inflation if your expatriation action is after 1996 (see the chart below).

Although there are exceptions to these rules, you will qualify for an exception only if you are eligible to submit a ruling request to the IRS that your renunciation of U.S. citizenship or termination of U.S. residency did not have as one of its principal purposes the avoidance of U.S. tax and you submit such a ruling request in a complete and good faith manner. For more details about these exceptions, see section 877(c); Notice 97-19, 1997-1 C.B. 394; and Notice 98-34, 1998-2 C.B. 29. You can find Notice 97-19 on page 40 of Internal Revenue Bulletin 1997-10 at www.irs.gov/pub/irs-irbs/irb97-10.pdf. You can find Notice 98-34 on page 30 of Internal Revenue Bulletin 1998-27 at www.irs.gov/pub/irs-irbs/irb98-27.pdf.

If the rules of section 877 apply to you, check the "Yes" box in item P on page 5 of the form. You are subject to tax on U.S. source income and gains on either (a) a net basis at the graduated rates applicable to individuals with allowable deductions or (b) a gross basis at a rate of $30 \%$ under the rules of section 871(a). See page 24 for more details on the tax imposed under section 871(a).

If you have items of U.S. source income that are subject to tax under section 871(a), you will be taxed at a rate of $30 \%$ on your gross income only if this tax exceeds the tax at the regular graduated rates on your net income. If the $30 \%$ tax on your gross income exceeds the graduated tax on your net income, report those items on the appropriate lines on page 4 of Form 1040NR. If the graduated tax on your net income exceeds the $30 \%$ tax on your gross income, report your income on the appropriate lines on page 1 of Form 1040NR and attach a statement describing the items and amounts of income that are subject to tax by reason of section 877.

If you have other items of U.S. source income that are not subject to tax under section 871(a), you will be taxed on a net basis at the regular graduated rates applicable to individuals. Report this income on the appropriate lines on page 1 of Form 1040NR.

For purposes of computing the tax due under section 877, the following items of income are treated as U.S. source.

1. Gains on the sale or exchange of personal property located in the United States.
2. Gains on the sale or exchange of stock issued by a domestic corporation or debt obligations of the United States, U.S. persons, a state or political subdivision thereof, and the District of Columbia.
3. Income or gain derived from stock in a foreign corporation if you owned, either directly or indirectly (through the rules of sections 958(a) and 958(b)) more than 50\% of the vote or value of the stock of the corporation on the date of your renunciation of

| Inflation-Adjusted Amounts for Expatriation Actions After 1996 |  |  |
| :---: | :---: | :---: |
| IF you expatriated during ... | THEN, the rules outlined on this page apply if ... |  |
|  | Your 5-year average annual net income tax was more than ... | Your net worth equaled or exceeded ... |
| 1997 | \$106,000 | \$528,000 |
| 1998 | 109,000 | 543,000 |
| 1999 | 110,000 | 552,000 |
| 2000 | 112,000 | 562,000 |
| 2001 | 116,000 | 580,000 |
| 2002 | 120,000 | 599,000 |
| 2003 | 122,000 | 608,000 |
| 2004 (before June 4)* | 124,000 | 622,000 |

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citizenship or termination of residency or at any time during the 2 years preceding such date. Such income or gain is considered U.S. source only to the extent of your share of the earnings and profits earned or accumulated prior to the date of renunciation of U.S. citizenship or termination of residency.

You may not claim that a tax treaty in effect on August 21, 1996, prevents the imposition of tax by reason of section 877.

## Annual Information Statement

If the expatriation rules apply to you and you are liable for U.S. taxes, you must attach an annual information statement to Form 1040NR that sets forth by category (for example, dividends, interest, etc.) all items of U.S. and foreign source gross income (whether or not taxable in the United States). The statement must identify the source of such income (determined under section 877 as modified by Section V of Notice 97-19) and those items of income subject to tax under section 877 . If the expatriation rules apply to you, you must attach this statement to Form 1040NR, even if you have fully satisfied your U.S. tax liability through withholding of tax at source.

If you fail to furnish a complete statement, as described above, you will not be considered to have filed a true and accurate return. Therefore, you will not be entitled to any deductions or credits if your tax liability for your 2004 taxable year is later adjusted. See section 874(a).

See Notice 97-19, Section VII, for additional information.

## Line Instructions for Form 1040NR

## Name, Address, and Identifying Number

Name. If you are filing Form 1040NR for an estate or trust, enter the name of the estate or trust, and your name, title, and address. Also, give the name and address of any U.S. grantors and beneficiaries.
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, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Identifying number. If you are an individual, you are generally required to enter your social security number (SSN). To apply for an SSN, get Form SS-5 from a Social Security Administration (SSA) office or, if in the United States, you may call the SSA at 1-800-772-1213. Fill in Form SS-5 and return it to the SSA.

If you do not have and are not eligible to get an SSN, you must apply for an individual taxpayer identification number (ITIN). For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN.

If you already have an ITIN, enter it 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.
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.

If you are filing Form 1040NR for an estate or trust, enter the employer identification number of the estate or trust.

An incorrect or missing identifying number may increase your tax or reduce your refund.

## Filing Status

The amount of your tax depends on your filing status. Before you decide which box to check, read the following explanations.

## Were you single or married? If you

 were married on December 31, consider yourself married for the whole year. If you were single, divorced, or legally separated under a decree of divorce or separate maintenance on December 31, consider yourself single for the whole year. If you meet the tests described under Married persons who live apart below, you may consider yourself single for the whole year.If your spouse died in 2004, consider yourself married to that spouse for the whole year, unless you remarried before the end of 2004.
Married persons who live apart. Some married persons who have a child and who do not live with their spouse may file as single. If you meet all five of the following tests and you are a married resident of Canada or Mexico, or you are a married U.S. national, check the box on line 1. If you meet the tests and you are a married resident of Japan or the Republic of Korea (South Korea), check the box on line 2.

1. You file a return separate from your spouse.
2. You paid more than half of the cost to keep up your home in 2004.
3. You lived apart from your spouse during the last 6 months of 2004.
4. Your home was the main home of your child, stepchild, foster child, or adopted child for more than half of 2004.
5. You are able to claim a dependency exemption for the child or the child's other parent claims him or her as a dependent under the rules in Pub. 501 for children of divorced or separated parents.

Line 6—Qualifying widow(er) with dependent child. You may check the box on line 6 if all seven of the following apply.

1. You were a resident of Canada, Mexico, Japan, or the Republic of Korea (South Korea), or were a U.S. national.
2. Your spouse died in 2002 or 2003 and you did not remarry in 2004.
3. You have a child, stepchild, adopted child, or foster child for whom you can claim a dependency exemption.
4. This child lived in your home for all of 2004. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.
5. You paid over half of the cost of keeping up your home.
6. You were a resident alien or U.S. citizen the year your spouse died. This refers to your actual status, not the election that some nonresident aliens can make to be taxed as U.S. residents.
7. You were entitled to file a joint return with your spouse the year he or she died, even if you did not actually do so.

## Exemptions

Exemptions for estates and trusts are described in the instructions for line 38 on page 15.
Note. Residents of India who were students or business apprentices may be able to claim exemptions for their spouse and dependents. See Pub. 519 for details.
Line 7b—Spouse. If you checked filing status box 3 or 4 , you can take an exemption for your spouse only if your spouse had no gross income for U.S. tax purposes and cannot be claimed as a dependent on another U.S.
taxpayer's return. (You can do this even if your spouse died in 2004.) In addition, if you checked filing status box 4, your spouse must have lived with you in the United States at some time during 2004. Finally, your spouse must

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have an SSN or an ITIN. If your spouse is not eligible to obtain an SSN, he or she must apply for an ITIN. See Identifying number on this page for additional information
Line 7c-Dependents. Only U.S nationals and residents of Canada, Mexico, Japan, and the Republic of Korea (South Korea), may claim exemptions for their dependents. If you were a U.S. national (American Samoan or a Northern Mariana Islander who chose to be a U.S. national) or a resident of Canada or Mexico, you can claim exemptions for your children and other dependents on the same terms as U.S. citizens. See Pub. 501 for more details. Be sure to complete item I on page 5 of the form. If you were a resident of Japan or the Republic of Korea (South Korea), you may claim an exemption for any of your children who lived with you in the United States at some time during 2004.

You can take an exemption for each of your dependents. If you have more than four dependents, attach a statement to your return with the required information.

Children who did not live with you due to divorce or separation. If you checked filing status box 1 or 3 and are claiming as a dependent a child who did not live with you under the rules explained in Pub. 501 for children of divorced or separated parents, attach Form 8332 or similar statement to your return. But see the Exception on page 8.

If your divorce decree or separation agreement went into effect after 1984, you may attach certain pages from the decree or agreement instead of
Form 8332. To be able to do this, the decree or agreement must state:

1. You can claim the child as your dependent without regard to any condition, such as payment of support, and
2. The other parent will not claim the child as a dependent, and
3. The years for which the claim is released.

Attach the following pages from the decree or agreement:

- Cover page (include the other parent's SSN or ITIN on that page), and
- The pages that include all of the information identified in 1 through 3 above, and
- 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 this child as your dependent.

## Other dependent children.

Include the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 7c not entered above."

Line 7c, column (2). You must enter each dependent's identifying number (SSN, ITIN, or adoption taxpayer identification number (ATIN)). If you do not enter the correct identifying number, at the time we process your return we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit) based on the dependent.

TiPFor details on how your dependent can get an identifying number, see Identifying number on page 7.

If your dependent child was born and died in 2004 and you do not have an identifying number for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (2).

## Adoption taxpayer identification

 numbers (ATINs). If you have a dependent who was placed with you by an authorized placement agency and you do not know his or her SSN, you must get an ATIN for the dependent from the IRS. An authorized placement agency includes any person authorized by state law to place children for legal adoption. See Form W-7A for details.Line 7c, column (4). Check the box in this column if your dependent is a qualifying child for the child tax credit (defined below). If you have at least one qualifying child, you may be able to take the child tax credit on line 46 and the additional child tax credit on line 61.

## Qualifying child for child tax

 credit. A qualifying child for purposes of the child tax credit is a child who- Is claimed as your dependent on line 7c, and
- Was under age 17 at the end of 2004, and
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild); (b) brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.

An adopted child is always treated as your own child. An adopted child
includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $\$ 1.39$ becomes $\$ 1$ and $\$ 2.50$ becomes $\$ 3$.

If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## Income Effectively Connected With U.S. Trade or Business

Pub. 519 explains how income is classified and what income you should report here. The instructions for this section assume you have decided that the income involved is effectively connected with a U.S. trade or business in which you were engaged. But your decision may not be easy. Interest, for example, may be effectively connected with a U.S. trade or business, it may not be, or it may be tax-exempt. The tax status of income also depends on its source. Under some circumstances, items of income from foreign sources are treated as effectively connected with a U.S. trade or business. Other items are reportable as effectively connected or not effectively connected with a U.S. trade or business, depending on how you elect to treat them.
Line 8-Wages, salaries, tips, etc. Enter the total of your effectively connected wages, salaries, tips, etc. For most people, the amount to enter on this line should be shown in their Form(s) W-2, box 1. However, do not include on line 8 amounts exempted under a tax treaty. Instead, include these amounts on line 22 and complete item M on page 5 of Form 1040NR.

Also include on line 8:

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than \$1,400 in 2004. Also, enter "HSH" and the amount not

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reported on a Form W-2 on the dotted line next to line 8.

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

CAUTIONYou may owe social security and Medicare tax on unreported or allocated tips. See the instructions for line 53 on page 19.

- Dependent care benefits, which should be shown in your Form(s) W-2, box 10. But first complete Form 2441 to see if you may exclude part or all of the benefits.
- Employer-provided adoption benefits, which should be shown in your Form(s) W-2, box 12, with code T. You may also be able to exclude amounts if you adopted a child with special needs and the adoption became final in 2004. See the Instructions for Form 8839 to find out if you may exclude part or all of the benefits.


## - Excess salary deferrals. The

 amount deferred should be shown in your Form W-2, box 12, and the "Retirement plan" box in box 13 should be checked. If the total amount you deferred for 2004 under all plans was more than \$13,000 (excluding catch-up contributions as explained below), include the excess on line 8. This limit is increased to $\$ 16,000$ for section 403(b) plans, if you qualify for the 15-year rule in Pub. 571.A higher limit may apply to participants in section 457 (b) deferred compensation plans for the 3 years before retirement age. Contact your plan administrator for more information.

## Catch-up contributions. If you

 were age 50 or older at the end of 2004, your employer may have allowed an additional deferral of up to $\$ 3,000$ (\$1,500 for SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals.A
You may not deduct the amount deferred. It is not included as income in your Form W-2, box 1.

- 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 payments shown on Form 1099-R (other than payments from an IRA*) are reported on lines 17a and 17b.
Payments from an IRA are reported on lines 16a and 16b.
- Corrective distributions shown on

Form 1099-R of (a) excess salary
deferrals plus earnings and (b) excess contributions plus earnings to a retirement plan. But do not include distributions from an IRA* on line 8. Instead, report distributions from an IRA on lines 16a and 16b.
*This includes a Roth, SEP, or SIMPLE IRA.

## Missing or incorrect Form W-2.

Your employer is required to provide or send Form W-2 to you no later than January 31, 2005. If you do not receive it by early February, ask your employer for it. Even if you do not get a Form W-2, you must still report your earnings on line 8. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.
Line 9a-Taxable interest. Report on line 9a all of your taxable interest income from assets effectively connected with a U.S. trade or business.

If you received interest not effectively connected with a U.S. trade or business, report it on
Form 1040NR, page 4, unless it is tax exempt under a treaty and the withholding agent did not withhold tax on the payment. See Pub. 901 for a quick reference guide to the provisions of U.S. tax treaties. In addition, interest from a U.S. bank, savings and loan association, credit union, or similar institution, and from certain deposits with U.S. insurance companies, is tax exempt to a nonresident alien if it is not effectively connected with a U.S. trade or business.

Interest credited in 2004 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 2004 income. For details, see Pub. 550.

## Line 9b-Tax-exempt interest.

 Certain types of interest income from investments in state and municipal bonds and similar instruments are not taxed by the United States. If you received such tax-exempt interest income, report the amount on line 9b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. Do not include interest earned on your IRA orCoverdell education savings account. Also do not include interest from a U.S bank, savings and loan association, credit union, or similar institution (or from certain deposits with U.S. insurance companies) that is exempt from tax under a tax treaty or under section 871 (i) because the interest is not effectively connected with a U.S. trade or business.
Line 10a-Ordinary dividends. Enter your total ordinary dividends from assets effectively connected with a U.S.
trade or business. Each payer should send you a Form 1099-DIV.

Capital gain distributions. If you received any capital gain distributions, see the instructions for line 14
beginning on page 10.
Nontaxable distributions. Some distributions are nontaxable because they are a return of your cost (or other basis). They will not be taxed until you recover your cost (or other basis). 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 on Schedule D
(Form 1040). For details, see Pub. 550.

T1PDividends 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 10b—Qualified dividends. Enter your total qualified dividends on line 10b. Qualified dividends are eligible for a lower tax rate than other ordinary income. Generally, these dividends are shown in your Form(s) 1099-DIV, box 1b. See Pub. 550 for the definition of qualified dividends if you received dividends not reported on Form 1099-DIV.

Exception. Some dividends may be reported as qualified dividends in Form 1099-DIV, box 1b, but are not qualified dividends. These include:

- Dividends you received as a nominee. See chapter 1 in Pub. 550. - Dividends you received on any share of stock that you held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. See the examples below. However, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details.
- Dividends attributable to periods totaling more than 366 days that you received on any share of preferred stock held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days you held the stock, you cannot count certain days during which your risk of loss was diminished. See Pub. 550 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.

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- Dividends on any share of stock to the extent that you are under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments in lieu of dividends, but only if you know or have reason to know that the payments are not qualified dividends.

Example 1. You bought 5,000 shares of XYZ Corp. common stock on July 1, 2004. XYZ Corp. paid a cash dividend of 10 cents per share. The ex-dividend date was July 9, 2004. Your Form 1099-DIV from XYZ Corp. shows $\$ 500$ in box 1 a (ordinary dividends) and in box 1b (qualified dividends). However, you sold the 5,000 shares on August 4, 2004. You held your shares of XYZ Corp. for only 34 days of the 121-day period (from July 2, 2004, through August 4, 2004). The 121 day period began on May 10, 2004 ( 60 days before the ex-dividend date), and ended on September 7, 2004. You have no qualified dividends from XYZ Corp. because you held the $X Y Z$ stock for less than 61 days.

Example 2. Assume the same facts as in Example 1 except that you bought the stock on July 8, 2004 (the day before the ex-dividend date), and you sold the stock on September 9, 2004. You held the stock for 63 days (from July 9, 2004, through September 9, 2004). The $\$ 500$ of qualified dividends shown in Form 1099-DIV, box 1b, are all qualified dividends because you held the stock for 61 days of the 121-day period (from July 9, 2004, through September 7, 2004).

Example 3. You bought 10,000 shares of ABC Mutual Fund common stock on July 1, 2004. ABC Mutual Fund paid a cash dividend of 10 cents a share. The ex-dividend date was July 9, 2004. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of $\$ 1,000$ and qualified dividends of $\$ 200$ However, you sold the 10,000 shares on August 4, 2004. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund stock for less than 61 days.

## TIP

Be sure you use the Qualified Dividends and Capital Gain Tax Worksheet or the Schedule D Tax Worksheet, whichever applies, to figure your tax. Your tax may be less. See the instructions for line 40 on page 15 for details.
Line 11-Taxable refunds, credits, or offsets of state and local income
taxes. If you received a refund, credit, or offset of state or local income taxes in 2004, you may receive a Form 1099-G. If you chose to apply part or all of the refund to your 2004 estimated state or local income tax, the amount applied is treated as received in 2004.

For details on how to figure the amount you must report as income, see Recoveries in Pub. 525.
Line 12-Scholarship and fellowship grants. If you received a scholarship or fellowship, part or all of it may be taxable.

If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses (fees, books, supplies, and equipment) are generally taxable. For example, amounts used for room, board, and travel are generally taxable.

If you were not a degree candidate, the full amount of the scholarship or fellowship is generally taxable. Also, amounts received in the form of a scholarship or fellowship that are payment for teaching, research, or other services are generally taxable as wages even if the services were required to get the grant.

If the grant was reported on Form(s) 1042-S, you must generally include the amount shown in Form(s) 1042-S, box 2, on line 12. However, if any or all of that amount is exempt by treaty, do not include the treaty-exempt amount on line 12. Instead, include the treaty-exempt amount on line 22 and complete item M on page 5 of Form 1040NR.

Attach any Form(s) 1042-S you received from the college or institution. If you did not receive a Form 1042-S, attach a statement from the college or institution (on their letterhead) showing the details of the grant.

For more information about scholarships and fellowships in general, see Pub. 970.

Example 1. You are a citizen of a country that has not negotiated a tax treaty with the United States. You are a candidate for a degree at ABC University (located in the United States). You are receiving a full scholarship from ABC University. The total amounts you received from ABC University during 2004 are as follows:

## Tuition and fees \$25,000 <br> Books, supplies, <br> and equipment <br> 1,000

Room and
board

## 9,000 <br> \$35,000

The Form 1042-S you received from ABC University for 2004 shows \$9,000
in box 2 and $\$ 1,260(14 \%$ of $\$ 9,000)$ in box 7 .

Note. Box 2 shows only \$9,000 because withholding agents (such as ABC University) are not required to report section 117 amounts (tuition, fees, books, supplies, and equipment) on Form 1042-S.

When completing Form 1040NR:

- Enter on line 12 the \$9,000 shown in box 2 of Form 1042-S.
- Enter \$0 on line 32. Because section 117 amounts (tuition, fees, books, supplies, and equipment) were not included in box 2 of your Form 1042-S (and are not included on line 12 of Form 1040NR), you cannot exclude any of the section 117 amounts on line 32.
- Include on line 58 the $\$ 1,260$ shown in box 7 of Form 1042-S.

Example 2. The facts are the same as in Example 1 except that you are a citizen of a country that has negotiated a tax treaty with the United States and you were a resident of that country immediately before leaving for the United States to attend ABC University. Also, assume that, under the terms of the tax treaty, all of your scholarship income is exempt from tax because ABC University is a nonprofit educational organization.
Note. Many tax treaties do not permit an exemption from tax on scholarship or fellowship grant income unless the income is from sources outside the United States. If you are a resident of a treaty country, you must know the terms of the tax treaty between the United States and the treaty country to claim treaty benefits on Form 1040NR. See the instructions for item M on page 26 for details.

When completing Form 1040NR: - Be sure you have entered your home country and permanent address in the space provided on page 1.

- Enter \$0 on line 12. The \$9,000 reported to you in box 2 of Form 1042-S is reported on line 22 (not line 12).
- Enter \$9,000 on line 22.
- Enter $\$ 0$ on line 32. Because none of the $\$ 9,000$ reported to you in box 2 of Form 1042-S is included in your income, you cannot exclude it on line 32.
- Include on line 58 any withholding shown in box 7 of Form 1042-S.
- Provide all the required information in item $M$ on page 5 .
Line 13-Business income or (loss). If you operated a business or practiced your profession as a sole proprietor, report your effectively connected income and expenses on Schedule C or Schedule C-EZ (Form 1040).

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Include any income you received as a dealer in stocks, securities, and commodities through your U.S. office. If you dealt in these items through an independent agent, such as a U.S. broker, custodian, or commissioned agent, your income may not be considered effectively connected with a U.S. business.

Line 14-Capital gain or (loss). If you had effectively connected capital gains or losses, including any effectively connected capital gain distributions, or a capital loss carryover from 2003, you must complete and attach Schedule D (Form 1040). But see the Exception below. Enter the effectively connected gain or (loss) from Schedule D (Form 1040) on line 14.

Gains and losses from disposing of U.S. real property interests are reported on Schedule D (Form 1040) and included on line 14 of Form 1040NR. See Dispositions of U.S. Real Property Interests on page 5.

Exception. You do not have to file Schedule D (Form 1040) if both of the following apply.

- The only amounts you have to report on Schedule D (Form 1040) are effectively connected capital gain distributions from Form(s) 1099-DIV, box 2a, or substitute statements.^
- None of the Forms 1099-DIV jr substitute statements have an amount in box 2b (unrecaptured section 1250 gain), box 2c (section 1202 gain), or box 2d (collectibles (28\%) gain).

If both of the above apply, enter your effectively connected capital gain distributions (from box 2a of Form(s) 1099-DIV) on line 14 and check the box on that line. If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 14 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See chapter 1 of Pub. 550 for filing requirements for Forms 1099-DIV and 1096.

TIP
If you do not have to file Schedule D, be sure you use the Qualified Dividends and Capital Gain Tax Worksheet on page 17 to figure your tax. Your tax mav be less if you use this worksheet. ^
Line 15-Other gains or (losees). If you sold or exchanged assets used in a U.S. trade or business, see the Instructions for Form 4797.

## Lines 16a and 16b-IRA

distributions. You should receive a Form 1099-R showing the amount of any distribution from your individual retirement arrangement (IRA). Unless otherwise noted in the line 16a and 16b instructions, an IRA includes a
traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided below, leave line 16a blank and enter the total distribution on line 16b.

Exception 1. Enter the total distribution on line 16a if you rolled over part or all of the distribution from one: - IRA to another IRA of the same type (for example, from one traditional IRA to another traditional IRA), or

- SEP or SIMPLE IRA to a traditional IRA.

Also, put "Rollover" next to line 16b. If the total distribution was rolled over, enter zero on line 16b. If the total distribution was not rolled over, enter the part not rolled over on line 16b unless Exception 2 applies to the part not rolled over.

If you rolled over the distribution (a) in 2005 or (b) from an IRA into a qualified plan (other than an IRA), attach a statement explaining what you did.

Exception 2. If any of the following apply, enter the total distribution on line 16a and use Form 8606 and its instructions to figure the amount to enter on line 16b.

- You received a distribution from an IRA (other than a Roth IRA) and you made nondeductible contributions to any of your traditional or SEP IRAs for 2004 or an earlier year. If you made nondeductible contributions to these IRAs for 2004, also see Pub. 590.
- You received a distribution from a Roth IRA. But if either 1 or 2 below applies, enter -0- on line 16b; you do not have to see Form 8606 or its instructions.

1. Distribution code $T$ is shown in Form 1099-R, box 7, and you made a contribution (including a conversion) to a Roth IRA for 1998 or 1999.
2. Distribution code $Q$ is shown in Form 1099-R, box 7 .

- You converted part or all of a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2004.
- You had a 2003 or 2004 IRA contribution returned to you, with the related earnings or less any loss, by the due date (including extensions) of your tax return for that year.
- You made excess contributions to your IRA for an earlier year and had them returned to you in 2004.
- You recharacterized part or all of a contribution to a Roth IRA as a traditional IRA contribution, or vice versa.
Note. If you received more than one distribution, figure the taxable amount of each distribution and enter the total of the taxable amounts on line 16b.

Enter the total amount of those distributions on line 16a.

CAUTIONYou may have to pay an additional tax if (a) you received an early distribution from your IRA and the total was not rolled over or (b) you were born before July 1, 1933, and received less than the minimum required distribution from your traditional, SEP, and SIMPLE IRAs. See the instructions for line 54 on page 18 for details.
Lines 17a and 17b-Pensions and annuities. Use lines 17a and 17b to report effectively connected pension and annuity payments you received. You should receive a Form 1099-R showing the amount you received. For details on rollovers and lump-sum distributions, see page 12. But if this income is not effectively connected with your U.S. trade or business, report it on line 80.

Do not include the following payments on lines 17a and 17b. Instead, report them on line 8.

- 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.

TIPIf you received a Form 1099-R that shows federal income tax withheld, attach it to Form 1040NR.

Some annuities are tax-exempt. See chapter 3 of Pub. 519.
Note. If you perform services in the United States, your income is generally effectively connected with the conduct of a U.S. trade or business. (See section 864 and Regulations section 1.864-2 for details and exceptions.) When you receive a pension in a later year as a result of effectively connected services, the pension is also considered effectively connected with the conduct of a U.S. trade or business.

## Fully taxable pensions and

 annuities. If your pension or annuity is fully taxable, enter it on line 17b; do not make an entry on line 17a. Your payments are fully taxable if (a) you did not contribute to the cost (defined on page 13) of your pension or annuity or (b) you got your entire cost back tax free before 2004.If you received a Form RRB-1099-R, see Pub. 575 for information on how to report your benefits.

Partially taxable pensions and annuities. Enter the total pension or annuity payments you received in 2004 online 17a. If your Form 1099-R does not show the taxable amount, you must use the General Rule explained in

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## Simplified Method Worksheet—Lines 17a and 17b <br> (keep for your records)

Before you begin: If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, see Pub. 939 to find out if you are entitled to a death benefit exclusion of up to $\$ 5,000$. If you are, include the exclusion in the amount entered on line 2 below.
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 1040NR, line 17b. Enter the total pension or annuity payments received in 2004 on Form 1040NR, line $17 a$.

1. Enter the total pension or annuity payments received in 2004. Also, enter this amount on Form 1040NR, line 17a.
2. Enter your cost in the plan at the annuity starting date
3. $\qquad$
4. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below
5. Divide line 2 by line 3
6. 
7. 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
8. Enter the amount, if any, recovered tax free in years after 1986 $\qquad$ 3
..... ............... . .
9. 
10. Subtract line 6 from line 2. . . . . . . . . . . . . . . . . . . . . . 7.
11. Enter the smaller of line 5 or line 7 7.
12. Enter the smaller of line 5 or line 7 . . . . . . . . . . . . . . . . . . . . .
13. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040NR, line 17b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R

Table 1 for Line 3 Above
IF the age at
annuity starting
date (see page 13)
was...

| or under | 300 |  | 360 |
| :--- | :--- | :--- | :--- |
| $56-60$ | 260 |  | 310 |
| $61-65$ | 240 |  | 260 |
| $66-70$ | 170 |  | 210 |
| 71 or older | 120 |  | 160 |

Table 2 for Line 3 Above
IF the combined
ages at annuity
starting date (see
page 13) were...

| 110 or under |  |
| :--- | :---: |
| $111-120$ | 310 |
| $121-130$ | 310 |
| $131-140$ | 260 |
| 141 or older | 210 |

Pub. 939 to figure the taxable part to enter on line 17b. But if your annuity starting date (defined below) was after July 1, 1986, see Simplified Method below to find out if you must use that method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for a $\$ 95$ fee. For details, see Pub. 939.

If your Form 1099-R shows a taxable amount, you may report that amount on line 17b. But you may be able to report
a lower taxable amount by using the General Rule or the Simplified Method.

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 method. You must use the Simplified Method if (a) your annuity starting date (defined above) was after July 1, 1986, and you used this method last year to figure the taxable part or (b) your annuity starting date was after November 18, 1996, and both of the following apply.

- The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
- On your annuity starting date, either you were under age 75 or the number of years of guaranteed payments was fewer than 5. See Pub. 575 for the definition of guaranteed payments.

If you must use the Simplified Method, complete the worksheet on page 12to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575.

Age (or combined ages) 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. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the 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 to figure each beneficiary's taxable amount.

Cost. Your cost is generally your net investment in the plan as of the annuity starting date. It does not include pre-tax contributions. Your net investment should be shown in Form 1099-R, box 9b, for the first year you received payments from the plan.

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 17a and 17b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 17a the total distribution before income tax or other deductions were withheld. This amount should be shown in
Form 1099-R, box 1. From the total on line 17a, 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. Enter the remaining

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amount, even if zero, on line 17b. Write "Rollover" next to line 17b.

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 2 b checked. You may owe an additional tax if you received an early distribution from a qualified retirement plan and the total amount was not rolled over. For details, see the instructions for line 54 on page 19.

Enter the total distribution on line 17a and the taxable part on line 17b.

TiPYou may be able to pay less tax on the distribution if you were born before January 2, 1936, you meet certain other conditions, and you choose to use Form 4972 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 born before January 2, 1936. For details, see Form 4972.
Line 20-Unemployment compensation. You should receive a Form 1099-G showing the total unemployment compensation paid to you in 2004

If you received an overpayment of unemployment compensation in 2004 and you repaid any of it in 2004, subtract the amount you repaid from the total amount you received. Enter the result on line 20. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 20. If, in 2004, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A (Form 1040NR), line 11. But if you repaid more than $\$ 3,000$, see Repayments in Pub. 525 for details on how to report the repayment.
Line 21-Other income. Use this line to report any other income effectively connected with your U.S. business that is not reported elsewhere on your return or other schedules. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see Miscellaneous Income in Pub. 525.

Taxable distributions from a Coverdell education savings account (ESA) or a qualified tuition program (QTP). Distributions from these accounts may be taxable if (a) they are more than the qualified higher
education expenses of the designated beneficiary in 2004 and (b) they were not included in a qualified rollover. See Pub. 970. Include these taxable distributions on line 21.

$\Delta$You may have to pay an additional tax if you received a taxable distribution from a Coverdell ESA or a QTP. See the Instructions for Form 5329. ^

## Taxable distributions from a health savings account (HSA) or an Archer MSA. Distributions from an

 HSA or an Archer MSA may be taxable if (a) they are more than the unreimbursed qualified medical expenses of the account beneficiary or account holder in 2004 and (b) they were not included in a qualitied rollover. See Pub. 969.CAUTIONYou rray have to pay an additicnal tax if you received a taxable distribution from an H.SA or Archer MS.4. See the Instructions for Form 8889 fo HSAs and the Instructions for Form 8853 for Archer MSAs.

Report other income on page 4 of Form 1040NR if not effectively connected with a U.S. trade or business.
Line 22. Use line 22 to report your total effectively connected income that is exempt from tax by a tax treaty. Do not include this exempt income on line 23. Also, you must complete item M on page 5 of Form 1040NR.

## Adjusted Gross Income

Line 24 -Educator expenses. If you were an eligible educator in 2004, you can deduct up to $\$ 250$ of qualified expenses you paid in 2004. An eligible educator is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

Qualified expenses include ordinary and necessary expenses paid in connection with books, supplies, equipment (including computer equipment, software, and services), and other materials used in the classroom. An ordinary expense is one that is common and accepted in your educational field. A necessary expense is one that is helpful and appropriate for your profession as an educator. An expense does not have to be required to be considered necessary.

Qualified expenses do not include expenses for home schooling or for nonathletic supplies for courses in health or physical education. You must reduce your qualified expenses by the following amounts.

- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Nontaxable qualified state tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any reimbursements you received for these expenses that were not reported to you in box 1 of your Form W-2.


## Line 25-IRA deduction.

TIP
If you made any nondeductible contributions to a traditional individual retirement arrangement (IRA) for 2004, you must report them on Form 8606.

If you made contributions to a traditional IRA for 2004, you may be able to take an IRA deduction. But you must have had earned income to do so. A statement should be sent to you by May 31, 2005, that shows all contributions to your traditional IRA for 2004.

Were you covered by a retirement plan? If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, SEP, SIMPLE, 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 "Retirement plan" box in Form W-2, box 13, 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 SEP,
SIMPLE, or qualified retirement plan.
If you were covered by a retirement plan and you file Form 8815 or you exclude employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

## Special rule for married

individuals. If you checked filing status box 3,4 , or 5 and 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 2004.

See Pub. 590 for more details.
Line 26-Student loan interest
deduction. You may take this deduction only if all four of the following apply.

- You paid interest in 2004 on a
qualified student loan (see below).
- You checked filing status box 1, 2, or 6.
- Your modified adjusted gross income (AGI) is less than $\$ 65,000$. Use lines 2 through 4 of the worksheet on this page to figure your modified AGI.

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## Student Loan Interest Deduction Worksheet—Line 26 <br> (keep for your records)

## Before you begin:

- Complete Form 1040NR, lines 27 through 32, if they apply to you.
- Figure any amount to be entered on the dotted line next to line 33 (see the instructions for line 33 on this page).
- See the instructions for line 26 that begin on page 13.

1. Enter the total interest you paid in 2004 on qualified student loans (defined below). Do not enter more than \$2,500
2. Enter the amount from Form 1040NR, line 23 . . . . . 2. $\qquad$
3. 
4. Enter the total of the amounts from Form 1040NR, line 24 , line 25 , and lines 27 through 32 , plus any amount you entered on the dotted line next to line 333.
5. Subtract line 3 from line 2 4.
6. Is line 4 more than $\$ 50,000$ ?
$\square$ No. Skip lines 5 and 6, enter -0- on line 7, and go to line 8.
Yes. Subtract $\$ 50,000$ from line 4 5.
7. Divide line 5 by $\$ 15,000$. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000
8. Multiply line 1 by line 6
9. Student loan interest deduction. Subtract line 7 from line 1. Enter the result here and on Form 1040NR, line 26. Do not include this amount in figuring any other deduction on your return (such as on Schedule A (Form 1040NR), Schedule C (Form 1040), Schedule E (Form 1040), etc.)
10. 

- You are not claimed as a dependent on someone else's (such as your parent's) 2004 tax return.

Use the worksheet on this page to figure your student loan interest deduction.

Qualified student loan. This is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were paid must have been an eligible student (see below). However, a loan is not a qualified student loan if (a) any of the proceeds were used for other purposes or (b) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970.

## Qualified higher education

expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following benefits.

- Employer-provided educational assistance benefits that are not included in your Form(s) W-2, box 1.
- Excludable U.S. series EE and I savings bond interest from Form 8815. - Nontaxable qualified tuition program earnings.
- Nontaxable earnings from Coverdell education savings accounts.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.

An eligible student is a person who: - Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution and - Carried at least half the normal full-time workload for the course of study he or she was pursuing.

## Line 27—Health Savings Account

 Deduction If contributions (other than employer contributions) were made to your health savings account for 2004, you may be able to take this deduction. See Form 8889.
## Line 28-Moving expenses.

Employees and self-employed persons (including partners) can deduct certain moving expenses. The move must be in connection with employment that generates effectively connected income.

If you moved in connection with your job or business or started a new job, you may be able to take this deduction. But your new workplace must be 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. The deduction is generally limited to moves to or within the United States or its possessions. If you meet these requirements, see Pub. 521. Use Form 3903 to figure the amount to enter on this line.

## Line 29—Self-employed health

 insurance deduction. If you were self-employed and had a net profit for the year, you may be able to deduct the amount you paid for health insurance for yourself, your spouse, and your dependents. The insurance plan must be established under your business. 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 2004, 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.Note. If, during 2004, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient, you must complete Form 8885 before completing the worksheet below. When figuring the amount to enter on line 1 of the worksheet below, do not include any health coverage tax credit advance payments shown in Form 1099-H, box 1. Also, subtract the amount shown on Form 8885, line 4, (reduced by any advance payments shown on line 6 of that form) from the total insurance premiums you paid.

If you qualify to take the deduction, use the worksheet on page 15 to figure the amount you can deduct.

Exception. Use Pub. 535 instead of the worksheet below to find out how to figure your deduction if either of the following applies.

- You had more than one source of income subject to self-employment tax.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

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Line 30-Self-employed SEP,
SIMPLE, and qualified plans. If you were self-employed or a partner, you may be able to take this deduction. See Pub. 560 or, if you were a minister, Pub. 517.
Line 31-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 32-Scholarship and fellowship grants excluded. If you received a scholarship or fellowship grant and were a degree candidate, enter amounts used for tuition and course-related expenses (fees, books, supplies, and equipment), but only to the extent the amounts are included on line 12. See the examples in the instructions for line 12 on page 10.
Line 33. Include in the total on line 33 any of the following adjustments that are related to your effectively connected income. To find out if you can take the deduction, see the form or publication indicated. On the dotted line next to line 33, enter the amount of your deduction and identify it as indicated.

- Archer MSA deduction (see Form 8853). Identify as "MSA."
- Deduction for clean-fuel vehicles (see Pub. 535). Identify as
"Clean-Fuel."
- Performing-arts-related expenses
(see Form 2106 or 2106-EZ). Identify as "QPA."
- Reforestation amortization (see

Pub. 535). Identify as "RFST."

- Repayment of supplemental unemployment benefits under the Trade Act of 1974 (see Pub. 525). Identify as "Sub-Pay TRA."
- Contributions to section

501(c)(18)(D) pension plans (see Pub.
525). Identify as "501(c)(18)(D)."

- Contributions by certain chaplains to section 403(b) plans (see Pub. 517). Identify as "403(b)."
Line 34-Adjusted gross income. If line 34 is less than zero, you may have a net operating loss that you can carry to another tax year. See Form 1045 and its instructions for details.


## Tax Computation on Income Effectively Connected With A U.S. Trade or Business

Line 36-Itemized deductions. Enter the total itemized deductions from line 17 of Schedule A on page 3 of the form.
Note. Residents of India who were students or business apprentices may
be able to take the standard deduction instead of their itemized deductions. See Pub. 519 for details.

## Line 38-Deduction for exemptions.

 You can claim exemptions only to the extent of your income that is effectively connected with a U.S. trade or business.Individuals. If you are a nonresident alien individual, multiply $\$ 3,100$ by the total number of exemptions entered on line 7d. (If you were a resident of Japan or the Republic of Korea (South Korea), you must figure the exemptions for your spouse and children according to the proportion your U.S. income bears to your total income. You must also complete item I on page 5 of the form. (For details, see Pub. 519.) But use the worksheet on page 16 to figure the amount, if any, to enter on line 38 if your adjusted gross income from line 35 is more than $\$ 142,700$ if you checked filing status box 1 or 2; $\$ 107,025$ if you checked filing status box 3,4 , or 5 ; $\$ 214,050$ if you checked filing status box 6 .

Estates. If you are filing for an estate, enter \$600 on line 38

Trusts. If you are filing for a trust whose governing instrument requires it to distribute all of its income currently, enter $\$ 300$ on line 38. If you are filing for a qualified disability trust (defined in section 642(b)(2)(C)(ii)), enter \$3,100 on line 38. But if the qualified disability trust's modified AGI (determined under section 67(e) without regard to section 642(b)) is more than $\$ 142,700$, use the worksheet on page 16 to figure the amount to enter on line 38. If you are filing for any other trust, enter \$100 on line 38.

CAUTIONA qualified disability trust must enter "Section 642(b)(2)(C)" on the dotted line next to line 38.

Line 40 - Tax. Use one of the following methods to figure your tax. Also, include in the total on line 40 any tax from Forms 8814 and 4972. Be sure to check the appropriate box(es).

Tax Table or Tax Computation
Worksheet. If you are filing for an estate or trust, use the Tax Rate Schedules on page 41.
Individuals. If your taxable income (line 39) is less than \$100,000, you must use the Tax Table, which starts on page 29, to figure your tax. Be sure you use the correct column. If you checked filing status box 3,4 , or 5 , you must use the Married filing separately column. If your taxable income is $\$ 100,000$ or more, use the Tax Computation Worksheet on page 41.
Exception. Do not use the Tax Table or Tax Computation Worksheet to figure your tax if either of the following applies.

- You are required to figure your tax using Form 8615, the Qualified Dividends and Capital Gain Tax Worksheet on page 17, or the Schedule D Tax Worksheet.
- You use Schedule J (Form 1040) (for farm income) to figure your tax.

Form 8615. You must generally use Form 8615 to figure the tax for any child who was under age 14 at the end of 2004, and who had more than $\$ 1,600$ of investment income, such as taxable interest, ordinary dividends, or capital gains (including capital gain distributions), that is effectively connected with a U.S. trade or business. But if neither of the child's parents was alive on December 31,

Self-Employed Health Insurance Deduction Worksheet—Line 29
(keep for your records)

## Before you begin:

- Complete Form 1040 NR, line 30, if it applies to you.
- If, during 2004, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient, see the Note on page 14.
- Be sure you have read the Exception on page 14 to see if you can use this worksheet instead of Pub. 535 to figure your deduction.

1. Enter the total amount paid in 2004 for health insurance coverage established under your business for 2004 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. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deduction you claim on Form 1040NR, line 30
3. 
4. Self-employed health insurance deduction. Enter the smaller of line 1 or line 2 here and on Form 1040NR, line 29
5. 

*Earned income includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income.

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2004, do not use Form 8615 to figure the child's tax.

Also, a child born on January 1, 1991, is considered to be age 14 at the end of 2004. Do not use Form 8615 for such a child.

Schedule D Tax Worksheet. If you have to file Schedule D (Form 1040) and Schedule D, line 18 or line 19, is more than zero, use the Schedule D Tax Worksheet on page D-9 of the Instructions for Schedule D to figure your tax.

## Qualified Dividends and Capita Gain Tax Worksheet. If you do not

 have to use the Schedule D Tax Worksheet (see above) and any of the following apply, use the worksheet on page 17 to figure your tax.- You received qualified dividends.
- You do not have to file Schedule D
(Form 1040) and you received capital gain distributions.
- Schedule D, lines 15 and 16, are both more than zero.

Schedule J (Form 1040). If you had income from farming, your tax may be less if you choose to figure it using income averaging on Schedule J.
Line 41-Alternative minimum tax.
The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. If you benefit from these provisions, you may have to pay a minimum amount of tax through the alternative minimum tax. This tax is figured on Form 6251 for individuals. If you are filing for an estate or trust, see Schedule I (Form 1041) and its instructions to find out if you owe this tax.

If you have any of the adjustments or preferences from the list below or you are claiming a net operating loss deduction, a general business credit, or the foreign tax credit, you must complete Form 6251. Otherwise, to see if you should complete Form 6251, add the amount on line 37 of Form 1040NR to the amounts on lines 3 and 15 of Schedule A (Form 1040 NR ). If the total is more than the dollar amount shown below that applies to you, fill in Form 6251.

- $\$ 40,250$ if you checked filing status box 1 or 2.
- $\$ 29,000$ if you checked filing status
box 3,4 , or 5 .
- $\$ 58,000$ if you checked filing status box 6 .


## Disposition of U.S. real property

interests. If you disposed of a U.S. real property interest at a gain, you must make a special computation to see if you owe this tax. For details, see the Instructions for Form 6251.
Adjustments and Preferences:

- Accelerated depreciation.
- Stock by exercising an incentive stock option and you did not dispose of the stock in the same year.
- Tax-exempt interest from private activity bonds.
- Intangible drilling, circulation, research, experimental, or mining costs.
- Amortization of pollution-control facilities or depletion.
- Income or (loss) from tax-shelter farm activities or passive activities.
- Income from long-term contracts not figured using the percentage-of-completion method.
- Alternative minimum tax adjustments from an estate, trust, electing large partnership, or cooperative.
- Section 1202 exclusion.

> $\Delta$Form 6251 should be filled in for a child who was under age 14 at the end of 2004 if the child's adjusted gross income from Form 1040NR, line 35, exceeds the child's earned income by more than $\$ 5,750$.

## Credits

Line 44-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. For details, see the Instructions for Form 2441.
Line 48. Include the following credits on line 48 and check the appropriate box(es). To find out if you can take the credit, see the form indicated

- Mortgage interest credit. If a state or local government gave you a mortgage credit certificate, see Form 8396.
- District of Columbia first-time homebuyer credit, see Form 8859.
Line 43-Foreign tax credit. If you paid income tax to a foreign country, you may be able to take this credit. But only if you:

1. Report income from foreign sources (see Foreign Income Taxed by the United States that begins on page 5) and

Deduction for Exemptions Worksheet—Line 38
See the instructions for line 38 on page 15.
(keep for your records)
Caution: If you are filing for a qualified disability trust (on page 15), use this worksheet only if the trust's modified AGI* is more than \$142,700. Also, skip line 1, enter \$3,100 on line 2, enter the trust's modified AGI on line 3, and enter $\$ 142,700$ on line 4.

1. Is the amount on Form 1040NR, line 35, more than the amount shown on line 4 below for your filing status?
No. Stop. Multiply $\$ 3,100$ by the total number of exemptions claimed on Form 1040NR, line 7d, and enter the result on line 38. Yes. Go to line 2.
2. Multiply $\$ 3,100$ by the total number of exemptions claimed on Form 1040NR, line 7d
3. $\qquad$
4. Enter the amount from Form 1040 NR, line 35 . . . 3. $\qquad$ $\square-$
5. Enter the amount shown below for the filing status box you checked on page 1 of Form 1040NR:

- Box 1 or 2, enter $\$ 142,700$
- Box 3, 4, or 5, enter \$107,025
- Box 6, enter \$214,050

4. 
5. Subtract line 4 from line 3. If the result is more than $\$ 122,500$ ( $\$ 61,250$ if you checked filing status box 3, 4, or 5), stop here. You cannot take a deduction for exemptions. 5.
6. Divide line 5 by $\$ 2,500$ ( $\$ 1,250$ if you checked filing status box 3,4 , or 5 ). If the result is not a whole number, increase it to the next higher whole number (for example, increase 0.0004 to 1) $\qquad$ 6.
7. Multiply line 6 by $2 \%$ (.02) and enter the result as a decimal . . . . . 7
8. Multiply line 2 by line 7
9. 
10. $\qquad$
11. Deduction for exemptions. Subtract line 8 from line 2. Enter the result here and on Form 1040NR, line 38
12. 

*Figure the trust's modified AGI by applying section 67(e) without regard to section 642(b).

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2. Have paid or owe foreign tax on that income.

Generally, you must complete and attach Form 1116 to take this credit.

Exception. You do not have to complete Form 1116 to take this credit if all six of the following apply.

1. Form 1040 NR is being filed for a nonresident alien individual and not an estate or trust.
2. All of your gross foreign source income is from the passive category (which includes most interest and dividend income).
3. All the income and any foreign taxes paid on it were reported to you on qualified payee statements, such as Form 1099-INT, Form 1099-DIV, or similar substitute statements.
4. If you have dividend income from shares of stock, you held those shares for at least 16 days.
5. The total of your foreign taxes is not more than $\$ 300$.
6. All of your foreign taxes were:

- Legally owed and not eligible for a refund and
- Paid to countries that are recognized by the United States and do not support terrorism.

Note. If you need more information about these requirements, see the Instructions for Form 1116.

If you meet all six requirements, enter on line 43 the smaller of your total foreign taxes or the amount on Form 1040NR, line 40. minus the total of the amounts from Form 1040NR, lines 43 and 44. If you do not meet all six requirements, see Form 1116 to find out if you can take the credit.

Line 46-Child tax credit. This credit is for people who have a qualifying child as defined below. It is in addition to the credit for child and dependent care expenses on Form 1040NR, line 43.

## Three steps to take the child tax

 credit.1. Make sure you have a qualifying child for the child tax credit (defined below).
2. Make sure you checked the box on Form 1040NR, line 7c, column (4) for each qualifying child.
3. Answer the questions in the Who Must Use Pub. 972 chart on page 18 to see if you may use the Child Tax Credit Worksheet on page 18 or if you must use Pub. 972.

## Qualifying child for child tax

 credit. A qualifying child for purposes of the child tax credit is a child who: - Is claimed as your dependent on line 7c, and- Was under age 17 at the end of 2004, and
- Is your (a) son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild); (b) brother, sister, stepbrother, stepsister, or a descendant of any of


## Qualified Dividends and Capital Gain Tax Worksheet—Line 40 <br> (keep for your records)

## Before you begin:

- See the instructions for line 40 on page 15 to see if you can use this worksheet to figure your tax.
- If you do not have to file Schedule D (Form 1040) and you received capital gain distributions, be sure you checked the box on line 14 of Form 1040NR.

1. Enter the amount from Form 1040NR, line 39 . . . . . . . . . . . . . . . .
2. $\qquad$ 1.
3. Enter the amount from Form 1040NR, line 10b
4. Are you filing Schedule D (Form 1040) ?

Yes. Enter the smaller of line 15 or 16 of Schedule D, but do not enter less than -0-.
3. $\qquad$
No. Enter the amount from 1040NR, line 14.
4. Add lines 2 and 3
4. $\qquad$
5. $\qquad$
6. Enter the smaller of:

- The amount on line 1 or
- $\$ 29,050$ if you checked filing status box $1,2,3,4$, or 5 ; or $\$ 58,100$ if you checked filing status box 6

6. $\qquad$
7. Is the amount on line 5 equal to or more than the amount on line 6 ?
Yes. Skip lines 7 through 9; go to line 10 and check the "No"
box.
No. Enter the amount from line 5 . . . . . . . . . . . . . . . . . . . . . .
8. Subtract line 7 from line 6 $\qquad$
9. 
10. 
11. Multiply line 8 by $5 \%$ (.05) $\qquad$
12. Are the amounts on lines 4 and 8 the same?

Yes. Skip lines 10 through 13; go to line 14.

- No. Enter the smaller of line 1 or line 4

10. 
11. Enter the amount from line 8 (if line 8 is blank, enter $-0-$ ) . . . . . . . .
12. Subtract line 11 from line 10.

11
13. Multiply line 12
14. Figure the tax on the amount on line 7. Use the Tax Table or Tax Computation Worksheet, whichever applies.
15. Add lines 9,13 , and 14
16. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies.
17. Tax on all taxable income. Enter the smaller of line 15 or line 16 here and on Form 1040NR, line 40

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## Who Must Use Pub. 972

1. Is the amount on Form 1040 NR, line 35, more than the amount shown below for your filing status?

- Filing status 1, 2, or 6-\$75,000
- Filing status 3 , 4, or 5-\$55,000

No. Go to line 2.
Yes. Stop. You must use Pub. 972 to figure your credit.
2. Are you claiming any of the following credits?

- Retirement savings contributions credit, Form 8880 (see the instructions for Form 1040NR, line 45, en page 17)
- Adoption eredit, Form 8839 (see the instructions for Form 1040NR, line 47, on page 17)
- No. Use the worksheet below to figure your child tax credit.
- Yes. You must use Pub. 972 to figure your child tax credit. You will also need the form(s) listed above for any credit(s) you are claiming.
them (for example, your niece or nephew), whom you cared for as you would your own child; or (c) foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child), and
- Is a U.S. citizen or resident alien.

An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final. An authorized placement agency includes any person or court authorized by state law to place children for legal adoption.

## Line 45-Retirement savings

 contributions credit. You may be able to take this credit if you made (a) contributions to a traditional or Roth IRA, (b) elective deferrals to a 401(k), 403(b), governmental 457, SEP, or SIMPLE plan, (c) voluntary employee contributions to a qualified retirement plan (including the Federal Thrift Savings Plan), or (d) contributions to a 501(c)(18)(D) plan.However, you cannot take the credit if either of the following applies.

- The amount on Form 1040NR, line 35 , is more than $\$ 25,000$.
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1987, (b) is claimed as a dependent on someone else's 2004 tax return, or (c) was a student (defined below).

You were a student if during any 5 months of 2004 you:

- Were enrolled as a full-time student at a school or
- Took a full-time, on-farm training course 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, correspondence schools, or night schools.

For more details, see Form 8880.
Line 47-Adoption credit. You may be able to take this credit if either of the following applies.

- You paid expenses to adopt a child.
- You adopted a child with special needs and the adoption became final in 2004. See the Instructions for Form 8839 for details.

Line 49-Other credits. Include the following credits on line 49 and check the appropriate box(es). If box c is checked, also enter the form number, if applicable. To find out if you can take the credit, see the form or publication indicated.

- 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 2004, see Form 8834.
- General business credit. This credit consists of a number of credits that usually apply only to individuals who are partners, self-employed, or who have rental property. See Form 3800 or Pub. 334.
- Empowerment zone and renewal community employment credit. See Form 8844.
- New York Liberty Zone business employee credit. See Form 8884.
- Nonconventional source fuel credit. If you sold fuel produced from a nonconventional source or you were an owner of royalty interests and you received effectively connected income from the sale of fuel produced from a nonconventional source, you may be able to take this credit. See Internal Revenue Code section 29 and, if an owner of royalty interests, Rev. Proc. 2004-27, 2004-17 I.R.B. 831. You can find Rev. Proc. 2004-27 on page 831 of Internal Revenue Bulletin 2004-17 at www.irs.gov/pub/irs-irbs/irb04-17.pdf. Attach a schedule showing how you figured the credit. Check box c and enter "FNS" on the line to the right of box c .

Child Tax Credit Worksheet-Line 46
(keep for your records)

CAUTION- To be a qualifying child for the child tax credit, the child must be under age 17 at the end of 2004 and meet the other requirements listed in the instructions for line 46 on this page.

- Do not use this worksheet if you answered "Yes" to question 1 or 2 in Who Must Use Pub. 972 above. Instead, use Pub. 972.


## 1. Number of qualifying children: ___X $\$ 1,000$.

Enter the result
x
2. Enter the amount from Form 1040NR, line 42 . . . . . . . .
3. Enter the total of the amounts from Form 1040NR, lines 43 through 45
3.
4. Are the amounts on lines 2 and 3 the same?
$\square$ Yes. STOP. You cannot take this credit because there is no tax to reduce. However, you may be able to take the additional child tax credit. See the TIP below.
$\square$ No. Subtract line 3 from line 2
4.
5. Is the amount on line 1 more than the amount on line 4?
$\square$ Yes. Enter the amount from line 4. Also, you may be able to take the additional child tax credit. See the TIP below.
$\square$ No. Enter the amount from line 1 .
. 5.
This is your child tax credit. Enter this amount on Form 1040NR, line 46.

TIP: You may be able to take the additional child tax credit on Form 1040NR, line 61, if you answered "Yes" on line 4 or 5 above.

- First, complete your Form 1040NR through line 60.
- Then, use Form 8812 to figure any additional child tax credit.

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## Other Taxes

Line 53-Social security and Medicare tax on tip income not reported to employer. If you are subject to social security and Medicare tax, 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 Form(s) W-2 show allocated tips that you are including in your income on Form 1040NR, line 8.

To figure the tax, use Form 4137. To pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.

CaUTIONYou 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 54-Additional tax on IRAs, other qualified retirement plans, etc. 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) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
2. Excess contributions were made to your IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts.
3. You received taxable distributions from Coverdell ESAs or qualified tuition programs.
4. You were born before July 1, 1933, and did not take the minimum required distribution from your IRA or other qualified retirement plan.

Exception. If only item 1 applies to you and distribution code 1 is correctly shown in your Form 1099-R, box 7, 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 54 . The taxable amount of the distribution is the part of the distribution you reported on Form 1040 NR, line 16b or line 17b, or on Form 4972. Also, enter "No" in the margin to the right of line 54 to indicate that you do not have to file Form 5329. But if distribution code 1 is incorrectly shown in Form 1099-R, box 7, you must file Form 5329.

## Line 55-Transportation tax.

Nonresident alien individuals are subject to a $4 \%$ tax on U.S. source gross transportation income that is not effectively connected with a U.S. trade or business. However, the term U.S.
source gross transportation income does not include any such income that is taxable in a possession of the United States under the provisions of the Internal Revenue Code as applied to that possession.

For purposes of this tax, transportation income will be treated as not effectively connected with the conduct of a trade or business in the United States unless:

1. You had a fixed place of business in the United States involved in the earning of transportation income and
2. At least $90 \%$ of your U.S. source gross transportation income was attributable to regularly scheduled transportation. Or, in the case of income from the leasing of a vessel or aircraft, it was attributable to a fixed place of business in the United States. See sections 887 and 863 for rules, definitions, and exceptions.

You may be exempt from this tax because of a treaty or an exchange of notes between the United States and the country of which you are a resident. If the country of which you are a resident does not impose tax on the shipping or aircraft income of U.S. persons, you may also be exempt from this tax. If you are exempt from the tax for one of these reasons, you must attach a statement to Form 1040NR identifying your country of residence and the treaty, note, or law and provisions under which you claim exemption from the tax.

If you owe this tax, you must attach a statement to your return that includes the information described in Pub. 519.
Line 56-Household employment
taxes. If any of the following apply, see Schedule H (Form 1040) and its instructions to find out if you owe these taxes.

1. You paid any one household employee (defined below) cash wages of $\$ 1,400$ or more in 2004. Cash wages include wages paid by checks, money orders, etc.
2. You withheld federal income tax during 2004 at the request of any household employee.
3. You paid total cash wages of $\$ 1,000$ or more in any calendar quarter of 2003 or 2004 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 2004 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 57-Total tax. Include in the total on line 57 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 57, 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 (see Form 8845). Identify as "IECR."
- New markets credit (see Form 8874). Identify as "NMCR."
- Credit for employer-provided child care facilities (see Form 8882). Identify as "ECCFR."


## Recapture of federal mortgage

 subsidy. If you sold your home in 2004 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 your Form W-2, box 12 , 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 your Form W-2, box 12, with code K. If you received a Form 1099-MISC, the tax is $20 \%$ of the EPP shown in box 13. Identify as "EPP."

Tax on accumulation distribution of trusts. Enter the amount from Form 4970 and identify as "ADT."

## Payments

## Line 58-Federal income tax

 withheld. Enter all federal income tax withheld on your effectively connected income from Forms W-2 and 1099-R.The amount withheld should be shown in Form W-2, box 2, and in Form 1099-R, box 4. If line 58 includes amounts withheld as shown on Form 1099-R, attach the Form 1099-R to the front of your return. Also, include in the total for line 58 any tax withheld on scholarship or fellowship grants from Form 1042-S, box 7.

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If you received a 2004 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 58. This should be shown in Form 1099, box 4 .

cavionDo not include on line 58 amounts withheld on income not effectively connected with a
U.S. trade or business. Those amounts should be reported in column (a) on page 4. They are then carried over to page 2, line 65.
Line 59-2004 estimated tax
payments. Enter any estimated federal income tax payments you made using Form 1040-ES (NR) for 2004. Include any overpayment from your 2003 return that you applied to your 2004 estimated tax.

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 1040NR. On the statement, list all of the payments you made in 2004 and show the name(s) and identifying number(s) under which you made them.
Line 60 - Excess social security and tier 1 RRTA tax withheld. If you had more than one employer for 2004 and total wages of more than $\$ 87,900$, too much social security or tier 1 railroad retirement (RRTA) tax may have been withheld. You can take a credit on this line for the amount withheld in excess of $\$ 5,449.80$. But if any one employer withheld more than $\$ 5,449.80$, you must ask that employer to refund the excess to you. You cannot claim it on your return.

You cannot claim a refund for excess tier 2 RRTA tax on Form 1040NR. Instead, use Form 843.

For more details, see Pub. 505.
Line 61 - Additional child tax credit. This credit is for certain people who have at least one qualifying child as defined in the instructions for line 46 that begin on page 18. The additional child tax credit may give you a refund even if you do not owe any tax.

## To take the credit:

1. Be sure you figured the amount, if any, of your child tax credit. See the instructions for line 46 that begin on page 16 .
2. Read the TIP at the end of your Child Tax Credit Worksheet on page 16. Use Form 8812 to see if you can take the additional child tax credit, but only if you meet the conditions given in that TIP.

## Line 62-Amount paid with

Form 4868 (request for extension). If you filed Form 4868 to get an automatic
extension of time to file Form 1040NR, enter any amount you paid with that form or by electronic funds withdrawal or credit card. If you paid by credit card, do not include on line 62 the convenience fee you were charged. Also, include any amount paid with Form 2688.
Line 63-Other payments. Check the box(es) on line 63 to report any credit from Form 2439, 4136, or 8885.

Line 64-Credit for amount paid with Form 1040-C. Enter any amount you paid with Form 1040-C for 2004.
Line 65-U.S. tax withheld at source. Enter on line 65 the amount you show on page 4, line 84 . Be sure to attach a copy of all Form(s) 1042-S, SSA-1042S, RRB-1042S, or similar form(s).
Lines 66a and 66b-U.S. tax withheld at source by partnerships under section 1446. Enter on line 66a any tax withheld by a partnership shown on Form(s) 8805 . Enter on line 66 b any tax withheld by a partnership shown on Form(s) 1042-S. Be sure to attach a copy of all Form(s) 8805 and 1042-S.
Lines 67a and 67b-U.S. tax withheld on dispositions of U.S. real property interests. Enter on line 67a any tax withheld on dispositions of U.S real property interests from Form(s) 8288-A. Enter on line 67b any tax withheld on dispositions of U.S. real property interests from
Form(s) 1042-S. Be sure to attach a copy of all Form(s) 8288-A and 1042-S.

## Refund

Line 69-Amount overpaid. If line 69 is under $\$ 1$, we will send a refund only on written request.

T1PIf the amount you overpaid is large, you may be able to decrease the amount of income tax withheld from your pay by filing a new Form W-4. See Income Tax Withholding and Estimated Tax Payments for Individuals for 2005 on page 26.

Refund offset. If you owe past-due federal tax, state income tax, child support, spousal support, or certain federal nontax debts, such as student loans, all or part of the overpayment on line 69 may be used (offset) to pay the past-due amount. Offsets for federal taxes are made by the IRS. All other offsets are made by the Treasury Department's Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the
offset and the agency receiving it. To find out if you may have an offset or if you have any questions about it, contact the agency(ies) to which you owe the debt.

Lines 70b through 70d-Direct deposit of refund. Complete lines 70b through 70d if you want us to directly deposit the amount shown on line 70a into your checking or savings account at a U.S. bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) in the United States instead of sending you a check.

Note. If you do not want your refund directly deposited into your account, draw a line through the boxes on lines 70b and 70d.
Why Use Direct Deposit?

- You get your refund fast.
- 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.

IIPYou can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The IRS is not responsible for a lost refund if you enter the wrong account information.

Line 70b. The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. The routing number of the sample check on page 21 is 250250025 .

Your check may state that it is payable through a financial institution different from the one 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 line 70b.

Line 70d. 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. The account number of the sample check on page 21 is 20202086. Do not include the check number.
Line 71-Applied to 2005 estimated tax. Enter on line 71 the amount, if any, of the overpayment on line 69 you want applied to your 2005 estimated tax. This election cannot be changed later.

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Sample Check—Lines 70b Through 70d


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

## Amount You Owe

## Line 72—Amount you owe.

TiPPay your taxes in full to save interest and penalties. You do not have to pay if line 72 is under $\$ 1$.

Include any estimated tax penalty from line 73 in the amount you enter on line 72.

You can pay by check, money order, or credit card. Do not include any estimated tax payment for 2005 in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.
To pay by check or money order.
Make your check or money order payable to the "United States Treasury" for the full amount due. Do not send cash. Do not attach the payment to your return. Write "2004 Form 1040NR" and your name, address, daytime phone number, and SSN or ITIN on your payment.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "XXX-" or "XXX $\frac{X X " \text { " }}{100}$ ).
To pay by credit card. You may use your American Express ${ }^{\circledR}$ Card, Discover® Card, MasterCard $®$ card, or Visa® card. To pay by credit card, call toll free or visit the website of either service provider listed below and follow the instructions. You will be asked to provide your Social Security Number (SSN). If you do not have and are not eligible to get an SSN, use your IRS-issued individual taxpayer identification number (ITIN) instead.

A convenience fee will be charged by the service provider based on the amount you are paying. Fees may vary between the providers. You will be told what the fee is during the transaction and you will have the option to either continue or cancel the transaction. You
can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website shown below.

If you pay by credit card before filing your return, please enter on page 1 of Form 1040NR in the upper left corner the confirmation number you were given at the end of the transaction and the amount you charged (not including the convenience fee).

Official Payments Corporation 1-800-2PAY-TAXSM (1-800-272-9829) 1-877-754-4413 (Customer Service) www.officialpayments.com Link2Gov Corporation
1-888-PAY-1040 ${ }^{\text {SM }}$ (1-888-729-1040) 1-888-658-5465 (Customer Service) www.PAY1040.com


You may need to (a) increase the amount of income tax withheld from your pay by filing a new Form W-4 or (b) make estimated tax payments for 2005. See Income Tax Withholding and Estimated Tax Payments for Individuals for 2005 on page 26.

What if you cannot pay? If you cannot pay the full amount shown on line 72 when you file, you may ask to make monthly installment payments. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by the date due, 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 or credit card.

To ask for an installment agreement, use Form 9465. 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 73-Estimated tax penalty. You may owe this penalty if:

- Line 72 is at least $\$ 1,000$ 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 57 minus the total of any amounts shown on line 61 and Forms 8828, 4137, 4136, 5329 (Parts III through VIII only), and 8885 . When figuring the amount on line 57 , include the amount on line 56 only if line 58 is more than zero or you would owe the penalty even if you did not include those taxes. But if you entered an amount on Schedule H (Form 1040), line 7, include the total of that amount plus the amount on Form 1040NR, line 56.
Exception. You will not owe the penalty if your 2003 tax return was for a tax year of 12 full months and either of the following applies.

1. You had no tax liability for 2003 and you were a U.S. citizen or resident for all of 2003 or
2. The total of lines $58,59,60$, and 64 through 67 b on your 2004 return is at least as much as the tax liability shown on your 2003 return. Your estimated tax payments for 2004 must have been made on time and for the required amount.

$\Delta$If your 2003 adjusted gross income was over \$150,000 (over \$75,000 if you checked filing status box 3, 4, or 5 for 2004), the exception above applies only if the total of lines 58, 59, 60, and 64 through 67b on your 2004 tax return is at least $110 \%$ of the tax liability shown on your 2003 return. This rule does not apply to farmers and fishermen.
Figuring the Penalty. If the Exception above does not apply and you choose to figure the penalty yourself, see Form 2210 (or Form 2210-F for farmers and fishermen) to find out if you owe the penalty. If you do, you can use the form to figure the amount.

Enter the penalty on Form 1040NR, line 73. Add the penalty to any tax due and enter the total on line 72 . If you are due a refund, subtract the penalty from the overpayment you show on line 69. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.


Because Form 2210 is
complicated, if you want to, you can leave line 73 blank and the IRS will figure the penalty and send you

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a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill. If your income varied during the year, the annualized income installment method may reduce the amount of your penalty. But you must file Form 2210 because the IRS cannot figure your penalty under this method. See the Instructions for Form 2210 for other situations in which you may be able to lower your penalty by filing Form 2210.

## Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your 2004 tax return with the IRS, check the "Yes" box in the "Third Party Designee" area of your return. Also, enter the designee's name, U.S. phone number, and any five numbers the designee chooses as his or her personal identification number (PIN). But if you want to allow the paid preparer who signed your return to discuss it with the IRS, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "Yes" box, you are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the IRS any information that is missing from your return,
- Call the IRS for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2005 tax return (see When To File on page 4). If you wish to revoke the authorization before it ends, see Pub. 947.

## Signature

See Reminders beginning on page 25 after you complete pages 3,4 , and 5 of the form.

## Instructions for Schedule A, Itemized Deductions

## State and Local Income Taxes

## Lines 1 Through 3

You can deduct state and local income taxes you paid or that were withheld from your salary during 2004 on income connected with a U.S. trade or business. If, during 2004, you received any refunds of, or credits for, income tax paid in earlier years, do not subtract them from the amount you deduct here. Instead, see the instructions for
Form 1040 NR, line 11, on page 10.

## Gifts to U.S. Charities

## Lines 4 Through 7

You can deduct contributions or gifts you gave to U.S. organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals.

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 at www.irs.gov under Charities and Non-Profits.
- If in the United States, call our Tax Exempt/Government Entities Customer Account Services at 1-877-829-5500. Assistance is available Monday through Friday from 8:00 a.m. to 6:30 p.m. Eastern time.


## Contributions you can deduct.

 Contributions can 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 14 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 can generally only deduct the amount that is more than
the value of the benefit. 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.

Example. You paid $\$ 70$ to a charitable organization to attend a fund-raising dinner and the value of the dinner was $\$ 40$. You can deduct only $\$ 30$.

Gifts of \$250 or more. You can 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.
 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 can 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 1040NR, line 35.
- Your gifts of capital gain property are more than $20 \%$ of the amount on Form 1040NR, line 35.
- You gave gifts of property that increased in value or gave gifts of the use of property.


## Contributions You Cannot

## Deduct

- 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.

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- 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. But you may be able to deduct this expense on line 9 . See page 23.
- 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, Israeli, 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 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 4

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

## Line 5

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. For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than $\$ 500$, you must complete and attach Form 8283. 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 6

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 8
Complete and attach Form 4684 to figure the amount of your loss to enter on line 8.

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-

- The amount of each separate casualty or theft loss is more than $\$ 100$ and
- The total amount of all losses during the year is more than $10 \%$ of the amount shown on Form 1040NR, line 35.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use Schedule A, line 11, 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.

## Job Expenses and Most Other Miscellaneous Deductions

Note. Miscellaneous deductions are allowed only if and to the extent they are directly related to your effectively connected income. You may deduct only the part of these expenses that exceeds $2 \%$ of the amount on Form 1040NR, line 35.

Pub. 529 discusses the types of expenses that may and may not be deducted.

## Examples of Expenses You <br> Cannot Deduct

- 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.
- Commuting expenses. See Pub. 529 for the definition of commuting.
- 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. But you may be able to take a credit for adoption expenses. See Form 8839 for details.
- Fines and penalties.
- Expenses of producing tax-exempt income.


## Line 9

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either 1 or 2 below applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 9.

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If you used your own vehicle and item 2 does not apply, you may be able to file
Form 2106-EZ 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 9. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 9.

CavilonDo not include on line 9 any educator expenses you deducted on Form 1040NR, line 24.

Examples of other expenses to include on line 9 are:

- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by
your employer.
- 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, see Pub. 587.
- Certain educational expenses. For details, see Pub. 970.


## Line 10

Enter the fees you paid for preparation of your tax return.
Line 11
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 11. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 11.

Examples of expenses to include on line 11 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.
- Casualty and theft losses of property used in performing services as an employee from Form 4684, lines 32 and 38b, or Form 4797, line 18a.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.


## Other Miscellaneous Deductions

## Line 16

List the type and amount of each expense on the dotted lines next to line 16. Enter one total on line 16.
Examples of these expenses are:

- Casualty and theft losses of income-producing property from Form 4684, lines 32 and 38b, or Form 4797, line 18a.
- Deduction for repayment of amounts under a claim of right if over $\$ 3,000$.
See Pub. 525 for details.
- Impairment-related work expenses of a disabled person.
- Certain unrecovered investment in a pension.

For more details, see Pub. 529.

## Total Itemized Deductions

## Line 17

Use the worksheet on page 25 to figure the amount to enter on line 17 if the amount on Form 1040NR, line 35, is over \$142,700 (\$71,350 if you checked filing status box 3,4 , or 5 ).

## Tax on Income Not Effectively Connected With a U.S. Trade or Business (Page 4)

The following items are generally taxed at $30 \%$ if they are not effectively connected with your U.S. trade or business. The rate may be lower if your country of residence and the United States have a treaty setting lower rates. Table 1 in Pub. 901 summarizes which countries have such treaties and what the rates are.

The 30\% tax applies only to amounts included in gross income. For example, the tax applies only to the part of a periodic annuity or pension payment that is subject to tax; it does not apply to the part that is a return of your cost.

The following list gives only a general idea of the type of income to include on page 4. (For more information, see Pub. 519.) Include the following only to the extent the amount received is not effectively connected with the conduct of a trade or business in the United States.

1. Income that is fixed or periodic, such as interest (other than original
issue discount), dividends, rents, salaries, wages, premiums, annuities, other compensation, or alimony received. Other items of income, such as royalties, also may be subject to the 30\% tax.

Interest from a U.S. bank, savings and loan association, or similar institution, and from certain deposits with U.S. insurance companies is tax exempt to nonresident aliens if it is not effectively connected with a U.S. trade or business. For more information, see Pub. 519.

Note. Portfolio interest that you received as a nonresident alien on obligations issued after July 18, 1984, is exempt from the $30 \%$ tax. For more information, see Pub. 519.
2. Gains, other than capital gains, from the sale or exchange of patents, copyrights, and other intangible property.
3. Original issue discount (OID). If you sold or exchanged the obligation, include in income the OID that accrued while you held the obligation minus the amount previously included in income. If you received a payment on an OID obligation, see Pub. 519.
4. Capital gains in excess of capital losses from U.S. sources during 2004. Include these gains only if you were in the United States at least 183 days during 2004. They are not subject to U.S. tax if you were in the United States less than 183 days during the tax year. In determining your net gain, do not use the capital loss carryover.

Losses from sales or exchanges of capital assets in excess of similar gains are not allowed.

If you had a gain or loss on disposing of a U.S. real property interest, see Dispositions of U.S. Real Property Interests on page 5.
5. Prizes, awards, and certain gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings (see section 871 (j) for exceptions). You must report the full amount of your winnings. You cannot offset losses against winnings and report the difference.
Note. Residents of Canada may claim gambling losses, but only to the extent of gambling winnings. They should report both their total gambling winnings and their total gambling losses on the dotted line on line 83 (or attach a separate schedule if more space is needed). If they have net gambling winnings (after offsetting their total gambling losses against their total gambling winnings), they should include this net amount on line 83, column (d).
Social security benefits (and tier 1 railroad retirement benefits treated

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## Itemized Deductions Worksheet—Line 17 <br> (keep for your records)

1. Add the amounts on Schedule A, lines $3,7,8,15$, and 16 .
2. Enter the total of the amount on Schedule A, line 8 , plus any casualty or theft losses included on line 16
Caution: Be sure your casualty or theft losses are clearly identified on the dotted lines next to line 16.
3. Is the amount on line 2 less than the amount on line 1?
$\square$ No. Stop. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 17.
$\square$ Yes. Subtract line 2 from line 1 .
$\qquad$ 3.
4. 
5. $\qquad$
6. Multiply line 3 above by $80 \%$ (.80) . . . 4 .
7. Enter the amount from Form 1040NR, line 35
8. $\qquad$
9. Enter: $\$ 142,700$ ( $\$ 71,350$ if you checked filing status box 3,4 , or 5) . . 6
10. Is the amount on line 6 less than the amount on line 5?
$\square$ No. Stop. Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 17.

- Yes. Subtract line 6 from line 5 . . . 7

8. Multiply line 7 above by $3 \%$ (.03) . . . 8.
9. Enter the smaller of line 4 or line $8 \ldots \ldots$.
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 17
11. 

$\qquad$
as social security). $85 \%$ of the U.S. social security and equivalent railroad retirement benefits you received are taxable. This amount is treated as U.S source income not effectively connected with a U.S. trade or business. It is subject to the $30 \%$ tax rate, unless exempt or taxed at a reduced rate under a U.S. tax treaty. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. They do not include any Supplemental Security Income (SSI) payments.

## You should receive a

 Form SSA-1042S showing the total social security benefits paid to you in 2004 and the amount of any benefits you repaid in 2004. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1042S.Enter $85 \%$ of the total amount from box 5 of all of your Forms SSA-1042S and Forms RRB-1042S in the appropriate column of line 81 of Form 1040NR. Enter any Federal tax withheld in column (a) of line 81. Attach a copy of each Form SSA-1042S and RRB-1042S to Form 1040NR.
Withholding of tax at the source. Tax must be withheld at the source on certain income from U.S. sources paid to nonresident aliens. The withholding is generally at the $30 \%$ rate. There are exceptions to the general rule, and tax treaties with various countries may
provide a lower rate or exempt certain income from withholding. The tax must be withheld by the person who pays fixed or determinable annual or periodic income to nonresident aliens. The income subject to this withholding should be reported on page 4 of Form 1040NR. For details, see Pub. 519, Pub. 515, and section 1441 and its regulations.

## Other Information (Page 5)

## Item D

Enter the type of U.S. visa (for example, F, J, M, etc.) you used to enter the United States. Also enter your current nonimmigrant status. For example, enter your current nonimmigrant status shown on your current U.S. Citizenship and Immigration Services (USCIS) Form I-94, Arrival-Departure Record. If your status has changed while in the United States, enter the date of change. If your status has not changed, enter "N/A."

## Item E

You are generally required to enter your date of entry into the United States that pertains to your current nonimmigrant status (for example, the date of arrival shown on your most recent USCIS Form I-94).
Exception. If you are claiming a tax treaty benefit that is determined by reference to more than one date of
arrival, enter the earlier date of arrival. For example, you are currently claiming treaty benefits (as a teacher or a researcher) under article 19 of the tax treaty between the United States and Japan. You previously claimed treaty benefits (as a student) under article 20 of that treaty. Under article 22 of that treaty, the combination of consecutive exemptions under articles 19 and 20 may not extend beyond 5 tax years from the date you entered the United States as a student. If article 22 of that treaty applies, enter in item $E$ the date you entered the United States as a student.

## Item M

If you are a resident of a treaty country (that is, you qualify as a resident of that country within the meaning of the tax treaty between the United States and that country), you must know the terms of the tax treaty between the United States and the treaty country to properly complete item M. You may download the complete text of most U.S. tax treaties at www.irs.gov. Technical explanations for many of those treaties are also available at that site. Also, see Pub. 901 for a quick reference guide to the provisions of U.S. tax treaties.

If you are claiming treaty benefits on Form 1040NR, you must provide all of the information requested in item M .

$\Delta$If you are claiming tax treaty benefits and you failed to submit adequate documentation to a withholding agent, you must attach all information that would have otherwise been required on the withholding document (for example, all information required on Form W-8BEN or Form 8233).

## Treaty-based return position

 disclosure. If you take the position that a treaty of the United States overrides or modifies any provision of the Internal Revenue Code and that position reduces (or potentially reduces) your tax, you must report certain information on Form 8833 and attach it to Form 1040NR.You can be charged a \$1,000 penalty for each failure to report the required information. For more details, see Form 8833 and Regulations section 301.6114-1.
Exceptions. You do not have to file Form 8833 for any of the following situations.

1. You claim a reduced rate of withholding tax under a treaty on interest, dividends, rents, royalties, or other fixed or determinable annual or periodic income ordinarily subject to the 30\% rate.

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2. You claim a treaty reduces or modifies the taxation of income from dependent personal services, pensions, annuities, social security and other public pensions, or income of artists, athletes, students, trainees, or teachers. This includes taxable scholarship and fellowship grants.
3. You claim a reduction or modification of taxation of income under an International Social Security Agreement or a Diplomatic or Consular Agreement.
4. You are a partner in a partnership or a beneficiary of an estate or trust and the partnership, estate, or trust reports the required information on its return.
5. The payments or items of income that are otherwise required to be disclosed total no more than \$10,000.

## Item $\mathbf{P}$

See Special Rules for Former U.S. Citizens and Former U.S. Long-Term Residents on page 6 for details on how to answer the question in item P and for information that must be included in the annual information statement, if required. If you are a former U.S. long-term resident filing a dual-status return for your last year of U.S.
residency, you must also attach Form 8854. See Dual-Status Taxpayers on page 4.

## Reminders

## Sign and Date Your Return

Form 1040NR is not considered a valid return unless you sign it. You may have an agent in the United States prepare and sign your return if you could not do so for one of the following reasons:

- You were ill.
- You were not in the United States at any time during the 60 days before the return was due.
- For other reasons that you explained in writing to the Internal Revenue Service Center, Philadelphia, PA 19255, U.S.A., and that the IRS approved.

A return prepared by an agent must be accompanied by a power of attorney. Form 2848 may be used for this purpose.

Be sure to date your return and show your occupation in the United States in the space provided. If you have someone prepare your return, you are still responsible for the correctness of the return.
Child's return. If your child cannot sign the return, you may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Paid preparer must sign your return. Generally, anyone you pay to prepare your return must sign it in the space provided. 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.

## Income Tax Withholding and Estimated Tax Payments for Individuals for 2005

If the amount you owe or the amount you overpaid is large, you may be able to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2005 pay. For details on how to complete Form W-4, see the Instructions for Form 8233.

In general, you do not have to make estimated tax payments if you expect that your 2005 Form 1040NR will show a tax refund or a tax balance due the IRS of less than $\$ 1,000$. If your total estimated tax (including any household employment taxes or alternative minimum tax) for 2005 is $\$ 1,000$ or more, see Form 1040-ES (NR). It has a worksheet you can use to see if you have to make estimated tax payments. However, if you expect to be a resident of Puerto Rico during all of 2005 and you must pay estimated tax, use Form 1040-ES.

## Gift To Reduce Debt Held By the Public

If you wish to make such a gift, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, P.O. Box 2188, Parkersburg, WV 26106-2188. 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. See page 20 for details on how to pay any tax you owe.


You may be able to deduct this gift on your 2005 tax return as a charitable contribution.

## Address Change

If you move after you file, always notify the IRS of your new address. To do this, use Form 8822.

## 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 Forms W-2, 1099, and 1042-S) 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.

## Amended Return

File Form 1040X to change a return you already filed. Also, use Form 1040X if you filed Form 1040NR and you should have filed a Form 1040, 1040A, or 1040EZ, or vice versa. 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. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

## Requesting a Copy of Your Tax

## Return

If you need a copy of your tax return, use Form 4506. If you want a free printed copy of your account, call us at 1-800-829-1040.

## Interest and Penalties

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 (other than the estimated tax penalty) with your payment, identify and enter the amount in the bottom margin of Form 1040NR, page 2. Do not include interest or penalties (other than the estimated tax penalty) in the amount you owe on line 72.
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).
Penalty for 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 can be as much as $25 \%$ (more in some cases) 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.
Penalty for late payment of tax. If you pay your taxes late, the penalty is usually $1 / 2$ of $1 \%$ of the unpaid amount for each month or part of a month the

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tax is not paid. The penalty can be as much as $25 \%$ of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.
Penalty for 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 penalties. 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. 519 for details on some of these penalties.

## Taxpayer Assistance

IRS assistance is available to help you prepare your return. But you should know that you are responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax.

In the United States, you may call 1-800-829-1040. For TTY/TDD help, call 1-800-829-4057. If overseas, you may call 215-516-2000 (English-speaking only). This number is not toll free. The hours of operation are from 6:00 a.m. to 11:00 p.m. ET.

If you wish to write instead of call, please address your letter to: Internal Revenue Service, International Section, P.O. Box 920, Bensalem, PA 19020-8518. Make sure you include your identifying number (defined on page 7) when you write.

Assistance in answering tax questions and filling out tax returns is also available in person from IRS offices in: Berlin, Germany; London, England; and Paris, France. The offices generally are located in the U.S. embassies or consulates.

The IRS conducts an overseas taxpayer assistance program during the filing season (January to mid-June). To find out if IRS personnel will be in your area, contact the consular office at the nearest U.S. embassy.
Everyday tax solutions. You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment.
To find the number, go to www.irs.gov or look in a U.S. phone book under
"United States Government, Internal Revenue Service.'

## How can you get IRS tax forms and

## publications?

- You can download them from the IRS website at www.irs.gov.
- In the United States, you can call 1-800-TAX-FORM (1-800-829-3676). - If you have a foreign address, you can send your order to the Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.
- You can pick them up in person from our U.S. embassies and consulates abroad (but only during the tax return filing period).


## Help With Unresolved Tax Issues

If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate: - If you are in the United States, call their toll-free number: 1-877-777-4778. TTY/TDD help is available by calling 1-800-829-4059.

- If overseas, call 01-787-622-8930
(English-speaking only) or 01-787-622-8940 (Spanish-speaking only). These numbers are not toll free.
- You can write to the Taxpayer Advocate at the IRS office that last contacted you (or contact one of the overseas IRS offices listed on page 26).
- Visit the website at www.irs.gov/ advocate.

For more information about the Taxpayer Advocate, see Pub. 1546.

## Disclosure and Paperwork

Reduction Act Notice. The IRS
Restructuring and Reform Act of 1998 requires that we tell you the conditions under which return information may be disclosed to any party outside the Internal Revenue Service. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need the information to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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.

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 section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information you write on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information that we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 33 min.; Learning about the law or the form, 2 hr., 19 min .; Preparing the form, 6 hr ., 28 min.; and Copying, assembling,

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and sending the form to the IRS, 1 hr., 16 min .

We welcome comments on forms. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear
from you. You can email us at *taxforms@irs.gov. Please put "Forms Comment" on the subject line. Or you can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP,

1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send your return to this address. Instead, see Where To File on page 3.

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## 2004 Tax Table

A
See the instructions for line 40 on page 16 to see if you can use the Tax Table below to figure your tax.

Example. Mr. Green is filing as a qualifying widower. His taxable income on line 39 of Form 1040 NR is $\$ 25,300$. First, he finds the $\$ 25,300-25,350$ income line. Next, he finds the column for qualifying widower and reads down the column. The amount shown where the income line and filing status column meet is $\$ 3,099$. This is the tax amount he must enter on line 40 of his Form 1040NR.


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2004 Tax Table-Continued

| If Form 1040NR, line 39 , is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But <br> less <br> than | Qualifying widow(er) <br> Your tax is- |  | Married filing separately | At least | But less than | Single | Qualifying widow(er) <br> Your tax is | Married filing separately |
| 5,000 |  |  |  |  | 8,000 |  |  |  |  | 11,000 |  |  |  |  |
| 5,000 | 5,050 | 503 | 503 | 503 | 8,000 | 8,050 | 846 | 803 | 846 | 11,000 | 11,050 | 1,296 | 1,103 | 1,296 |
| 5,050 | 5,100 | 508 | 508 | 508 | 8,050 | 8,100 | 854 | 808 | 854 | 11,050 | 11,100 | 1,304 | 1,108 | 1,304 |
| 5,100 | 5,150 | 513 | 513 | 513 | 8,100 | 8,150 | 861 | 813 | 861 | 11,100 | 11,150 | 1,311 | 1,113 | 1,311 |
| 5,150 | 5,200 | 518 | 518 | 518 | 8,150 | 8,200 | 869 | 818 | 869 | 11,150 | 11,200 | 1,319 | 1,118 | 1,319 |
| 5,200 | 5,250 | 523 | 523 | 523 | 8,200 | 8,250 | 876 | 823 | 876 | 11,200 | 11,250 | 1,326 | 1,123 | 1,326 |
| 5,250 | 5,300 | 528 | 528 | 528 | 8,250 | 8,300 | 884 | 828 | 884 | 11,250 | 11,300 | 1,334 | 1,128 | 1,334 |
| 5,300 | 5,350 | 533 | 533 | 533 | 8,300 | 8,350 | 891 | 833 | 891 | 11,300 | 11,350 | 1,341 | 1,133 | 1,341 |
| 5,350 | 5,400 | 538 | 538 | 538 | 8,350 | 8,400 | 899 | 838 | 899 | 11,350 | 11,400 | 1,349 | 1,138 | 1,349 |
| 5,400 | 5,450 | 543 | 543 | 543 | 8,400 | 8,450 | 906 | 843 | 906 | 11,400 | 11,450 | 1,356 | 1,143 | 1,356 |
| 5,450 | 5,500 | 548 | 548 | 548 | 8,450 | 8,500 | 914 | 848 | 914 | 11,450 | 11,500 | 1,364 | 1,148 | 1,364 |
| 5,500 | 5,550 | 553 | 553 | 553 | 8,500 | 8,550 | 921 | 853 | 921 | 11,500 | 11,550 | 1,371 | 1,153 | 1,371 |
| 5,550 | 5,600 | 558 | 558 | 558 | 8,550 | 8,600 | 929 | 858 | 929 | 11,550 | 11,600 | 1,379 | 1,158 | 1,379 |
| 5,600 | 5,650 | 563 | 563 | 563 | 8,600 | 8,650 | 936 | 863 | 936 | 11,600 | 11,650 | 1,386 | 1,163 | 1,386 |
| 5,650 | 5,700 | 568 | 568 | 568 | 8,650 | 8,700 | 944 | 868 | 944 | 11,650 | 11,700 | 1,394 | 1,168 | 1,394 |
| 5,700 | 5,750 | 573 | 573 | 573 | 8,700 | 8,750 | 951 | 873 | 951 | 11,700 | 11,750 | 1,401 | 1,173 | 1,401 |
| 5,750 | 5,800 | 578 | 578 | 578 | 8,750 | 8,800 | 959 | 878 | 959 | 11,750 | 11,800 | 1,409 | 1,178 | 1,409 |
| 5,800 | 5,850 | 583 | 583 | 583 | 8,800 | 8,850 | 966 | 883 | 966 | 11,800 | 11,850 | 1,416 | 1,183 | 1,416 |
| 5,850 | 5,900 | 588 | 588 | 588 | 8,850 | 8,900 | 974 | 888 | 974 | 11,850 | 11,900 | 1,424 | 1,188 | 1,424 |
| 5,900 | 5,950 | 593 | 593 | 593 | 8,900 | 8,950 | 981 | 893 | 981 | 11,900 | 11,950 | 1,431 | 1,193 | 1,431 |
| 5,950 | 6,000 | 598 | 598 | 598 | 8,950 | 9,000 | 989 | 898 | 989 | 11,950 | 12,000 | 1,439 | 1,198 | 1,439 |
| 6,00 |  |  |  |  | 9,0 |  |  |  |  | 12, | 000 |  |  |  |
| 6,000 | 6,050 | 603 | 603 | 603 | 9,000 | 9,050 | 996 | 903 | 996 | 12,000 | 12,050 | 1,446 | 1,203 | 1,446 |
| 6,050 | 6,100 | 608 | 608 | 608 | 9,050 | 9,100 | 1,004 | 908 | 1,004 | 12,050 | 12,100 | 1,454 | 1,208 | 1,454 |
| 6,100 | 6,150 | 613 | 613 | 613 | 9,100 | 9,150 | 1,011 | 913 | 1,011 | 12,100 | 12,150 | 1,461 | 1,213 | 1,461 |
| 6,150 | 6,200 | 618 | 618 | 618 | 9,150 | 9,200 | 1,019 | 918 | 1,019 | 12,150 | 12,200 | 1,469 | 1,218 | 1,469 |
| 6,200 | 6,250 | 623 | 623 | 623 | 9,200 | 9,250 | 1,026 | 923 | 1,026 | 12,200 | 12,250 | 1,476 | 1,223 | 1,476 |
| 6,250 | 6,300 | 628 | 628 | 628 | 9,250 | 9,300 | 1,034 | 928 | 1,034 | 12,250 | 12,300 | 1,484 | 1,228 | 1,484 |
| 6,300 | 6,350 | 633 | 633 | 633 | 9,300 | 9,350 | 1,041 | 933 | 1,041 | 12,300 | 12,350 | 1,491 | 1,233 | 1,491 |
| 6,350 | 6,400 | 638 | 638 | 638 | 9,350 | 9,400 | 1,049 | 938 | 1,049 | 12,350 | 12,400 | 1,499 | 1,238 | 1,499 |
| 6,400 | 6,450 | 643 | 643 | 643 | 9,400 | 9,450 | 1,056 | 943 | 1,056 | 12,400 | 12,450 | 1,506 | 1,243 | 1,506 |
| 6,450 | 6,500 | 648 | 648 | 648 | 9,450 | 9,500 | 1,064 | 948 | 1,064 | 12,450 | 12,500 | 1,514 | 1,248 | 1,514 |
| 6,500 | 6,550 | 653 | 653 | 653 | 9,500 | 9,550 | 1,071 | 953 | 1,071 | 12,500 | 12,550 | 1,521 | 1,253 | 1,521 |
| 6,550 | 6,600 | 658 | 658 | 658 | 9,550 | 9,600 | 1,079 | 958 | 1,079 | 12,550 | 12,600 | 1,529 | 1,258 | 1,529 |
| 6,600 | 6,650 | 663 | 663 | 663 | 9,600 | 9,650 | 1,086 | 963 | 1,086 | 12,600 | 12,650 | 1,536 | 1,263 | 1,536 |
| 6,650 | 6,700 | 668 | 668 | 668 | 9,650 | 9,700 | 1,094 | 968 | 1,094 | 12,650 | 12,700 | 1,544 | 1,268 | 1,544 |
| 6,700 | 6,750 | 673 | 673 | 673 | 9,700 | 9,750 | 1,101 | 973 | 1,101 | 12,700 | 12,750 | 1,551 | 1,273 | 1,551 |
| 6,750 | 6,800 | 678 | 678 | 678 | 9,750 | 9,800 | 1,109 | 978 | 1,109 | 12,750 | 12,800 | 1,559 | 1,278 | 1,559 |
| 6,800 | 6,850 | 683 | 683 | 683 | 9,800 | 9,850 | 1,116 | 983 | 1,116 | 12,800 | 12,850 | 1,566 | 1,283 | 1,566 |
| 6,850 | 6,900 | 688 | 688 | 688 | 9,850 | 9,900 | 1,124 | 988 | 1,124 | 12,850 | 12,900 | 1,574 | 1,288 | 1,574 |
| 6,900 | 6,950 | 693 | 693 | 693 | 9,900 | 9,950 | 1,131 | 993 | 1,131 | 12,900 | 12,950 | 1,581 | 1,293 | 1,581 |
| 6,950 | 7,000 | 698 | 698 | 698 | 9,950 | 10,000 | 1,139 | 998 | 1,139 | 12,950 | 13,000 | 1,589 | 1,298 | 1,589 |
| 7,00 |  |  |  |  | 10, | 000 |  |  |  | 13, | 000 |  |  |  |
| 7,000 | 7,050 | 703 | 703 | 703 | 10,000 | 10,050 | 1,146 | 1,003 | 1,146 | 13,000 | 13,050 | 1,596 | 1,303 | 1,596 |
| 7,050 | 7,100 | 708 | 708 | 708 | 10,050 | 10,100 | 1,154 | 1,008 | 1,154 | 13,050 | 13,100 | 1,604 | 1,308 | 1,604 |
| 7,100 | 7,150 | 713 | 713 | 713 | 10,100 | 10,150 | 1,161 | 1,013 | 1,161 | 13,100 | 13,150 | 1,611 | 1,313 | 1,611 |
| 7,150 | 7,200 | 719 | 718 | 719 | 10,150 | 10,200 | 1,169 | 1,018 | 1,169 | 13,150 | 13,200 | 1,619 | 1,318 | 1,619 |
| 7,200 | 7,250 | 726 | 723 | 726 | 10,200 | 10,250 | 1,176 | 1,023 | 1,176 | 13,200 | 13,250 | 1,626 | 1,323 | 1,626 |
| 7,250 | 7,300 | 734 | 728 | 734 | 10,250 | 10,300 | 1,184 | 1,028 | 1,184 | 13,250 | 13,300 | 1,634 | 1,328 | 1,634 |
| 7,300 | 7,350 | 741 | 733 | 741 | 10,300 | 10,350 | 1,191 | 1,033 | 1,191 | 13,300 | 13,350 | 1,641 | 1,333 | 1,641 |
| 7,350 | 7,400 | 749 | 738 | 749 | 10,350 | 10,400 | 1,199 | 1,038 | 1,199 | 13,350 | 13,400 | 1,649 | 1,338 | 1,649 |
| 7,400 | 7,450 | 756 | 743 | 756 | 10,400 | 10,450 | 1,206 | 1,043 | 1,206 | 13,400 | 13,450 | 1,656 | 1,343 | 1,656 |
| 7,450 | 7,500 | 764 | 748 | 764 | 10,450 | 10,500 | 1,214 | 1,048 | 1,214 | 13,450 | 13,500 | 1,664 | 1,348 | 1,664 |
| 7,500 | 7,550 | 771 | 753 | 771 | 10,500 | 10,550 | 1,221 | 1,053 | 1,221 | 13,500 | 13,550 | 1,671 | 1,353 | 1,671 |
| 7,550 | 7,600 | 779 | 758 | 779 | 10,550 | 10,600 | 1,229 | 1,058 | 1,229 | 13,550 | 13,600 | 1,679 | 1,358 | 1,679 |
| 7,600 | 7,650 | 786 | 763 | 786 | 10,600 | 10,650 | 1,236 | 1,063 | 1,236 | 13,600 | 13,650 | 1,686 | 1,363 |  |
| 7,650 | 7,700 | 794 | 768 | 794 | 10,650 | 10,700 | 1,244 | 1,068 | 1,244 | 13,650 | 13,700 | 1,694 | 1,368 | 1,694 |
| 7,700 | 7,750 | 801 | 773 | 801 | 10,700 | 10,750 | 1,251 | 1,073 | 1,251 | 13,700 | 13,750 | 1,701 | 1,373 | 1,701 |
| 7,750 | 7,800 | 809 | 778 | 809 | 10,750 | 10,800 | 1,259 | 1,078 | 1,259 | 13,750 | 13,800 | 1,709 | 1,378 | 1,709 |
| 7,800 | 7,850 | 816 | 783 | 816 | 10,800 | 10,850 | 1,266 | 1,083 | 1,266 | 13,800 | 13,850 | 1,716 | 1,383 | 1,716 |
| 7,850 | 7,900 | 824 | 788 | 824 | 10,850 | 10,900 | 1,274 | 1,088 | 1,274 | 13,850 | 13,900 | 1,724 | 1,388 | 1,724 |
| 7,900 | 7,950 | 831 | 793 | 831 | 10,900 | 10,950 | 1,281 | 1,093 | 1,281 | 13,900 | 13,950 | 1,731 | 1,393 | 1,731 |
| 7,950 | 8,000 | 839 | 798 | 839 | 10,950 | 11,000 | 1,289 | 1,098 | 1,289 | 13,950 | 14,000 | 1,739 | 1,398 | 1,739 |

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39 , is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Qualifying widow(er) <br> ur tax is- | Married filing separately | At least | But less than | Single | Qualifying widow(er) <br> tax is | Married filing separately | At least | But less than | Single | Qualifying widow(er) <br> ur tax is- | Married filing separately |
| 14,000 |  |  |  |  | 17,000 |  |  |  |  | 20,000 |  |  |  |  |
| 14,000 | 14,050 | 1,746 | 1,403 | 1,746 | 17,000 | 17,050 | 2,196 | 1,839 | 2,196 | 20,000 | 20,050 | 2,646 | 2,289 | 2,646 |
| 14,050 | 14,100 | 1,754 | 1,408 | 1,754 | 17,050 | 17,100 | 2,204 | 1,846 | 2,204 | 20,050 | 20,100 | 2,654 | 2,296 | 2,654 |
| 14,100 | 14,150 | 1,761 | 1,413 | 1,761 | 17,100 | 17,150 | 2,211 | 1,854 | 2,211 | 20,100 | 20,150 | 2,661 | 2,304 | 2,661 |
| 14,150 | 14,200 | 1,769 | 1,418 | 1,769 | 17,150 | 17,200 | 2,219 | 1,861 | 2,219 | 20,150 | 20,200 | 2,669 | 2,311 | 2,669 |
| 14,200 | 14,250 | 1,776 | 1,423 | 1,776 | 17,200 | 17,250 | 2,226 | 1,869 | 2,226 | 20,200 | 20,250 | 2,676 | 2,319 | 2,676 |
| 14,250 | 14,300 | 1,784 | 1,428 | 1,784 | 17,250 | 17,300 | 2,234 | 1,876 | 2,234 | 20,250 | 20,300 | 2,684 | 2,326 | 2,684 |
| 14,300 | 14,350 | 1,791 | 1,434 | 1,791 | 17,300 | 17,350 | 2,241 | 1,884 | 2,241 | 20,300 | 20,350 | 2,691 | 2,334 | 2,691 |
| 14,350 | 14,400 | 1,799 | 1,441 | 1,799 | 17,350 | 17,400 | 2,249 | 1,891 | 2,249 | 20,350 | 20,400 | 2,699 | 2,341 | 2,699 |
| 14,400 | 14,450 | 1,806 | 1,449 | 1,806 | 17,400 | 17,450 | 2,256 | 1,899 | 2,256 | 20,400 | 20,450 | 2,706 | 2,349 | 2,706 |
| 14,450 | 14,500 | 1,814 | 1,456 | 1,814 | 17,450 | 17,500 | 2,264 | 1,906 | 2,264 | 20,450 | 20,500 | 2,714 | 2,356 | 2,714 |
| 14,500 | 14,550 | 1,821 | 1,464 | 1,821 | 17,500 | 17,550 | 2,271 | 1,914 | 2,271 | 20,500 | 20,550 | 2,721 | 2,364 | 2,721 |
| 14,550 | 14,600 | 1,829 | 1,471 | 1,829 | 17,550 | 17,600 | 2,279 | 1,921 | 2,279 | 20,550 | 20,600 | 2,729 | 2,371 | 2,729 |
| 14,600 | 14,650 | 1,836 | 1,479 | 1,836 | 17,600 | 17,650 | 2,286 | 1,929 | 2,286 | 20,600 | 20,650 | 2,736 | 2,379 | 2,736 |
| 14,650 | 14,700 | 1,844 | 1,486 | 1,844 | 17,650 | 17,700 | 2,294 | 1,936 | 2,294 | 20,650 | 20,700 | 2,744 | 2,386 | 2,744 |
| 14,700 | 14,750 | 1,851 | 1,494 | 1,851 | 17,700 | 17,750 | 2,301 | 1,944 | 2,301 | 20,700 | 20,750 | 2,751 | 2,394 | 2,751 |
| 14,750 | 14,800 | 1,859 | 1,501 | 1,859 | 17,750 | 17,800 | 2,309 | 1,951 | 2,309 | 20,750 | 20,800 | 2,759 | 2,401 | 2,759 |
| 14,800 | 14,850 | 1,866 | 1,509 | 1,866 | 17,800 | 17,850 | 2,316 | 1,959 | 2,316 | 20,800 | 20,850 | 2,766 | 2,409 | 2,766 |
| 14,850 | 14,900 | 1,874 | 1,516 | 1,874 | 17,850 | 17,900 | 2,324 | 1,966 | 2,324 | 20,850 | 20,900 | 2,774 | 2,416 | 2,774 |
| 14,900 | 14,950 | 1,881 | 1,524 | 1,881 | 17,900 | 17,950 | 2,331 | 1,974 | 2,331 | 20,900 | 20,950 | 2,781 | 2,424 | 2,781 |
| 14,950 | 15,000 | 1,889 | 1,531 | 1,889 | 17,950 | 18,000 | 2,339 | 1,981 | 2,339 | 20,950 | 21,000 | 2,789 | 2,431 | 2,789 |
| 15, | 000 |  |  |  | 18, | 000 |  |  |  |  | 00 |  |  |  |
| 15,000 | 15,050 | 1,896 | 1,539 | 1,896 | 18,000 | 18,050 | 2,346 | 1,989 | 2,346 | 21,000 | 21,050 | 2,796 | 2,439 | 2,796 |
| 15,050 | 15,100 | 1,904 | 1,546 | 1,904 | 18,050 | 18,100 | 2,354 | 1,996 | 2,354 | 21,050 | 21,100 | 2,804 | 2,446 | 2,804 |
| 15,100 | 15,150 | 1,911 | 1,554 | 1,911 | 18,100 | 18,150 | 2,361 | 2,004 | 2,361 | 21,100 | 21,150 | 2,811 | 2,454 | 2,811 |
| 15,150 | 15,200 | 1,919 | 1,561 | 1,919 | 18,150 | 18,200 | 2,369 | 2,011 | 2,369 | 21,150 | 21,200 | 2,819 | 2,461 | 2,819 |
| 15,200 | 15,250 | 1,926 | 1,569 | 1,926 | 18,200 | 18,250 | 2,376 | 2,019 | 2,376 | 21,200 | 21,250 | 2,826 | 2,469 | 2,826 |
| 15,250 | 15,300 | 1,934 | 1,576 | 1,934 | 18,250 | 18,300 | 2,384 | 2,026 | 2,384 | 21,250 | 21,300 | 2,834 | 2,476 | 2,834 |
| 15,300 | 15,350 | 1,941 | 1,584 | 1,941 | 18,300 | 18,350 | 2,391 | 2,034 | 2,391 | 21,300 | 21,350 | 2,841 | 2,484 | 2,841 |
| 15,350 | 15,400 | 1,949 | 1,591 | 1,949 | 18,350 | 18,400 | 2,399 | 2,041 | 2,399 | 21,350 | 21,400 | 2,849 | 2,491 | 2,849 |
| 15,400 | 15,450 | 1,956 | 1,599 | 1,956 | 18,400 | 18,450 | 2,406 | 2,049 | 2,406 | 21,400 | 21,450 | 2,856 | 2,499 | 2,856 |
| 15,450 | 15,500 | 1,964 | 1,606 | 1,964 | 18,450 | 18,500 | 2,414 | 2,056 | 2,414 | 21,450 | 21,500 | 2,864 | 2,506 | 2,864 |
| 15,500 | 15,550 | 1,971 | 1,614 | 1,971 | 18,500 | 18,550 | 2,421 | 2,064 | 2,421 | 21,500 | 21,550 | 2,871 | 2,514 | 2,871 |
| 15,550 | 15,600 | 1,979 | 1,621 | 1,979 | 18,550 | 18,600 | 2,429 | 2,071 | 2,429 | 21,550 | 21,600 | 2,879 | 2,521 | 2,879 |
| 15,600 | 15,650 | 1,986 | 1,629 | 1,986 | 18,600 | 18,650 | 2,436 | 2,079 | 2,436 | 21,600 | 21,650 | 2,886 | 2,529 | 2,886 |
| 15,650 | 15,700 | 1,994 | 1,636 | 1,994 | 18,650 | 18,700 | 2,444 | 2,086 | 2,444 | 21,650 | 21,700 | 2,894 | 2,536 | 2,894 |
| 15,700 | 15,750 | 2,001 | 1,644 | 2,001 | 18,700 | 18,750 | 2,451 | 2,094 | 2,451 | 21,700 | 21,750 | 2,901 | 2,544 | 2,901 |
| 15,750 | 15,800 | 2,009 | 1,651 | 2,009 | 18,750 | 18,800 | 2,459 | 2,101 | 2,459 | 21,750 | 21,800 | 2,909 | 2,551 | 2,909 |
| 15,800 | 15,850 | 2,016 | 1,659 | 2,016 | 18,800 | 18,850 | 2,466 | 2,109 | 2,466 | 21,800 | 21,850 | 2,916 | 2,559 | 2,916 |
| 15,850 | 15,900 | 2,024 | 1,666 | 2,024 | 18,850 | 18,900 | 2,474 | 2,116 | 2,474 | 21,850 | 21,900 | 2,924 | 2,566 | 2,924 |
| 15,900 | 15,950 | 2,031 | 1,674 | 2,031 | 18,900 | 18,950 | 2,481 | 2,124 | 2,481 | 21,900 | 21,950 | 2,931 | 2,574 | 2,931 |
| 15,950 | 16,000 | 2,039 | 1,681 | 2,039 | 18,950 | 19,000 | 2,489 | 2,131 | 2,489 | 21,950 | 22,000 | 2,939 | 2,581 | 2,939 |
| 16, | 00 |  |  |  | 19, | 00 |  |  |  |  |  |  |  |  |
| 16,000 | 16,050 | 2,046 | 1,689 | 2,046 | 19,000 | 19,050 | 2,496 | 2,139 | 2,496 | 22,000 | 22,050 | 2,946 | 2,589 | 2,946 |
| 16,050 | 16,100 | 2,054 | 1,696 | 2,054 | 19,050 | 19,100 | 2,504 | 2,146 | 2,504 | 22,050 | 22,100 | 2,954 | 2,596 | 2,954 |
| 16,100 | 16,150 | 2,061 | 1,704 | 2,061 | 19,100 | 19,150 | 2,511 | 2,154 | 2,511 | 22,100 | 22,150 | 2,961 | 2,604 | 2,961 |
| 16,150 | 16,200 | 2,069 | 1,711 | 2,069 | 19,150 | 19,200 | 2,519 | 2,161 | 2,519 | 22,150 | 22,200 | 2,969 | 2,611 | 2,969 |
| 16,200 | 16,250 | 2,076 | 1,719 | 2,076 | 19,200 | 19,250 | 2,526 | 2,169 | 2,526 | 22,200 | 22,250 | 2,976 | 2,619 | 2,976 |
| 16,250 | 16,300 | 2,084 | 1,726 | 2,084 | 19,250 | 19,300 | 2,534 | 2,176 | 2,534 | 22,250 | 22,300 | 2,984 | 2,626 | 2,984 |
| 16,300 | 16,350 | 2,091 | 1,734 | 2,091 | 19,300 | 19,350 | 2,541 | 2,184 | 2,541 | 22,300 | 22,350 | 2,991 | 2,634 | 2,991 |
| 16,350 | 16,400 | 2,099 | 1,741 | 2,099 | 19,350 | 19,400 | 2,549 | 2,191 | 2,549 | 22,350 | 22,400 | 2,999 | 2,641 | 2,999 |
| 16,400 | 16,450 | 2,106 | 1,749 | 2,106 | 19,400 | 19,450 | 2,556 | 2,199 | 2,556 | 22,400 | 22,450 | 3,006 | 2,649 | 3,006 |
| 16,450 | 16,500 | 2,114 | 1,756 | 2,114 | 19,450 | 19,500 | 2,564 | 2,206 | 2,564 | 22,450 | 22,500 | 3,014 | 2,656 | 3,014 |
| 16,500 | 16,550 | 2,121 | 1,764 | 2,121 | 19,500 | 19,550 | 2,571 | 2,214 | 2,571 | 22,500 | 22,550 | 3,021 | 2,664 | 3,021 |
| 16,550 | 16,600 | 2,129 | 1,771 | 2,129 | 19,550 | 19,600 | 2,579 | 2,221 | 2,579 | 22,550 | 22,600 | 3,029 | 2,671 | 3,029 |
|  | $16,650$ | 2,136 | 1,779 | 2,136 | 19,600 | 19,650 | 2,586 | 2,229 | 2,586 | 22,600 | $22,650$ | 3,036 | 2,679 |  |
| 16,650 | 16,700 | 2,144 | 1,786 | 2,144 | 19,650 | 19,700 | 2,594 | 2,236 | 2,594 | 22,650 | 22,700 | 3,044 | 2,686 | 3,044 |
| 16,700 | 16,750 | 2,151 | 1,794 | 2,151 | 19,700 | 19,750 | 2,601 | 2,244 | 2,601 | 22,700 | 22,750 | 3,051 | 2,694 | 3,051 |
| 16,750 | 16,800 | 2,159 | 1,801 | 2,159 | 19,750 | 19,800 | 2,609 | 2,251 | 2,609 | 22,750 | 22,800 | 3,059 | 2,701 | 3,059 |
| 16,800 | 16,850 | 2,166 | 1,809 | 2,166 | 19,800 | 19,850 | 2,616 | 2,259 | 2,616 | 22,800 | 22,850 | 3,066 | 2,709 | 3,066 |
| 16,850 | 16,900 | 2,174 | 1,816 | 2,174 | 19,850 | 19,900 | 2,624 | 2,266 | 2,624 | 22,850 | 22,900 | 3,074 | 2,716 | 3,074 |
| 16,900 | 16,950 | 2,181 | 1,824 | 2,181 | 19,900 | 19,950 | 2,631 | 2,274 | 2,631 | 22,900 | 22,950 | 3,081 | 2,724 | 3,081 |
| 16,950 | 17,000 | 2,189 | 1,831 | 2,189 | 19,950 | 20,000 | 2,639 | 2,281 | 2,639 | 22,950 | 23,000 | 3,089 | 2,731 | 3,089 |

(Continued on page 32)

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2004 Tax Table-Continued

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Qualifying widow(er) | Married filing separately | At least | But less than |  | Qualifying widow(er) | Married filing separately | At least | But less than | Single $\left\|\begin{array}{l}\text { Qualifying } \\ \text { widow(er) }\end{array}\right\|$ |  | Married filing separately |
| 23,000 |  |  |  |  | 26,000 |  |  |  |  | $29,000$ |  |  |  |  |
| 23,000 | 23,050 | 3,096 | 2,739 | 3,096 | 26,000 | 26,050 | 3,546 | 3,189 | 3,546 | 29,000 | 29,050 | 3,996 | 3,639 | 3,996 |
| 23,050 | 23,100 | 3,104 | 2,746 | 3,104 | 26,050 | 26,100 | 3,554 | 3,196 | 3,554 | 29,050 | 29,100 | 4,006 | 3,646 | 4,006 |
| 23,100 | 23,150 | 3,111 | 2,754 | 3,111 | 26,100 | 26,150 | 3,561 | 3,204 | 3,561 | 29,100 | 29,150 | 4,019 | 3,654 | 4,019 |
| 23,150 | 23,200 | 3,119 | 2,761 | 3,119 | 26,150 | 26,200 | 3,569 | 3,211 | 3,569 | 29,150 | 29,200 | 4,031 | 3,661 | 4,031 |
| 23,200 | 23,250 | 3,126 | 2,769 | 3,126 | 26,200 | 26,250 | 3,576 | 3,219 | 3,576 | 29,200 | 29,250 | 4,044 | 3,669 | 4,044 |
| 23,250 | 23,300 | 3,134 | 2,776 | 3,134 | 26,250 | 26,300 | 3,584 | 3,226 | 3,584 | 29,250 | 29,300 | 4,056 | 3,676 | 4,056 |
| 23,300 | 23,350 | 3,141 | 2,784 | 3,141 | 26,300 | 26,350 | 3,591 | 3,234 | 3,591 | 29,300 | 29,350 | 4,069 | 3,684 | 4,069 |
| 23,350 | 23,400 | 3,149 | 2,791 | 3,149 | 26,350 | 26,400 | 3,599 | 3,241 | 3,599 | 29,350 | 29,400 | 4,081 | 3,691 | 4,081 |
| 23,400 | 23,450 | 3,156 | 2,799 | 3,156 | 26,400 | 26,450 | 3,606 | 3,249 | 3,606 | 29,400 | 29,450 | 4,094 | 3,699 | 4,094 |
| 23,450 | 23,500 | 3,164 | 2,806 | 3,164 | 26,450 | 26,500 | 3,614 | 3,256 | 3,614 | 29,450 | 29,500 | 4,106 | 3,706 | 4,106 |
| 23,500 | 23,550 | 3,171 | 2,814 | 3,171 | 26,500 | 26,550 | 3,621 | 3,264 | 3,621 | 29,500 | 29,550 | 4,119 | 3,714 | 4,119 |
| 23,550 | 23,600 | 3,179 | 2,821 | 3,179 | 26,550 | 26,600 | 3,629 | 3,271 | 3,629 | 29,550 | 29,600 | 4,131 | 3,721 | 4,131 |
| 23,600 | 23,650 | 3,186 | 2,829 | 3,186 | 26,600 | 26,650 | 3,636 | 3,279 | 3,636 | 29,600 | 29,650 | 4,144 | 3,729 | 4,144 |
| 23,650 | 23,700 | 3,194 | 2,836 | 3,194 | 26,650 | 26,700 | 3,644 | 3,286 | 3,644 | 29,650 | 29,700 | 4,156 | 3,736 | 4,156 |
| 23,700 | 23,750 | 3,201 | 2,844 | 3,201 | 26,700 | 26,750 | 3,651 | 3,294 | 3,651 | 29,700 | 29,750 | 4,169 | 3,744 | 4,169 |
| 23,750 | 23,800 | 3,209 | 2,851 | 3,209 | 26,750 | 26,800 | 3,659 | 3,301 | 3,659 | 29,750 | 29,800 | 4,181 | 3,751 | 4,181 |
| 23,800 | 23,850 | 3,216 | 2,859 | 3,216 | 26,800 | 26,850 | 3,666 | 3,309 | 3,666 | 29,800 | 29,850 | 4,194 | 3,759 | 4,194 |
| 23,850 | 23,900 | 3,224 | 2,866 | 3,224 | 26,850 | 26,900 | 3,674 | 3,316 | 3,674 | 29,850 | 29,900 | 4,206 | 3,766 | 4,206 |
| 23,900 | 23,950 | 3,231 | 2,874 | 3,231 | 26,900 | 26,950 | 3,681 | 3,324 | 3,681 | 29,900 | 29,950 | 4,219 | 3,774 | 4,219 |
| 23,950 | 24,000 | 3,239 | 2,881 | 3,239 | 26,950 | 27,000 | 3,689 | 3,331 | 3,689 | 29,950 | 30,000 | 4,231 | 3,781 | 4,231 |
| 24, | 000 |  |  |  | 27, | 000 |  |  |  |  | 00 |  |  |  |
| 24,000 | 24,050 | 3,246 | 2,889 | 3,246 | 27,000 | 27,050 | 3,696 | 3,339 | 3,696 | 30,000 | 30,050 | 4,244 | 3,789 | 4,244 |
| 24,050 | 24,100 | 3,254 | 2,896 | 3,254 | 27,050 | 27,100 | 3,704 | 3,346 | 3,704 | 30,050 | 30,100 | 4,256 | 3,796 | 4,256 |
| 24,100 | 24,150 | 3,261 | 2,904 | 3,261 | 27,100 | 27,150 | 3,711 | 3,354 | 3,711 | 30,100 | 30,150 | 4,269 | 3,804 | 4,269 |
| 24,150 | 24,200 | 3,269 | 2,911 | 3,269 | 27,150 | 27,200 | 3,719 | 3,361 | 3,719 | 30,150 | 30,200 | 4,281 | 3,811 | 4,281 |
| 24,200 | 24,250 | 3,276 | 2,919 | 3,276 | 27,200 | 27,250 | 3,726 | 3,369 | 3,726 | 30,200 | 30,250 | 4,294 | 3,819 | 4,294 |
| 24,250 | 24,300 | 3,284 | 2,926 | 3,284 | 27,250 | 27,300 | 3,734 | 3,376 | 3,734 | 30,250 | 30,300 | 4,306 | 3,826 | 4,306 |
| 24,300 | 24,350 | 3,291 | 2,934 | 3,291 | 27,300 | 27,350 | 3,741 | 3,384 | 3,741 | 30,300 | 30,350 | 4,319 | 3,834 | 4,319 |
| 24,350 | 24,400 | 3,299 | 2,941 | 3,299 | 27,350 | 27,400 | 3,749 | 3,391 | 3,749 | 30,350 | 30,400 | 4,331 | 3,841 | 4,331 |
| 24,400 | 24,450 | 3,306 | 2,949 | 3,306 | 27,400 | 27,450 | 3,756 | 3,399 | 3,756 | 30,400 | 30,450 | 4,344 | 3,849 | 4,344 |
| 24,450 | 24,500 | 3,314 | 2,956 | 3,314 | 27,450 | 27,500 | 3,764 | 3,406 | 3,764 | 30,450 | 30,500 | 4,356 | 3,856 | 4,356 |
| 24,500 | 24,550 | 3,321 | 2,964 | 3,321 | 27,500 | 27,550 | 3,771 | 3,414 | 3,771 | 30,500 | 30,550 | 4,369 | 3,864 | 4,369 |
| 24,550 | 24,600 | 3,329 | 2,971 | 3,329 | 27,550 | 27,600 | 3,779 | 3,421 | 3,779 | 30,550 | 30,600 | 4,381 | 3,871 | 4,381 |
| 24,600 | 24,650 | 3,336 | 2,979 | 3,336 | 27,600 | 27,650 | 3,786 | 3,429 | 3,786 | 30,600 | 30,650 | 4,394 | 3,879 | 4,394 |
| 24,650 | 24,700 | 3,344 | 2,986 | 3,344 | 27,650 | 27,700 | 3,794 | 3,436 | 3,794 | 30,650 | 30,700 | 4,406 | 3,886 | 4,406 |
| 24,700 | 24,750 | 3,351 | 2,994 | 3,351 | 27,700 | 27,750 | 3,801 | 3,444 | 3,801 | 30,700 | 30,750 | 4,419 | 3,894 | 4,419 |
| 24,750 | 24,800 | 3,359 | 3,001 | 3,359 | 27,750 | 27,800 | 3,809 | 3,451 | 3,809 | 30,750 | 30,800 | 4,431 | 3,901 | 4,431 |
| 24,800 | 24,850 | 3,366 | 3,009 | 3,366 | 27,800 | 27,850 | 3,816 | 3,459 | 3,816 | 30,800 | 30,850 | 4,444 | 3,909 | 4,444 |
| 24,850 | 24,900 | 3,374 | 3,016 | 3,374 | 27,850 | 27,900 | 3,824 | 3,466 | 3,824 | 30,850 | 30,900 | 4,456 | 3,916 | 4,456 |
| 24,900 | 24,950 | 3,381 | 3,024 | 3,381 | 27,900 | 27,950 | 3,831 | 3,474 | 3,831 | 30,900 | 30,950 | 4,469 | 3,924 | 4,469 |
| 24,950 | 25,000 | 3,389 | 3,031 | 3,389 | 27,950 | 28,000 | 3,839 | 3,481 | 3,839 | 30,950 | 31,000 | 4,481 | 3,931 | 4,481 |
| 25, | 000 |  |  |  | 28, | 000 |  |  |  |  | 00 |  |  |  |
| 25,000 | 25,050 | 3,396 | 3,039 | 3,396 | 28,000 | 28,050 | 3,846 | 3,489 | 3,846 | 31,000 |  | 4,494 | 3,939 |  |
| 25,050 | 25,100 | 3,404 | 3,046 | 3,404 | 28,050 | 28,100 | 3,854 | 3,496 | 3,854 | 31,050 | 31,100 | 4,506 | 3,946 | 4,506 |
| 25,100 | 25,150 | 3,411 | 3,054 | 3,411 | 28,100 | 28,150 | 3,861 | 3,504 | 3,861 | 31,100 | 31,150 | 4,519 | 3,954 | 4,519 |
| 25,150 | 25,200 | 3,419 | 3,061 | 3,419 | 28,150 | 28,200 | 3,869 | 3,511 | 3,869 | 31,150 | 31,200 | 4,531 | 3,961 | 4,531 |
| 25,200 | 25,250 | 3,426 | 3,069 | 3,426 | 28,200 | 28,250 | 3,876 | 3,519 | 3,876 | 31,200 | 31,250 | 4,544 | 3,969 | 4,544 |
| 25,250 | 25,300 | 3,434 | 3,076 | 3,434 | 28,250 | 28,300 | 3,884 | 3,526 | 3,884 | 31,250 | 31,300 | 4,556 | 3,976 | 4,556 |
| 25,300 | 25,350 | 3,441 | 3,084 | 3,441 | 28,300 | 28,350 | 3,891 | 3,534 | 3,891 | 31,300 | 31,350 | 4,569 | 3,984 | 4,569 |
| 25,350 | 25,400 | 3,449 | 3,091 | 3,449 | 28,350 | 28,400 | 3,899 | 3,541 | 3,899 | 31,350 | 31,400 | 4,581 | 3,991 | 4,581 |
| 25,400 | 25,450 | 3,456 | 3,099 | 3,456 | 28,400 | 28,450 | 3,906 | 3,549 | 3,906 | 31,400 | 31,450 | 4,594 | 3,999 | 4,594 |
| 25,450 | 25,500 | 3,464 | 3,106 | 3,464 | 28,450 | 28,500 | 3,914 | 3,556 | 3,914 | 31,450 | 31,500 | 4,606 | 4,006 | 4,606 |
| 25,500 | 25,550 | 3,471 | 3,114 | 3,471 | 28,500 | 28,550 | 3,921 | 3,564 | 3,921 | 31,500 | 31,550 | 4,619 | 4,014 | 4,619 |
| 25,550 | 25,600 | 3,479 | 3,121 | 3,479 | 28,550 | 28,600 | 3,929 | 3,571 | 3,929 | 31,550 | 31,600 | 4,631 | 4,021 | 4,631 |
| 25,600 | 25,650 | 3,486 | 3,129 | 3,486 | 28,600 | 28,650 | 3,936 | 3,579 | 3,936 | 31,600 | 31,650 | 4,644 | 4,029 | 4,644 |
| 25,650 | 25,700 | 3,494 | 3,136 | 3,494 | 28,650 | 28,700 | 3,944 | 3,586 | 3,944 | 31,650 | 31,700 | 4,656 | 4,036 | 4,656 |
| 25,700 | 25,750 | 3,501 | 3,144 | 3,501 | 28,700 | 28,750 | 3,951 | 3,594 | 3,951 | 31,700 | 31,750 | 4,669 | 4,044 | 4,669 |
| 25,750 | 25,800 | 3,509 | 3,151 | 3,509 | 28,750 | 28,800 | 3,959 | 3,601 | 3,959 | 31,750 | 31,800 | 4,681 | 4,051 | 4,681 |
| 25,800 | 25,850 | 3,516 | 3,159 | 3,516 | 28,800 | 28,850 | 3,966 | 3,609 | 3,966 | 31,800 | 31,850 | 4,694 | 4,059 | 4,694 |
| 25,850 | 25,900 | 3,524 | 3,166 | 3,524 | 28,850 | 28,900 | 3,974 | 3,616 | 3,974 | 31,850 | 31,900 | 4,706 | 4,066 | 4,706 |
| 25,900 | 25,950 | 3,531 | 3,174 | 3,531 | 28,900 | 28,950 | 3,981 | 3,624 | 3,981 | 31,900 | 31,950 | 4,719 | 4,074 | 4,719 |
| 25,950 | 26,000 | 3,539 | 3,181 | 3,539 | 28,950 | 29,000 | 3,989 | 3,631 | 3,989 | 31,950 | 32,000 | 4,731 | 4,081 | 4,731 |

(Continued on page 33)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

2004 Tax Table-Continued

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Qualifying widow(er) <br> our tax is | Married filing separately | At least | But <br> less <br> than | Single | Qualifying widow(er) tax is | Married filing separately | At least | But <br> less <br> than | Single | Qualifying widow(er) <br> tax is- | Married filing separately |
| 32,000 |  |  |  |  | 35,000 |  |  |  |  | 38,000 |  |  |  |  |
| 32,000 | 32,050 | 4,744 | 4,089 | 4,744 | 35,000 | 35,050 | 5,494 | 4,539 | 5,494 | 38,000 | 38,050 | 6,244 | 4,989 | 6,244 |
| 32,050 | 32,100 | 4,756 | 4,096 | 4,756 | 35,050 | 35,100 | 5,506 | 4,546 | 5,506 | 38,050 | 38,100 | 6,256 | 4,996 | 6,256 |
| 32,100 | 32,150 | 4,769 | 4,104 | 4,769 | 35,100 | 35,150 | 5,519 | 4,554 | 5,519 | 38,100 | 38,150 | 6,269 | 5,004 | 6,269 |
| 32,150 | 32,200 | 4,781 | 4,111 | 4,781 | 35,150 | 35,200 | 5,531 | 4,561 | 5,531 | 38,150 | 38,200 | 6,281 | 5,011 | 6,281 |
| 32,200 | 32,250 | 4,794 | 4,119 | 4,794 | 35,200 | 35,250 | 5,544 | 4,569 | 5,544 | 38,200 | 38,250 | 6,294 | 5,019 | 6,294 |
| 32,250 | 32,300 | 4,806 | 4,126 | 4,806 | 35,250 | 35,300 | 5,556 | 4,576 | 5,556 | 38,250 | 38,300 | 6,306 | 5,026 | 6,306 |
| 32,300 | 32,350 | 4,819 | 4,134 | 4,819 | 35,300 | 35,350 | 5,569 | 4,584 | 5,569 | 38,300 | 38,350 | 6,319 | 5,034 | 6,319 |
| 32,350 | 32,400 | 4,831 | 4,141 | 4,831 | 35,350 | 35,400 | 5,581 | 4,591 | 5,581 | 38,350 | 38,400 | 6,331 | 5,041 | 6,331 |
| 32,400 | 32,450 | 4,844 | 4,149 | 4,844 | 35,400 | 35,450 | 5,594 | 4,599 | 5,594 | 38,400 | 38,450 | 6,344 | 5,049 | 6,344 |
| 32,450 | 32,500 | 4,856 | 4,156 | 4,856 | 35,450 | 35,500 | 5,606 | 4,606 | 5,606 | 38,450 | 38,500 | 6,356 | 5,056 | 6,356 |
| 32,500 | 32,550 | 4,869 | 4,164 | 4,869 | 35,500 | 35,550 | 5,619 | 4,614 | 5,619 | 38,500 | 38,550 | 6,369 | 5,064 | 6,369 |
| 32,550 | 32,600 | 4,881 | 4,171 | 4,881 | 35,550 | 35,600 | 5,631 | 4,621 | 5,631 | 38,550 | 38,600 | 6,381 | 5,071 | 6,381 |
| 32,600 | 32,650 | 4,894 | 4,179 | 4,894 | 35,600 | 35,650 | 5,644 | 4,629 | 5,644 | 38,600 | 38,650 | 6,394 | 5,079 | 6,394 |
| 32,650 | 32,700 | 4,906 | 4,186 | 4,906 | 35,650 | 35,700 | 5,656 | 4,636 | 5,656 | 38,650 | 38,700 | 6,406 | 5,086 | 6,406 |
| 32,700 | 32,750 | 4,919 | 4,194 | 4,919 | 35,700 | 35,750 | 5,669 | 4,644 | 5,669 | 38,700 | 38,750 | 6,419 | 5,094 | 6,419 |
| 32,750 | 32,800 | 4,931 | 4,201 | 4,931 | 35,750 | 35,800 | 5,681 | 4,651 | 5,681 | 38,750 | 38,800 | 6,431 | 5,101 | 6,431 |
| 32,800 | 32,850 | 4,944 | 4,209 | 4,944 | 35,800 | 35,850 | 5,694 | 4,659 | 5,694 | 38,800 | 38,850 | 6,444 | 5,109 | 6,444 |
| 32,850 | 32,900 | 4,956 | 4,216 | 4,956 | 35,850 | 35,900 | 5,706 | 4,666 | 5,706 | 38,850 | 38,900 | 6,456 | 5,116 | 6,456 |
| 32,900 | 32,950 | 4,969 | 4,224 | 4,969 | 35,900 | 35,950 | 5,719 | 4,674 | 5,719 | 38,900 | 38,950 | 6,469 | 5,124 | 6,469 |
| 32,950 | 33,000 | 4,981 | 4,231 | 4,981 | 35,950 | 36,000 | 5,731 | 4,681 | 5,731 | 38,950 | 39,000 | 6,481 | 5,131 | 6,481 |
| 33,000 |  |  |  |  | 36,000 |  |  |  |  | 39,000 |  |  |  |  |
| 33,000 | 33,050 | 4,994 | 4,239 | 4,994 | 36,000 | 36,050 | 5,744 | 4,689 | 5,744 | 39,000 | 39,050 | 6,494 | 5,139 | 6,494 |
| 33,050 | 33,100 | 5,006 | 4,246 | 5,006 | 36,050 | 36,100 | 5,756 | 4,696 | 5,756 | 39,050 | 39,100 | 6,506 | 5,146 | 6,506 |
| 33,100 | 33,150 | 5,019 | 4,254 | 5,019 | 36,100 | 36,150 | 5,769 | 4,704 | 5,769 | 39,100 | 39,150 | 6,519 | 5,154 | 6,519 |
| 33,150 | 33,200 | 5,031 | 4,261 | 5,031 | 36,150 | 36,200 | 5,781 | 4,711 | 5,781 | 39,150 | 39,200 | 6,531 | 5,161 | 6,531 |
| 33,200 | 33,250 | 5,044 | 4,269 | 5,044 | 36,200 | 36,250 | 5,794 | 4,719 | 5,794 | 39,200 | 39,250 | 6,544 | 5,169 | 6,544 |
| 33,250 | 33,300 | 5,056 | 4,276 | 5,056 | 36,250 | 36,300 | 5,806 | 4,726 | 5,806 | 39,250 | 39,300 | 6,556 | 5,176 | 6,556 |
| 33,300 | 33,350 | 5,069 | 4,284 | 5,069 | 36,300 | 36,350 | 5,819 | 4,734 | 5,819 | 39,300 | 39,350 | 6,569 | 5,184 | 6,569 |
| 33,350 | 33,400 | 5,081 | 4,291 | 5,081 | 36,350 | 36,400 | 5,831 | 4,741 | 5,831 | 39,350 | 39,400 | 6,581 | 5,191 | 6,581 |
| 33,400 | 33,450 | 5,094 | 4,299 | 5,094 | 36,400 | 36,450 | 5,844 | 4,749 | 5,844 | 39,400 | 39,450 | 6,594 | 5,199 | 6,594 |
| 33,450 | 33,500 | 5,106 | 4,306 | 5,106 | 36,450 | 36,500 | 5,856 | 4,756 | 5,856 | 39,450 | 39,500 | 6,606 | 5,206 | 6,606 |
| 33,500 | 33,550 | 5,119 | 4,314 | 5,119 | 36,500 | 36,550 | 5,869 | 4,764 | 5,869 | 39,500 | 39,550 | 6,619 | 5,214 | 6,619 |
| 33,550 | 33,600 | 5,131 | 4,321 | 5,131 | 36,550 | 36,600 | 5,881 | 4,771 | 5,881 | 39,550 | 39,600 | 6,631 | 5,221 | 6,631 |
| 33,600 | 33,650 | 5,144 | 4,329 | 5,144 | 36,600 | 36,650 | 5,894 | 4,779 | 5,894 | 39,600 | 39,650 | 6,644 | 5,229 | 6,644 |
| 33,650 | 33,700 | 5,156 | 4,336 | 5,156 | 36,650 | 36,700 | 5,906 | 4,786 | 5,906 | 39,650 | 39,700 | 6,656 | 5,236 | 6,656 |
| 33,700 | 33,750 | 5,169 | 4,344 | 5,169 | 36,700 | 36,750 | 5,919 | 4,794 | 5,919 | 39,700 | 39,750 | 6,669 | 5,244 | 6,669 |
| 33,750 | 33,800 | 5,181 | 4,351 | 5,181 | 36,750 | 36,800 | 5,931 | 4,801 | 5,931 | 39,750 | 39,800 | 6,681 | 5,251 | 6,681 |
| 33,800 | 33,850 | 5,194 | 4,359 | 5,194 | 36,800 | 36,850 | 5,944 | 4,809 | 5,944 | 39,800 | 39,850 | 6,694 | 5,259 | 6,694 |
| 33,850 | 33,900 | 5,206 | 4,366 | 5,206 | 36,850 | 36,900 | 5,956 | 4,816 | 5,956 | 39,850 | 39,900 | 6,706 | 5,266 | 6,706 |
| 33,900 | 33,950 | 5,219 | 4,374 | 5,219 | 36,900 | 36,950 | 5,969 | 4,824 | 5,969 | 39,900 | 39,950 | 6,719 | 5,274 | 6,719 |
| 33,950 | 34,000 | 5,231 | 4,381 | 5,231 | 36,950 | 37,000 | 5,981 | 4,831 | 5,981 | 39,950 | 40,000 | 6,731 | 5,281 | 6,731 |
| 34,000 |  |  |  |  | 37,000 |  |  |  |  | 40,000 |  |  |  |  |
| 34,000 | 34,050 | 5,244 | 4,389 | 5,244 | 37,000 | 37,050 | 5,994 | 4,839 | 5,994 | 40,000 | 40,050 | 6,744 | 5,289 | 6,744 |
| 34,050 | 34,100 | 5,256 | 4,396 | 5,256 | 37,050 | 37,100 | 6,006 | 4,846 | 6,006 | 40,050 | 40,100 | 6,756 | 5,296 | 6,756 |
| 34,100 | 34,150 | 5,269 | 4,404 | 5,269 | 37,100 | 37,150 | 6,019 | 4,854 | 6,019 | 40,100 | 40,150 | 6,769 | 5,304 | 6,769 |
| 34,150 | 34,200 | 5,281 | 4,411 | 5,281 | 37,150 | 37,200 | 6,031 | 4,861 | 6,031 | 40,150 | 40,200 | 6,781 | 5,311 | 6,781 |
| 34,200 | 34,250 | 5,294 | 4,419 | 5,294 | 37,200 | 37,250 | 6,044 | 4,869 | 6,044 | 40,200 | 40,250 | 6,794 | 5,319 | 6,794 |
| 34,250 | 34,300 | 5,306 | 4,426 | 5,306 | 37,250 | 37,300 | 6,056 | 4,876 | 6,056 | 40,250 | 40,300 | 6,806 | 5,326 | 6,806 |
| 34,300 | 34,350 | 5,319 | 4,434 | 5,319 | 37,300 | 37,350 | 6,069 | 4,884 | 6,069 | 40,300 | 40,350 | 6,819 | 5,334 | 6,819 |
| 34,350 | 34,400 | 5,331 | 4,441 | 5,331 | 37,350 | 37,400 | 6,081 | 4,891 | 6,081 | 40,350 | 40,400 | 6,831 | 5,341 | 6,831 |
| 34,400 | 34,450 | 5,344 | 4,449 | 5,344 | 37,400 | 37,450 | 6,094 | 4,899 | 6,094 | 40,400 | 40,450 | 6,844 | 5,349 | 6,844 |
| 34,450 | 34,500 | 5,356 | 4,456 | 5,356 | 37,450 | 37,500 | 6,106 | 4,906 | 6,106 | 40,450 | 40,500 | 6,856 | 5,356 | 6,856 |
| 34,500 | 34,550 | 5,369 | 4,464 | 5,369 | 37,500 | 37,550 | 6,119 | 4,914 | 6,119 | 40,500 | 40,550 | 6,869 | 5,364 | 6,869 |
| 34,550 | 34,600 | 5,381 | 4,471 | 5,381 | 37,550 | 37,600 | 6,131 | 4,921 | 6,131 | 40,550 | 40,600 | 6,881 | 5,371 | 6,881 |
| 34,600 | 34,650 | 5,394 | 4,479 | 5,394 | 37,600 | 37,650 | 6,144 | 4,929 | 6,144 | 40,600 | 40,650 | 6,894 | 5,379 | 6,894 |
| 34,650 | 34,700 | 5,406 | 4,486 | 5,406 | 37,650 | 37,700 | 6,156 | 4,936 | 6,156 | 40,650 | 40,700 | 6,906 | 5,386 | 6,906 |
| 34,700 | 34,750 | 5,419 | 4,494 | 5,419 | 37,700 | 37,750 | 6,169 | 4,944 | 6,169 | 40,700 | 40,750 | 6,919 | 5,394 | 6,919 |
| 34,750 | 34,800 | 5,431 | 4,501 | 5,431 | 37,750 | 37,800 | 6,181 | 4,951 | 6,181 | 40,750 | 40,800 | 6,931 | 5,401 | 6,931 |
|  | $34,850$ | 5,444 | 4,509 | 5,444 | 37,800 | 37,850 | 6,194 | 4,959 | 6,194 | 40,800 | $40,850$ | 6,944 | 5,409 | 6,944 |
| 34,850 | 34,900 | 5,456 | 4,516 | 5,456 | 37,850 | 37,900 | 6,206 | 4,966 | 6,206 | 40,850 | 40,900 | 6,956 | 5,416 | 6,956 |
| 34,900 | 34,950 | 5,469 | 4,524 | 5,469 | 37,900 | 37,950 | 6,219 | 4,974 | 6,219 | 40,900 | 40,950 | 6,969 | 5,424 | 6,969 |
| 34,950 | 35,000 | 5,481 | 4,531 | 5,481 | 37,950 | 38,000 | 6,231 | 4,981 | 6,231 | 40,950 | 41,000 | 6,981 | 5,431 | 6,981 |

(Continued on page 34)

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2004 Tax Table-Continued

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39 , is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than | Single | Qualifying widow(er) <br> tax is- |  | At least | But <br> less <br> than | Single | Qualifying widow(er) <br> tax is- | $\left\lvert\, \begin{gathered} \text { Married } \\ \text { filing } \\ \text { separately } \end{gathered}\right.$ | At least | But <br> less than | Single | Qualifying widow(er) <br> ur tax is | Married filing separately |
| 41,000 |  |  |  |  | 44,000 |  |  |  |  | 47,000 |  |  |  |  |
| $\begin{aligned} & 41,000 \\ & 41,000 \\ & 41,100 \\ & 41,150 \end{aligned}$ | $\begin{aligned} & 41,050 \\ & 41,000 \\ & 41,150 \\ & 41,200 \end{aligned}$ | $\begin{aligned} & 6,994 \\ & 7,006 \\ & 7,019 \\ & 7,031 \end{aligned}$ | $\begin{aligned} & 5,439 \\ & 5,446 \\ & 5,454 \\ & 5,461 \end{aligned}$ | $\begin{aligned} & 6,994 \\ & 7,006 \\ & 7,019 \\ & 7,031 \end{aligned}$ | $\begin{aligned} & 44,000 \\ & 44,050 \\ & 44,100 \\ & 44,150 \end{aligned}$ | $\begin{aligned} & 44,050 \\ & 44,100 \\ & 44,150 \\ & 44,200 \end{aligned}$ | $\begin{aligned} & 7,744 \\ & 7,756 \\ & 7,769 \\ & 7,781 \end{aligned}$ | $\begin{aligned} & 5,889 \\ & 5,896 \\ & 5,904 \\ & 5,911 \end{aligned}$ | $\begin{aligned} & 7,744 \\ & 7,756 \\ & 7,769 \\ & 7,781 \\ & \hline \end{aligned}$ | $\begin{aligned} & 47,000 \\ & 47,050 \\ & 47,100 \\ & 47,150 \end{aligned}$ | $\begin{aligned} & 47,050 \\ & 47,100 \\ & 47,150 \\ & 47,200 \end{aligned}$ | $\begin{aligned} & 8,494 \\ & 8,506 \\ & 8,519 \\ & 8,531 \end{aligned}$ | $\begin{aligned} & 6,339 \\ & 6,346 \\ & 6,354 \\ & 6,361 \end{aligned}$ | $\begin{aligned} & 8,494 \\ & 8,506 \\ & 8,519 \\ & 8,531 \end{aligned}$ |
| $\begin{aligned} & 41,200 \\ & 41,250 \\ & 41,300 \\ & 41,350 \end{aligned}$ | $\begin{aligned} & 41,250 \\ & 41,300 \\ & 41,350 \\ & 41,400 \end{aligned}$ | $\begin{aligned} & 7,044 \\ & 7,56 \\ & 7,069 \\ & 7,081 \end{aligned}$ | $\begin{aligned} & 5,469 \\ & 5,476 \\ & 5,484 \\ & 5,491 \end{aligned}$ | $\begin{aligned} & 7,044 \\ & 7,056 \\ & 7,069 \\ & 7,081 \end{aligned}$ | $\begin{aligned} & 44,200 \\ & 44,250 \\ & 44,300 \\ & 44,350 \end{aligned}$ | $\begin{aligned} & 44,250 \\ & 44,300 \\ & 44,350 \\ & 44,40 \end{aligned}$ | 7,794 7,806 7,819 7,831 | $\begin{aligned} & 5,919 \\ & 5,926 \\ & 5,934 \\ & 5,941 \end{aligned}$ | $\begin{aligned} & 7,794 \\ & 7,806 \\ & 7,819 \\ & 7,831 \end{aligned}$ | $\begin{aligned} & 47,200 \\ & 47,500 \\ & 47,300 \\ & 47,350 \end{aligned}$ | $\begin{aligned} & 47,250 \\ & 47,300 \\ & 47,350 \\ & 47,400 \end{aligned}$ | $\begin{aligned} & 8,544 \\ & 8,556 \\ & 8,569 \\ & 8,581 \end{aligned}$ | $\begin{aligned} & 6,369 \\ & 6,376 \\ & 6,384 \\ & 6,391 \end{aligned}$ | $\begin{aligned} & 8,544 \\ & 8,556 \\ & 8,569 \\ & 8,581 \end{aligned}$ |
| $\begin{aligned} & 41,400 \\ & 41,450 \\ & 41,500 \\ & 41,550 \end{aligned}$ | $\begin{aligned} & 41,450 \\ & 41,500 \\ & 41,550 \\ & 41,500 \end{aligned}$ | $\begin{aligned} & 7,094 \\ & 7,06 \\ & 7,119 \\ & 7,131 \end{aligned}$ | $\begin{aligned} & 5,499 \\ & 5,506 \\ & 5,514 \\ & 5,521 \end{aligned}$ | $\begin{aligned} & 7,094 \\ & 7,106 \\ & 7,119 \\ & 7,131 \end{aligned}$ | $\begin{aligned} & 44,400 \\ & 44,450 \\ & 44,500 \\ & 44,550 \end{aligned}$ | $\begin{aligned} & 44,450 \\ & 44,500 \\ & 44,550 \\ & 44,60 \end{aligned}$ | $\begin{aligned} & 7,844 \\ & 7,856 \\ & 7,869 \\ & 7,881 \end{aligned}$ | $\begin{aligned} & 5,949 \\ & 5,956 \\ & 5,964 \\ & 5,971 \end{aligned}$ | $\begin{aligned} & 7,844 \\ & 7,856 \\ & 7,869 \\ & 7,881 \end{aligned}$ | 47,400 47,450 47,500 47,550 | $\begin{aligned} & 47,450 \\ & 47,500 \\ & 47,550 \\ & 47,600 \end{aligned}$ | $\begin{aligned} & 8,594 \\ & 8,506 \\ & 8,619 \\ & 8,631 \end{aligned}$ | $\begin{aligned} & 6,399 \\ & 6,406 \\ & 6,414 \\ & 6,421 \end{aligned}$ | $\begin{aligned} & 8,594 \\ & 8,606 \\ & 8,619 \\ & 8,631 \end{aligned}$ |
| $\begin{aligned} & 41,600 \\ & 41,650 \\ & 41,700 \\ & 41,750 \end{aligned}$ | $\begin{aligned} & 41,650 \\ & 41,500 \\ & 41,750 \\ & 41,500 \end{aligned}$ | $\begin{aligned} & 7,144 \\ & 7,56 \\ & 7,169 \\ & 7,181 \end{aligned}$ | $\begin{aligned} & 5,529 \\ & 5,536 \\ & 5,544 \\ & 5,551 \end{aligned}$ | $\begin{aligned} & 7,144 \\ & 7,156 \\ & 7,169 \\ & 7,181 \end{aligned}$ | $\begin{aligned} & 44,600 \\ & 44,650 \\ & 44,700 \\ & 44,750 \end{aligned}$ | $\begin{aligned} & 44,650 \\ & 44,700 \\ & 44,750 \\ & 44,800 \end{aligned}$ | 7,894 7,906 7,919 7,931 | $\begin{aligned} & 5,979 \\ & 5,986 \\ & 5,994 \\ & 6,001 \end{aligned}$ | $\begin{aligned} & 7,894 \\ & 7,906 \\ & 7,919 \\ & 7,931 \end{aligned}$ | $\begin{aligned} & 47,600 \\ & 47,650 \\ & 47,700 \\ & 47,750 \end{aligned}$ | $\begin{aligned} & 47,650 \\ & 47,700 \\ & 47,750 \\ & 47,800 \end{aligned}$ | $\begin{aligned} & 8,644 \\ & 8,656 \\ & 8,669 \\ & 8,681 \end{aligned}$ | $\begin{aligned} & 6,429 \\ & 6,436 \\ & 6,444 \\ & 6,451 \end{aligned}$ | $\begin{aligned} & 8,644 \\ & 8,656 \\ & 8,669 \\ & 8,681 \end{aligned}$ |
| $\begin{aligned} & 41,800 \\ & 41,850 \\ & 41,900 \\ & 41,950 \end{aligned}$ | $\begin{aligned} & 41,850 \\ & 41,900 \\ & 41,950 \\ & 42,000 \end{aligned}$ | 7,194 7,206 7,219 7,231 | 5,559 5,566 5,574 5,581 | $\begin{aligned} & 7,194 \\ & 7,206 \\ & 7,219 \\ & 7,231 \end{aligned}$ | 44,800 44,850 44,900 44,950 | $\begin{aligned} & 44,850 \\ & 44,900 \\ & 44,950 \\ & 45,000 \end{aligned}$ | 7,944 7,956 7,969 7,981 | $\begin{aligned} & 6,009 \\ & 6,016 \\ & 6,024 \\ & 6,031 \end{aligned}$ | $\begin{aligned} & 7,944 \\ & 7,956 \\ & 7,969 \\ & 7,981 \end{aligned}$ | $\begin{aligned} & 47,800 \\ & 47,850 \\ & 47,900 \\ & 47,950 \end{aligned}$ | $\begin{aligned} & 47,850 \\ & 47,900 \\ & 47,950 \\ & 48,000 \end{aligned}$ | $\begin{aligned} & 8,694 \\ & 8,706 \\ & 8,719 \\ & 8,731 \end{aligned}$ | 6,459 6,466 6,474 6,481 | $\begin{aligned} & 8,694 \\ & 8,706 \\ & 8,719 \\ & 8,731 \end{aligned}$ |
| 42,000 |  |  |  |  | 45,000 |  |  |  |  | 48,000 |  |  |  |  |
| $\begin{aligned} & 42,000 \\ & 42,050 \\ & 42,100 \\ & 42,150 \end{aligned}$ | $\begin{aligned} & 42,050 \\ & 42,100 \\ & 42,150 \\ & 42,200 \end{aligned}$ | $\begin{aligned} & 7,244 \\ & 7,256 \\ & 7,269 \\ & 7,281 \end{aligned}$ | $\begin{aligned} & 5,589 \\ & 5,596 \\ & 5,604 \\ & 5,611 \end{aligned}$ | $\begin{aligned} & 7,244 \\ & 7,256 \\ & 7,269 \\ & 7,281 \end{aligned}$ | $\begin{aligned} & 45,000 \\ & 45,050 \\ & 45,100 \\ & 45,150 \end{aligned}$ | $\begin{aligned} & 45,050 \\ & 45,100 \\ & 45,150 \\ & 45,200 \end{aligned}$ | 7,994 8,006 8,019 8,031 | $\begin{aligned} & 6,039 \\ & 6,046 \\ & 6,054 \\ & 6,061 \end{aligned}$ | $\begin{aligned} & 7,994 \\ & 8,006 \\ & 8,019 \\ & 8,031 \end{aligned}$ | $\begin{aligned} & 48,000 \\ & 48,050 \\ & 48,100 \\ & 48,150 \end{aligned}$ | $\begin{aligned} & 48,050 \\ & 48,100 \\ & 48,150 \\ & 48,200 \end{aligned}$ | $\begin{aligned} & 8,744 \\ & 8,756 \\ & 8,769 \\ & 8,781 \end{aligned}$ | $\begin{aligned} & 6,489 \\ & 6,496 \\ & 6,504 \\ & 6,511 \end{aligned}$ | $\begin{aligned} & 8,744 \\ & 8,756 \\ & 8,769 \\ & 8,781 \end{aligned}$ |
| $\begin{aligned} & 42,200 \\ & 42,50 \\ & 42,300 \\ & 42,350 \end{aligned}$ | $\begin{aligned} & 42,250 \\ & 42,300 \\ & 42,350 \\ & 42,400 \end{aligned}$ | $\begin{aligned} & 7,294 \\ & 7,306 \\ & 7,319 \\ & 7,331 \end{aligned}$ | $\begin{aligned} & 5,619 \\ & 5,626 \\ & 5,634 \\ & 5,641 \end{aligned}$ | $\begin{aligned} & 7,294 \\ & 7,306 \\ & 7,319 \\ & 7,331 \end{aligned}$ | $\begin{aligned} & 45,200 \\ & 45,200 \\ & 45,300 \\ & 45,350 \end{aligned}$ | $\begin{aligned} & 45,250 \\ & 45,300 \\ & 45,350 \\ & 45,400 \end{aligned}$ | $\begin{aligned} & 8,044 \\ & 8,056 \\ & 8,069 \\ & 8,081 \end{aligned}$ | $\begin{aligned} & 6,069 \\ & 6,076 \\ & 6,084 \\ & 6,091 \end{aligned}$ | $\begin{aligned} & 8,044 \\ & 8,056 \\ & 8,069 \\ & 8,081 \end{aligned}$ | 48,200 48,250 48,300 48,350 | 48,250 48,300 48,350 48,400 | $\begin{aligned} & 8,794 \\ & 8,706 \\ & 8,819 \\ & 8,831 \end{aligned}$ | $\begin{aligned} & 6,519 \\ & 6,526 \\ & 6,534 \\ & 6,541 \end{aligned}$ | $\begin{aligned} & 8,794 \\ & 8,806 \\ & 8,819 \\ & 8,831 \end{aligned}$ |
| $\begin{aligned} & 42,400 \\ & 42,450 \\ & 42,500 \\ & 42,550 \end{aligned}$ | $\begin{aligned} & 42,450 \\ & 42,500 \\ & 42,550 \\ & 42,500 \end{aligned}$ | $\begin{aligned} & 7,344 \\ & 7,356 \\ & 7,369 \\ & 7,381 \end{aligned}$ | $\begin{aligned} & 5,649 \\ & 5,656 \\ & 5,664 \\ & 5,671 \end{aligned}$ | $\begin{aligned} & 7,344 \\ & 7,356 \\ & 7,369 \\ & 7,381 \end{aligned}$ | $\begin{array}{\|l} 45,400 \\ 45,450 \\ 45,500 \\ 45,550 \end{array}$ | $\begin{aligned} & 45,4500 \\ & 45,500 \\ & 45,550 \\ & 45,600 \end{aligned}$ | $\begin{aligned} & 8,094 \\ & 8,106 \\ & 8,119 \\ & 8,131 \end{aligned}$ | $\begin{aligned} & 6,099 \\ & 6,106 \\ & 6,114 \\ & 6,121 \end{aligned}$ | $\begin{aligned} & 8,094 \\ & 8,106 \\ & 8,119 \\ & 8,131 \end{aligned}$ | $\begin{aligned} & 48,400 \\ & 48,450 \\ & 48,500 \\ & 48,550 \end{aligned}$ | $\begin{aligned} & 48,450 \\ & 48,500 \\ & 48,550 \\ & 48,600 \end{aligned}$ | $\begin{aligned} & 8,844 \\ & 8,856 \\ & 8,869 \\ & 8,881 \end{aligned}$ | $\begin{aligned} & 6,549 \\ & 6,556 \\ & 6,564 \\ & 6,571 \end{aligned}$ | $\begin{aligned} & 8,844 \\ & 8,856 \\ & 8,869 \\ & 8,881 \end{aligned}$ |
| $\begin{aligned} & 42,600 \\ & 42,650 \\ & 42,700 \\ & 42,750 \end{aligned}$ | $\begin{aligned} & 42,650 \\ & 42,700 \\ & 42,750 \\ & 42,800 \end{aligned}$ | $\begin{aligned} & 7,394 \\ & 7,406 \\ & 7,19 \\ & 7,431 \end{aligned}$ | $\begin{aligned} & 5,679 \\ & 5,686 \\ & 5,694 \\ & 5,701 \end{aligned}$ | $\begin{aligned} & 7,394 \\ & 7,406 \\ & 7,419 \\ & 7,431 \end{aligned}$ | $\begin{aligned} & 45,600 \\ & 45,650 \\ & 45,700 \\ & 45,750 \end{aligned}$ | $\begin{aligned} & 45,650 \\ & 45,700 \\ & 45,750 \\ & 45,800 \end{aligned}$ | $\begin{aligned} & 8,144 \\ & 8,156 \\ & 8,169 \\ & 8,181 \end{aligned}$ | $\begin{aligned} & 6,129 \\ & 6,136 \\ & 6,144 \\ & 6,151 \end{aligned}$ | $\begin{aligned} & 8,144 \\ & 8,156 \\ & 8,169 \\ & 8,181 \\ & 0,101 \end{aligned}$ | 48,600 48,650 48,700 48,750 | $\begin{aligned} & 48,650 \\ & 48,700 \\ & 48,750 \\ & 48,800 \end{aligned}$ | $\begin{aligned} & 8,894 \\ & 8,906 \\ & 8,919 \\ & 8,931 \end{aligned}$ | $\begin{aligned} & 6,579 \\ & 6,586 \\ & 6,594 \\ & 6,601 \end{aligned}$ | $\begin{aligned} & 8,894 \\ & 8,906 \\ & 8,919 \\ & 8,931 \end{aligned}$ |
| $\begin{aligned} & 42,800 \\ & 42,850 \\ & 42,900 \\ & 42,950 \end{aligned}$ | $\begin{aligned} & 42,850 \\ & 42,900 \\ & 42,950 \\ & 43,000 \end{aligned}$ | $\begin{aligned} & 7,444 \\ & 7,456 \\ & 7,69 \\ & 7,481 \end{aligned}$ | $\begin{aligned} & 5,709 \\ & 5,716 \\ & 5,724 \\ & 5,731 \\ & \hline \end{aligned}$ | $\begin{aligned} & 7,444 \\ & 7,456 \\ & 7,469 \\ & 7,481 \\ & \hline \end{aligned}$ | $\begin{aligned} & 45,800 \\ & 45,850 \\ & 45,900 \\ & 45,950 \end{aligned}$ | $\begin{aligned} & 45,850 \\ & 45,900 \\ & 45,950 \\ & 46,000 \end{aligned}$ | 8,194 8,206 8,219 8,231 | $\begin{aligned} & 6,159 \\ & 6,166 \\ & 6,174 \\ & 6,181 \\ & \hline \end{aligned}$ | $\begin{aligned} & 8,194 \\ & 8,206 \\ & 8,219 \\ & 8,231 \end{aligned}$ | $\begin{aligned} & 48,800 \\ & 48,850 \\ & 48,900 \\ & 48,950 \end{aligned}$ | $\begin{aligned} & 48,850 \\ & 48,900 \\ & 48,950 \\ & 49,000 \end{aligned}$ | 8,944 8,956 8,969 8,981 | $\begin{aligned} & 6,609 \\ & 6,616 \\ & 6,624 \\ & 6,631 \end{aligned}$ | $\begin{aligned} & 8,944 \\ & 8,956 \\ & 8,969 \\ & 8,981 \end{aligned}$ |
| 43,000 |  |  |  |  | 46,000 |  |  |  |  | 49,000 |  |  |  |  |
| $\begin{aligned} & 43,000 \\ & 43,050 \\ & 43,100 \\ & 43,150 \end{aligned}$ | $\begin{aligned} & \begin{array}{l} 43,050 \\ 43,100 \\ 43,150 \\ 43,200 \end{array} \end{aligned}$ | $\begin{aligned} & 7,494 \\ & 7,506 \\ & 7,519 \\ & 7,531 \end{aligned}$ | $\begin{aligned} & 5,739 \\ & 5,746 \\ & 5,754 \\ & 5,761 \end{aligned}$ | $\begin{aligned} & 7,494 \\ & 7,506 \\ & 7,519 \\ & 7,531 \end{aligned}$ | $\begin{aligned} & 46,000 \\ & 46,050 \\ & 46,100 \\ & 46,150 \end{aligned}$ | $\begin{aligned} & 46,050 \\ & 46,100 \\ & 46,150 \\ & 46,200 \end{aligned}$ | $\begin{aligned} & 8,244 \\ & 8,256 \\ & 8,269 \\ & 8,281 \end{aligned}$ | $\begin{aligned} & 6,189 \\ & 6,196 \\ & 6,204 \\ & 6,211 \end{aligned}$ | $\begin{aligned} & 8,244 \\ & 8,256 \\ & 8,269 \\ & 8,281 \end{aligned}$ | $\begin{aligned} & 49,000 \\ & 49,050 \\ & 49,100 \\ & 49,150 \end{aligned}$ | $\begin{aligned} & 49,050 \\ & 49,100 \\ & 49,150 \\ & 49,200 \end{aligned}$ | $\begin{aligned} & 8,994 \\ & 9,006 \\ & 9,019 \\ & 9,031 \end{aligned}$ | $\begin{aligned} & 6,639 \\ & 6,646 \\ & 6,654 \\ & 6,661 \end{aligned}$ | $\begin{aligned} & 8,994 \\ & 9,006 \\ & 9,019 \\ & 9,031 \end{aligned}$ |
| $\begin{aligned} & 43,200 \\ & 43,250 \\ & 43,300 \\ & 43,350 \end{aligned}$ | $\begin{aligned} & 43,250 \\ & 43,500 \\ & 43,350 \\ & 43,400 \end{aligned}$ | $\begin{aligned} & 7,544 \\ & 7,556 \\ & 7,59 \\ & 7,581 \end{aligned}$ | $\begin{aligned} & 5,769 \\ & 5,776 \\ & 5,784 \\ & 5,791 \end{aligned}$ | $\begin{aligned} & 7,544 \\ & 7,556 \\ & 7,569 \\ & 7,581 \end{aligned}$ | $\begin{aligned} & 46,200 \\ & 46,250 \\ & 46,300 \\ & 46,350 \end{aligned}$ | $\begin{aligned} & 46,250 \\ & 46,300 \\ & 46,350 \\ & 46,400 \end{aligned}$ | 8,294 8,306 8,319 8,331 | $\begin{aligned} & 6,219 \\ & 6,226 \\ & 6,234 \\ & 6,241 \end{aligned}$ | $\begin{aligned} & 8,294 \\ & 8,306 \\ & 8,319 \\ & 8,331 \end{aligned}$ | $\begin{aligned} & 49,200 \\ & 49,250 \\ & 49,300 \\ & 49,350 \end{aligned}$ | $\begin{aligned} & 49,250 \\ & 49,300 \\ & 49,350 \\ & 49,400 \end{aligned}$ | $\begin{aligned} & 9,044 \\ & 9,056 \\ & 9,069 \\ & 9,081 \end{aligned}$ | $\begin{aligned} & 6,669 \\ & 6,676 \\ & 6,684 \\ & 6,691 \end{aligned}$ | $\begin{aligned} & 9,044 \\ & 9,056 \\ & 9,069 \\ & 9,081 \end{aligned}$ |
| $\begin{aligned} & 43,400 \\ & 43,450 \\ & 43,500 \\ & 43,550 \end{aligned}$ | $\begin{aligned} & 43,450 \\ & 43,500 \\ & 43,500 \\ & 43,500 \end{aligned}$ | $\begin{aligned} & 7,594 \\ & 7,606 \\ & 7,619 \\ & 7,631 \end{aligned}$ | $\begin{aligned} & 5,799 \\ & 5,806 \\ & 5,814 \\ & 5,821 \end{aligned}$ | 7,594 7,606 7,619 7,631 | $\begin{aligned} & 46,400 \\ & 46,450 \\ & 46,500 \\ & 46,550 \end{aligned}$ | $\begin{aligned} & 46,450 \\ & 46,500 \\ & 46,550 \\ & 46,600 \end{aligned}$ | $\begin{aligned} & 8,344 \\ & 8,356 \\ & 8,369 \\ & 8,381 \end{aligned}$ | $\begin{aligned} & 6,249 \\ & 6,256 \\ & 6,264 \\ & 6,271 \end{aligned}$ | $\begin{aligned} & 8,344 \\ & 8,356 \\ & 8,369 \\ & 8,381 \end{aligned}$ | 49,400 49,450 49,500 49,550 | $\begin{aligned} & 49,450 \\ & 49,500 \\ & 49,550 \\ & 49,600 \end{aligned}$ | $\begin{aligned} & 9,094 \\ & 9,106 \\ & 9,119 \\ & 9,131 \end{aligned}$ | $\begin{aligned} & 6,699 \\ & 6,706 \\ & 6,714 \\ & 6,721 \end{aligned}$ | $\begin{aligned} & 9,094 \\ & 9,106 \\ & 9,119 \\ & 9,131 \end{aligned}$ |
| $\begin{aligned} & 43,600 \\ & 43,650 \\ & 43,700 \\ & 43,750 \end{aligned}$ | $\begin{aligned} & 43,650 \\ & 43,700 \\ & 43,750 \\ & 43,800 \end{aligned}$ | $\begin{aligned} & 7,644 \\ & 7,656 \\ & 7,69 \\ & 7,681 \end{aligned}$ | $\begin{aligned} & 5,829 \\ & 5,836 \\ & 5,844 \\ & 5,851 \end{aligned}$ | $\begin{aligned} & 7,644 \\ & 7,656 \\ & 7,669 \\ & 7,681 \end{aligned}$ | $\begin{aligned} & 46,600 \\ & 46,650 \\ & 46,700 \\ & 46,750 \end{aligned}$ | $\begin{aligned} & 46,650 \\ & 46,700 \\ & 46,750 \\ & 46,800 \end{aligned}$ | $\begin{aligned} & 8,394 \\ & 8,406 \\ & 8,419 \\ & 8,431 \end{aligned}$ | $\begin{aligned} & 6,279 \\ & 6,286 \\ & 6,294 \\ & 6,301 \end{aligned}$ | $\begin{aligned} & 8,394 \\ & 8,406 \\ & 8,419 \\ & 8,431 \end{aligned}$ | $\begin{aligned} & 49,600 \\ & 49,650 \\ & 49,700 \\ & 49,750 \end{aligned}$ | $\begin{aligned} & 49,650 \\ & 49,700 \\ & 49,750 \\ & 49,800 \end{aligned}$ | $\begin{aligned} & 9,144 \\ & 9,156 \\ & 9,169 \\ & 9,181 \end{aligned}$ | $\begin{aligned} & 6,729 \\ & 6,736 \\ & 6,744 \\ & 6,751 \end{aligned}$ | $\begin{aligned} & 9,144 \\ & 9,156 \\ & 9,169 \\ & 9,181 \end{aligned}$ |
| $\begin{aligned} & 43,800 \\ & 43,850 \\ & 43,900 \\ & 43,950 \end{aligned}$ | $\begin{aligned} & 43,850 \\ & 43,900 \\ & 43,950 \\ & 44,000 \end{aligned}$ | $\begin{aligned} & 7,694 \\ & 7,706 \\ & 7,719 \\ & 7,731 \end{aligned}$ | $\begin{aligned} & 5,859 \\ & 5,866 \\ & 5,874 \\ & 5,881 \end{aligned}$ | $\begin{aligned} & 7,694 \\ & 7,706 \\ & 7,719 \\ & 7,731 \end{aligned}$ | $\begin{aligned} & 46,800 \\ & 46,850 \\ & 46,900 \\ & 46,950 \end{aligned}$ | 46,850 46,900 46,950 <br> 47,000 | $\begin{aligned} & 8,444 \\ & 8,456 \\ & 8,469 \\ & 8,481 \end{aligned}$ | $\begin{aligned} & 6,309 \\ & 6,316 \\ & 6,324 \\ & 6,331 \end{aligned}$ | $\begin{aligned} & 8,444 \\ & 8,456 \\ & 8,469 \\ & 8,481 \end{aligned}$ | $\begin{aligned} & 49,800 \\ & 49,850 \\ & 49,900 \\ & 49,900 \end{aligned}$ | $\begin{aligned} & 49,850 \\ & 49,900 \\ & 49,950 \\ & 5,000 \end{aligned}$ | $\begin{aligned} & 9,194 \\ & 9,206 \\ & 9,19 \\ & 9,231 \end{aligned}$ | $\begin{aligned} & 6,759 \\ & 6,766 \\ & 6,774 \\ & 6,781 \end{aligned}$ | $\begin{aligned} & 9,194 \\ & 9,206 \\ & 9,219 \\ & 9,231 \end{aligned}$ |

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

2004 Tax Table-Continued

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39 , is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But <br> less than | Single | Qualifying widow(er) <br> tax is- | $\left\|\begin{array}{c} \text { Married } \\ \text { filing } \\ \text { separately } \end{array}\right\|$ | At least | But less than | Single | Qualifying widow(er) <br> tax is- |  | At least | But <br> less <br> than | Single | Qualifying widow(er) <br> ur tax is- |  |
| 50,000 |  |  |  |  | 53,000 |  |  |  |  | 56,000 |  |  |  |  |
| $\begin{aligned} & 50,000 \\ & 50,000 \\ & 50,100 \\ & 50,150 \end{aligned}$ | $\begin{aligned} & 50,050 \\ & 50,100 \\ & 50,150 \\ & 50,200 \end{aligned}$ | $\begin{aligned} & 9,244 \\ & 9,256 \\ & 9,269 \\ & 9,281 \end{aligned}$ | $\begin{aligned} & 6,789 \\ & 6,796 \\ & 6,804 \\ & 6,811 \end{aligned}$ | $\begin{aligned} & 9,244 \\ & 9,256 \\ & 9,269 \\ & 9,281 \end{aligned}$ | $\begin{aligned} & 53,000 \\ & 53,050 \\ & 53,100 \\ & 53,150 \end{aligned}$ | 53,050 53,100 53,150 53,200 | $\begin{array}{r} 9,994 \\ 10,006 \\ 10,019 \\ 10,031 \end{array}$ | $\begin{aligned} & 7,239 \\ & 7,246 \\ & 7,254 \\ & 7,261 \end{aligned}$ | $\begin{array}{r} 9,994 \\ 10,006 \\ 10,019 \\ 10,031 \end{array}$ | $\begin{aligned} & 56,000 \\ & 56,050 \\ & 56,100 \\ & 56,10 \end{aligned}$ | $\begin{aligned} & 56,050 \\ & 56,100 \\ & 56,150 \\ & 56,200 \end{aligned}$ | $\begin{aligned} & 10,744 \\ & 10,756 \\ & 10,769 \\ & 10,781 \end{aligned}$ | $\begin{aligned} & 7,689 \\ & 7,696 \\ & 7,704 \\ & 7,711 \end{aligned}$ | $\begin{aligned} & 10,744 \\ & 10,756 \\ & 10,769 \\ & 10,781 \end{aligned}$ |
| $\begin{aligned} & 50,200 \\ & 50,200 \\ & 50,300 \\ & 5,300 \end{aligned}$ | $\begin{aligned} & 50,250 \\ & 50,300 \\ & 50,350 \\ & 50,400 \end{aligned}$ | $\begin{aligned} & 9,294 \\ & 9,306 \\ & 9,319 \\ & 9,331 \end{aligned}$ | $\begin{aligned} & 6,819 \\ & 6,826 \\ & 6,834 \\ & 6,841 \end{aligned}$ | $\begin{aligned} & 9,294 \\ & 9,306 \\ & 9,319 \\ & 9,331 \end{aligned}$ | $\begin{aligned} & 53,200 \\ & 53,200 \\ & 53,300 \\ & 53,350 \end{aligned}$ | 53,250 53,300 53,350 53,400 | $\begin{aligned} & 10,044 \\ & 10,046 \\ & 10,069 \\ & 10,081 \end{aligned}$ | $\begin{aligned} & 7,269 \\ & 7,276 \\ & 7,284 \\ & 7,291 \end{aligned}$ | $\begin{aligned} & 10,044 \\ & 10,056 \\ & 10,069 \\ & 10,081 \end{aligned}$ | $\begin{aligned} & 56,200 \\ & 56,250 \\ & 56,300 \\ & 56,350 \end{aligned}$ | $\begin{aligned} & 56,250 \\ & 56,300 \\ & 56,350 \\ & 56,400 \end{aligned}$ | $\begin{aligned} & 10,794 \\ & 10,806 \\ & 10,819 \\ & 10,831 \end{aligned}$ | $\begin{aligned} & 7,719 \\ & 7,726 \\ & 7,734 \\ & 7,741 \end{aligned}$ | $\begin{aligned} & 10,794 \\ & 10,806 \\ & 10,819 \\ & 10,831 \end{aligned}$ |
| $\begin{aligned} & 50,400 \\ & 50,450 \\ & 50,500 \\ & 50,550 \end{aligned}$ | $\begin{aligned} & 50,450 \\ & 50,500 \\ & 50,550 \\ & 50,600 \end{aligned}$ | $\begin{aligned} & 9,344 \\ & 9,356 \\ & 9,369 \\ & 9,381 \end{aligned}$ | 6,849 6,856 6,864 6,871 | $\begin{aligned} & 9,344 \\ & 9,356 \\ & 9,369 \\ & 9,381 \end{aligned}$ | $\begin{aligned} & 53,400 \\ & 55,400 \\ & 53,500 \\ & 53,550 \end{aligned}$ | $\begin{aligned} & 53,450 \\ & 53,500 \\ & 53,550 \\ & 53,600 \end{aligned}$ | $\begin{aligned} & 10,094 \\ & 10,106 \\ & 10,119 \\ & 10,131 \end{aligned}$ | $\begin{aligned} & 7,299 \\ & 7,306 \\ & 7,314 \\ & 7,321 \end{aligned}$ | $\begin{aligned} & 10,094 \\ & 10,0106 \\ & 10,119 \\ & 10,131 \end{aligned}$ | $\begin{aligned} & 56,400 \\ & 56,450 \\ & 56,500 \\ & 56,550 \end{aligned}$ | $\begin{aligned} & 56,450 \\ & 56,500 \\ & 56,550 \\ & 56,600 \end{aligned}$ | $\begin{aligned} & 10,844 \\ & 10,856 \\ & 10,869 \\ & 10,881 \end{aligned}$ | $\begin{aligned} & 7,749 \\ & 7,756 \\ & 7,764 \\ & 7,771 \end{aligned}$ | $\begin{aligned} & 10,844 \\ & 10,856 \\ & 10,869 \\ & 10,881 \end{aligned}$ |
| $\begin{aligned} & 50,600 \\ & 50,650 \\ & 50,700 \\ & 50,750 \end{aligned}$ | $\begin{aligned} & 50,650 \\ & 50,700 \\ & 50,750 \\ & 50,800 \end{aligned}$ | $\begin{aligned} & 9,394 \\ & 9,406 \\ & 9,419 \\ & 9,431 \end{aligned}$ | $\begin{aligned} & 6,879 \\ & 6,886 \\ & 6,894 \\ & 6,901 \end{aligned}$ | $\begin{aligned} & 9,394 \\ & 9,406 \\ & 9,419 \\ & 9,431 \end{aligned}$ | $\begin{aligned} & 53,600 \\ & 55,650 \\ & 53,700 \\ & 53,750 \end{aligned}$ | $\begin{aligned} & 53,650 \\ & 53,700 \\ & 53,750 \\ & 53,800 \end{aligned}$ | $\begin{aligned} & 10,144 \\ & 10,156 \\ & 10,169 \\ & 10,181 \end{aligned}$ | $\begin{aligned} & 7,329 \\ & 7,336 \\ & 7,344 \\ & 7,351 \end{aligned}$ | $\begin{aligned} & 10,144 \\ & 10,156 \\ & 10,169 \\ & 10,181 \end{aligned}$ | $\begin{aligned} & 56,600 \\ & 56,650 \\ & 56,700 \\ & 56,750 \end{aligned}$ | $\begin{aligned} & 56,650 \\ & 56,700 \\ & 56,750 \\ & 56,800 \end{aligned}$ | $\begin{aligned} & 10,894 \\ & 10,906 \\ & 10,919 \\ & 10,931 \end{aligned}$ | $\begin{aligned} & 7,779 \\ & 7,786 \\ & 7,794 \\ & 7,801 \end{aligned}$ | $\begin{aligned} & 10,894 \\ & 10,906 \\ & 10,919 \\ & 10,931 \end{aligned}$ |
| $\begin{aligned} & 50,800 \\ & 50,850 \\ & 50,900 \\ & 50,950 \end{aligned}$ | 50,850 50,900 50,950 51,000 | $\begin{aligned} & 9,444 \\ & 9,456 \\ & 9,469 \\ & 9,481 \end{aligned}$ | $\begin{aligned} & 6,909 \\ & 6,916 \\ & 6,924 \\ & 6,931 \end{aligned}$ | $\begin{aligned} & 9,444 \\ & 9,456 \\ & 9,469 \\ & 9,481 \end{aligned}$ | $\begin{aligned} & 53,800 \\ & 53,850 \\ & 53,900 \\ & 53,950 \end{aligned}$ | $\begin{aligned} & 53,850 \\ & 53,900 \\ & 53,950 \\ & 54,500 \end{aligned}$ | 10,194 10,206 10,219 10,231 | 7,359 7,366 7,374 7,381 | $\begin{aligned} & 10,194 \\ & 10,020 \\ & 10,219 \\ & 10,231 \end{aligned}$ | $\begin{aligned} & 56,800 \\ & 56,850 \\ & 56,900 \\ & 56,950 \end{aligned}$ | $\begin{aligned} & 56,850 \\ & 56,900 \\ & 56,950 \\ & 57,000 \end{aligned}$ | $\begin{aligned} & 10,944 \\ & 10,956 \\ & 10,969 \\ & 10,981 \end{aligned}$ | $\begin{aligned} & 7,809 \\ & 7,816 \\ & 7,824 \\ & 7,831 \end{aligned}$ | $\begin{aligned} & 10,944 \\ & 10,956 \\ & 10,969 \\ & 10,981 \end{aligned}$ |
| 51,000 |  |  |  |  | 54,000 |  |  |  |  | 57,000 |  |  |  |  |
| $\begin{aligned} & 51,000 \\ & 51,000 \\ & 51,100 \\ & 51,150 \end{aligned}$ | $\begin{aligned} & 51,050 \\ & 51,100 \\ & 51,150 \\ & 51,200 \end{aligned}$ | $\begin{aligned} & 9,494 \\ & 9,506 \\ & 9,519 \\ & 9,531 \end{aligned}$ | $\begin{aligned} & 6,939 \\ & 6,946 \\ & 6,954 \\ & 6,961 \end{aligned}$ | $\begin{aligned} & 9,494 \\ & 9,506 \\ & 9,519 \\ & 9,531 \end{aligned}$ | $\begin{aligned} & 54,000 \\ & 54,050 \\ & 54,100 \\ & 54,150 \end{aligned}$ | $\begin{aligned} & 54,050 \\ & 54,100 \\ & 54,150 \\ & 54,200 \end{aligned}$ | $\begin{aligned} & 10,244 \\ & 10,256 \\ & 10,269 \\ & 10,281 \end{aligned}$ | $\begin{aligned} & 7,389 \\ & 7,396 \\ & 7,404 \\ & 7,411 \end{aligned}$ | $\begin{aligned} & 10,244 \\ & 10,256 \\ & 10,269 \\ & 10,281 \end{aligned}$ | $\begin{aligned} & 57,000 \\ & 57,050 \\ & 57,100 \\ & 57,150 \end{aligned}$ | $\begin{aligned} & 57,050 \\ & 57,100 \\ & 57,150 \\ & 57,200 \end{aligned}$ | $\begin{aligned} & 10,994 \\ & 11,006 \\ & 11,019 \\ & 11,031 \end{aligned}$ | $\begin{aligned} & 7,839 \\ & 7,846 \\ & 7,854 \\ & 7,861 \end{aligned}$ | $\begin{aligned} & 10,994 \\ & 11,006 \\ & 11,019 \\ & 11,031 \end{aligned}$ |
| $\begin{aligned} & 51,200 \\ & 51,200 \\ & 51,300 \\ & 51,350 \end{aligned}$ | $\begin{aligned} & 51,250 \\ & 51,300 \\ & 51,350 \\ & 51,400 \end{aligned}$ | $\begin{aligned} & 9,544 \\ & 9,556 \\ & 9,569 \\ & 9,581 \end{aligned}$ | $\begin{aligned} & 6,969 \\ & 6,976 \\ & 6,984 \\ & 6,991 \end{aligned}$ | $\begin{aligned} & 9,544 \\ & 9,556 \\ & 9,569 \\ & 9,581 \end{aligned}$ | $\begin{aligned} & 54,200 \\ & 54,250 \\ & 54,300 \\ & 54,350 \end{aligned}$ | $\begin{aligned} & 54,250 \\ & 54,300 \\ & 54,350 \\ & 54,400 \end{aligned}$ | $\begin{aligned} & 10,294 \\ & 10,306 \\ & 10,319 \\ & 10,331 \end{aligned}$ | $\begin{aligned} & 7,419 \\ & 7,426 \\ & 7,434 \\ & 7,441 \end{aligned}$ | $\begin{aligned} & 10,294 \\ & 10,306 \\ & 10,319 \\ & 10,331 \end{aligned}$ | $\begin{aligned} & 57,200 \\ & 57,250 \\ & 57,300 \\ & 57,350 \end{aligned}$ | $\begin{aligned} & 57,250 \\ & 57,300 \\ & 57,350 \\ & 57,400 \end{aligned}$ | $\begin{aligned} & 11,044 \\ & 11,056 \\ & 11,069 \\ & 11,081 \end{aligned}$ | $\begin{aligned} & 7,869 \\ & 7,876 \\ & 7,884 \\ & 7,891 \end{aligned}$ | $\begin{aligned} & 11,044 \\ & 11,056 \\ & 11,069 \\ & 11,081 \end{aligned}$ |
| $\begin{aligned} & 51,400 \\ & 551,450 \\ & 51,500 \\ & 51,550 \end{aligned}$ | $\begin{aligned} & 51,450 \\ & 51,500 \\ & 51,50 \\ & 51,500 \end{aligned}$ | $\begin{aligned} & 9,594 \\ & 9,606 \\ & 9,619 \\ & 9,631 \end{aligned}$ | 6,999 7,006 7,014 7,021 | $\begin{aligned} & 9,594 \\ & 9,606 \\ & 9,619 \\ & 9,631 \end{aligned}$ | $\begin{aligned} & 54,400 \\ & 54,450 \\ & 54,500 \\ & 54,550 \end{aligned}$ | $\begin{aligned} & 54,450 \\ & 54,500 \\ & 54,50 \\ & 54,500 \end{aligned}$ | 10,344 10,356 10,369 10,381 | 7,449 7,456 7,464 7,471 | $\begin{aligned} & 10,344 \\ & 10,356 \\ & 10,369 \\ & 10,381 \end{aligned}$ | $\begin{aligned} & 57,400 \\ & 57,450 \\ & 57,500 \\ & 57,550 \end{aligned}$ | $\begin{aligned} & 57,450 \\ & 57,500 \\ & 57,550 \\ & 57,600 \end{aligned}$ | $\begin{aligned} & 11,094 \\ & 11,106 \\ & 11,119 \\ & 11,131 \end{aligned}$ | $\begin{aligned} & 7,899 \\ & 7,906 \\ & 7,914 \\ & 7,921 \end{aligned}$ | $\begin{aligned} & 11,094 \\ & 11,106 \\ & 11,119 \\ & 11,131 \end{aligned}$ |
| $\begin{aligned} & 51,600 \\ & 551,650 \\ & 51,700 \\ & 51,750 \end{aligned}$ | $\begin{aligned} & 51,650 \\ & 51,700 \\ & 51,750 \\ & 51,800 \end{aligned}$ | $\begin{aligned} & 9,644 \\ & 9,656 \\ & 9,669 \\ & 9,681 \end{aligned}$ | $\begin{aligned} & 7,029 \\ & 7,036 \\ & 7,044 \\ & 7,051 \end{aligned}$ | $\begin{aligned} & 9,644 \\ & 9,656 \\ & 9,669 \\ & 9,681 \end{aligned}$ | $\begin{aligned} & 54,600 \\ & 54,650 \\ & 54,700 \\ & 54,750 \end{aligned}$ | $\begin{aligned} & 54,650 \\ & 54,500 \\ & 54,750 \\ & 54,800 \end{aligned}$ | $\begin{aligned} & 10,394 \\ & 10,406 \\ & 10,419 \\ & 10,431 \end{aligned}$ | $\begin{aligned} & 7,479 \\ & 7,486 \\ & 7,494 \\ & 7,501 \end{aligned}$ | $\begin{aligned} & 10,394 \\ & 10,406 \\ & 10,419 \\ & 10,431 \end{aligned}$ | $\begin{aligned} & 57,600 \\ & 57,650 \\ & 57,700 \\ & 57,750 \end{aligned}$ | $\begin{aligned} & 57,650 \\ & 57,700 \\ & 57,750 \\ & 57,800 \end{aligned}$ | 11,144 11,156 11,69 11,181 | $\begin{aligned} & 7,929 \\ & 7,936 \\ & 7,944 \\ & 7,951 \end{aligned}$ | $\begin{aligned} & 11,144 \\ & 11,156 \\ & 11,169 \\ & 11,181 \end{aligned}$ |
| 51,800 51,850 51,900 51,950 | 51,850 51,900 51,950 <br> 52,000 | $\begin{aligned} & 9,694 \\ & 9,706 \\ & 9,719 \\ & 9,731 \end{aligned}$ | $\begin{aligned} & 7,059 \\ & 7,066 \\ & 7,074 \\ & 7,081 \end{aligned}$ | $\begin{aligned} & 9,694 \\ & 9,706 \\ & 9,719 \\ & 9,731 \end{aligned}$ | $\begin{array}{\|l} 54,800 \\ 54,850 \\ 54,900 \\ 54,950 \end{array}$ | 54,850 54,900 54,950 55,000 <br> 55,00 | $\begin{aligned} & 10,444 \\ & 10,456 \\ & 10,469 \\ & 10,481 \end{aligned}$ | $\begin{aligned} & 7,509 \\ & 7,516 \\ & 7,524 \\ & 7,531 \\ & \hline \end{aligned}$ | $\begin{aligned} & 10,444 \\ & 10,456 \\ & 10,469 \\ & 10,481 \end{aligned}$ | $\begin{aligned} & 57,800 \\ & 57,850 \\ & 57,900 \\ & 57,950 \end{aligned}$ | $\begin{aligned} & 57,850 \\ & 57,900 \\ & 57,950 \\ & 58,000 \end{aligned}$ | 11,194 11,206 11,29 11,231 | 7,959 7,966 7,974 7,981 | $\begin{aligned} & 11,194 \\ & 11,206 \\ & 11,219 \\ & 11,231 \end{aligned}$ |
| 52,000 |  |  |  |  | 55,000 |  |  |  |  | 58,000 |  |  |  |  |
| $\begin{aligned} & 52,000 \\ & 52,050 \\ & 52,100 \\ & 52,150 \end{aligned}$ | $\begin{aligned} & 52,050 \\ & 52,100 \\ & 52,150 \\ & 52,200 \end{aligned}$ | $\begin{aligned} & 9,744 \\ & 9,756 \\ & 9,769 \\ & 9,781 \end{aligned}$ | $\begin{aligned} & 7,089 \\ & 7,096 \\ & 7,104 \\ & 7,111 \end{aligned}$ | $\begin{aligned} & 9,744 \\ & 9,756 \\ & 9,769 \\ & 9,781 \end{aligned}$ | $\begin{aligned} & 55,000 \\ & 55,050 \\ & 55,100 \\ & 55,150 \end{aligned}$ | $\begin{aligned} & 55,050 \\ & 55,100 \\ & 55,150 \\ & 55,200 \end{aligned}$ | $\begin{aligned} & 10,494 \\ & 10,506 \\ & 10,519 \\ & 10,531 \end{aligned}$ | $\begin{aligned} & 7,539 \\ & 7,546 \\ & 7,554 \\ & 7,561 \end{aligned}$ | $\begin{aligned} & 10,494 \\ & 10,506 \\ & 10,519 \\ & 10,531 \end{aligned}$ | $\begin{aligned} & 58,000 \\ & 58,050 \\ & 58,100 \\ & 58,150 \end{aligned}$ | 58,050 58,100 58,150 58,200 | $\begin{aligned} & 11,244 \\ & 11,256 \\ & 11,269 \\ & 11,281 \end{aligned}$ | $\begin{aligned} & 7,989 \\ & 7,996 \\ & 8,006 \\ & 8,019 \end{aligned}$ | $\begin{aligned} & 11,244 \\ & 11,256 \\ & 11,269 \\ & 11,281 \end{aligned}$ |
| $\begin{aligned} & 52,200 \\ & 52,250 \\ & 52,300 \\ & 52,350 \end{aligned}$ | $\begin{aligned} & 52,250 \\ & 52,300 \\ & 52,350 \\ & 52,400 \end{aligned}$ | $\begin{aligned} & 9,794 \\ & 9,806 \\ & 9,819 \\ & 9,831 \end{aligned}$ | $\begin{aligned} & 7,119 \\ & 7,126 \\ & 7,134 \\ & 7,141 \end{aligned}$ | $\begin{aligned} & 9,994 \\ & 9,806 \\ & 9,819 \\ & 9,831 \end{aligned}$ | $\begin{aligned} & 55,200 \\ & 55,250 \\ & 55,300 \\ & 55,350 \end{aligned}$ | $\begin{aligned} & 55,250 \\ & 55,500 \\ & 55,300 \\ & 55,400 \end{aligned}$ | $\begin{aligned} & 10,544 \\ & 10,556 \\ & 10,569 \\ & 10,581 \end{aligned}$ | $\begin{aligned} & 7,569 \\ & 7,576 \\ & 7,584 \\ & 7,591 \end{aligned}$ | $\begin{aligned} & 10,544 \\ & 10,556 \\ & 10,569 \\ & 10,581 \end{aligned}$ | $\begin{aligned} & 58,200 \\ & 58,250 \\ & 58,300 \\ & 58,350 \end{aligned}$ | $\begin{aligned} & 58,250 \\ & 58,300 \\ & 58,350 \\ & 58,400 \end{aligned}$ | $\begin{aligned} & 11,294 \\ & 11,306 \\ & 11,319 \\ & 11,331 \end{aligned}$ | $\begin{aligned} & 8,031 \\ & 8,044 \\ & 8,056 \\ & 8,069 \end{aligned}$ | $\begin{aligned} & 11,294 \\ & 11,306 \\ & 11,319 \\ & 11,331 \end{aligned}$ |
| $\begin{aligned} & 52,400 \\ & 52,450 \\ & 52,500 \\ & 52,550 \end{aligned}$ | $\begin{aligned} & 52,450 \\ & 52,500 \\ & 52,550 \\ & 52,600 \end{aligned}$ | $\begin{aligned} & 9,844 \\ & 9,856 \\ & 9,869 \\ & 9,881 \end{aligned}$ | $\begin{aligned} & 7,149 \\ & 7,156 \\ & 7,164 \\ & 7,171 \end{aligned}$ | $\begin{aligned} & 9,844 \\ & 9,856 \\ & 9,869 \\ & 9,881 \end{aligned}$ | $\begin{aligned} & 55,400 \\ & 55,450 \\ & 55,500 \\ & 55,550 \end{aligned}$ | $\begin{aligned} & 55,450 \\ & 55,500 \\ & 55,550 \\ & 55,600 \end{aligned}$ | $\begin{aligned} & 10,594 \\ & 10,606 \\ & 10,619 \\ & 10,631 \end{aligned}$ | $\begin{aligned} & 7,599 \\ & 7,606 \\ & 7,614 \\ & 7,621 \end{aligned}$ | $\begin{aligned} & 10,594 \\ & 10,606 \\ & 10,619 \\ & 10,631 \end{aligned}$ | $\begin{aligned} & 58,400 \\ & 58,450 \\ & 58,500 \\ & 58,550 \end{aligned}$ | $\begin{aligned} & 58,450 \\ & 58,500 \\ & 58,500 \\ & 58,600 \end{aligned}$ | $\begin{aligned} & 11,344 \\ & 11,356 \\ & 11,369 \\ & 11,381 \end{aligned}$ | $\begin{aligned} & 8,081 \\ & 8,094 \\ & 8,106 \\ & 8,119 \end{aligned}$ | $\begin{aligned} & 11,344 \\ & 11,356 \\ & 11,369 \\ & 11,381 \end{aligned}$ |
| $\begin{aligned} & 52,600 \\ & 52,650 \\ & 52,700 \\ & 5,750 \end{aligned}$ | $\begin{aligned} & 52,650 \\ & 5,700 \\ & 52,750 \\ & 5,800 \end{aligned}$ | $\begin{aligned} & 9,894 \\ & 9,906 \\ & 9,919 \\ & 9,931 \end{aligned}$ | $\begin{aligned} & 7,179 \\ & 7,186 \\ & 7,194 \\ & 7,201 \end{aligned}$ | $\begin{aligned} & 9,894 \\ & 9,906 \\ & 9,919 \\ & 9,931 \end{aligned}$ | $\begin{aligned} & 55,600 \\ & 55,650 \\ & 55,700 \\ & 55,750 \end{aligned}$ | $\begin{aligned} & 55,650 \\ & 55,700 \\ & 55,750 \\ & 55,800 \end{aligned}$ | $\begin{aligned} & 10,644 \\ & 10,656 \\ & 10,669 \\ & 10,681 \end{aligned}$ | $\begin{aligned} & 7,629 \\ & 7,636 \\ & 7,644 \\ & 7,651 \end{aligned}$ | $\begin{aligned} & 10,644 \\ & 10,656 \\ & 10,669 \\ & 10,681 \end{aligned}$ | $\begin{aligned} & 58,600 \\ & 58,650 \\ & 58,700 \\ & 58,750 \end{aligned}$ | $\begin{aligned} & 58,650 \\ & 58,700 \\ & 58,750 \\ & 58,800 \end{aligned}$ | $\begin{aligned} & 11,394 \\ & 11,406 \\ & 11,419 \\ & 11,431 \end{aligned}$ | $\begin{aligned} & 8,131 \\ & 8,144 \\ & 8,156 \\ & 8,169 \end{aligned}$ | $\begin{aligned} & 11,394 \\ & 11,498 \\ & 11,422 \\ & 11,436 \end{aligned}$ |
| $\begin{aligned} & 52,800 \\ & 52,850 \\ & 52,900 \\ & 5,950 \end{aligned}$ | $\begin{aligned} & 52,850 \\ & 52,900 \\ & 52,950 \\ & 53,000 \end{aligned}$ | $\begin{aligned} & \text { 9,944 } \\ & 9,956 \\ & 9,969 \\ & 9,981 \end{aligned}$ | $\begin{aligned} & 7,209 \\ & 7,216 \\ & 7,224 \\ & 7,231 \end{aligned}$ | $\begin{aligned} & 9,944 \\ & 9,956 \\ & 9,969 \\ & 9,981 \end{aligned}$ | $\begin{aligned} & 55,800 \\ & 55,850 \\ & 55,900 \\ & 55,950 \end{aligned}$ | $\begin{aligned} & 55,850 \\ & 55,900 \\ & 55,950 \\ & 56,000 \end{aligned}$ | $\begin{aligned} & 10,694 \\ & 10,706 \\ & 10,719 \\ & 10,731 \end{aligned}$ | $\begin{aligned} & 7,659 \\ & 7,666 \\ & 7,674 \\ & 7,681 \end{aligned}$ | $\begin{aligned} & 10,694 \\ & 10,706 \\ & 10,719 \\ & 10,731 \end{aligned}$ | $\begin{aligned} & 58,800 \\ & 58,850 \\ & 58,900 \\ & 58,950 \end{aligned}$ | $\begin{aligned} & 58,850 \\ & 58,900 \\ & 58,950 \\ & 59,900 \end{aligned}$ | $\begin{aligned} & 11,444 \\ & 11,446 \\ & 11,469 \\ & 11,481 \end{aligned}$ | $\begin{aligned} & 8,181 \\ & 8,194 \\ & 8,206 \\ & 8,219 \end{aligned}$ | $\begin{aligned} & 11,450 \\ & 11,64 \\ & 11,478 \\ & 11,492 \end{aligned}$ |

(Continued on page 36)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ | Single | Qualifying widow(er) | Married filing separately | At least | But <br> less <br> than | Single | Qualifying widow(er) | Married filing separately |  |  | Qualifying widow(er) <br> Your tax is- |  | Married filing separately |
| 59,000 |  |  |  |  | 62,000 |  |  |  |  | 65,000 |  |  |  |  |
| 59,000 | 59,050 | 11,494 | 8,231 | 11,506 | 62,000 | 62,050 | 12,244 | 8,981 | 12,346 | 65,000 | 65,050 | 12,994 | 9,731 | 13,186 |
| 59,050 | 59,100 | 11,506 | 8,244 | 11,520 | 62,050 | 62,100 | 12,256 | 8,994 | 12,360 | 65,050 | 65,100 | 13,006 | 9,744 | 13,200 |
| 59,100 | 59,150 | 11,519 | 8,256 | 11,534 | 62,100 | 62,150 | 12,269 | 9,006 | 12,374 | 65,100 | 65,150 | 13,019 | 9,756 | 13,214 |
| 59,150 | 59,200 | 11,531 | 8,269 | 11,548 | 62,150 | 62,200 | 12,281 | 9,019 | 12,388 | 65,150 | 65,200 | 13,031 | 9,769 | 13,228 |
| 59,200 | 59,250 | 11,544 | 8,281 | 11,562 | 62,200 | 62,250 | 12,294 | 9,031 | 12,402 | 65,200 | 65,250 | 13,044 | 9,781 | 13,242 |
| 59,250 | 59,300 | 11,556 | 8,294 | 11,576 | 62,250 | 62,300 | 12,306 | 9,044 | 12,416 | 65,250 | 65,300 | 13,056 | 9,794 | 13,256 |
| 59,300 | 59,350 | 11,569 | 8,306 | 11,590 | 62,300 | 62,350 | 12,319 | 9,056 | 12,430 | 65,300 | 65,350 | 13,069 | 9,806 | 13,270 |
| 59,350 | 59,400 | 11,581 | 8,319 | 11,604 | 62,350 | 62,400 | 12,331 | 9,069 | 12,444 | 65,350 | 65,400 | 13,081 | 9,819 | 13,284 |
| 59,400 | 59,450 | 11,594 | 8,331 | 11,618 | 62,400 | 62,450 | 12,344 | 9,081 | 12,458 | 65,400 | 65,450 | 13,094 | 9,831 | 13,298 |
| 59,450 | 59,500 | 11,606 | 8,344 | 11,632 | 62,450 | 62,500 | 12,356 | 9,094 | 12,472 | 65,450 | 65,500 | 13,106 | 9,844 | 13,312 |
| 59,500 | 59,550 | 11,619 | 8,356 | 11,646 | 62,500 | 62,550 | 12,369 | 9,106 | 12,486 | 65,500 | 65,550 | 13,119 | 9,856 | 13,326 |
| 59,550 | 59,600 | 11,631 | 8,369 | 11,660 | 62,550 | 62,600 | 12,381 | 9,119 | 12,500 | 65,550 | 65,600 | 13,131 | 9,869 | 13,340 |
| 59,600 | 59,650 | 11,644 | 8,381 | 11,674 | 62,600 | 62,650 | 12,394 | 9,131 | 12,514 | 65,600 | 65,650 | 13,144 | 9,881 | 13,354 |
| 59,650 | 59,700 | 11,656 | 8,394 | 11,688 | 62,650 | 62,700 | 12,406 | 9,144 | 12,528 | 65,650 | 65,700 | 13,156 | 9,894 | 13,368 |
| 59,700 | 59,750 | 11,669 | 8,406 | 11,702 | 62,700 | 62,750 | 12,419 | 9,156 | 12,542 | 65,700 | 65,750 | 13,169 | 9,906 | 13,382 |
| 59,750 | 59,800 | 11,681 | 8,419 | 11,716 | 62,750 | 62,800 | 12,431 | 9,169 | 12,556 | 65,750 | 65,800 | 13,181 | 9,919 | 13,396 |
| 59,800 | 59,850 | 11,694 | 8,431 | 11,730 | 62,800 | 62,850 | 12,444 | 9,181 | 12,570 | 65,800 | 65,850 | 13,194 | 9,931 | 13,410 |
| 59,850 | 59,900 | 11,706 | 8,444 | 11,744 | 62,850 | 62,900 | 12,456 | 9,194 | 12,584 | 65,850 | 65,900 | 13,206 | 9,944 | 13,424 |
| 59,900 | 59,950 | 11,719 | 8,456 | 11,758 | 62,900 | 62,950 | 12,469 | 9,206 | 12,598 | 65,900 | 65,950 | 13,219 | 9,956 | 13,438 |
| 59,950 | 60,000 | 11,731 | 8,469 | 11,772 | 62,950 | 63,000 | 12,481 | 9,219 | 12,612 | 65,950 | 66,000 | 13,231 | 9,969 | 13,452 |
| 60, |  |  |  |  | 63, |  |  |  |  | 66, | 00 |  |  |  |
| 60,000 | 60,050 | 11,744 | 8,481 | 11,786 | 63,000 | 63,050 | 12,494 | 9,231 | 12,626 | 66,000 | 66,050 | 13,244 | 9,981 | 13,466 |
| 60,050 | 60,100 | 11,756 | 8,494 | 11,800 | 63,050 | 63,100 | 12,506 | 9,244 | 12,640 | 66,050 | 66,100 | 13,256 | 9,994 | 13,480 |
| 60,100 | 60,150 | 11,769 | 8,506 | 11,814 | 63,100 | 63,150 | 12,519 | 9,256 | 12,654 | 66,100 | 66,150 | 13,269 | 10,006 | 13,494 |
| 60,150 | 60,200 | 11,781 | 8,519 | 11,828 | 63,150 | 63,200 | 12,531 | 9,269 | 12,668 | 66,150 | 66,200 | 13,281 | 10,019 | 13,508 |
| 60,200 | 60,250 | 11,794 | 8,531 | 11,842 | 63,200 | 63,250 | 12,544 | 9,281 | 12,682 | 66,200 | 66,250 | 13,294 | 10,031 | 13,522 |
| 60,250 | 60,300 | 11,806 | 8,544 | 11,856 | 63,250 | 63,300 | 12,556 | 9,294 | 12,696 | 66,250 | 66,300 | 13,306 | 10,044 | 13,536 |
| 60,300 | 60,350 | 11,819 | 8,556 | 11,870 | 63,300 | 63,350 | 12,569 | 9,306 | 12,710 | 66,300 | 66,350 | 13,319 | 10,056 | 13,550 |
| 60,350 | 60,400 | 11,831 | 8,569 | 11,884 | 63,350 | 63,400 | 12,581 | 9,319 | 12,724 | 66,350 | 66,400 | 13,331 | 10,069 | 13,564 |
| 60,400 | 60,450 | 11,844 | 8,581 | 11,898 | 63,400 | 63,450 | 12,594 | 9,331 | 12,738 | 66,400 | 66,450 | 13,344 | 10,081 | 13,578 |
| 60,450 | 60,500 | 11,856 | 8,594 | 11,912 | 63,450 | 63,500 | 12,606 | 9,344 | 12,752 | 66,450 | 66,500 | 13,356 | 10,094 | 13,592 |
| 60,500 | 60,550 | 11,869 | 8,606 | 11,926 | 63,500 | 63,550 | 12,619 | 9,356 | 12,766 | 66,500 | 66,550 | 13,369 | 10,106 | 13,606 |
| 60,550 | 60,600 | 11,881 | 8,619 | 11,940 | 63,550 | 63,600 | 12,631 | 9,369 | 12,780 | 66,550 | 66,600 | 13,381 | 10,119 | 13,620 |
| 60,600 | 60,650 | 11,894 | 8,631 | 11,954 | 63,600 | 63,650 | 12,644 | 9,381 | 12,794 | 66,600 | 66,650 | 13,394 | 10,131 | 13,634 |
| 60,650 | 60,700 | 11,906 | 8,644 | 11,968 | 63,650 | 63,700 | 12,656 | 9,394 | 12,808 | 66,650 | 66,700 | 13,406 | 10,144 | 13,648 |
| 60,700 | 60,750 | 11,919 | 8,656 | 11,982 | 63,700 | 63,750 | 12,669 | 9,406 | 12,822 | 66,700 | 66,750 | 13,419 | 10,156 | 13,662 |
| 60,750 | 60,800 | 11,931 | 8,669 | 11,996 | 63,750 | 63,800 | 12,681 | 9,419 | 12,836 | 66,750 | 66,800 | 13,431 | 10,169 | 13,676 |
| 60,800 | 60,850 | 11,944 | 8,681 | 12,010 | 63,800 | 63,850 | 12,694 | 9,431 | 12,850 | 66,800 | 66,850 | 13,444 | 10,181 | 13,690 |
| 60,850 | 60,900 | 11,956 | 8,694 | 12,024 | 63,850 | 63,900 | 12,706 | 9,444 | 12,864 | 66,850 | 66,900 | 13,456 | 10,194 | 13,704 |
| 60,900 | 60,950 | 11,969 | 8,706 | 12,038 | 63,900 | 63,950 | 12,719 | 9,456 | 12,878 | 66,900 | 66,950 | 13,469 | 10,206 | 13,718 |
| 60,950 | 61,000 | 11,981 | 8,719 | 12,052 | 63,950 | 64,000 | 12,731 | 9,469 | 12,892 | 66,950 | 67,000 | 13,481 | 10,219 | 13,732 |
| 61, |  |  |  |  |  |  |  |  |  | 67, | 00 |  |  |  |
| 61,000 | 61,050 | 11,994 | 8,731 | 12,066 | 64,000 | 64,050 | 12,744 | 9,481 | 12,906 | 67,000 | 67,050 | 13,494 | 10,231 | 13,746 |
| 61,050 | 61,100 | 12,006 | 8,744 | 12,080 | 64,050 | 64,100 | 12,756 | 9,494 | 12,920 | 67,050 | 67,100 | 13,506 | 10,244 | 13,760 |
| 61,100 | 61,150 | 12,019 | 8,756 | 12,094 | 64,100 | 64,150 | 12,769 | 9,506 | 12,934 | 67,100 | 67,150 | 13,519 | 10,256 | 13,774 |
| 61,150 | 61,200 | 12,031 | 8,769 | 12,108 | 64,150 | 64,200 | 12,781 | 9,519 | 12,948 | 67,150 | 67,200 | 13,531 | 10,269 | 13,788 |
| 61,200 | 61,250 | 12,044 | 8,781 | 12,122 | 64,200 | 64,250 | 12,794 | 9,531 | 12,962 | 67,200 | 67,250 | 13,544 | 10,281 | 13,802 |
| 61,250 | 61,300 | 12,056 | 8,794 | 12,136 | 64,250 | 64,300 | 12,806 | 9,544 | 12,976 | 67,250 | 67,300 | 13,556 | 10,294 | 13,816 |
| 61,300 | 61,350 | 12,069 | 8,806 | 12,150 | 64,300 | 64,350 | 12,819 | 9,556 | 12,990 | 67,300 | 67,350 | 13,569 | 10,306 | 13,830 |
| 61,350 | 61,400 | 12,081 | 8,819 | 12,164 | 64,350 | 64,400 | 12,831 | 9,569 | 13,004 | 67,350 | 67,400 | 13,581 | 10,319 | 13,844 |
| 61,400 | 61,450 | 12,094 | 8,831 | 12,178 | 64,400 | 64,450 | 12,844 | 9,581 | 13,018 | 67,400 | 67,450 | 13,594 | 10,331 | 13,858 |
| 61,450 | 61,500 | 12,106 | 8,844 | 12,192 | 64,450 | 64,500 | 12,856 | 9,594 | 13,032 | 67,450 | 67,500 | 13,606 | 10,344 | 13,872 |
| 61,500 | 61,550 | 12,119 | 8,856 | 12,206 | 64,500 | 64,550 | 12,869 | 9,606 | 13,046 | 67,500 | 67,550 | 13,619 | 10,356 | 13,886 |
| 61,550 | 61,600 | 12,131 | 8,869 | 12,220 | 64,550 | 64,600 | 12,881 | 9,619 | 13,060 | 67,550 | 67,600 | 13,631 | 10,369 | 13,900 |
| 61,600 | 61,650 | 12,144 | 8,881 | 12,234 | 64,600 | 64,650 | 12,894 | 9,631 | 13,074 | 67,600 | 67,650 | 13,644 | 10,381 | 13,914 |
| 61,650 | 61,700 | 12,156 | 8,894 | 12,248 | 64,650 | 64,700 | 12,906 | 9,644 | 13,088 | 67,650 | 67,700 | 13,656 | 10,394 | 13,928 |
| 61,700 | 61,750 | 12,169 | 8,906 | 12,262 | 64,700 | 64,750 | 12,919 | 9,656 | 13,102 | 67,700 | 67,750 | 13,669 | 10,406 | 13,942 |
| 61,750 | 61,800 | 12,181 | 8,919 | 12,276 | 64,750 | 64,800 | 12,931 | 9,669 | 13,116 | 67,750 | 67,800 | 13,681 | 10,419 | 13,956 |
| 61,800 | 61,850 | 12,194 | 8,931 | 12,290 | 64,800 | 64,850 | 12,944 | 9,681 | 13,130 | 67,800 | 67,850 | 13,694 | 10,431 | 13,970 |
| 61,850 | 61,900 | 12,206 | 8,944 | 12,304 | 64,850 | 64,900 | 12,956 | 9,694 | 13,144 | 67,850 | 67,900 | 13,706 | 10,444 | 13,984 |
| 61,900 | 61,950 | 12,219 | 8,956 | 12,318 | 64,900 | 64,950 | 12,969 | 9,706 | 13,158 | 67,900 | 67,950 | 13,719 | 10,456 | 13,998 |
| 61,950 | 62,000 | 12,231 | 8,969 | 12,332 | 64,950 | 65,000 | 12,981 | 9,719 | 13,172 | 67,950 | 68,000 | 13,731 | 10,469 | 14,012 |

(Continued on page 37)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

(Continued on page 38)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

2004 Tax Table-Continued

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|}
\hline \multicolumn{2}{|l|}{If Form 1040NR, line 39 , is-} \& \multicolumn{3}{|c|}{And you are-} \& \multicolumn{2}{|l|}{If Form 1040NR, line 39 , is-} \& \multicolumn{3}{|c|}{And you are-} \& \multicolumn{2}{|l|}{If Form 1040NR, line 39 , is-} \& \multicolumn{3}{|c|}{And you are-} <br>
\hline At least \& But less than \& Single

Your \& \begin{tabular}{l}
Qualifying widow(er) <br>
ur tax is-

 \& 


| Married |
| :---: |
| filing |
| separately | <br>

\hline

\end{tabular} \& At least \& \[

$$
\begin{aligned}
& \text { But } \\
& \text { less } \\
& \text { than }
\end{aligned}
$$

\] \& \& | Qualifying widow(er) |
| :--- |
| our tax is | \&  \& At least \& \[

$$
\begin{aligned}
& \text { But } \\
& \text { less } \\
& \text { tha }
\end{aligned}
$$

\] \& Single \& | Qualifying widow(er) |
| :--- |
| ur tax is- | \& Married

filing
separately <br>

\hline \multicolumn{5}{|l|}{$$
77,000
$$} \& \multicolumn{5}{|l|}{80,000} \& \multicolumn{5}{|l|}{83,000} <br>

\hline 77,000 \& 77,050 \& 16,194 \& 12,731 \& 16,546 \& 80,000 \& 80,050 \& 17,034 \& 13,481 \& 17,386 \& 83,000 \& 83,050 \& 17,874 \& 14,231 \& 18,226 <br>
\hline 77,050 \& 77,100 \& 16,208 \& 12,744 \& 16,560 \& 80,050 \& 80,100 \& 17,048 \& 13,494 \& 17,400 \& 83,050 \& 83,100 \& 17,888 \& 14,244 \& 18,240 <br>
\hline 77,100 \& 77,150 \& 16,222 \& 12,756 \& 16,574 \& 80,100 \& 80,150 \& 17,062 \& 13,506 \& 17,414 \& 83,100 \& 83,150 \& 17,902 \& 14,256 \& 18,254 <br>
\hline 77,150 \& 77,200 \& 16,236 \& 12,769 \& 16,588 \& 80,150 \& 80,200 \& 17,076 \& 13,519 \& 17,428 \& 83,150 \& 83,200 \& 17,916 \& 14,269 \& 18,268 <br>
\hline 77,200 \& 77,250 \& 16,250 \& 12,781 \& 16,602 \& 80,200 \& 80,250 \& 17,090 \& 13,531 \& 17,442 \& 83,200 \& 83,250 \& 17,930 \& 14,281 \& 18,282 <br>
\hline 77,250 \& 77,300 \& 16,264 \& 12,794 \& 16,616 \& 80,250 \& 80,300 \& 17,104 \& 13,544 \& 17,456 \& 83,250 \& 83,300 \& 17,944 \& 14,294 \& 18,296 <br>
\hline 77,300 \& 77,350 \& 16,278 \& 12,806 \& 16,630 \& 80,300 \& 80,350 \& 17,118 \& 13,556 \& 17,470 \& 83,300 \& 83,350 \& 17,958 \& 14,306 \& 18,310 <br>
\hline 77,350 \& 77,400 \& 16,292 \& 12,819 \& 16,644 \& 80,350 \& 80,400 \& 17,132 \& 13,569 \& 17,484 \& 83,350 \& 83,400 \& 17,972 \& 14,319 \& 18,324 <br>
\hline 77,400 \& 77,450 \& 16,306 \& 12,831 \& 16,658 \& 80,400 \& 80,450 \& 17,146 \& 13,581 \& 17,498 \& 83,400 \& 83,450 \& 17,986 \& 14,331 \& 18,338 <br>
\hline 77,450 \& 77,500 \& 16,320 \& 12,844 \& 16,672 \& 80,450 \& 80,500 \& 17,160 \& 13,594 \& 17,512 \& 83,450 \& 83,500 \& 18,000 \& 14,344 \& 18,352 <br>
\hline 77,500 \& 77,550 \& 16,334 \& 12,856 \& 16,686 \& 80,500 \& 80,550 \& 17,174 \& 13,606 \& 17,526 \& 83,500 \& 83,550 \& 18,014 \& 14,356 \& 18,366 <br>
\hline 77,550 \& 77,600 \& 16,348 \& 12,869 \& 16,700 \& 80,550 \& 80,600 \& 17,188 \& 13,619 \& 17,540 \& 83,550 \& 83,600 \& 18,028 \& 14,369 \& 18,380 <br>
\hline 77,600 \& 77,650 \& 16,362 \& 12,881 \& 16,714 \& 80,600 \& 80,650 \& 17,202 \& 13,631 \& 17,554 \& 83,600 \& 83,650 \& 18,042 \& 14,381 \& 18,394 <br>
\hline 77,650 \& 77,700 \& 16,376 \& 12,894 \& 16,728 \& 80,650 \& 80,700 \& 17,216 \& 13,644 \& 17,568 \& 83,650 \& 83,700 \& 18,056 \& 14,394 \& 18,408 <br>
\hline 77,700 \& 77,750 \& 16,390 \& 12,906 \& 16,742 \& 80,700 \& 80,750 \& 17,230 \& 13,656 \& 17,582 \& 83,700 \& 83,750 \& 18,070 \& 14,406 \& 18,422 <br>
\hline 77,750 \& 77,800 \& 16,404 \& 12,919 \& 16,756 \& 80,750 \& 80,800 \& 17,244 \& 13,669 \& 17,596 \& 83,750 \& 83,800 \& 18,084 \& 14,419 \& 18,436 <br>
\hline 77,800 \& 77,850 \& 16,418 \& 12,931 \& 16,770 \& 80,800 \& 80,850 \& 17,258 \& 13,681 \& 17,610 \& 83,800 \& 83,850 \& 18,098 \& 14,431 \& 18,450 <br>
\hline 77,850 \& 77,900 \& 16,432 \& 12,944 \& 16,784 \& 80,850 \& 80,900 \& 17,272 \& 13,694 \& 17,624 \& 83,850 \& 83,900 \& 18,112 \& 14,444 \& 18,464 <br>
\hline 77,900 \& 77,950 \& 16,446 \& 12,956 \& 16,798 \& 80,900 \& 80,950 \& 17,286 \& 13,706 \& 17,638 \& 83,900 \& 83,950 \& 18,126 \& 14,456 \& 18,478 <br>
\hline 77,950 \& 78,000 \& 16,460 \& 12,969 \& 16,812 \& 80,950 \& 81,000 \& 17,300 \& 13,719 \& 17,652 \& 83,950 \& 84,000 \& 18,140 \& 14,469 \& 18,492 <br>
\hline 78,00 \& 000 \& \& \& \& 81,0 \& 000 \& \& \& \& 84, \& 000 \& \& \& <br>
\hline 78,000 \& 78,050 \& 16,474 \& 12,981 \& 16,826 \& 81,000 \& 81,050 \& 17,314 \& 13,731 \& 17,666 \& 84,000 \& 84,050 \& 18,154 \& 14,481 \& 18,506 <br>
\hline 78,050 \& 78,100 \& 16,488 \& 12,994 \& 16,840 \& 81,050 \& 81,100 \& 17,328 \& 13,744 \& 17,680 \& 84,050 \& 84,100 \& 18,168 \& 14,494 \& 18,520 <br>
\hline 78,100 \& 78,150 \& 16,502 \& 13,006 \& 16,854 \& 81,100 \& 81,150 \& 17,342 \& 13,756 \& 17,694 \& 84,100 \& 84,150 \& 18,182 \& 14,506 \& 18,534 <br>
\hline 78,150 \& 78,200 \& 16,516 \& 13,019 \& 16,868 \& 81,150 \& 81,200 \& 17,356 \& 13,769 \& 17,708 \& 84,150 \& 84,200 \& 18,196 \& 14,519 \& 18,548 <br>
\hline 78,200 \& 78,250 \& 16,530 \& 13,031 \& 16,882 \& 81,200 \& 81,250 \& 17,370 \& 13,781 \& 17,722 \& 84,200 \& 84,250 \& 18,210 \& 14,531 \& 18,562 <br>
\hline 78,250 \& 78,300 \& 16,544 \& 13,044 \& 16,896 \& 81,250 \& 81,300 \& 17,384 \& 13,794 \& 17,736 \& 84,250 \& 84,300 \& 18,224 \& 14,544 \& 18,576 <br>
\hline 78,300 \& 78,350 \& 16,558 \& 13,056 \& 16,910 \& 81,300 \& 81,350 \& 17,398 \& 13,806 \& 17,750 \& 84,300 \& 84,350 \& 18,238 \& 14,556 \& 18,590 <br>
\hline 78,350 \& 78,400 \& 16,572 \& 13,069 \& 16,924 \& 81,350 \& 81,400 \& 17,412 \& 13,819 \& 17,764 \& 84,350 \& 84,400 \& 18,252 \& 14,569 \& 18,604 <br>
\hline 78,400 \& 78,450 \& 16,586 \& 13,081 \& 16,938 \& 81,400 \& 81,450 \& 17,426 \& 13,831 \& 17,778 \& 84,400 \& 84,450 \& 18,266 \& 14,581 \& 18,618 <br>
\hline 78,450 \& 78,500 \& 16,600 \& 13,094 \& 16,952 \& 81,450 \& 81,500 \& 17,440 \& 13,844 \& 17,792 \& 84,450 \& 84,500 \& 18,280 \& 14,594 \& 18,632 <br>
\hline 78,500 \& 78,550 \& 16,614 \& 13,106 \& 16,966 \& 81,500 \& 81,550 \& 17,454 \& 13,856 \& 17,806 \& 84,500 \& 84,550 \& 18,294 \& 14,606 \& 18,646 <br>
\hline 78,550 \& 78,600 \& 16,628 \& 13,119 \& 16,980 \& 81,550 \& 81,600 \& 17,468 \& 13,869 \& 17,820 \& 84,550 \& 84,600 \& 18,308 \& 14,619 \& 18,660 <br>
\hline 78,600 \& 78,650 \& 16,642 \& 13,131 \& 16,994 \& 81,600 \& 81,650 \& 17,482 \& 13,881 \& 17,834 \& 84,600 \& 84,650 \& 18,322 \& 14,631 \& 18,674 <br>
\hline 78,650 \& 78,700 \& 16,656 \& 13,144 \& 17,008 \& 81,650 \& 81,700 \& 17,496 \& 13,894 \& 17,848 \& 84,650 \& 84,700 \& 18,336 \& 14,644 \& 18,688 <br>
\hline 78,700 \& 78,750 \& 16,670 \& 13,156 \& 17,022 \& 81,700 \& 81,750 \& 17,510 \& 13,906 \& 17,862 \& 84,700 \& 84,750 \& 18,350 \& 14,656 \& 18,702 <br>
\hline 78,750 \& 78,800 \& 16,684 \& 13,169 \& 17,036 \& 81,750 \& 81,800 \& 17,524 \& 13,919 \& 17,876 \& 84,750 \& 84,800 \& 18,364 \& 14,669 \& 18,716 <br>
\hline 78,800 \& 78,850 \& 16,698 \& 13,181 \& 17,050 \& 81,800 \& 81,850 \& 17,538 \& 13,931 \& 17,890 \& 84,800 \& 84,850 \& 18,378 \& 14,681 \& 18,730 <br>
\hline 78,850 \& 78,900 \& 16,712 \& 13,194 \& 17,064 \& 81,850 \& 81,900 \& 17,552 \& 13,944 \& 17,904 \& 84,850 \& 84,900 \& 18,392 \& 14,694 \& 18,744 <br>
\hline 78,900 \& 78,950 \& 16,726 \& 13,206 \& 17,078 \& 81,900 \& 81,950 \& 17,566 \& 13,956 \& 17,918 \& 84,900 \& 84,950 \& 18,406 \& 14,706 \& 18,758 <br>
\hline 78,950 \& 79,000 \& 16,740 \& 13,219 \& 17,092 \& 81,950 \& 82,000 \& 17,580 \& 13,969 \& 17,932 \& 84,950 \& 85,000 \& 18,420 \& 14,719 \& 18,772 <br>
\hline 79,0 \& 000 \& \& \& \& 82,0 \& 000 \& \& \& \& 85, \& 000 \& \& \& <br>
\hline 79,000 \& 79,050 \& 16,754 \& 13,231 \& 17,106 \& 82,000 \& 82,050 \& 17,594 \& 13,981 \& 17,946 \& 85,000 \& 85,050 \& 18,434 \& 14,731 \& 18,786 <br>
\hline 79,050 \& 79,100 \& 16,768 \& 13,244 \& 17,120 \& 82,050 \& 82,100 \& 17,608 \& 13,994 \& 17,960 \& 85,050 \& 85,100 \& 18,448 \& 14,744 \& 18,800 <br>
\hline 79,100 \& 79,150 \& 16,782 \& 13,256 \& 17,134 \& 82,100 \& 82,150 \& 17,622 \& 14,006 \& 17,974 \& 85,100 \& 85,150 \& 18,462 \& 14,756 \& 18,814 <br>
\hline 79,150 \& 79,200 \& 16,796 \& 13,269 \& 17,148 \& 82,150 \& 82,200 \& 17,636 \& 14,019 \& 17,988 \& 85,150 \& 85,200 \& 18,476 \& 14,769 \& 18,828 <br>
\hline 79,200 \& 79,250 \& 16,810 \& 13,281 \& 17,162 \& 82,200 \& 82,250 \& 17,650 \& 14,031 \& 18,002 \& 85,200 \& 85,250 \& 18,490 \& 14,781 \& 18,842 <br>
\hline 79,250 \& 79,300 \& 16,824 \& 13,294 \& 17,176 \& 82,250 \& 82,300 \& 17,664 \& 14,044 \& 18,016 \& 85,250 \& 85,300 \& 18,504 \& 14,794 \& 18,856 <br>
\hline 79,300 \& 79,350 \& 16,838 \& 13,306 \& 17,190 \& 82,300 \& 82,350 \& 17,678 \& 14,056 \& 18,030 \& 85,300 \& 85,350 \& 18,518 \& 14,806 \& 18,870 <br>
\hline 79,350 \& 79,400 \& 16,852 \& 13,319 \& 17,204 \& 82,350 \& 82,400 \& 17,692 \& 14,069 \& 18,044 \& 85,350 \& 85,400 \& 18,532 \& 14,819 \& 18,884 <br>
\hline 79,400 \& 79,450 \& 16,866 \& 13,331 \& 17,218 \& 82,400 \& 82,450 \& 17,706 \& 14,081 \& 18,058 \& 85,400 \& 85,450 \& 18,546 \& 14,831 \& 18,898 <br>
\hline 79,450 \& 79,500 \& 16,880 \& 13,344 \& 17,232 \& 82,450 \& 82,500 \& 17,720 \& 14,094 \& 18,072 \& 85,450 \& 85,500 \& 18,560 \& 14,844 \& 18,912 <br>
\hline 79,500 \& 79,550 \& 16,894 \& 13,356 \& 17,246 \& 82,500 \& 82,550 \& 17,734 \& 14,106 \& 18,086 \& 85,500 \& 85,550 \& 18,574 \& 14,856 \& 18,926 <br>
\hline 79,550 \& 79,600 \& 16,908 \& 13,369 \& 17,260 \& 82,550 \& 82,600 \& 17,748 \& 14,119 \& 18,100 \& 85,550 \& 85,600 \& 18,588 \& 14,869 \& 18,940 <br>
\hline 79,600 \& 79,650 \& 16,922 \& 13,381 \& 17.274 \& 82,600 \& 82,650 \& 17,762 \& 14,131 \& 18,114 \& 85,600 \& 85,650 \& 18,602 \& 14,881 \& 18,954 <br>
\hline 79,650 \& 79,700 \& 16,936 \& 13,394 \& 17,288 \& 82,650 \& 82,700 \& 17,776 \& 14,144 \& 18,128 \& 85,650 \& 85,700 \& 18,616 \& 14,894 \& 18,968 <br>
\hline 79,700 \& 79,750 \& 16,950 \& 13,406 \& 17,302 \& 82,700 \& 82,750 \& 17,790 \& 14,156 \& 18,142 \& 85,700 \& 85,750 \& 18,630 \& 14,906 \& 18,982 <br>
\hline 79,750 \& 79,800 \& 16,964 \& 13,419 \& 17,316 \& 82,750 \& 82,800 \& 17,804 \& 14,169 \& 18,156 \& 85,750 \& 85,800 \& 18,644 \& 14,919 \& 18,996 <br>
\hline 79,800 \& 79,850 \& 16,978 \& 13,431 \& 17,330 \& 82,800 \& 82,850 \& 17,818 \& 14,181 \& 18,170 \& 85,800 \& 85,850 \& 18,658 \& 14,931 \& 19,010 <br>
\hline 79,850 \& 79,900 \& 16,992 \& 13,444 \& 17,344 \& 82,850 \& 82,900 \& 17,832 \& 14,194 \& 18,184 \& 85,850 \& 85,900 \& 18,672 \& 14,944 \& 19,024 <br>
\hline 79,900 \& 79,950 \& 17,006 \& 13,456 \& 17,358 \& 82,900 \& 82,950 \& 17,846 \& 14,206 \& 18,198 \& 85,900 \& 85,950 \& 18,686 \& 14,956 \& 19,038 <br>
\hline 79,950 \& 80,000 \& 17,020 \& 13,469 \& 17,372 \& 82,950 \& 83,000 \& 17,860 \& 14,219 \& 18,212 \& 85,950 \& 86,000 \& 18,700 \& 14,969 \& 19,052 <br>
\hline
\end{tabular}

(Continued on page 39)

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

2004 Tax Table-Continued

| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39 , is- |  | And you are- |  |  | If Form 1040NR, line 39 , is- |  | And you are- |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| At least | But less than |  | Qualifying widow(er) |  | At least | But <br> less <br> than | Single | Qualifying widow(er) | $\left\|\begin{array}{c} \text { Married } \\ \text { filing } \\ \text { separately } \end{array}\right\|$ | $\begin{aligned} & \text { At } \\ & \text { least } \end{aligned}$ | $\begin{aligned} & \text { But } \\ & \text { less } \\ & \text { than } \end{aligned}$ |  | Qualifying widow(er) <br> ur tax is | Married <br> filing <br> separately |
| 86,000 |  |  |  |  | 89,000 |  |  |  |  | 92,000 |  |  |  |  |
| 86,000 86,050 86,100 86,150 | $\begin{aligned} & 86,050 \\ & 86,100 \\ & 86,150 \\ & 86,200 \end{aligned}$ | $\begin{aligned} & 18,714 \\ & 18,728 \\ & 18,742 \\ & 18,756 \end{aligned}$ | $\begin{aligned} & 14,981 \\ & 14,994 \\ & 15,006 \\ & 15,019 \end{aligned}$ | $\begin{array}{r} 19,066 \\ 19,080 \\ 19,094 \\ 19,108 \end{array}$ | $\begin{aligned} & 89,000 \\ & 89,050 \\ & 89,100 \\ & 89,100 \end{aligned}$ | $\begin{aligned} & 89,050 \\ & 89,100 \\ & 89,150 \\ & 89,200 \end{aligned}$ | $\begin{aligned} & 19,554 \\ & 19,568 \\ & 19,582 \\ & 19,596 \end{aligned}$ | $\begin{aligned} & 15,731 \\ & 15,744 \\ & 15,756 \\ & 15,769 \end{aligned}$ | $\begin{aligned} & 19,906 \\ & 19,920 \\ & 19,934 \\ & 19,948 \end{aligned}$ | $\begin{aligned} & 92,000 \\ & 92,050 \\ & 92,100 \\ & 92,150 \end{aligned}$ | $\begin{aligned} & 92,050 \\ & 9,100 \\ & 92,150 \\ & 92,200 \end{aligned}$ | $\begin{aligned} & 20,394 \\ & 20,408 \\ & 20,42 \\ & 20,436 \end{aligned}$ | $\begin{aligned} & 16,481 \\ & 16,49 \\ & 16,506 \\ & 16,519 \end{aligned}$ | $\begin{array}{r} 20,881 \\ 20,897 \\ 20,914 \\ 20,930 \end{array}$ |
| $\begin{aligned} & 86,200 \\ & 86,250 \\ & 86,300 \\ & 86,350 \end{aligned}$ | $\begin{aligned} & 86,250 \\ & 86,300 \\ & 86,350 \\ & 86,400 \end{aligned}$ | $\begin{aligned} & 18,770 \\ & 18,784 \\ & 18,798 \\ & 18,812 \end{aligned}$ | $\begin{aligned} & 15,031 \\ & 15,044 \\ & 15,056 \\ & 15,069 \end{aligned}$ | $\begin{array}{r} 19,122 \\ 19,136 \\ 19,150 \\ 19,164 \end{array}$ | $\begin{aligned} & 89,200 \\ & 89,200 \\ & 89,300 \\ & 89,350 \end{aligned}$ | $\begin{aligned} & 89,250 \\ & 89,300 \\ & 89,350 \\ & 89,400 \end{aligned}$ | $\begin{aligned} & 19,610 \\ & 19,624 \\ & 19,638 \\ & 19,652 \end{aligned}$ | $\begin{aligned} & 15,781 \\ & 15,794 \\ & 15,806 \\ & 15,819 \end{aligned}$ | $\begin{aligned} & 19,962 \\ & 19,976 \\ & 19,990 \\ & 20,906 \end{aligned}$ | $\begin{aligned} & 92,200 \\ & 92,500 \\ & 92,300 \\ & 92,350 \end{aligned}$ | $\begin{aligned} & 92,250 \\ & 92,300 \\ & 92,350 \\ & 92,40 \end{aligned}$ | $\begin{aligned} & 20,450 \\ & 20,646 \\ & 20,478 \\ & 20,492 \end{aligned}$ | $\begin{aligned} & 16,531 \\ & 16,54 \\ & 16,556 \\ & 16,569 \end{aligned}$ | $\begin{aligned} & 20,947 \\ & 20,963 \\ & 20,980 \\ & 20,996 \end{aligned}$ |
| 86,400 86,450 86,500 86,550 | 86,450 86,500 86,550 86,600 | $\begin{aligned} & 18,826 \\ & 18,840 \\ & 18,854 \\ & 18,868 \end{aligned}$ | $\begin{aligned} & 15,081 \\ & 15,09 \\ & 15,106 \\ & 15,119 \end{aligned}$ | $\begin{array}{r} 19,178 \\ 19,192 \\ 19,206 \\ 19,220 \end{array}$ | 89,400 89,450 89,500 89,550 | $\begin{aligned} & 89,450 \\ & 89,500 \\ & 89,550 \\ & 89,600 \end{aligned}$ | $\begin{aligned} & 19,666 \\ & 19,680 \\ & 19,694 \\ & 19,708 \end{aligned}$ | $\begin{aligned} & 15,831 \\ & 15,844 \\ & 15,856 \\ & 15,869 \end{aligned}$ | $\begin{aligned} & 20,023 \\ & 20,0,039 \\ & 20,056 \\ & 0,072 \end{aligned}$ | $\begin{aligned} & 92,400 \\ & 92,450 \\ & 92,500 \\ & 92,550 \end{aligned}$ | $\begin{aligned} & 92,450 \\ & 9,500 \\ & 92,550 \\ & 9,500 \end{aligned}$ | $\begin{aligned} & 20,506 \\ & 20,520 \\ & 20,534 \\ & 20,548 \end{aligned}$ | $\begin{aligned} & 16,581 \\ & 16,594 \\ & 16,606 \\ & 16,619 \end{aligned}$ | $\begin{aligned} & 21,013 \\ & 21,029 \\ & 21,046 \\ & 21,062 \end{aligned}$ |
| 86,600 <br> 86,650 <br> 86,700 <br> 86 <br> 86,750 | $\begin{aligned} & 86,650 \\ & 86,700 \\ & 86,750 \\ & 86,800 \end{aligned}$ | $\begin{aligned} & 18,882 \\ & 18,896 \\ & 18,910 \\ & 18,924 \end{aligned}$ | $\begin{aligned} & 15,131 \\ & 15,144 \\ & 15,156 \\ & 15,169 \end{aligned}$ | $\begin{aligned} & 19,234 \\ & 19,248 \\ & 19,262 \\ & 19,276 \end{aligned}$ | $\begin{aligned} & 89,600 \\ & 89,650 \\ & 89,700 \\ & 89,750 \end{aligned}$ | $\begin{aligned} & 89,650 \\ & 89,700 \\ & 89,750 \\ & 89,800 \end{aligned}$ | $\begin{aligned} & 19,722 \\ & 19,736 \\ & 19,750 \\ & 19,764 \end{aligned}$ | $\begin{aligned} & 15,881 \\ & 15,894 \\ & 15,906 \\ & 15,919 \end{aligned}$ | $\begin{aligned} & 20,089 \\ & 20,105 \\ & 20,122 \\ & 20,138 \end{aligned}$ | $\begin{aligned} & 92,600 \\ & 92,650 \\ & 92,700 \\ & 92,750 \end{aligned}$ | $\begin{aligned} & 92,650 \\ & 92,700 \\ & 92,750 \\ & 9,800 \end{aligned}$ | $\begin{aligned} & 20,562 \\ & 20,576 \\ & 20,590 \\ & 00,604 \end{aligned}$ | $\begin{aligned} & 16,631 \\ & 16,644 \\ & 16,656 \\ & 16,669 \end{aligned}$ | $\begin{aligned} & 21,079 \\ & 21,095 \\ & 21,112 \\ & 21,128 \end{aligned}$ |
| 86,800 <br> 86,850 <br> 86,900 <br> 86,950 | $\begin{aligned} & 86,850 \\ & 86,900 \\ & 86,950 \\ & 87,000 \end{aligned}$ | $\begin{aligned} & 18,938 \\ & 18,952 \\ & 18,966 \\ & 18,980 \end{aligned}$ | $\begin{aligned} & 15,181 \\ & 15,194 \\ & 15,206 \\ & 15,219 \end{aligned}$ | $\begin{aligned} & 19,290 \\ & 19,304 \\ & 19,318 \\ & 19,332 \end{aligned}$ | 89,800 89,850 89,900 89,950 | $\begin{aligned} & 89,850 \\ & 89,900 \\ & 89,950 \\ & 90,000 \end{aligned}$ | 19,778 19,792 19,806 19,820 | $\begin{aligned} & 15,931 \\ & 15,944 \\ & 15,956 \\ & 15,969 \end{aligned}$ | $\begin{aligned} & 20,155 \\ & 20,171 \\ & 20,188 \\ & 20,200 \end{aligned}$ | $\begin{aligned} & 92,800 \\ & 92,850 \\ & 92,900 \\ & 92,950 \end{aligned}$ | $\begin{aligned} & 92,850 \\ & 9,900 \\ & 92,950 \\ & 93,000 \end{aligned}$ | 20,618 20,632 20,646 20,660 | $\begin{aligned} & 16,681 \\ & 16,694 \\ & 16,706 \\ & 16,719 \end{aligned}$ | $\begin{aligned} & 21,145 \\ & 21,161 \\ & 21,178 \\ & 21,194 \end{aligned}$ |
| 87,000 |  |  |  |  | 90,000 |  |  |  |  | 93,000 |  |  |  |  |
| $\begin{aligned} & 87,000 \\ & 87,000 \\ & 87,100 \\ & 87,150 \end{aligned}$ | $\begin{aligned} & 87,050 \\ & 87,100 \\ & 87,150 \\ & 87,200 \end{aligned}$ | $\begin{aligned} & 18,994 \\ & 19,008 \\ & 19,022 \\ & 19,036 \end{aligned}$ | $\begin{aligned} & 15,231 \\ & 15,244 \\ & 15,256 \\ & 15,269 \end{aligned}$ | $\begin{aligned} & 19,346 \\ & 19,360 \\ & 19,374 \\ & 19,388 \end{aligned}$ | $\begin{aligned} & 90,000 \\ & 90,050 \\ & 90,100 \\ & 90,150 \end{aligned}$ | $\begin{aligned} & 90,050 \\ & 99,100 \\ & 90,150 \\ & 90,200 \end{aligned}$ | 19,834 19,848 19,862 19,876 | $\begin{aligned} & 15,981 \\ & 15,994 \\ & 16,006 \\ & 16,019 \end{aligned}$ | $\begin{aligned} & 20,221 \\ & 20,237 \\ & 20,254 \\ & 20,270 \end{aligned}$ | $\begin{aligned} & 93,000 \\ & 9,000 \\ & 93,100 \\ & 93,150 \end{aligned}$ | $\begin{aligned} & 93,050 \\ & 93,100 \\ & 93,150 \\ & 93,200 \end{aligned}$ | $\begin{aligned} & 20,674 \\ & 20,688 \\ & 20,702 \\ & 00,716 \end{aligned}$ | $\begin{aligned} & 16,731 \\ & 16,744 \\ & 16,756 \\ & 16,769 \end{aligned}$ | $\begin{aligned} & 21,211 \\ & 21,227 \\ & 21,244 \\ & 21,260 \end{aligned}$ |
| $\begin{aligned} & 87,200 \\ & 87,250 \\ & 87,300 \\ & 87,350 \end{aligned}$ | $\begin{aligned} & 87,250 \\ & 87,300 \\ & 87,350 \\ & 87,400 \end{aligned}$ | $\begin{aligned} & 19,050 \\ & 19,064 \\ & 19,078 \\ & 19,092 \end{aligned}$ | $\begin{aligned} & 15,281 \\ & 15,294 \\ & 15,306 \\ & 15,319 \end{aligned}$ | $\begin{array}{r} 19,402 \\ 19,416 \\ 19,430 \\ 19,444 \end{array}$ | $\begin{aligned} & 90,200 \\ & 9,250 \\ & 90,300 \\ & 90,350 \end{aligned}$ | $\begin{aligned} & 90,250 \\ & 90,300 \\ & 90,350 \\ & 90,400 \end{aligned}$ | $\begin{aligned} & 19,890 \\ & 19,904 \\ & 19,918 \\ & 19,932 \end{aligned}$ | 16,031 <br> 16,044 <br> 16,056 <br> 16,069 | $\begin{aligned} & 20,287 \\ & 20,303 \\ & 20,320 \\ & 20,336 \end{aligned}$ | $\begin{aligned} & 93,200 \\ & 93,200 \\ & 93,300 \\ & 93,350 \end{aligned}$ | $\begin{aligned} & 93,250 \\ & 9,200 \\ & 93,350 \\ & 93,400 \end{aligned}$ | $\begin{aligned} & 20,730 \\ & 20,744 \\ & 20,758 \\ & 0,772 \end{aligned}$ | $\begin{aligned} & 16,781 \\ & 16,994 \\ & 16,806 \\ & 16,819 \end{aligned}$ | $\begin{aligned} & 21,277 \\ & 21,293 \\ & 21,110 \\ & 21,326 \end{aligned}$ |
| $\begin{aligned} & 87,400 \\ & 87,450 \\ & 87,500 \\ & 87,550 \end{aligned}$ | $\begin{aligned} & 87,450 \\ & 87,500 \\ & 87,550 \\ & 87,600 \end{aligned}$ | $\begin{array}{r} 19,106 \\ 19,120 \\ 19,134 \\ 19,148 \end{array}$ | 15,331 15,344 15,356 15,369 | $\begin{aligned} & 19,458 \\ & 19,472 \\ & 19,486 \\ & 19,500 \end{aligned}$ | 90,400 90,450 90,500 90,550 | 90,450 90,500 90,550 90,600 | 19,946 19,960 19,974 19,988 | 16,081 16,094 16,106 16,119 $\qquad$ | $\begin{aligned} & 20,353 \\ & 20,369 \\ & 20,386 \\ & 20,402 \end{aligned}$ | $\begin{aligned} & 93,400 \\ & 99,450 \\ & 93,500 \\ & 93,550 \end{aligned}$ | $\begin{aligned} & 93,450 \\ & 9,500 \\ & 93,550 \\ & 93,600 \end{aligned}$ | $\begin{aligned} & 20,786 \\ & 20,800 \\ & 20,814 \\ & 0,828 \end{aligned}$ | $\begin{aligned} & 16,831 \\ & 16,844 \\ & 16,566 \\ & 16,869 \end{aligned}$ | $\begin{aligned} & 21,343 \\ & 21,359 \\ & 21,766 \\ & 21,392 \end{aligned}$ |
| $\begin{aligned} & 87,600 \\ & 87,650 \\ & 87,700 \\ & 87,750 \end{aligned}$ | $\begin{aligned} & 87,650 \\ & 87,700 \\ & 87,750 \\ & 87,800 \end{aligned}$ | $\begin{aligned} & 19,162 \\ & 19,176 \\ & 19,190 \\ & 19,204 \end{aligned}$ | $\begin{aligned} & 15,381 \\ & 15,394 \\ & 15,406 \\ & 15,419 \end{aligned}$ | 19,514 19,528 19,542 19,556 | $\begin{aligned} & 90,600 \\ & 90,650 \\ & 90,700 \\ & 90,750 \end{aligned}$ | $\begin{aligned} & 90,650 \\ & 90,700 \\ & 90,750 \\ & 90,800 \end{aligned}$ | $\begin{aligned} & 20,002 \\ & 20,016 \\ & 20,030 \\ & 20,044 \end{aligned}$ | $\begin{aligned} & 16,131 \\ & 16,144 \\ & 16,156 \\ & 16,169 \end{aligned}$ | $\begin{aligned} & 20,419 \\ & 0,435 \\ & 20,452 \\ & 00,468 \end{aligned}$ | $\begin{aligned} & 93,600 \\ & 93,650 \\ & 93,700 \\ & 93,750 \end{aligned}$ | $\begin{aligned} & 93,650 \\ & 9,700 \\ & 93,750 \\ & 93,800 \end{aligned}$ | 20,842 20,856 20,780 20,884 | $\begin{aligned} & 16,881 \\ & 16,894 \\ & 16,906 \\ & 16,919 \end{aligned}$ | $\begin{aligned} & 21,409 \\ & 21,425 \\ & 21,442 \\ & 21,458 \end{aligned}$ |
| $\begin{aligned} & 87,800 \\ & 87,850 \\ & 87,900 \\ & 87,950 \end{aligned}$ | $\begin{aligned} & 87,850 \\ & 87,900 \\ & 87,950 \\ & 88,500 \end{aligned}$ | $\begin{aligned} & 19,218 \\ & 19,232 \\ & 19,246 \\ & 19,260 \end{aligned}$ | $\begin{aligned} & 15,431 \\ & 15,444 \\ & 15,456 \\ & 15,469 \end{aligned}$ | $\begin{array}{r} 19,570 \\ 19,584 \\ 19,598 \\ 19,612 \end{array}$ | $\begin{aligned} & 90,800 \\ & 90,850 \\ & 90,900 \\ & 90,950 \end{aligned}$ | $\begin{aligned} & 90,850 \\ & 90,900 \\ & 90,950 \\ & 91,000 \end{aligned}$ | $\begin{aligned} & 20,058 \\ & 20,072 \\ & 20,086 \\ & 20,100 \end{aligned}$ | $\begin{aligned} & 16,181 \\ & 16,94 \\ & 16,206 \\ & 16,219 \end{aligned}$ | $\begin{aligned} & 20,485 \\ & 20,501 \\ & 20,518 \\ & 20,534 \end{aligned}$ | $\begin{aligned} & 93,800 \\ & 93,850 \\ & 93,900 \\ & 93,950 \end{aligned}$ | $\begin{aligned} & 93,850 \\ & 93,900 \\ & 93,950 \\ & 94,000 \end{aligned}$ | 20,898 20,912 20,926 20,940 | $\begin{aligned} & 16,931 \\ & 16,944 \\ & 16,956 \\ & 16,969 \end{aligned}$ | $\begin{aligned} & 21,475 \\ & 21,41 \\ & 21,508 \\ & 21,524 \\ & \hline \end{aligned}$ |
| 88,000 |  |  |  |  | 91,000 |  |  |  |  | 94,000 |  |  |  |  |
| $\begin{aligned} & 88,000 \\ & 88,050 \\ & 88,100 \\ & 88,150 \end{aligned}$ | $\begin{aligned} & 88,050 \\ & 88,100 \\ & 88,150 \\ & 88,200 \end{aligned}$ | $\begin{aligned} & 19,274 \\ & 19,288 \\ & 19,302 \\ & 19,316 \end{aligned}$ | $\begin{array}{r} 15,481 \\ 15,494 \\ 15,506 \\ 15,519 \end{array}$ | $\begin{aligned} & 19,626 \\ & 19,640 \\ & 19,654 \\ & 19,668 \end{aligned}$ | $\begin{aligned} & 91,000 \\ & 91,050 \\ & 91,100 \\ & 91,150 \end{aligned}$ | $\begin{aligned} & 91,050 \\ & 991,100 \\ & 91,150 \\ & 91,200 \end{aligned}$ | $\begin{aligned} & 20,114 \\ & 20,128 \\ & 20,142 \\ & 20,156 \end{aligned}$ | $\begin{aligned} & 16,231 \\ & 16,244 \\ & 16,256 \\ & 16,269 \end{aligned}$ | $\begin{array}{r} 20,551 \\ 20,567 \\ 20,584 \\ 20,600 \end{array}$ | $\begin{aligned} & 94,000 \\ & 94,050 \\ & 94,100 \\ & 94,150 \end{aligned}$ | $\begin{aligned} & 94,050 \\ & 94,100 \\ & 94,150 \\ & 94,200 \end{aligned}$ | $\begin{aligned} & 20,954 \\ & 20,968 \\ & 20,982 \\ & 20,996 \end{aligned}$ | $\begin{aligned} & 16,981 \\ & 16,994 \\ & 17,006 \\ & 17,019 \end{aligned}$ | $\begin{aligned} & 21,541 \\ & 21,557 \\ & 21,574 \\ & 21,590 \end{aligned}$ |
| $\begin{aligned} & 88,200 \\ & 88,250 \\ & 88,300 \\ & 88,350 \end{aligned}$ | $\begin{aligned} & 88,250 \\ & 88,300 \\ & 88,350 \\ & 88,400 \end{aligned}$ | $\begin{aligned} & 19,330 \\ & 19,344 \\ & 19,358 \\ & 19,372 \end{aligned}$ | $\begin{aligned} & 15,531 \\ & 15,54 \\ & 15,556 \\ & 15,569 \end{aligned}$ | $\begin{array}{r} 19,682 \\ 19,696 \\ 19,710 \\ 19,724 \end{array}$ | $\begin{aligned} & 91,200 \\ & 91,250 \\ & 91,300 \\ & 91,350 \end{aligned}$ | $\begin{aligned} & 91,250 \\ & 91,300 \\ & 91,350 \\ & 91,400 \end{aligned}$ | $\begin{aligned} & 20,170 \\ & 20,184 \\ & 20,198 \\ & 20,212 \end{aligned}$ | $\begin{aligned} & 16,281 \\ & 16,894 \\ & 16,036 \\ & 16,319 \end{aligned}$ | $\begin{aligned} & 20,617 \\ & 20,633 \\ & 20,650 \\ & 20,666 \end{aligned}$ | $\begin{aligned} & 94,200 \\ & 94,250 \\ & 94,300 \\ & 94,350 \end{aligned}$ | $\begin{aligned} & 94,250 \\ & 94,300 \\ & 94,350 \\ & 94,400 \end{aligned}$ | $\begin{aligned} & 21,010 \\ & 21,024 \\ & 21,038 \\ & 21,052 \end{aligned}$ | $\begin{aligned} & 17,031 \\ & 17,044 \\ & 17,566 \\ & 17,069 \end{aligned}$ | $\begin{aligned} & 21,607 \\ & 21,623 \\ & 21,640 \\ & 21,656 \end{aligned}$ |
| $\begin{aligned} & 88,400 \\ & 88,450 \\ & 88,500 \\ & 88,550 \end{aligned}$ | $\begin{aligned} & 88,450 \\ & 88,500 \\ & 88,550 \\ & 88,600 \end{aligned}$ | $\begin{aligned} & 19,386 \\ & 19,400 \\ & 19,414 \\ & 19,428 \end{aligned}$ | $\begin{aligned} & 15,581 \\ & 15,594 \\ & 15,606 \\ & 15,619 \end{aligned}$ | $\begin{aligned} & 19,738 \\ & 19,752 \\ & 19,766 \\ & 19,780 \end{aligned}$ | $\begin{aligned} & 91,400 \\ & 91,450 \\ & 91500 \\ & 91,550 \end{aligned}$ | $\begin{aligned} & 91,450 \\ & 91,500 \\ & 91,50 \\ & 91,600 \end{aligned}$ | $\begin{aligned} & 20,226 \\ & 20,240 \\ & 20,254 \\ & 20,268 \end{aligned}$ | $\begin{aligned} & 16,331 \\ & 16,344 \\ & 16,356 \\ & 16,369 \end{aligned}$ | 20,683 20,699 20,716 20,732 | $\begin{aligned} & 94,400 \\ & 94,450 \\ & 94,500 \\ & 94,550 \end{aligned}$ | $\begin{aligned} & 94,450 \\ & 94,500 \\ & 94,550 \\ & 94,600 \end{aligned}$ | $\begin{aligned} & 21,066 \\ & 21,080 \\ & 21,094 \\ & 21,108 \end{aligned}$ | $\begin{aligned} & 17,081 \\ & 17,094 \\ & 17,06 \\ & 17,119 \end{aligned}$ | $\begin{aligned} & 21,673 \\ & 21,689 \\ & 21,706 \\ & 21,722 \end{aligned}$ |
| $\begin{aligned} & 88,600 \\ & 88,650 \\ & 88,700 \\ & 88,750 \end{aligned}$ | $\begin{aligned} & 88,650 \\ & 88,700 \\ & 88,750 \\ & 88,800 \end{aligned}$ | $\begin{aligned} & 19,442 \\ & 19,456 \\ & 19,470 \\ & 19,484 \end{aligned}$ | $\begin{aligned} & 15,631 \\ & 15,644 \\ & 15,656 \\ & 15,669 \end{aligned}$ | $\begin{aligned} & 19,794 \\ & 19,808 \\ & 19,822 \\ & 19,836 \end{aligned}$ | $\begin{aligned} & 91,600 \\ & 91,650 \\ & 91,700 \\ & 91,750 \end{aligned}$ | 91,650 91,700 91,750 91,800 | $\begin{aligned} & 20,282 \\ & 20,296 \\ & 20,310 \\ & 20,324 \end{aligned}$ | $\begin{aligned} & 16,381 \\ & 16,394 \\ & 16,406 \\ & 16,419 \end{aligned}$ | $\begin{aligned} & 20,749 \\ & 20,765 \\ & 20,782 \\ & 20,798 \end{aligned}$ | $\begin{aligned} & 94,600 \\ & 94,650 \\ & 94,700 \\ & 94,750 \end{aligned}$ | $\begin{aligned} & 94,650 \\ & 94,700 \\ & 94,750 \\ & 94,800 \end{aligned}$ | $\begin{aligned} & 21,122 \\ & 21,136 \\ & 21,150 \\ & 21,164 \end{aligned}$ | $\begin{aligned} & 17,131 \\ & 17,144 \\ & 17,56 \\ & 17,169 \end{aligned}$ | $\begin{aligned} & 21,739 \\ & 21,755 \\ & 21,772 \\ & 21,788 \end{aligned}$ |
| $\begin{aligned} & 88,800 \\ & 88,850 \\ & 88,900 \\ & 88,950 \end{aligned}$ | 88,850 88,900 88,950 89,000 | $\begin{array}{r} 19,498 \\ 19,512 \\ 19,526 \\ 19,540 \end{array}$ | $\begin{aligned} & 15,681 \\ & 15,694 \\ & 15,706 \\ & 15,719 \end{aligned}$ | $\begin{array}{r} 19,850 \\ 19,864 \\ 19,878 \\ 19,89 \end{array}$ | $\begin{aligned} & 91,800 \\ & 91,850 \\ & 91,900 \\ & 91,950 \end{aligned}$ | $\begin{aligned} & 91,850 \\ & 91,900 \\ & 91,950 \\ & 92,000 \end{aligned}$ | $\begin{aligned} & 20,338 \\ & 20,352 \\ & 20,366 \\ & 20,380 \end{aligned}$ | 16,431 <br> 16,444 <br> 16,456 16,469 | $\begin{aligned} & 20,815 \\ & 20,831 \\ & 20,848 \\ & 00,864 \end{aligned}$ | $\begin{aligned} & 94,800 \\ & 94,850 \\ & 94,900 \\ & 94,950 \end{aligned}$ | $\begin{aligned} & 94,850 \\ & 94,900 \\ & 94,950 \\ & 94,000 \end{aligned}$ | $\begin{aligned} & 21,178 \\ & 21,192 \\ & 21,206 \\ & 21,220 \end{aligned}$ | $\begin{aligned} & 17,181 \\ & 17,94 \\ & 17,206 \\ & 17,219 \end{aligned}$ | $\begin{aligned} & 21,805 \\ & 21,821 \\ & 21,888 \\ & 21,854 \end{aligned}$ |

[^17]The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

| 2004 Tax Table-Continued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  | If Form 1040NR, line 39, is- |  | And you are- |  |  |
| At least | But less than | Single | Qualifying widow(er) <br> ur tax is | Married filing separately | At least | But <br> less <br> than | Single | Qualifying widow(er) <br> tax is | Married filing separately | At least | But <br> less <br> than | Single | Qualifying widow(er) | Married filing separately |
| 95,000 |  |  |  |  | 97,000 |  |  |  |  | 99,000 |  |  |  |  |
| 95,000 | 95,050 | 21,234 | 17,231 | 21,871 | 97,000 | 97,050 | 21,794 | 17,731 | 22,531 | 99,000 | 99,050 | 22,354 | 18,231 | 23,191 |
| 95,050 | 95,100 | 21,248 | 17,244 | 21,887 | 97,050 | 97,100 | 21,808 | 17,744 | 22,547 | 99,050 | 99,100 | 22,368 | 18,244 | 23,207 |
| 95,100 | 95,150 | 21,262 | 17,256 | 21,904 | 97,100 | 97,150 | 21,822 | 17,756 | 22,564 | 99,100 | 99,150 | 22,382 | 18,256 | 23,224 |
| 95,150 | 95,200 | 21,276 | 17,269 | 21,920 | 97,150 | 97,200 | 21,836 | 17,769 | 22,580 | 99,150 |  |  | 18,269 |  |
| 95,200 | 95,250 | 21,290 | 17,281 | 21,937 | 97,200 | 97,250 | 21,850 | 17,781 | 22,597 | 99,200 | 99,250 | 22,410 | 18,281 | 23,257 |
| 95,250 | 95,300 | 21,304 | 17,294 | 21,953 | 97,250 | 97,300 | 21,864 | 17,794 | 22,613 | 99,250 | 99,300 | 22,424 | 18,294 | 23,273 |
| 95,300 | 95,350 | 21,318 | 17,306 | 21,970 | 97,300 | 97,350 | 21,878 | 17,806 | 22,630 | 99,300 | 99,350 | 22,438 | 18,306 | 23,290 |
| 95,350 | 95,400 | 21,332 | 17,319 | 21,986 | 97,350 | 97,400 | 21,892 | 17,819 | 22,646 | 99,350 | 99,400 | 22,452 | 18,319 | 23,306 |
| 95,400 | 95,450 | 21,346 | 17,331 | 22,003 | 97,400 | 97,450 | 21,906 | 17,831 | 22,663 | 99,400 | 99,450 | 22,466 | 18,331 | 23,323 |
| 95,450 | 95,500 | 21,360 | 17,344 | 22,019 | 97,450 | 97,500 | 21,920 | 17,844 | 22,679 | 99,450 | 99,500 | 22,480 | 18,344 | 23,339 |
| 95,500 | 95,550 | 21,374 | 17,356 | 22,036 | 97,500 | 97,550 | 21,934 | 17,856 | 22,696 | 99,500 | 99,550 | 22,494 | 18,356 | 23,356 |
| 95,550 | 95,600 | 21,388 | 17,369 | 22,052 | 97,550 | 97,600 | 21,948 | 17,869 | 22,712 | 99,550 | 99,600 | 22,508 | 18,369 | 23,372 |
| 95,600 | 95,650 | 21,402 | 17,381 | 22,069 | 97,600 | 97,650 | 21,962 | 17,881 | 22,729 | 99,600 | 99,650 | 22,522 | 18,381 | 23,389 |
| 95,650 | 95,700 | 21,416 | 17,394 | 22,085 | 97,650 | 97,700 | 21,976 | 17,894 | 22,745 | 99,650 | 99,700 | 22,536 | 18,394 | 23,405 |
| 95,700 | 95,750 | 21,430 | 17,406 | 22,102 | 97,700 | 97,750 | 21,990 | 17,906 | 22,762 | 99,700 | 99,750 | 22,550 | 18,406 | 23,422 |
| 95,750 | 95,800 | 21,444 | 17,419 | 22,118 | 97,750 | 97,800 | 22,004 | 17,919 | 22,778 | 99,750 | 99,800 | 22,564 | 18,419 | 23,438 |
| 95,800 | 95,850 | 21,458 | 17,431 | 22,135 | 97,800 | 97,850 | 22,018 | 17,931 | 22,795 | 99,800 | 99,850 | 22,578 | 18,431 | 23,455 |
| 95,850 | 95,900 | 21,472 | 17,444 | 22,151 | 97,850 | 97,900 | 22,032 | 17,944 | 22,811 | 99,850 | 99,900 | 22,592 | 18,444 | 23,471 |
| 95,900 | 95,950 | 21,486 | 17,456 | 22,168 | 97,900 | 97,950 | 22,046 | 17,956 | 22,828 | 99,900 | 99,950 | 22,606 | 18,456 | 23,488 |
| 95,950 | 96,000 | 21,500 | 17,469 | 22,184 | 97,950 | 98,000 | 22,060 | 17,969 | 22,844 | 99,950 | 100,000 | 22,620 | 18,469 | 23,504 |
| 96,00 |  |  |  |  | 98,0 | 00 |  |  |  |  |  |  |  |  |
| 96,000 | 96,050 | 21,514 | 17,481 | 22,201 | 98,000 | 98,050 | 22,074 | 17,981 | 22,861 |  |  |  |  |  |
| 96,050 | 96,100 | 21,528 | 17,494 | 22,217 | 98,050 | 98,100 | 22,088 | 17,994 | 22,877 |  |  |  |  |  |
| 96,100 | 96,150 | 21,542 | 17,506 | 22,234 | 98,100 | 98,150 | 22,102 | 18,006 | 22,894 |  |  |  |  |  |
| 96,150 | 96,200 | 21,556 | 17,519 | 22,250 | 98,150 | 98,200 | 22,116 | 18,019 | 22,910 |  |  |  |  |  |
| 96,200 | 96,250 | 21,570 | 17,531 | 22,267 | 98,200 | 98,250 | 22,130 | 18,031 | 22,927 |  |  |  |  |  |
| 96,250 | 96,300 | 21,584 | 17,544 | 22,283 | 98,250 | 98,300 | 22,144 | 18,044 | 22,943 |  |  | ,00 |  |  |
| 96,300 | 96,350 | 21,598 | 17,556 | 22,300 | 98,300 | 98,350 | 22,158 | 18,056 | 22,960 |  |  | 0,000 |  |  |
| 96,350 | 96,400 | 21,612 | 17,569 | 22,316 | 98,350 | 98,400 | 22,172 | 18,069 | 22,976 |  |  | er - |  |  |
| 96,400 | 96,450 | 21,626 | 17,581 | 22,333 | 98,400 | 98,450 | 22,186 | 18,081 | 22,993 |  |  | he Tax |  |  |
| 96,450 | 96,500 | 21,640 | 17,594 | 22,349 | 98,450 | 98,500 | 22,200 | 18,094 | 23,009 |  |  | mputat | ion |  |
| 96,500 | 96,550 | 21,654 | 17,606 | 22,366 | 98,500 | 98,550 | 22,214 | 18,106 | 23,026 |  |  | orkshe | et |  |
| 96,550 | 96,600 | 21,668 | 17,619 | 22,382 | 98,550 | 98,600 | 22,228 | 18,119 | 23,042 |  |  | orkshe | et |  |
| 96,600 | 96,650 | 21,682 | 17,631 | 22,399 | 98,600 | 98,650 | 22,242 | 18,131 | 23,059 |  |  | page |  |  |
| 96,650 | 96,700 | 21,696 | 17,644 | 22,415 | 98,650 | 98,700 | 22,256 | 18,144 | 23,075 |  |  |  |  |  |
| 96,700 | 96,750 | 21,710 | 17,656 | 22,432 | 98,700 | 98,750 | 22,270 | 18,156 | 23,092 |  |  |  |  |  |
| 96,750 | 96,800 | 21,724 | 17,669 | 22,448 | 98,750 | 98,800 | 22,284 | 18,169 | 23,108 |  |  |  |  |  |
| 96,800 | 96,850 | 21,738 | 17,681 | 22,465 | 98,800 |  | 22,298 | $18,181$ |  |  |  |  |  |  |
| 96,850 | 96,900 | 21,752 | 17,694 | 22,481 | 98,850 | 98,900 | 22,312 | 18,194 | 23,141 |  |  |  |  |  |
| 96,900 | 96,950 | 21,766 | 17,706 | 22,498 | 98,900 | 98,950 | 22,326 | 18,206 | 23,158 |  |  |  |  |  |
| 96,950 | 97,000 | 21,780 | 17,719 | 22,514 | 98,950 | 99,000 | 22,340 | 18,219 | 23,174 |  |  |  |  |  |

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## 2004 Tax Rate Schedules

Estates or Trusts. Use Schedule W below to compute your tax.


Individuals. If your taxable income is $\$ 100,000$ or more, use the Tax Computation Worksheet on page 41 to compute your tax. The Tax Rate Schedules are shown so you can see the tax rate that applies to all levels of taxable income but should not be used to figure your tax.

## Schedule W

Estates or Trusts
Use this schedule for a nonresident alien estate or trust-

| If the amount on Form 1040NR, line 39 , is: Over- | But not over- | Enter on Form 1040NR, line 40 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$1,950 | ..... 15\% | \$0 |
| 1,950 | 4,600 | \$292.50 + 25\% | 1,950 |
| 4,600 | 7,000 | 955.00 + 28\% | 4,600 |
| 7,000 | 9,550 | 1,627.00 + 33\% | 7,000 |
| 9,550 |  | 2,468.50 + 35\% | 9,550 |

## Schedule Y

Married Filing Separate Returns
Use this schedule if you checked Filing Status Box 3, 4, or 5 on Form 1040NR-

| If the amount on Form 1040NR, line 39, is: <br> Over- | But not over- | Enter on Form 1040NR, line 40 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$7,150 | 10\% | \$0 |
| 7,150 | 29,050 | \$715.00 + 15\% | 7,150 |
| 29,050 | 58,625 | 4,000.00 + 25\% | 29,050 |
| 58,625 | 89,325 | 11,393.75 + $28 \%$ | 58,625 |
| 89,325 | 159,550 | 19,989.75 + $33 \%$ | 89,325 |
| 159,550 |  | 43,164.00 + $35 \%$ | 159,550 |



## Schedule Z

Qualifying Widows and Widowers
Use this schedule if you checked Filing Status Box 6 on Form 1040NR-

| If the amount on Form 1040NR, line 39, is: <br> Over- | But not over- | Enter on Form 1040NR, line 40 | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$14,300 | -....... 10\% | \$0 |
| 14,300 | 58,100 | \$1,430.00 + 15\% | 14,300 |
| 58,100 | 117,250 | 8,000.00 + 25\% | 58,100 |
| 117,250 | 178,650 | 22,787.50 + $28 \%$ | 117,250 |
| 178,650 | 319,100 | 39,979.50 + $33 \%$ | 178,650 |
| 319,100 |  | 86,328.00 + $35 \%$ | 319,100 |

see the instructions for line 39 on page xx to see if you can use the worksheet below to figure your tax.

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Section A—Use if your filing status is Single. Complete the row below that applies to you.

| (a) If the amount on Form <br> 1040NR, line 39 is: | (b) Enter the amount <br> from Form 1040NR, <br> line 39 | (c) <br> Multiplication <br> amount | (d) Multiply column <br> (b) by column (c) | (e) Subtraction <br> amount | Your tax. Subtract <br> column (e) from <br> column (d). Enter <br> the result here and <br> on Form 1040NR, <br> line 40 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| At least $\$ 100,000$ but not over <br> $\$ 146,750$ | $\$$ | $\times 28 \%(.28)$ | $\$$ | $\$ 5,373.00$ | $\$$ |
| Over $\$ 146,750$ but not over <br> $\$ 319,100$ | $\$$ | $\times 33 \%(.33)$ | $\$$ | $\$ 12,710.50$ | $\$$ |
| Over $\$ 319,100$ | $\$$ | $\times 35 \%(.35)$ | $\$$ | $\$ 19,092.50$ | $\$$ |

Section B—Use if your filing status is qualifying widow(er). Complete the row below that applies to you.

| (a) If the amount on Form <br> 1040NR, line 39 is: | (b) Enter the amount <br> from Form 1040NR, <br> line 39 | (c) <br> Multiplication <br> amount | (d) Multiply column <br> (b) by column (c) | (e) Subtraction <br> amount | Your tax. Subtract <br> column (e) from <br> column (d). Enter the <br> result here and on <br> Form 1040NR, Ine <br> 40 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| At least $\$ 100,000$ but not over <br> $\$ 117,250$ | $\$$ | $\times 25 \%(.25)$ | $\$$ | $\$ 6,525.00$ | $\$$ |
| Over $\$ 117,250$ but not over <br> $\$ 178,650$ | $\$$ | $\times 28 \%(.28)$ | $\$$ | $\$ 10,042.50$ | $\$$ |
| Over $\$ 178,650$ but not over <br> $\$ 319,100$ | $\$$ | $\times 33 \%(.33)$ | $\$$ | $\$ 18,975.00$ | $\$$ |
| Over $\$ 319,100$ | $\$$ | $\times 35 \%(.35)$ | $\$$ | $\$ 25,357.00$ | $\$$ |

Section C—Use if your filing status is Married filing separately. Complete the row below that applies to you.

| (a) If the amount on Form <br> 1040NR, line 39 is: | (b) Enter the amount <br> from Form 1040NR, <br> line 39 | (c) <br> Multiplication <br> amount | (d) Multiply column <br> (b) by column (c) | (e) Subtraction <br> amount | Your tax. Subtract <br> column (e) from <br> column (d). Enter the <br> result here and on <br> Form 1040NR, line <br> 40 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| At least $\$ 100,000$ but not <br> over $\$ 159,550$ | $\$$ | $\times 33 \%(.33)$ | $\$$ | $\$ 9,487.50$ | $\$$ |
| Over $\$ 159,550$ | $\$$ | $\times 35 \%(.35)$ | $\$$ | $\$ 12,678.50$ | $\$$ |

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For the year January 1-December 31, 2005, or other tax year

Department of the Treasury Internal Revenue Service
beginning
2005, and ending



## Schedule A—Itemized Deductions (See pages 22, 23, and 24.)


(G00z) YNOtOL


## Other Information (If an item does not apply to you, enter "N/A.")

A What country issued your passport?
B Were you ever a U.S. citizen?YesNo

C Give the purpose of your visit to the United States

## D Type of entry visa

and current nonimmigrant status and date of change (see page 25)

E Date you entered the United States (see page 25) -

F Did you give up your permanent residence as an immigrant in the United States this year?
 Yes $\square$ No

G Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only.

H Give number of days (including vacation and nonworkdays) you were present in the United States during:
2003 $\qquad$ 2004 $\qquad$
$\qquad$ . .
I If you are a resident of Canada, Mexico, Japan (see page xx), or the Republic of Korea (South Korea), or a U.S. national, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? $\qquad$ Yes $\square$ No

## If "Yes," enter amount \$

If you were a resident of Japan (and you choose to have the old U.S.-Japan treaty apply in its entirety for 2005) or the Republic of Korea (South Korea) for any part of the tax year, enter in the space below your total foreign source income not effectively connected with a U.S. trade or business. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaty between the United States and the Republic of Korea (South Korea) or Article 4 of the old income tax treaty between the United States and Japan.

Total foreign source income not effectively connected with a U.S. trade or business $>$ \$
J Did you file a U.S. income tax return for any year before 2005?.Yes $\square$ No
If "Yes," give the latest year and form number
K To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 60, 63, and 65?

L Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? .
 Yes No

If "Yes," show the amount, nature, and source of the excluded income. Also, give the reason it was excluded. (Do not include amounts shown in item M.)

M If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 26 for additional information.

- Country
- Type and amount of effectively connected income exempt from tax. Also, identify the applicable tax treaty article. Do not enter exempt income on lines 8, 9a, 10a, 11-15, 16b, or 17b-21 of Form 1040NR:

For 2005 (also, include this exempt income on line 22 of Form 1040NR)

- Type and amount of income not effectively connected that is exempt from or subject to a reduced rate of tax. Also, identify the applicable tax treaty article:

For 2005

For 2004

- Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? . $\square$ Yes No
- Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the United States at any time during 2005?Yes No
N If you file this return to report community income, give your spouse's name, address, and identifying number.

O If you file this return for a trust, does the trust have a U.S. business? . $\square Y$ Yes No If "Yes," give name and address
$\mathbf{P}$ Is this an "expatriation return" (see page 26)?Yes No If "Yes," you must attach an annual information statement.

Q During 2005, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? $\qquad$ Yes No

## 2005 Instructions for Schedules A \& B (Form 1040), Itemized Deductions and Interest and Ordinary Dividend Income

| Purpose: | This is the first circulated draft of the 2005 Instructions for <br> Schedules A \& B (Form 1040), Itemized Deductions and Interest <br> and Ordinary Dividend Income, for your review and comments. <br> The major changes are discussed below. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Forms: | The 2005 Schedules A \& B (Form 1040) were circulated February 18 ${ }^{\text {th }}$ <br> and can be viewed at: <br> http://taxforms.web.irs.gov/Products/Drafts/05F1040SA\&B d1.pdf |
| Prior Revisions: | The 2004 Instructions for Schedules A \& B can be viewed by clicking on <br> the following link: http://www.irs.gov/pub/irs-pdf/i1040sa.pdf |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by July 28, 2005. |

1. Line references to Form 1040 have been updated to reflect most recent draft of 2005 Form 1040.
2. Dollar amounts have been changed to reflect inflationary adjustments per Rev. Proc. 2004-71.
3. New line 29 instructions were added to eliminate a current write-in entry on Form 1040, Line 39 (Line 40 on the 2005 draft). It tells the taxpayer to check the box on line 29 to elect itemized deductions though the taxpayer's standard deduction is greater. Per SE:W:CAR:MP:T
4. The medical expense deduction was expanded to cover any person who could have been claimed as a dependent except that the taxpayer is claimed as a dependent on someone else's return per IRC sections 213(a) and 152(b)(1)
5. The tax benefit rule applies to the election to deduct state and local general sales taxes per IRC sections 164(b)(5) and 111 and CC email.
6. Instructions for line 5b, General sales taxes, have been added. Note: The tables have not been updated to reflect 2005 amounts.
7. Line 2 a of the instructions for the State and Local General Sales Tax Deduction Worksheet and the step 4 instructions have been modified to take into account that some local general sales taxes are being incorporated into the sales tax tables.
8. The Optional State Sales Tax Tables have been added to the instructions. The tables shown have not been updated for 2005.

Note: There are no major changes to Schedule B (Form 1040), Interest and Ordinary Dividends.

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Paul. W. Miller |  |  |  |  |  |
| SE:W:CAR:MP:T:I:F |  |  |  |  |  | Paul.W.Miller@irs.gov | 202-622-9713 | $202-927-6234$ |
| :--- | :--- |
| $6423-03$ |  |

Department of the Treasury
Internal Revenue Service

# 2005 Instructions for Schedules A \& B (Form 1040) 

# Instructions for Schedule A, Itemized Deductions 

## What's New

- The 2005 rate for use of your vehicle to get medical care is 15 cents a mile.
- The tables and worksheet needed to figure your state and local sales tax deduction using the optional method have been added to the instructions for line 5 that begin on page A-2. Pub. 600 and Pub. 600-A do not apply for 2005.
- If you deduct more than $\$ 500$ for a contribution of a motor vehicle, boat, or airplane, you must attach a statement from the charitable organization to your return. See the instructions for line 16 on page A-6.
- If you elected to deduct contributions made in January 2005 for the relief of victims of the tsunami on your 2004 return, you cannot deduct the contributions for 2005. See Contributions You Cannot Deduct on page A-6.
- Certain whaling captains may be able to claim a charitable deduction for whale hunting expenses. See Gifts to Charity on page A-5 for more details.
- Line 29 has been added to elect to itemize even though your itemized deductions are less than your standard deduction. This election was previously made on Form 1040.


## Medical and Dental Expenses

You can deduct only the part of your medical and dental expenses that exceeds $7.5 \%$ of the amount on Form 1040, line 38.

Use Schedule A (Form 1040) to figure your itemized deductions. In most cases, your federal income tax will be less if you take the larger of your itemized deductions or your standard deduction.

If you itemize, you can 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 can also deduct certain casualty and theft losses.

If you and your spouse paid expenses jointly and are filing separate returns for 2005, see Pub. 504 to figure the portion of joint expenses that you can claim as itemized deductions.


Do not include on Schedule A items deducted elsewhere, such as on Form 1040 or Schedule C, C-EZ, E, or F.

- Acupuncturists, chiropractors, dentists, eye doctors, medical doctors, occupational therapists, osteopathic doctors, physical therapists, podiatrists, psychiatrists, psychoanalysts (medical care only), and psychologists.
- 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 can deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Qualified long-term care services (see Pub. 502).
- The supplemental part of Medicare insurance (Medicare B).
- A program to stop smoking and for prescription medicines to alleviate nicotine withdrawal.
- A weight-loss program as treatment for a specific disease (including obesity) diagnosed by a doctor.
- 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.
- Surgery to improve defective vision, such as laser eye surgery or radial keratotomy.
- 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, provided there was no significant element of personal pleasure,
recreation, or vacation in the travel. Do not deduct 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 can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim 15 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 can be claimed on the deceased taxpayer's final return. See Pub. 502 for details.

Limit on long-term care premiums you can deduct. The amount you can deduct for qualified long-term care contracts (as defined in Pub. 502) depends on the age, at the end of 2005, of the person for whom the premiums were paid. See the chart below for details.

| IF the person <br> was, at the end <br> of $\mathbf{2 0 0 5}$, age $\ldots$ | THEN the most <br> you can deduct <br> is $\ldots$ |
| :--- | :---: |
| 40 or under | $\$ 270$ |
| $41-50$ | $\$ 510$ |
| $51-60$ | $\$ 1,020$ |
| $61-70$ | $\$ 2,720$ |
| 71 or older | $\$ 3,400$ |

## Examples of Medical and Dental Payments You Cannot Deduct

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


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

- The cost of diet food.
- 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 for the amount you paid. See the instructions for Form 1040, line 48.
- Illegal operations or drugs.
- Imported drugs not approved by the U.S. Food and Drug Administration (FDA). This includes foreign-made ver-
sions of U.S.-approved drugs manufactured without FDA approval.
- Nonprescription medicines (including nicotine gum and certain nicotine patches).
- 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 (see page A-1), after you reduce these expenses by any payments received from insurance or other sources. See Reimbursements below.

TIP Do not forget to include insurance premiums you paid for medical and dental care. But if you claimed the self-employed health insurance deduction on Form 1040, line 29 , reduce the premiums by the amount on line 29.

Note. If, during 2005, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA recipient, or Pension Benefit Guaranty Corporation pension recipient, you must complete Form 8885 before completing Schedule A, line 1. When figuring the amount of insurance premiums you can deduct on Schedule A, do not include any health coverage tax credit advance payments shown in box 1 of Form 1099-H. Also, subtract the amount shown on Form 8885, line 4 (reduced by any advance payments shown on line 6 of that form), from the total insurance premiums you paid.
Whose medical and dental expenses can you include? You can 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 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 $\$ 3,200$ or more of gross income or had not filed a joint return.
- Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, were claimed as a dependent on someone else's 2005 return.

Example. You provided over half of your mother's support but cannot claim her as a dependent because she received wages of $\$ 3,200$ in 2005. You can include on line 1 any medical and dental expenses you paid in 2005 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 2005 for medical or dental expenses you paid in 2005, reduce your 2005 expenses by this amount. If you received a reimbursement in 2005 for prior year medical or dental expenses, do not reduce your 2005 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 Form(s) W-2. 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 Form(s) W-2.

## Taxes You Paid

## Taxes You Cannot 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 that begin on page A-8.
- Certain state and local taxes, including: 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 or General Sales Taxes



You can elect to deduct state and local general sales taxes instead of state and local income taxes. You cannot deduct

## both.

## State and Local Income Taxes

If you deduct state and local income taxes, check box a on line 5 . Include on this line the state and local income taxes listed below.

- State and local income taxes withheld from your salary during 2005. Your Form(s) W-2 will show these amounts. Forms W-2G, 1099-G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.
- State and local income taxes paid in 2005 for a prior year, such as taxes paid
with your 2004 state or local income tax return. Do not include penalties or interest.
- State and local estimated tax payments made during 2005, including any part of a prior year refund that you chose to have credited to your 2005 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 2005 , or
- Refund of, or credit for, prior year state and local income taxes you actually received in 2005. Instead, see the instructions for Form 1040, line 10.


## State and Local General Sales Taxes

If you elect to deduct state and local general sales taxes, you must check box $\mathbf{b}$ on line 5. To figure your deduction, you can use either your actual expenses or the Optional State and Certain Local Sales Tax Tables.
Actual expenses. Generally, you can deduct the actual state and local general sales taxes (including compensating use taxes) you paid in 2005 if the tax rate was the same as the general sales tax rate. However, sales taxes on food, clothing, medical supplies, and motor vehicles are deductible as a general sales tax even if the tax rate was less than the general sales tax rate. Sales taxes on motor vehicles are also deductible as a general sales tax if the tax rate was more than the general sales tax rate, but the tax is deductible only up to the amount of tax that would have been imposed at the general sales tax rate. Motor vehicles include:

- Cars,
- Motorcycles,
- Motor homes,
- Recreational vehicles,
- Sport utility vehicles,
- Trucks,
- Vans, and
- Off-road vehicles.

Also include any state and local general sales taxes paid for a leased motor vehicle.

Do not include sales taxes paid on items used in your trade or business. If you received a refund of state or local general sales taxes in 2005, see Refund of general sales taxes on page A-4.


You must keep your actual receipts showing general sales taxes paid to use this method.

Optional state and certain local sales tax tables. Instead of using your actual expenses, you can use the tables on pages A-9 through A-11 to figure your state and local general sales tax deduction. You may also be able to add the following items to the table amount.

- State and local general sales taxes paid on certain specified items.
- Local general sales taxes, if not included in the table amounts.

To figure your state and local general sales tax deduction using the tables, follow Steps 1 through 5 and complete the worksheet below.


If your filing status is married filing separately, both you and your spouse elect to deduct sales taxes, and your spouse elects to use the Optional State and Certain Local Sales Tax Tables, you also must use the tables to figure your state and local general sales tax deduction.

Step 1. Find the state where you lived in 2005 in the tables shown on pages A-9 through A-11. But see What if you lived in more than one place, on page A-4, if applicable.

Step 2. Read down the "At least - But less than" columns for your state and find the line that includes your 2005 total available income. Total available income is the amount shown on your Form 1040, line 38, plus any nontaxable items, such as the following.

- Tax-exempt interest.
- Veterans' benefits.
- Nontaxable combat pay.
- Workers' compensation.
- Nontaxable part of social security and railroad retirement benefits.
- Nontaxable part of IRA, pension, or annuity distributions. Do not include rollovers.
- Public assistance payments.

Note. If your filing status is married filing separately, use your own total available income. Follow the above instructions, beginning with the amount shown on your Form 1040, line 38.

Step 3. Go to the column that includes the total number of exemptions you claimed on your Form 1040, line 6d. Enter the amount from that column on line 1 of the worksheet below.

Step 4. If your locality does not impose a general sales tax or your local general sales taxes are included in the tables, skip lines 2a through 2 c of the worksheet, enter -0 - on line 2 d , and go to step 5. Otherwise, complete lines 2 a through 2d. If your local general sales tax rate changed during 2005, use a prorated amount, based on the number of days each rate was in effect, to figure the amount to enter on line 2 a .

## State and Local General Sales Tax Deduction Worksheet—Line 5

1. State general sales taxes. See Step 1 through Step 3 above
2. 

2a. Local general sales tax rate, if applicable. See Step 4 above
2b. State general sales tax rate (from the table heading for your state)
2c. Divide line 2 a by line 2 b . Enter the result as a decimal (rounded to at least three places)
2d. Local general sales taxes. Multiply line 1 by line 2c
3. General sales taxes paid on specified items, if any. See Step 5 above.
4. Deduction for general sales taxes. Add lines $1,2 d$, and 3. Enter the result here and on Schedule A, line 5, and be sure to check box b on that line .

2a.
2b. $\qquad$
$2 c$. .

Example. State A imposes a 6.5\% (.065) general sales tax. City B in State A imposes an additional $0.5 \%$ (.005) general sales tax. Your local general sales taxes are not included in the tables. To figure your local general sales taxes, enter . 005 (the local general sales tax rate) on line 2 a of the worksheet below. Enter .065 (the state general sales tax rate) on line 2b. Divide the amount on line $2 \mathrm{a}(.005)$ by the amount on line $2 \mathrm{~b}(.065)$ and enter the result (.077) on line 2 c . If the amount on line 1 of the worksheet is $\$ 1,000$, multiply this amount by the amount on line 2c (.077) and enter the result, $\$ 77$, on line 2d.

Step 5. Enter on line 3 of the worksheet below any state and local general sales taxes paid on the following specified items.

1. A motor vehicle (including a car, motorcycle, motor home, recreational vehicle, sport utility vehicle, truck, van, and off-road vehicle). Also include any state and local general sales taxes paid for a leased motor vehicle. If the state sales tax rate on these items is higher than the general sales tax rate, only include the amount of tax you would have paid at the general sales tax rate.
2. An aircraft or boat, if the tax rate was the same as the general sales tax rate.
3. A home (including a mobile home or prefabricated home) or substantial addition to or major renovation of a home, but only if the tax rate was the same as the general sales tax rate and any of the following applies.
a. Your state or locality imposes a general sales tax directly on the sale of a home or on the cost of a substantial addition or major renovation.
b. You purchase the materials to build a home or substantial addition or to perform a major renovation and pay the sales tax directly.
c. Under your state law, your contractor is considered your agent in the construction of the home or substantial addition or the performance of a major renovation. The contract must state that the contractor is authorized to act in your name and must follow your directions on construction decisions.

Do not include sales taxes paid on items used in your trade or business. If you received a refund of state or local general sales taxes in 2005, see Refund of general sales taxes below.
Refund of general sales taxes. If you received a refund of state or local general sales taxes in 2005 for amounts paid in 2005, reduce your 2005 state and local general sales taxes by this amount. If you received a refund of state or local general sales taxes in 2005 for prior year purchases, do not reduce your 2005 state and local general sales taxes by this amount. But if you deducted your state and local general sales taxes in the earlier year and the deduc-
tion reduced your tax, you may have to include the refund in income on Form 1040, line 21. See Recoveries in Pub. 525 for details.

What if you lived in more than one place? If you lived in more than one state during 2005, multiply the table amount for each state you lived in by a fraction. The numerator of the fraction is the number of days you lived in the state and the denominator is the total number of days in the year (365).

Also prorate any local general sales taxes based on the number of days you resided in the locality for which you are determining the local sales tax deduction.

Example. You lived in State A from January 1 through August 31, 2005 (243 days), and in State B from September 1 through December 31, 2005 (122 days). The table amount for State A is $\$ 500$. The table amount for State B is $\$ 400$. You would figure your state general sales tax (line 1 of the worksheet on page A-3) as follows.

$$
\begin{array}{lll}
\text { State A: } \quad \$ 500 \times 243 / 365 & =\$ 333 \\
\text { State B: } & \$ 400 \times 122 / 365 & = \\
\text { Total } & & =\$ 34 \\
\hline
\end{array}
$$

## 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 can 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 can deduct only the amount the mortgage company actually paid to the taxing authority in 2005.

If you sold your home in 2005, any real estate tax charged to the buyer should be shown on your settlement statement and in box 5 of any Form 1099-S you received. This amount is considered a refund of real estate taxes. See Refunds and rebates below. Any real estate taxes you paid at closing should be shown on your settlement statement.
Refunds and rebates. If you received a refund or rebate in 2005 of real estate taxes you paid in 2005, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 2005 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. See Recoveries in Pub. 525 for details on 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 and it is charged on a yearly basis.

Example. You paid a yearly fee for the registration of your car. Part of the fee was based on the car's value and part was based on its weight. You can deduct only the part of the fee that was 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.


You may want to take a credit for the foreign tax instead of a deduction. See the instructions for Form 1040, line 47, 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 for details.

In general, if you paid interest in 2005 that applies to any period after 2005, you can deduct only amounts that apply for 2005.

## 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 can 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. Any additional amounts borrowed after October 13, 1987, on a line-of-credit mortgage you had on that date are treated as a mortgage taken out after October 13, 1987. 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 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 2005. 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 2005. The limit is $\$ 500,000$ if married filing separately.


If the total amount of all mortgages is more than 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 under your social security number (SSN) 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 and at least one other person (other than your spouse if filing jointly) were liable for and paid interest on the mortgage, and the interest was reported on Form 1098 under the other
person's SSN, report your share of the interest on line 11 (as explained in the line 11 instructions).

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 enter "See attached" to the right of line 10 .


If you are claiming the mortgage interest credit (see the instructions for Form 1040, line 54), subtract the amount shown on Form 8396, line 3, 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 or 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 jointly) 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. To the right of line 11, enter "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. See Pub. 936 to figure the amount you can deduct. 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.

If you paid off a mortgage early, deduct any remaining points in the year you paid off the mortgage.

## Line 13 <br> 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 to figure your deduction.
Exception. You do not have to file Form 4952 if all three of the following apply.

1. Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
2. You have no other deductible investment expenses.
3. You have no disallowed investment interest expense from 2004.


Alaska Permanent Fund dividends, including those reported on Form 8814, are not investment income.
For more details, see Pub. 550.

## Gifts to Charity

You can deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals. Certain whaling captains may be able to deduct expenses paid in 2005 for Native Alaskan subsistence bowhead whale hunting activities. See Pub. 526 for details.

Examples of qualified charitable organizations are:

- Churches, mosques, synagogues, temples, etc.
- Boy Scouts, Boys and Girls Clubs of America, CARE, Girl Scouts, Goodwill Industries, Red Cross, Salvation Army, United Way, 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.

To verify an organization's charitable status, you can:

- Check with the organization to which you made the donation. The organization should be able to provide you with verification of its charitable status.
- See Pub. 78 for a list of most qualified organizations. You can access Pub. 78 on the IRS website at www.irs.gov under Charities and Non-Profits.
- Call our Tax Exempt/Government Entities Customer Account Services at 1-877-829-5500. Assistance is available Monday through Friday from 8:30 a.m. to 5:30 p.m. Eastern Time.


## Contributions You Can Deduct

Contributions can 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 can take 14 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 can generally only deduct the amount that is more than the value of the benefit. 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.

Example. You paid $\$ 70$ to a charitable organization to attend a fund-raising dinner and the value of the dinner was $\$ 40$. You can deduct only $\$ 30$.
Gifts of \$250 or more. You can 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.


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 can deduct. See Pub. 526 to figure the amount of your deduction if any of the following applies.

- Your cash contributions or contributions of ordinary income property are more than $30 \%$ of the amount on Form 1040, line 38.
- Your gifts of capital gain property are more than $20 \%$ of the amount on Form 1040, line 38.
- You gave gifts of property that increased in value or gave gifts of the use of property.


## Contributions You Cannot Deduct

- Any contribution you made in January 2005 for the relief of victims in areas affected by the December 26, 2004, Indian Ocean tsunami that you elected to deduct on your 2004 return.
- 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. But you may be able to deduct these expenses on line 27. See page A-7 for details.
- Cost of tuition. But you may be able to deduct this expense on line 20 (see page A-7), or Form 1040, line 34, or take a credit for this expense (see Form 8863).
- 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, Israeli, and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct fi-
nancial 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 <br> 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. For more details on determining the value of donated property, see Pub. 561.

If the amount of your deduction is more than $\$ 500$, you must complete and attach Form 8283. 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 you deduct more than $\$ 500$ for a contribution of a motor vehicle, boat, or airplane, you must also attach a statement from the charitable organization to your return. 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.

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 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 can deduct nonbusiness casualty or theft losses only to the extent that:

- The amount of each separate casualty or theft loss is more than $\$ 100$, and
- The total amount of all losses during the year is more than $10 \%$ of the amount on Form 1040, line 38.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 and its instructions for details.

Use Schedule A, line 22, 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.

## Job Expenses and Most Other

## Miscellaneous Deductions

You can deduct only the part of these expenses that exceeds $2 \%$ of the amount on Form 1040, line 38.

Pub. 529 discusses the types of expenses that can and cannot be deducted.

## Examples of Expenses You Cannot Deduct

- 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.
- Commuting expenses. See Pub. 529 for the definition of commuting.
- Travel expenses for employment away from home if that period of employment exceeds 1 year. See Pub. 529 for an exception for certain federal employees.
- 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. But you may be able to take a credit for adoption expenses. See Form 8839 for details.
- Fines and penalties.
- Expenses of producing tax-exempt income.


## Line 20

## Unreimbursed Employee Expenses

Enter the total ordinary and necessary job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your Form W-2 are not considered reimbursements.)

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

But you must fill in and attach Form 2106 if either (1) or (2) below applies.

1. You claim any travel, transportation, meal, or entertainment expenses for your job.
2. Your employer paid you for any of your job expenses reportable on line 20.

If you used your own vehicle and (2) above does not apply, you may be able to file Form 2106-EZ 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.

Do not include on line 20 any educator expenses you deducted on Form 1040, line 23.

Examples of other expenses to include on line 20 are:

- Safety equipment, small tools, and supplies needed for your job.
- Uniforms required by your employer that are not suitable for ordinary wear.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations required by your employer.
- 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 TeleTax topic 509 (see page 8 of the Form 1040 instructions) or see Pub. 587.
- Certain educational expenses. For details, use TeleTax topic 513 (see page 8 of the Form 1040 instructions) or see Pub. 970 . Reduce your educational expenses by any tuition and fees deduction you claimed on Form 1040, line 34.

You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863 for details.

## Line 21

## Tax Preparation Fees

Enter the fees you paid for preparation of your tax return, including fees paid for filing your return electronically. If you paid your tax by credit card, do not include the convenience fee you were charged.

## Line 22 <br> 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.
- Casualty and theft losses of property used in performing services as an employee from Form 4684, lines 32 and 38b, or Form 4797, line 18a.
- Deduction for repayment of amounts under a claim of right if $\$ 3,000$ or less.


## Other Miscellaneous Deductions

## Line 27

Only the expenses listed next 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.
- Casualty and theft losses of income-producing property from Form 4684, lines 32 and 38b, or Form 4797, line 18a.
- Losses from other activities from Schedule K-1(Form 1065-B), box 2.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if over $\$ 3,000$. See Pub. 525 for details.
- Certain unrecovered investment in a pension.
- Impairment-related work expenses of a disabled person.


## Total Itemized Deductions

## Line 28

Use the worksheet below to figure the amount to enter on line 28 if the amount on Form 1040, line 38, is over \$145,950 ( $\$ 72,975$ if married filing separately).

## Line 29

If you elect to itemize for state tax or other purposes even though your itemized deductions are less than your standard deduction, check the box on line 29 .

1. Enter the total of the amounts from Schedule A, lines $4,9,14,18,19,26$, and 27
2. 
3. $\qquad$ or theft losses included on line 27.

Be sure your total gambling and casualty or theft losses are clearly identified on the dotted lines next to line 27.
3. Is the amount on line 2 less than the amount on line 1 ?
$\square$ No. stop Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28.
$\square$ Yes. Subtract line 2 from line 1
4.
4. Multiply line 3 by $80 \%$ (.80) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4.
5. Enter the amount from Form 1040, line 38
5.
6. Enter: $\$ 149,950$ ( $\$ 72,975$ if married filing separately)
6.
7. Is the amount on line 6 less than the amount on line 5 ?
$\square$ No. (sToP
Your deduction is not limited. Enter the amount from line 1 above on Schedule A, line 28.
$\square$ Yes. Subtract line 6 from line 5
7.
8. Multiply line 7 by $3 \%$ (.03)
8.
9. Enter the smaller of line 4 or line 8
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28
10.

## 2004 Optional State Sales Tax Tables

Alaska residents only. If you paid any local sales taxes, you must use your actual expenses to figure your deduction.

| Income |  | Exemptions |  |  |  |  |  | Exemptions |  |  |  |  |  | Exemptions |  |  |  |  |  | Exemptions |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\begin{gathered} \text { At } \\ \text { least } \end{gathered}$ | But less than | 1 | 2 | 3 | 4 | 5 | $\begin{gathered} \text { Over } \\ 5 \\ \hline \end{gathered}$ | 1 | 2 | 3 | 4 | 5 | $\begin{gathered} \text { Over } \\ 5 \end{gathered}$ | 1 | 2 | 3 | 4 | 5 | $\begin{gathered} \text { Over } \\ 5 \\ \hline \end{gathered}$ | 1 | 2 | 3 | 4 | 5 | $\begin{gathered} \text { Over } \\ 5 \\ \hline \end{gathered}$ |
|  |  | Alabama |  |  |  |  |  | Arizona |  |  |  |  |  | Arkansas |  |  |  |  |  | California |  |  |  |  |  |
| \$0 | \$20,000 | 288 | 344 | 381 | 410 | 434 | 468 | 332 | 374 | 402 | 422 | 439 | 463 | 430 | 510 | 564 | 605 | 640 | 688 | 363 | 416 | 451 | 477 | 499 | 529 |
| 20,000 | 30,000 | 366 | 434 | 481 | 517 | 547 | 590 | 430 | 485 | 520 | 547 | 568 | 598 | 542 | 641 | 708 | 760 | 803 | 863 | 469 | 537 | 581 | 615 | 643 | 681 |
| 30,000 | 40,000 | 416 | 494 | 547 | 587 | 621 | 669 | 496 | 558 | 599 | 629 | 654 | 688 | 616 | 727 | 802 | 860 | 908 | 976 | 540 | 617 | 668 | 706 | 738 | 782 |
| 40,000 | 50,000 | 460 | 545 | 602 | 647 | 684 | 736 | 552 | 621 | 666 | 699 | 727 | 765 | 678 | 800 | 882 | 945 | 998 | 1072 | 600 | 685 | 741 | 784 | 819 | 867 |
| 50,000 | 60,000 | 498 | 590 | 652 | 700 | 740 | 796 | 603 | 678 | 726 | 763 | 792 | 833 | 734 | 864 | 952 | 1021 | 1077 | 1157 | 654 | 747 | 807 | 854 | 892 | 944 |
| 60,000 | 70,000 | 532 | 630 | 695 | 747 | 789 | 849 | 648 | 728 | 780 | 819 | 851 | 895 | 783 | 922 | 1015 | 1088 | 1148 | 1232 | 702 | 801 | 866 | 916 | 956 | 1012 |
| 70,000 | 80,000 | 565 | 667 | 737 | 791 | 835 | 898 | 690 | 776 | 831 | 872 | 906 | 952 | 829 | 976 | 1074 | 1150 | 1214 | 1302 | 748 | 853 | 922 | 974 | 1017 | 1077 |
| 80,000 | 90,000 | 3 | 701 | 773 | 830 | 877 | 942 | 728 | 818 | 876 | 920 | 955 | 1004 | 871 | 1023 | 1126 | 1206 | 1272 | 1365 | 789 | 899 | 971 | 1027 | 1072 | 1134 |
| 90,000 | 100,000 | 621 | 733 | 809 | 868 | 916 | 985 | 765 | 859 | 920 | 965 | 1003 | 1054 | 910 | 1070 | 1177 | 1260 | 1328 | 1425 | 828 | 944 | 1019 | 1077 | 1124 | 1189 |
| 100,000 | 120,000 | 657 | 775 | 855 | 917 | 968 | 1040 | 814 | 913 | 977 | 1026 | 1065 | 1119 | 962 | 1130 | 1242 | 1330 | 1402 | 1503 | 880 | 1002 | 1082 | 1143 | 1193 | 1262 |
| 120,000 | 140,000 | 706 | 832 | 916 | 982 | 1037 | 1114 | 878 | 985 | 1054 | 1106 | 1148 | 1206 | 1031 | 1210 | 1330 | 1422 | 1499 | 1607 | 949 | 1080 | 1166 | 1232 | 1285 | 1359 |
| 140,000 | 160,000 | 749 | 881 | 971 | 1040 | 1098 | 1179 | 935 | 1048 | 1122 | 1177 | 1222 | 1283 | 1093 | 1280 | 1407 | 1504 | 1585 | 1699 | 1010 | 1149 | 1240 | 1310 | 1366 | 1445 |
| 160,000 | 180,000 | 789 | 928 | 1022 | 1095 | 1155 | 1240 | 990 | 1109 | 1186 | 1244 | 1292 | 1357 | 1151 | 1347 | 1479 | 1582 | 1667 | 1785 | 1069 | 1215 | 1311 | 1384 | 1444 | 1526 |
| 180,000 | 200,000 | 827 | 972 | 1070 | 1146 | 1209 | 1298 | 1041 | 1166 | 1247 | 1308 | 1357 | 1425 | 1205 | 1410 | 1548 | 1654 | 1743 | 1866 | 1123 | 1277 | 1377 | 1454 | 1516 | 1602 |
| 200,000 or more |  | 995 | 1166 | 1281 | 1371 | 1445 | 1549 | 1267 | 1417 | 1514 | 1587 | 1647 | 1728 | 1443 | 1684 | 1846 | 1971 | 2074 | 2220 | 1365 | 1549 | 1669 | 1761 | 1835 | 1939 |
| Income |  | Colorado |  |  |  |  |  | Connecticut |  |  |  |  |  | District of Columbia |  |  |  |  |  | Florida |  |  |  |  |  |
| \$0 | \$20,000 | 160 | 183 | 197 | 208 | 217 | 230 | 387419 |  |  |  |  |  | 327 | 375 | 407 | 431 | 451 | 478 | 394 | 450 | 487 | 515 | 537 | 569 |
| 20,000 | 30,000 | 209 | 238 | 257 | 271 | 283 | 299 | 440 | 503 | 545 | 577 | 603 | 639 | 428 | 490 | 531 | 563 | 588 | 624 | 509 | 580 | 627 | 662 | 691 | 731 |
| 30,000 | 40,000 | 242 | 275 | 297 | 313 | 327 | 345 | 509 | 581 | 629 | 665 | 695 | 736 | 496 | 568 | 615 | 651 | 680 | 721 | 585 | 666 | 720 | 760 | 793 | 838 |
| 40,000 | 50,000 | 271 | 307 | 331 | 349 | 364 | 384 | 567 | 647 | 700 | 740 | 773 | 819 | 555 | 635 | 687 | 727 | 759 | 805 | 650 | 740 | 799 | 843 | 880 | 930 |
| 50,000 | 60,000 | 296 | 336 | 362 | 382 | 398 | 420 | 620 | 707 | 764 | 808 | 844 | 894 | 608 | 695 | 752 | 795 | 831 | 880 | 709 | 806 | 870 | 918 | 957 | 1012 |
| 60,000 | 70,000 | 319 | 362 | 390 | 411 | 428 | 452 | 667 | 760 | 822 | 869 | 907 | 960 | 655 | 748 | 810 | 856 | 894 | 947 | 761 | 865 | 933 | 984 | 1027 | 1085 |
| 70,000 | 80,000 | 341 | 386 | 416 | 438 | 457 | 482 | 712 | 811 | 876 | 926 | 966 | 1023 | 700 | 799 | 864 | 914 | 954 | 1011 | 810 | 920 | 992 | 1047 | 1092 | 1153 |
| 80,000 | 90,000 | 360 | 408 | 439 | 463 | 482 | 509 | 751 | 856 | 924 | 976 | 1019 | 1079 | 740 | 845 | 913 | 966 | 1008 | 1067 | 854 | 970 | 1045 | 1103 | 1150 | 1215 |
| 90,000 | 100,000 | 379 | 429 | 462 | 487 | 507 | 535 | 790 | 899 | 971 | 1026 | 1071 | 1133 | 779 | 889 | 961 | 1016 | 1060 | 1122 | 896 | 1018 | 1097 | 1157 | 1206 | 1274 |
| 100,000 | 120,000 | 404 | 457 | 492 | 518 | 539 | 569 | 840 | 956 | 1032 | 1090 | 1138 | 1204 | 831 | 947 | 1023 | 1082 | 1129 | 1195 | 952 | 1080 | 1164 | 1228 | 1280 | 1351 |
| 120,000 | 140,000 | 437 | 494 | 531 | 560 | 583 | 614 | 908 | 1032 | 1114 | 1177 | 1228 | 1298 | 900 | 1025 | 1107 | 1170 | 1221 | 1292 | 1026 | 1164 | 1254 | 1322 | 1378 | 1455 |
| 140,000 | 160,000 | 466 | 527 | 567 | 597 | 621 | 655 | 968 | 1100 | 1187 | 1253 | 1307 | 1382 | 961 | 1094 | 1181 | 1248 | 1302 | 1377 | 1092 | 1238 | 1333 | 1406 | 1465 | 1546 |
| 160,000 | 180,000 | 494 | 559 | 600 | 632 | 658 | 694 | 1025 | 1164 | 1256 | 1325 | 1383 | 1462 | 1019 | 1160 | 1252 | 1322 | 1380 | 1459 | 1155 | 1309 | 1409 | 1485 | 1547 | 1633 |
| 180,000 | 200,000 | 521 | 588 | 632 | 665 | 693 | 730 | 1079 | 1225 | 1320 | 1394 | 1454 | 1536 | 1074 | 1222 | 1319 | 1393 | 1453 | 1536 | 1214 | 1375 | 1480 | 1560 | 1625 | 1714 |
| 200,000 or more |  | 638 | 720 | 773 | 813 | 846 | 891 | 1315 | 1491 | 1606 | 1694 | 1766 | 1866 | 1319 | 1498 | 1615 | 1704 | 1777 | 1877 | 1474 | 1667 | 1792 | 1888 | 1965 | 2073 |
| Income |  | Georgia |  |  |  |  |  | Hawaii |  |  |  |  |  | Idaho |  |  |  |  |  | Illinois |  |  |  |  |  |
| \$0 | \$20,000 | 7 | 285 | 310 | 330 | 345 | 367 | 325 | 386 | 428 | 460 | 487 | 525 | 405 | 482 | 535 | 575 | 609 | 657 | 480 | 578 | 644 | 696 | 740 | 801 |
| 20,000 | 30,000 | 328 | 377 | 410 | 435 | 455 | 484 | 416 | 493 | 545 | 586 | 620 | 667 | 519 | 615 | 681 | 732 | 775 | 835 | 603 | 723 | 806 | 870 | 924 | 999 |
| 30,000 | 40,000 | 382 | 439 | 477 | 506 | 529 | 562 | 476 | 564 | 623 | 669 | 707 | 761 | 594 | 703 | 777 | 835 | 883 | 951 | 683 | 819 | 911 | 983 | 1043 | 1128 |
| 40,000 | 50,000 | 429 | 493 | 535 | 567 | 593 | 630 | 527 | 624 | 689 | 739 | 781 | 840 | 658 | 778 | 859 | 923 | 976 | 1050 | 751 | 899 | 999 | 1078 | 1144 | 1236 |
| 50,000 | 60,000 | 471 | 541 | 587 | 622 | 651 | 691 | 573 | 677 | 747 | 802 | 847 | 911 | 715 | 845 | 933 | 1001 | 1058 | 1138 | 812 | 970 | 1078 | 1163 | 1233 | 1332 |
| 60,000 | 70,000 | 509 | 584 | 634 | 672 | 703 | 746 | 614 | 725 | 800 | 858 | 906 | 974 | 767 | 904 | 998 | 1071 | 1131 | 1216 | 866 | 1034 | 1148 | 1237 | 1312 | 1417 |
| 70,000 | 80,000 | 545 | 625 | 678 | 719 | 752 | 798 | 652 | 770 | 849 | 910 | 961 | 1033 | 815 | 960 | 1059 | 1136 | 1200 | 1290 | 916 | 1093 | 1213 | 1308 | 1386 | 1496 |
| 80,000 | 90,000 | 578 | 662 | 718 | 761 | 796 | 844 | 687 | 809 | 892 | 957 | 1010 | 1085 | 858 | 1010 | 1114 | 1194 | 1261 | 1355 | 961 | 1146 | 1272 | 1370 | 1452 | 1567 |
| 90,000 | 100,000 | 60 | 698 | 757 | 802 | 838 | 889 | 72 | 848 | 935 | 1002 | 1058 | 1136 | 900 | 1059 | 1166 | 1250 | 1320 | 1418 | 1005 | 1197 | 1327 | 1430 | 1515 | 1635 |
| 100,000 | 120,000 | 651 | 746 | 808 | 855 | 894 | 949 | 763 | 899 | 990 | 1061 | 1120 | 1202 | 954 | 1122 | 1236 | 1324 | 1398 | 1501 | 1061 | 1263 | 1401 | 1508 | 1597 | 1723 |
| 120,000 | 140,000 | 707 | 809 | 876 | 927 | 969 | 1028 | 821 | 966 | 1063 | 1139 | 1202 | 1290 | 1027 | 1206 | 1327 | 1422 | 1500 | 1611 | 1137 | 1351 | 1497 | 1611 | 1706 | 1840 |
| 140,000 | 160,000 | 757 | 865 | 937 | 991 | 1036 | 1099 | 873 | 1025 | 1129 | 1209 | 1275 | 1368 | 1092 | 1281 | 1409 | 1508 | 1591 | 1708 | 1203 | 1429 | 1583 | 1703 | 1803 | 1943 |
| 160,000 | 180,000 | 804 | 919 | 995 | 1053 | 1100 | 1166 | 921 | 1082 | 1190 | 1274 | 1344 | 1442 | 1153 | 1352 | 1486 | 1591 | 1677 | 1800 | 1266 | 1503 | 1664 | 1789 | 1893 | 2041 |
| 180,000 | 200,000 | 849 | 970 | 1050 | 1110 | 1160 | 1230 | 967 | 1135 | 1248 | 1336 | 1409 | 1511 | 1211 | 1418 | 1558 | 1668 | 1758 | 1886 | 1326 | 1572 | 1739 | 1870 | 1979 | 2132 |
| 200,000 or more |  | 1049 | 1196 | 1293 | 1367 | 1428 | 1512 | 1169 | 1368 | 1502 | 1607 | 1693 | 1814 | 1467 | 1711 | 1877 | 2006 | 2113 | 2264 | 1585 | 1874 | 2069 | 2222 | 2349 | 2529 |

(Continued on page 4)

(Continued on page 5)

## 2004 Optional State Sales Tax Tables (Continued)



# Instructions for Schedule B, Interest and Ordinary Dividends 

Use Schedule B (Form 1040) if any of the following apply.

- You had over $\$ 1,500$ of taxable interest.
- Any of the Special Rules listed in the instructions for line 1 apply to you.
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989.
- You had over $\$ 1,500$ of ordinary dividends.
- You received ordinary dividends as a nominee.
- You had a foreign account or you 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.


You can 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 statements 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 statements and attach them at the end of your return.

## Part I. Interest

## Line 1

## Interest

Report on line 1 all of your taxable interest. Interest should be shown on your Forms 1099-INT, Forms 1099-OID, or substitute statements. Include interest from series EE and I U.S. savings bonds. 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, or 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, enter "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. 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 General Instructions for Forms 1099, 1098, 5498, and W-2G and the Instructions for Forms 1099-INT and 1099-OID.

## 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, follow the rules earlier under Nominees to see how to report the interest on Schedule B. But identify the amount to be subtracted as "Tax-Exempt Interest."

## 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, follow the rules earlier under Nominees to see how to report the interest on Schedule B. But identify the amount to be subtracted as "ABP Adjustment."

## Line 3 <br> Excludable Interest on Series EE and I U.S. Savings Bonds Issued After 1989

If, during 2005, you cashed series EE or I U.S. savings bonds issued after 1989 and you paid qualified higher education expenses 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. Ordinary Dividends



You may have to file Form 5471 if, in 2005, you were an officer or director of a foreign corporation. You may also have to file Form 5471 if, in 2005, you owned $10 \%$ or more of the total (a) value of a foreign corporation's stock, or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

## Line 5 <br> Ordinary Dividends

Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

## Nominees

If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary 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 ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6 .

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 General Instructions for Forms 1099, 1098, 5498, and $W-2 G$ and the Instructions for Form 1099-DIV.

## Part III. Foreign <br> Accounts and Trusts

## Lines 7a and 7b <br> Foreign Accounts

## Line 7a

Check the "Yes" box on line 7a if either (1) or (2) below applies.

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).

For line 7a, 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 applies 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). You can get Form TD F $90-22.1$ by visiting the IRS website at www.irs.gov/pub/irs-pdf/f9022-1.pdf.

If you checked the "Yes" box on line 7a, file Form TD F 90-22.1 by June 30, 2006, with the Department of the Treasury at the address shown on that form. Do not attach it to Form 1040.


If you are required to file Form 90-22.1 but do not do so, you may have to pay a penalty of up to $\$ 10,000$ (more in some cases).

## Line 7b

If you checked the "Yes" box on line 7a, enter the name of the foreign country or countries in the space provided on line 7 b . Attach a separate statement if you need more space.

## Line 8 <br> Foreign Trusts

If you received a distribution from a foreign trust, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See Form 3520 for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 2005, you may have to file Form 3520.

# 2005 Schedules A \& B (Form 1040), Itemized Deductions \& Interest and Ordinary Dividends 

$\begin{array}{ll}\text { Purpose: } & \begin{array}{l}\text { This is the first circulated draft of the } 2005 \text { Schedules A \& B (Form 1040), } \\
\text { Itemized Deductions and Interest and Ordinary Dividends, for your review } \\
\text { and comments. The Major Changes are indicated below. }\end{array} \\
\text { TPCC Meeting: } & \text { None, but may be arranged if requested. }\end{array}$ Instructions: \(\left.\quad \begin{array}{l}The 2005 Instructions for Schedules A \& B (Form 1040) will be circulated <br>

at a later date.\end{array}\right]\)| Prior Revisions: | The 2004 Schedules A \& B (Form 1040) can be viewed by clicking on <br> the following link: |
| :--- | :--- |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are <br> posted at http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by 03/22/2005. |

## Major Changes to 2005 Schedule A (Form 1040)

1. Line references to Form 1040 have been updated.
2. The dollar amounts on Line 28, for phasing out itemized deductions, have been changed to reflect the increase per Rev. Proc. 2004-71, section 3.11.
3. New line 29 was added to eliminate a current write-in entry on Form 1040, Line 39 (Line 40 on the 2005 draft). It consists of a new checkbox to elect itemized deductions though the taxpayer's standard deduction is greater.

Note: There are no major changes to Schedule B (Form 1040), Interest and Ordinary Dividends.

| FROM: <br> Paul. W. Miller <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHONE: | FAX: | ROOMI.W.Miller@irs.gov | $202-622-9713$ |
| :--- | :--- | :--- | :--- | :--- | :--- |



## Schedule B—Interest and Ordinary Dividends

## Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

## Part II

Ordinary Dividends
(See page B-2 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address


2 Add the amounts on line 1
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a Note. If line 4 is over $\$ 1,500$, you must complete Part III.

5 List name of payer
$\qquad$ .
$\qquad$

$\qquad$
$\qquad$
$\qquad$

$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a $\square$ Note. If line 6 is over $\$ 1,500$, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

7a At any time during 2005, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.
b If "Yes," enter the name of the foreign country
8 During 2005, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2


6


## 2005 Instructions for Schedule C (Form 1040), Profit or Loss From Business

Purpose: This is the first circulated draft of the 2005 Instructions for Schedule C (Form 1040) for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Form: The 2005 Schedules C and C-EZ were circulated on April 22, 2005 and can be viewed by clicking on the following links: Schedule C http://taxforms.web.irs.gov/Products/Drafts/05f1040schC_d1.pdf Schedule C-EZ http://taxforms.web.irs.gov/Products/Drafts/05f1040schCEZ_d1.pdf

Prior Revisions: The 2004 Instructions for Schedule C can be viewed by clicking on the following link: http://publish.no.irs.gov/INSTRS/PDF/24329Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by July 15, 2005.

## Major Changes to 2005 Instructions for Schedule C (Form 1040)

*We deleted the "What's New" section as the information is no longer new and it is covered in other locations.

- We revised the instructions for line 24 b to conform with changes made to the form.
- We deleted the reference to Form 8884 under the instruction for Line 26 because the credit has expired.
- We deleted the reference to Form 8271 under "Other Schedules and Forms You May Have To File" per an email from CC:PSI.
$\bullet$ We added instructions for line 44b to conform with changes made to the form.
*We revised the text for "Business start-up costs" per PL 108-357, sec. 902.
-We revised the text for "Forestation and reforestation costs" per PL 108-357, sec. 322.

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|  |  | June 15, 2005 |  |  |

## 2005 Instructions for Schedule C

## Profit or Loss From Business

Use Schedule C (Form 1040) 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 $\$ 5,000$ or less may be able to file Schedule C-EZ instead of Schedule C. See Schedule C-EZ for details.

You may be subject to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

Section references are to the Internal Revenue Code.

## 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 J to figure your tax by averaging your fishing income over the previous 3 years. Doing so may reduce your tax.
- 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 2005, to claim amortization that began in 2005, to make an election under section 179 to expense certain property, 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 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.
Husband-wife business. If you and your spouse jointly own and operate a business and share in the profits and losses, you are partners in a partnership, whether or not you have a formal partnership agreement. Do not use Schedule C or C-EZ. Instead, file Form 1065. See Pub. 541 for more details.

Exception. If you and your spouse wholly own an unincorporated business as
community property under the community property laws of a state, foreign country, or U.S. possession, you can treat the business either as a sole proprietorship or a partnership. The only states with community property laws are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A change in your reporting position will be treated as a conversion of the entity.
Single-member limited liability company (LLC). Generally, a single-member domestic LLC is not treated as a separate entity for federal income tax purposes. If you are the sole member of a domestic LLC, file Schedule C or C-EZ (or Schedule E or F, if applicable). However, you can elect to treat a domestic LLC as a corporation. See Form 8832 for details on the election and the tax treatment of a foreign LLC.
Heavy highway 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 the Instructions for Form 2290 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 details, see the 2005 General 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.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You may have to pay a pen-
alty if you are required to file Form 8886 but do not do so. The following are reportable transactions.

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which you paid an advisor a minimum fee.
- Any transaction for which you have contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years. (At least \$50,000 for a single tax year if the loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)
- Any transaction resulting in a book-tax difference of more than $\$ 10$ million on a gross basis.
- Any transaction resulting in a tax credit of more than $\$ 250,000$, if you held the asset generating the credit for 45 days or less.

See the Instructions for Form 8886 for more details and exceptions.

## Additional Information

See Pub. 334 for more information for small businesses.

## Specific Instructions

Filers of Form 1041. Do not complete the block labeled "Social security number (SSN)." 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 qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4. 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

Generally, you can use the cash method, accrual method, or any other method permitted by the Internal Revenue Code. In all cases, the method used must clearly reflect income. Unless you are a qualifying taxpayer or a qualifying small business taxpayer, you must use the accrual method for sales and purchases of inventory items. See the Part III instructions on page C-6 for the definition of a qualifying taxpayer and a qualifying small business taxpayer. Special rules apply to long-term contracts. See section 460 for details.

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. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 535.

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.

To change your accounting method, you generally must file Form 3115. You may also have to make an adjustment to prevent amounts of income or expense from being duplicated or omitted. This is called a section 481(a) adjustment.

Example. You change to the cash method of accounting and choose to account for inventoriable items in the same manner as materials and supplies that are not incidental. You accrued sales in 2004 for which you received payment in 2005. You must report those sales in both years as a result of changing your accounting method and must make a section 481(a) adjustment to prevent duplication of income.

A net negative section 481(a) adjustment is taken into account entirely in the year of the change. A net positive section 481(a) adjustment is generally taken into account over a period of 4 years. Include any net positive section 481(a) adjustments on line 6. If the net section 481(a) adjustment is negative, report it in Part V.

For details on figuring section 481(a) adjustments, see the Instructions for Form 3115, Rev. Proc. 2004-23, 2004-16 I.R.B. 785, available at wWW.irs.gov/irb/ 2004-16_IRB/ar11.html, and Rev. Proc. 2004-57, 2004-38 I.R.B. 498, available at www.irs.gov/irb/2004-38_IRB/ar11.html.

## Line G

If your business activity was not a rental activity and you met any of the material participation tests below or the exception for oil and gas applies (explained on page $\mathrm{C}-3$ ), check the "Yes" box. Otherwise, check the "No" box. If you check the "No" box, this business is a passive activity. If you have a loss from this business, see Limit on losses on page C-3. 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.
Material participation. Participation, for purposes of the seven material participation tests listed below, 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:

- Studying and reviewing financial statements or reports on the activity,
- Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use, and
- 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 purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 2005 if you met 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).

Rental of personal property. A rental activity (such as long-term equipment leasing) is a passive activity even if you materially participated in the activity. However, if you met any of the five exceptions listed under Rental Activities in the Instructions for Form 8582, the rental of the property is not treated as a rental activity and the material participation rules above apply.
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.

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 details, see Pub. 925.

## Line H

If you started or acquired this business in 2005, 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 2004 Schedule C or C-EZ for this business.

## Part I. Income

Except as otherwise provided in the Internal Revenue Code, gross income includes income from whatever source derived. Gross income, however, does not include extraterritorial income that is qualifying foreign trade income. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule C as explained in the Instructions for Form 8873.

## Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1 , attach a statement explaining the difference.
Statutory employees. If you received a Form W-2 and the "Statutory employee" box in box 13 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, you must file two Schedules C. You cannot use Schedule C-EZ or combine these amounts on a single Schedule C.
Installment sales. Generally, the installment method cannot 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 can 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 section $453(\mathrm{l})(2)(\mathrm{B})$ for details. If you make this election, include the interest on Form

1040, line 63. Also, enter "453(1)(3)" and the amount of the interest on the dotted line to the left of line 63.

If you use the installment method, attach a schedule to your return. Show separately for 2005 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 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 2005, credit for federal tax paid on gasoline or other fuels claimed on your 2004 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. Also, include any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For details, see Pub. 535.

If the business use percentage of any listed property (defined in the instructions for line 13 on page C-4) decreased to $50 \%$ or less in 2005 , report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use Form 4797 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 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 generally must be included in inventory costs or capitalized. In addition to direct costs, producers of inventory property generally 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 through 26 and Part V by amounts capitalized. For details, see Pub. 538.
Exception for certain producers. Producers who account for inventoriable items in the same manner as materials and supplies that are not incidental can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See Cost of Goods Sold on page C-6 for more details.

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 expenses are subject to the capitalization rules. For details, see Pub. 538.

## Line 9

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire (such as a taxicab) or you used more than four vehicles simultaneously in your business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2005 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service, or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).


## If you deduct actual expenses:

- Include on line 9 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 13 and rent or lease payments on line 20a.

If you take the standard mileage rate, multiply the number of business miles by 40.5 cents. Add to this amount your parking fees and tolls, and enter the total on line 9. Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

For details, see Pub. 463.
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 one of the following.

- Schedule C, Part IV, or Schedule C-EZ, Part III, 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 for any other reason. If you used more than one vehicle during the year, attach your own schedule with the information requested in Schedule C, Part IV, or Schedule C-EZ, Part III, for each additional vehicle.
- Form 4562, Part V, 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).


## Line 11

Enter the total cost of contract labor for the tax year. Do not include contract labor deducted elsewhere on your return such as contract labor that you included in Part III.

Also, do not include salaries and wages paid to your employees, instead see line 26 .

## Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach Form T. 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 having a useful life substantially beyond the tax 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. You can also elect under section 179 to expense part of the cost of certain property you bought in 2005 for use in your business. See the Instructions for Form 4562 to figure the amount to enter on line 13.
When to attach Form 4562. You must complete and attach Form 4562 only if:

- You are claiming depreciation on property placed in service during 2005;
- 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 2005, 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; and
- 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 section 280A(c)(1) for deducting expenses for the business use of your home.

See the instructions for line 6 on page $\mathrm{C}-3$ if the business use percentage of any listed property decreased to $50 \%$ or less in 2005.

## 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. If you made contributions on your behalf as a self-employed person to a dependent care assistance program, complete Form 2441, Parts I and III, to figure your deductible contributions to that program.

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 29, 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 instructions for Form 1040, line 29, for 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 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 receives 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 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.
How to report. 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 2005 to banks or other financial institutions for which you received a Form 1098 (or similar 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, see Pub. 535 to find out if you can deduct the additional
interest. If you can, include the amount on line 16a. Attach a statement to your return explaining the difference and enter "See attached" in the 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, include 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 margin next to line 16b, enter "See attached."

If you paid interest in 2005 that applies to future years, deduct only the part that applies to 2005.

## 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 included you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 28, not on Schedule C.

Generally, you must file the applicable form listed below 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. There is a penalty for failure to timely file these forms.
Form 5500. File this form for a plan that is not a one-participant plan (see below).
Form 5500-EZ. File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 560.

## 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. 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 22

Generally, you can deduct the cost of supplies only to the extent you actually consumed and used them in your business during the tax year (unless you deducted them in a prior tax year). However, if you had incidental supplies on hand for which you kept no inventories or records of use, you can deduct the cost of supplies you actually purchased during the tax year, provided that method clearly reflects income.

## Line 23

You can deduct the following taxes and licenses 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.
- Licenses and regulatory fees for your trade or business paid each year to state or local governments. But some licenses, such as liquor licenses, may have to be amortized. See Pub. 535 for details.
- 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 shown on Form 8846, line 4 .
- Federal highway use tax.

Do not deduct the following on this line.

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of your self-employment tax on Form 1040, line 27.
- 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 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 and license fees 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 line 24 b on this page.

Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is $\$ 3$ a day. Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for line 24b).

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 details, see Pub. 463.

## Line 24b

Enter your total deductible business meal and entertainment expenses. Include meal expenses while traveling away from home for business.
Deductible expenses. 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 membership dues for 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.
Standard meal allowance. Instead of the actual cost of your meals while traveling away from home, you can use the standard meal allowance for your daily meals and incidental expenses. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the federal M\&IE rate. You can find these rates on the Internet at www.gsa.gov. Click on "Per Diem Rates." For locations outside the continental United States, the applicable rates are published monthly. You can find these rates on the Internet at www.state.gov.

See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel.
Amount of deduction. Generally, you can deduct only $50 \%$ of your business meal and entertainment expenses, including meals incurred while away from home on business. For individuals subject to the Department of Transportation (DOT) hours of service limits, that percentage is increased to $70 \%$ for business meals consumed during, or incident to, any period of duty for which those limits are in effect. Individuals subject to the DOT hours of service limits include the following persons.

- Certain air transportation workers (such as pilots, crew, dispatchers, mechanics, and control tower operators) who are under Federal Aviation Administration regulations.
- Interstate truck operators who are under DOT regulations.
- Certain merchant mariners who are under Coast Guard regulations.

However, you can fully deduct meals, incidentals, and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You can also fully deduct meals, incidentals, 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. See Pub. 535 for details and other exceptions.
Daycare providers. If you qualify as a family daycare provider, you can use the standard meal and snack rates, instead of actual costs, to compute the deductible cost of meals and snacks provided to eligible children. See Pub. 587 for details, including recordkeeping requirements.

## Line 25

Deduct only utility expenses 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 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 amounts claimed on:

- Form 5884, Work Opportunity Credit, line 2 ;
- Form 8844, Empowerment Zone and Renewal Community Employment Credit, line 2;
- Form 8845, Indian Employment Credit, line 4; and
- Form 8861, Welfare-to-Work Credit, line 2 .


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. You must attach Form 8829 if you claim this deduction. For details, see the Instructions for Form 8829 and Pub. 587.

## Line 31

If you have a loss, the amount of loss you can deduct this year may be limited. Go to line 32 before entering your loss on line 31 . If you answered "No" to Schedule C, Question G, 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, lines 66a and 66b, for details.
Statutory employees. 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 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 32 b 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 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 deductible loss. See the Instructions for Form 8582 for details.

If you checked box 32b, see Form 6198 to determine the amount of your deductible loss. 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 -0- 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.

Any loss from this business not allowed for 2005 because of the at-risk rules is treated as a deduction allocable to the business in 2006. For details, see the Instructions for Form 6198 and Pub. 925.

## Part III. Cost of Goods Sold

Generally, if you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, you must take inventories into account at the beginning and end of your tax year.

However, if you are a qualifying taxpayer or a qualifying small business taxpayer, you can account for inventoriable items in the same manner as materials and supplies that are not incidental. To change your accounting method, see the instructions for line F on page $\mathrm{C}-2$.

A qualifying taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are $\$ 1$ million or less, and (b) whose business is not a tax shelter (as defined in section 448(d)(3)).

A qualifying small business taxpayer is a taxpayer (a) whose average annual gross receipts for the 3 prior tax years are more than $\$ 1$ million but not more than $\$ 10$ million, (b) whose business is not a tax shelter (as defined in section 448(d)(3)), and (c) whose principal business activity is not an ineligible activity as explained in Rev. Proc. 2002-28. You can find Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at www.irs.gov/pub/ irs-irbs/irb02-18.pdf

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method). Enter amounts paid for all raw materials and merchandise during 2005 on line 36. The amount you can deduct for 2005 is figured on line 42.

Additional information. For additional guidance on this method of accounting for inventoriable items, see Rev. Proc. 2001-10 if you are a qualifying taxpayer or Rev. Proc. 2002-28 if you are a qualifying small business taxpayer. You can find Rev. Proc. 2001-10 on page 272 of Internal Revenue Bulletin 2001-2 at www.irs.gov/pub/ irs-irbs/irb01-02.pdf, and Rev. Proc. 2002-28 on page 815 of Internal Revenue Bulletin 2002-18 at Www.irs.gov/pub/ irs-irbs/irb02-18.pdf.

$\triangle$Certain direct and indirect expenses may have to be capitalized or included in inventory. See the instructions for Part II beginning on page $C-3$.

## Line 33

Your inventories can be valued at cost; cost or market value, whichever is lower; or any other method approved by the IRS. However, you are required to use cost if you are using the cash method of accounting.

## Line 35

If you are changing your method of accounting beginning with 2005, refigure last year's closing inventory using your new method of accounting and enter the result on line 35. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring your section 481(a) adjustment. See the example on page C-2 for details.

## Line 41

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, enter on line 41 the portion of your raw materials and merchandise purchased for resale that are included on line 40 and were not sold during the year.

# Part IV. Information on Your Vehicle. 

## Line 44b

Generally, commuting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business. For information on certain travel that is considered a business expense rather than commuting, see the Instructions for Form 2106.

## 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 cannot deduct fines or penalties paid to a government for violating any law. For details on business expenses, see Pub. 535.
Amortization. Include amortization in this part. For amortization that begins in 2005, you must complete and attach Form 4562.

You can amortize:

- The cost of pollution-control facilities.
- Amounts paid for research and experimentation.
- Qualified revitalization expenditures.
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names.
- Goodwill and certain other intangibles.

In general, you cannot 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 2005.
Business start-up costs. You can either deduct or begin amortizing certain business start-up costs in the year your business begins. The method you use depends on when the costs were paid or incurred.

Paid or incurred before October 23, 2004. You can elect to amortize these business start-up costs over 60 months or more, beginning with the month the business began.

Paid or incurred after October 22, 2004. You can elect to deduct up to $\$ 5,000$ of these business start-up costs for the year your business began. This limit is reduced (but not below zero) by the amount by which your total start-up costs exceed $\$ 50,000$. Your remaining start-up costs can be amortized over a 180 -month period, beginning with the month the business began.

For details, see Pub. 535. For amortization that begins in 2005, you must complete and attach Form 4562.
Capital construction fund. Do not claim on Schedule C or C-EZ the deduction for amounts contributed to a capital construc-
tion fund set up under the Merchant Marine Act of 1936. Instead, reduce the amount you would otherwise enter on Form 1040, line 43 , by the amount of the deduction. Next to line 43, enter "CCF" and the amount of the deduction. For details, see Pub. 595.
Clean-fuel vehicles and clean-fuel vehicle refueling property. You may be able to 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 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 2005 to provide access to your business for individuals with disabilities. See Form 8826 for details. You can also deduct up to $\$ 15,000$ of costs paid or incurred in 2005 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.
Film and television production expenses. You can elect to deduct costs of certain qualified film and television productions. For details, see Pub. 535.
Forestation and reforestation costs. You can elect to deduct up to $\$ 10,000$ ( $\$ 5,000$ if married filing separately) of qualifying reforestation costs paid or incurred after October 22, 2004. The remaining costs can be amortized over an 84 -month period. The amortization election does not apply to trusts and the expense election does not apply to estates and trusts. For details, see Pub. 535. For amortization that begins in 2005, you must complete and attach Form 4562.
of real estate agents and brokers) and enter it on
Schedule C or C-EZ, line B.
Note. If your principal source of income is from farming activities, you should file Schedule F.

These codes for the Principal Business or Professional Activity classify sole proprietorships by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best identifies the principal source of your sales or receipts (for example, real estate agent). Now find the six-digit code assigned to this activity (for example, 531210, the code for offices

## Accommodation, Food

 Services, \& Drinking Places
## Accommodation

721310 Rooming \& boarding houses
721210 RV (recreational vehicle) parks \& recreational camps
721100 Traveler accommodation (including hotels, motels, \& bed \& breakfast inns)

## Food Services \& Drinking

## Places

722410 Drinking places (alcoholic beverages)
722110 Full-service restaurants 722211 Limited-service eating places
722300 Special food services (including food service contractors \& caterers)
\(\left.$$
\begin{array}{ll}\begin{array}{l}\text { Administrative \& Support } \\
\text { and Waste Management \& }\end{array}
$$ <br>

Remediation Services\end{array}\right]\)| Administrative \& Support |  |
| :--- | :--- |
| Services |  |
| 561430 | Business service centers <br> (including private mail <br> centers \& copy shops) |
| 561740 | Carpet \& upholstery cleaning <br> services |
| 561440 | Collection agencies |
| 561450 | Credit bureaus |
| 561410 | Document preparation <br> services |
| 561300 | Employment services |
| 561710 | Exterminating \& pest control <br> services |
| 561210 | Facilities support <br> (management) services |
| 561600 | Investigation \& security <br> services |
| 561720 | Janitorial services |
| 561730 | Landscaping services <br> 561110 |
| Office administrative services |  |

561420 Telephone call centers (including telephone answering services \& telemarketing bureaus)
561500 Travel arrangement \& reservation services
561490 Other business support services (including repossession services, court reporting, \& stenotype services)
561790 Other services to buildings \& dwellings
561900 Other support services (including packaging \& labeling services, \& convention \& trade show organizers)
Waste Management \&
Remediation Services
562000 Waste management \& remediation services

Agriculture, Forestry, Hunting, \& Fishing
112900 Animal production (including breeding of cats and dogs)
114110 Fishing
113000 Forestry \& logging (including forest nurseries \& timber tracts)
114210 Hunting \& trapping
Support Activities for
Agriculture \& Forestry
115210 Support activities for animal production (including farriers)
115110 Support activities for crop production (including cotton ginning, soil preparation, planting, \& cultivating)
115310 Support activities for forestry

Principal Business or Professional Activity Codes (continued)

Arts, Entertainment, \&

## Recreation

Amusement, Gambling, \& Recreation Industries
713100 Amusement parks \& arcades
713200 Gambling industries
713900 Other amusement \& recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)
Museums, Historical Sites, \& Similar Institutions
712100 Museums, historical sites, \& similar institutions
Performing Arts, Spectator
Sports, \& Related Industries
711410 Agents \& managers for artists, athletes, entertainers, \& other public figures
711510 Independent artists, writers, \& performers
711100 Performing arts companies
711300 Promoters of performing arts, sports, \& similar events
711210 Spectator sports (including professional sports clubs \& racetrack operations)

## Construction of Buildings

236200 Nonresidential building construction
236100 Residential building construction
Heavy and Civil Engineering

## Construction

237310 Highway, street, \& bridge construction
237210 Land subdivision
237100 Utility system construction
237990 Other heavy \& civil engineering construction
Specialty Trade Contractors
238310 Drywall \& insulation contractors
238210 Electrical contractors
238350 Finish carpentry contractors
238330 Flooring contractors
238130 Framing carpentry contractors
238150 Glass \& glazing contractors
238140 Masonry contractors
238320 Painting \& wall covering contractors
238220 Plumbing, heating \& airconditioning contractors
238110 Poured concrete foundation \& structure contractors
238160 Roofing contractors
238170 Siding contractors
238910 Site preparation contractors
238120 Structural steel \& precast concrete construction contractors
238340 Tile \& terrazzo contractors
238290 Other building equipment contractors
238390 Other building finishing contractors
238190 Other foundation, structure, \& building exterior contractors
238990 All other specialty trade contractors

## Educational Services

611000 Educational services (including schools, colleges, \& universities)

## Finance \& Insurance <br> Credit Intermediation \&

Related Activities
522100 Depository credit intermediation (including commercial banking, savings institutions, \& credit unions)
522200 Nondepository credit intermediation (including sales financing \& consumer lending)
522300 Activities related to credit intermediation (including loan brokers)
Insurance Agents, Brokers, \& Related Activities
524210 Insurance agencies \& brokerages
524290 Other insurance related activities
Securities, Commodity
Contracts, \& Other Financial Investments \& Related

## Activities

523140 Commodity contracts brokers
523130 Commodity contracts dealers
523110 Investment bankers \& securities dealers
523210 Securities \& commodity exchanges
523120 Securities brokers
523900 Other financial investment activities (including investment advice)

## Health Care \& Social

Assistance
Ambulatory Health Care Services
621610 Home health care services
621510 Medical \& diagnostic laboratories
621310 Offices of chiropractors
621210 Offices of dentists
621330 Offices of mental health practitioners (except physicians)
621320 Offices of optometrists
621340 Offices of physical, occupational \& speech therapists, \& audiologists
621111 Offices of physicians (except mental health specialists)
621112 Offices of physicians, mental health specialists
621391 Offices of podiatrists
621399 Offices of all other miscellaneous health practitioners
621400 Outpatient care centers
621900 Other ambulatory health care services (including ambulance services, blood, \& organ banks)

## Hospitals

622000 Hospitals

## Nursing \& Residential Care

## Facilities

623000 Nursing \& residential care facilities
Social Assistance
624410 Child day care services
624200 Community food \& housing, \& emergency \& other relief services
624100 Individual \& family services
624310 Vocational rehabilitation services

## Information

511000 Publishing industries (except Internet)

## Broadcasting (except Internet)

## \& Telecommunications

515000 Broadcasting (except Internet)
517000 Telecommunications
Internet Publishing \&
Broadcasting
516110 Internet publishing \&
broadcasting
Internet Service Providers,
Web Search Portals, \& Data
Processing Services
518210 Data processing, hosting, \& related services
518111 Internet service providers
518112 Web search portals
519100 Other information services (including news syndicates and libraries)

## Motion Picture \& Sound

## Recording

512100 Motion picture \& video industries (except video rental)
512200 Sound recording industries

## Manufacturing

315000 Apparel mfg.
312000 Beverage \& tobacco product mfg .
334000 Computer \& electronic product mfg.
335000 Electrical equipment, appliance, \& component mfg.
332000 Fabricated metal product mfg.
337000 Furniture \& related product mfg .
333000 Machinery mfg.
339110 Medical equipment \& supplies mfg.
322000 Paper mfg.
324100 Petroleum \& coal products mfg .
326000 Plastics \& rubber products mfg.
331000 Primary metal mfg.
323100 Printing \& related support activities
313000 Textile mills
314000 Textile product mills
336000 Transportation equipment mfg.
321000 Wood product mfg.
339900 Other miscellaneous mfg.
Chemical Manufacturing
325100 Basic chemical mfg.
325500 Paint, coating, \& adhesive mfg.
325300 Pesticide, fertilizer, \& other agricultural chemical mfg.
325410 Pharmaceutical \& medicine mfg .
325200 Resin, synthetic rubber, \& artificial \& synthetic fibers \& filaments mfg.
325600 Soap, cleaning compound, \& toilet preparation mfg.
325900 Other chemical product \& preparation mfg.
Food Manufacturing
311110 Animal food mfg.
311800 Bakeries \& tortilla mfg.
311500 Dairy product mfg.
311400 Fruit \& vegetable preserving \& speciality food mfg .
311200 Grain \& oilseed milling
311610 Animal slaughtering \& processing
311710 Seafood product preparation \& packaging
311300 Sugar \& confectionery product mfg .

311900 Other food mfg. (including coffee, tea, flavorings, \& seasonings)

## Leather \& Allied Product

## Manufacturing

316210 Footwear mfg. (including leather, rubber, \& plastics)
316110 Leather \& hide tanning \& finishing
316990 Other leather \& allied product mfg .
Nonmetallic Mineral Product

## Manufacturing

327300 Cement \& concrete product mfg.
327100 Clay product \& refractory mfg .
327210 Glass \& glass product mfg.
327400 Lime \& gypsum product mfg.
327900 Other nonmetallic mineral product mfg .

Mining
212110 Coal mining
212200 Metal ore mining
212300 Nonmetallic mineral mining \& quarrying
211110 Oil \& gas extraction
213110 Support activities for mining

## Other Services

## Personal \& Laundry Services

812111 Barber shops
812112 Beauty salons
812220 Cemeteries \& crematories
812310 Coin-operated laundries \& drycleaners
812320 Drycleaning \& laundry services (except coin-operated) (including laundry \& drycleaning dropoff \& pickup sites)
812210 Funeral homes \& funeral services
812330 Linen \& uniform supply
812113 Nail salons
812930 Parking lots \& garages
812910 Pet care (except veterinary) services
812920 Photofinishing
812190 Other personal care services (including diet \& weight reducing centers)
812990 All other personal services
Repair \& Maintenance
811120 Automotive body, paint, interior, \& glass repair
811110 Automotive mechanical \& electrical repair \& maintenance
811190 Other automotive repair \& maintenance (including oil change \& lubrication shops \& car washes)
811310 Commercial \& industrial machinery \& equipment (except automotive \& electronic) repair \& maintenance
811210 Electronic \& precision equipment repair \& maintenance
811430 Footwear \& leather goods repair
811410 Home \& garden equipment \& appliance repair \& maintenance
811420 Reupholstery \& furniture repair
811490 Other personal \& household goods repair \& maintenance

Principal Business or Professional Activity Codes (continued)

Professional, Scientific, \&
Technical Services
541100 Legal services
541211 Offices of certified public accountants
541214 Payroll services
541213 Tax preparation services
541219 Other accounting services
Architectural, Engineering, \&

## Related Services

541310 Architectural services
541350 Building inspection services
541340 Drafting services
541330 Engineering services
541360 Geophysical surveying \& mapping services
541320 Landscape architecture services
541370 Surveying \& mapping (except geophysical) services
541380 Testing laboratories
Computer Systems Design \&

## Related Services

541510 Computer systems design \& related services

## Specialized Design Services

541400 Specialized design services (including interior, industrial, graphic, \& fashion design)
Other Professional, Scientific,

## \& Technical Services

541800 Advertising \& related services
541600 Management, scientific, \& technical consulting services
541910 Market research \& public opinion polling
541920 Photographic services
541700 Scientific research \& development services
541930 Translation \& interpretation services
541940 Veterinary services
541990 All other professional, scientific, \& technical services
Real Estate \& Rental \&

## Leasing

Real Estate
531100 Lessors of real estate (including miniwarehouses \& self-storage units)
531210 Offices of real estate agents \& brokers
531320 Offices of real estate appraisers
531310 Real estate property managers
531390 Other activities related to real estate
Rental \& Leasing Services
532100 Automotive equipment rental \& leasing
532400 Commercial \& industrial machinery \& equipment rental \& leasing
532210 Consumer electronics \& appliances rental
532220 Formal wear \& costume rental
532310 General rental centers
532230 Video tape \& disc rental
532290 Other consumer goods rental

Religious, Grantmaking, Civic, Professional, \& Similar Organizations
813000 Religious, grantmaking, civic, professional, \& similar organizations

## Retail Trade

Building Material \& Garden
Equipment \& Supplies Dealers
444130 Hardware stores
444110 Home centers
444200 Lawn \& garden equipment \& supplies stores
444120 Paint \& wallpaper stores
444190 Other building materials dealers
Clothing \& Accessories

## Stores

448130 Children's \& infants' clothing stores
448150 Clothing accessories stores
448140 Family clothing stores
448310 Jewelry stores
448320 Luggage \& leather goods stores
448110 Men's clothing stores
448210 Shoe stores
448120 Women's clothing stores 448190 Other clothing stores
Electronic \& Appliance Stores
443130 Camera \& photographic supplies stores
443120 Computer \& software stores
443111 Household appliance stores
443112 Radio, television, \& other electronics stores
Food \& Beverage Stores
445310 Beer, wine, \& liquor stores
445220 Fish \& seafood markets
445230 Fruit \& vegetable markets
445100 Grocery stores (including supermarkets \& convenience stores without gas)
445210 Meat markets
445290 Other specialty food stores
Furniture \& Home Furnishing Stores
442110 Furniture stores
442200 Home furnishings stores

## Gasoline Stations

447100 Gasoline stations (including convenience stores with gas)

## General Merchandise Stores

452000 General merchandise stores
Health \& Personal Care Stores
446120 Cosmetics, beauty supplies, \& perfume stores
446130 Optical goods stores
446110 Pharmacies \& drug stores
446190 Other health \& personal care stores
Motor Vehicle \& Parts Dealers
441300 Automotive parts, accessories, \& tire stores
441222 Boat dealers
441221 Motorcycle dealers
441110 New car dealers
441210 Recreational vehicle dealers (including motor home \& travel trailer dealers)

441120 Used car dealers
441229 All other motor vehicle dealers
Sporting Goods, Hobby, Book, \& Music Stores
451211 Book stores
451120 Hobby, toy, \& game stores
451140 Musical instrument \& supplies stores
451212 News dealers \& newsstands
451220 Prerecorded tape, compact disc, \& record stores
451130 Sewing, needlework, \& piece goods stores
451110 Sporting goods stores
Miscellaneous Store Retailers
453920 Art dealers
453110 Florists
453220 Gift, novelty, \& souvenir stores
453930 Manufactured (mobile) home dealers
453210 Office supplies \& stationery stores
453910 Pet \& pet supplies stores
453310 Used merchandise stores
453990 All other miscellaneous store retailers (including tobacco, candle, \& trophy shops)

## Nonstore Retailers

454112 Electronic auctions
454111 Electronic shopping
454310 Fuel dealers
454113 Mail-order houses
454210 Vending machine operators
454390 Other direct selling establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, \& coffee-break service providers)

## Transportation \&

## Warehousing

481000 Air transportation
485510 Charter bus industry
484110 General freight trucking, local
484120 General freight trucking, long distance
485210 Interurban \& rural bus transportation
486000 Pipeline transportation
482110 Rail transportation
487000 Scenic \& sightseeing transportation
485410 School \& employee bus transportation
484200 Specialized freight trucking (including household moving vans)
485300 Taxi \& limousine service
485110 Urban transit systems
483000 Water transportation
485990 Other transit \& ground passenger transportation
488000 Support activities for transportation (including motor vehicle towing)

Couriers \& Messengers
492000 Couriers \& messengers
Warehousing \& Storage
Facilities
493100 Warehousing \& storage (except leases of miniwarehouses \& self-storage units)

## Utilities

221000 Utilities

## Wholesale Trade

## Merchant Wholesalers,

## Durable Goods

423600 Electrical \& electronic goods
423200 Furniture \& home furnishing
423700 Hardware, \& plumbing \& heating equipment \& supplies
423940 Jewelry, watch, precious stone, \& precious metals
423300 Lumber \& other construction materials
423800 Machinery, equipment, \& supplies
423500 Metal \& mineral (except petroleum)
423100 Motor vehicle \& motor vehicle parts \& supplies
423400 Professional \& commercial equipment \& supplies
423930 Recyclable materials
423910 Sporting \& recreational goods \& supplies
423920 Toy \& hobby goods \& supplies
$423990 \begin{aligned} & \text { Other miscellaneous durable } \\ & \text { goods }\end{aligned}$ goods
Merchant Wholesalers,
Nondurable Goods
424300 Apparel, piece goods, \& notions
424800 Beer, wine, \& distilled alcoholic beverage
424920 Books, periodicals, \& newspapers
424600 Chemical \& allied products
424210 Drugs \& druggists' sundries
424500 Farm product raw materials
424910 Farm supplies
424930 Flower, nursery stock, \& florists' supplies
424400 Grocery \& related products
424950 Paint, varnish, \& supplies
424100 Paper \& paper products
424700 Petroleum \& petroleum products
424940 Tobacco \& tobacco products
424990 Other miscellaneous nondurable goods
Wholesale Electronic
Markets and Agents \&

## Brokers

425110 Business to business
electronic markets
425120 Wholesale trade agents \& brokers

999999 Unclassified establishments (unable to classify)

## 2005 Schedule C (Form 1040), Profit or Loss From Business

Purpose: This is the first circulated draft of the 2005 Schedule C (Form 1040) for your review and comments. Major changes are listed below.

TPCC Meeting: None, but may be arranged if requested.
Instructions: The 2005 Instructions for Schedule C will be circulated at a later date.
Prior Revisions: The 2004 Schedule C can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11334Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by May 23, 2005.

## Major Changes to Schedule C (Form 1040)

- We added text to line 32 to be consistent with Schedule F.
-We consolidated lines 24b through d into new line 24b, "Deductible meals and entertainment" per SE:W:CAR:MP:T:I:R.
- We added "(see instructions)" to line 44b.
$\left.\begin{array}{|l|l|l|l|l|}\hline \begin{array}{l}\text { FROM: } \\ \text { Robyn Magruder-Matthews }\end{array} & \begin{array}{l}\text { Email: } \\ \text { robyn.t.magruder-matthews@irs.gov }\end{array} & \begin{array}{l}\text { Phone: } \\ 202-622-4182 \\ \text { Fax: } \\ 202-927-6234\end{array} & \text { Room: } & \text { Date: } \\ \text { April 25, 2005 }\end{array}\right\}$



## Part I Income

 employee" box on that form was checked, see page C-3 and check here2 Returns and allowances
3 Subtract line 2 from line 1
4 Cost of goods sold (from line 42 on page 2)

5 Gross profit. Subtract line 4 from line 3
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)

7 Gross income. Add lines 5 and 6
Part II Expenses. Enter expenses for business use of your home only on line 30.

9 Car and truck expenses (see page C-3).
10 Commissions and fees
11 Contract labor (see page C-4)
12 Depletion
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)
14 Employee benefit programs (other than on line 19).
15 Insurance (other than health)
16 Interest:
a Mortgage (paid to banks, etc.)
b Other
17 Legal and professional services

28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns

29 Tentative profit (loss). Subtract line 28 from line 7
30 Expenses for business use of your home. Attach Form 8829
31 Net profit or (loss). Subtract line 30 from line 29.

- If a profit, enter on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.
- If a loss, you must go to line 32.

32 If you have a loss, check the box that describes your investment in this activity (see page C-6).

- If you checked 32a, enter the loss on Form 1040, line 12, and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.
- If you checked 32b, you must attach Form 6198. Your loss may be limited.

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| 15 |  |  |
| $16 a$ |  |  |
| $16 b$ |  |  |
| 17 |  |  |

19 Pension and profit-sharing plans
20 Rent or lease (see page C-5): a Vehicles, machinery, and equipment
b Other business property .
21 Repairs and maintenance
22 Supplies (not included in Part III)
23 Taxes and licenses
24 Travel, meals, and entertainment: a Travel
b Deductible meals and entertainment (see page xx)
25 Utilities
26 Wages (less employment credits)
27 Other expenses (from line 48 on page 2).

1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory
8 Advertising . . . . . . 8 五 18 Office expense . . .


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18 Office expense

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| $20 a$ |  |  |
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| 31 |  |  |All investment is at riskSome investment is not at risk.

## Part III Cost of Goods Sold (see page C-6)

33 Method(s) used to value closing inventory:
aCost
bLower of cost or marketOther (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation
 No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation
36 Purchases less cost of items withdrawn for personal use

37 Cost of labor. Do not include any amounts paid to yourself

38 Materials and supplies
39 Other costs

40 Add lines 35 through 39

41 Inventory at end of year
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4

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Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) $\qquad$ /.......... I.......

44 Of the total number of miles you drove your vehicle during 2004, enter the number of miles you used your vehicle for:
a Business $\qquad$ b Commuting (see instructions) $\qquad$ c Other
$\qquad$

45 Do you (or your spouse) have another vehicle available for personal use?. $\qquad$ YesNo

46 Was your vehicle available for personal use during off-duty hours?Yes

47a Do you have evidence to support your deduction?
Yes
b If "Yes," is the evidence written? . . . . . . . . . . . . . . . . . . . . . . . . . $\square$ Yes $\square$ No
Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.
$\qquad$

## 2005 Schedule C-EZ (Form 1040), Net Profit From Business

Purpose: This is the first circulated draft of the 2005 Schedule C-EZ (Form 1040) for your review and comments. Major changes are listed below.

TPCC Meeting: None, but may be arranged if requested.
Instructions: The 2005 Instructions for Schedule C will be circulated at a later date.
Prior Revisions: The 2004 Schedule C-EZ can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/14374Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by May 23, 2005.

## Major Changes to Schedule C-EZ (Form 1040)

- In Part I we added the requirement concerning statutory employees (Schedule C (Form 1040) instructions).
- We added text to the instructions for line 2 for clarity.
-We added instructions for line 5b to clarify commuting mileage.
- We consolidated lines a through c on the "Optional Worksheet for Line 2", into new line a "Deductible business meals and entertainment," to conform to the change made to Schedule C (Form 1040).

| FROM: <br> Robyn Magruder-Matthews | Email: <br> robyn.t.magruder-matthews@irs.gov | Phone: <br> 202-622-4182 <br> Fax: <br> $202-927-6234$ | Room: | Date: <br> April 25, 2005 |
| :--- | :--- | :--- | :--- | :--- |

- Attach to Form 1040 or 1041. See instructions on back.

Attachment
Sequence No. 09A

You May Use Schedule C-EZ Instead of Schedule C Only If You:

- Had business expenses of $\$ 5,000$ or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor or statutory employee.


E Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

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

## Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here

2 Total expenses (see instructions). If more than $\$ 5,000$, you must use Schedule C.
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on Form 1040, line 12, and also on Schedule SE, line 2. (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)

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Part III Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 2.

4 When did you place your vehicle in service for business purposes? (month, day, year) $\quad$............................ .

5 Of the total number of miles you drove your vehicle during 2005, enter the number of miles you used your vehicle for:


6 Do you (or your spouse) have another vehicle available for personal use? . . . . . . . . . . . $\square$ Yes $\square$ No

7 Was your vehicle available for personal use during off-duty hours? . . . . . . . . . . . . . $\square$ Yes $\square$ No
8a Do you have evidence to support your deduction? . . . . . . . . . . . . . . . . . . $\square$ Yes $\square$ No
b If "Yes," is the evidence written?
Yes $\qquad$
For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat. No. 14374D Schedule C-EZ (Form 1040) 2005

## Instructions

You can use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship or you were a statutory employee and you have met all the requirements listed in Schedule C-EZ, Part I.

## Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

## Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-7 through C-9 of the Instructions for Schedule C for the list of codes.

## Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4. 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.

## Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must 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. Do not offset this amount by any losses.

## Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expense, rent or lease expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment, and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you can use the optional worksheet below to record your expenses. Enter on lines b through $\mathbf{g}$ the type and amount of expenses not included on line a.

If you claim car or truck expenses, be sure to complete Schedule C-EZ, Part III.

## Line 5b

Generally, communiting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business.

## Optional Worksheet for Line 2 (keep a copy for your records)



## 2005 Instructions for Schedule D (Form 1040) Capital Gains and Losses

Purpose: This is the first circulated draft of the 2005 Instructions for Schedule D (Form 1040) for your review and comments. The major changes are shown below.

TPCC Meeting: None, but may be arranged if requested.
Form: The 2005 Schedule D was previously circulated on April 13, 2005. You can view that circulation by clicking on the following link: http://taxforms.web.irs.gov/Products/Drafts/05schD(Form\ 1040) d1.pdf

Prior version: The 2004 Instructions for Schedule D can be viewed at: http://publish.no.irs.gov/INSTRS/PDF/24331Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by July 5, 2005.

Kevin Coulter<br>Tax Forms and Publications<br>SE:W:CAR:MP:T:I:F<br>Email: Kevin.C.Coulter@irs.gov<br>Phone: 202-622-3716<br>Fax: 202-927-6234

## Major Changes to 2005 Instructions for Schedule $D$ (Form 1040)

All line references to Form 1040 have been updated to reflect the revised Form 1040.

## Page D-1

- We revised the text under "What's New" to reflect a new item for 2005.


## Page D-2

- We revised the second sentence under "Sale of Your Home" by deleting "after October 22, 2004." That effective date is no longer needed, since sales before 2005 should not be reported on the 2005 Schedule D.


## Page D-4

- We added a discussion of the higher section 1202 exclusion for empowerment zone business stock.


## Page D-6

- The Capital Loss Carryover Worksheet was updated to reflect references to the 2004 Schedule D.


## Page D-7

- Line 5 of the 28\% Rate Gain Worksheet was revised to reflect a change to Schedule K-1 (Form 1041).


## Page D-8

- We deleted the first paragraph under "Line 21". Taxpayers were potentially confused regarding the amount of loss they could deduct.
- Line 16 of the Unrecaptured Section 1250 Gain Worksheet was revised to reflect a change to Schedule K-1 (Form 1041).


## Page D-9

- The dollar amounts on line 15 of the Schedule D Tax Worksheet were updated per Rev. Proc. 2004-71, section 3.01.


## 2005 Instructions for Schedule D

## Capital Gains and Losses

Use Schedule D (Form 1040) to report the following.

- The sale or exchange of a capital asset (defined on this page) not reported on another form or schedule.
- 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.

Additional information. See Pub. 544 and Pub. 550 for more details. For a comprehensive filled-in example of Schedule D, see Pub. 550.

Use Form 8824 to report like-kind exchanges. A like-kind exchange occurs when you exchange business or investment property for property of a like kind.

## 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.

- Stock in trade or other property included in inventory or held mainly for sale to customers.
- 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 stock in trade or other property held mainly for sale to customers.
- Depreciable property used in your trade or business, even if it is fully depreciated.
- Real estate used in your trade or business.
- 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.
- 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.
- Certain commodities derivative financial instruments held by a dealer. See section 1221(a)(6).
- Certain hedging transactions entered into in the normal course of your trade or business. See section 1221(a)(7).
- Supplies regularly used in your trade or business.


## 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 short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

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 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

## Capital Gain Distributions

These distributions are paid by a mutual fund (or other regulated investment company) or real estate investment trust from its net realized long-term capital gains. Distributions of net realized short-term capital gains are not treated as capital gains. Instead, they are included on Form 1099-DIV as ordinary dividends.

Enter on line 13 the total capital gain distributions paid to you during the year, regardless of how long you held your investment. This amount is shown in box 2 a of Form 1099-DIV.

If there is an amount in box 2 b , include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-8 if you complete line 19 of Schedule D.

If there is an amount in box 2 c , see $E x$ clusion of Gain on Qualified Small Business (QSB) Stock on page D-4.

If there is an amount in box 2d, include that amount on line 4 of the $28 \%$ Rate Gain Worksheet on page D-7 if you complete line 18 of Schedule D.

If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report on line 13 only the amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions
for Schedule B for filing requirements for Forms 1099-DIV and 1096.

## Sale of Your Home

If you sold or exchanged your main home, do not report it on your tax return unless your gain exceeds your exclusion amount. Your exclusion amount is zero if you acquired your home in a like-kind exchange and you sold or exchanged the home during the 5-year period beginning on the date you acquired it. Generally, if you meet the two tests below, you can exclude up to $\$ 250,000$ of gain. If both you and your spouse meet these tests and you file a joint return, you can exclude up to $\$ 500,000$ of gain (but only one spouse needs to meet the ownership requirement in Test 1).

Test 1. You owned and used the home as your main home for 2 years or more during the 5 -year period ending on the date you sold or exchanged your home.

Test 2. You have not sold or exchanged another main home during the 2 -year period ending on the date of the sale or exchange of your home.

Even if you do not meet one or both of the above two tests, you still can claim an exclusion if you sold or exchanged the home because of a change in place of employment, health, or certain unforeseen circumstances. In this case, the maximum amount of gain you can exclude is reduced.

You can choose to have the 5 -year test period for ownership and use in Test 1 above suspended during any period you or your spouse serve on qualified official extended duty as a member of the uniformed services or Foreign Service of the United States. This means you may be able to meet Test 1 even if, because of your service, you did not actually use the home as your main home for at least the required 2 years during the 5 -year period ending on the date of sale.

See Pub. 523 for details, including how to report any taxable gain if:

- You (or your spouse if married) used any part of the home for business or rental purposes after May 6, 1997, or
- Your gain exceeds your exclusion amount.


## Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income, collectibles gain ( $28 \%$ rate gain), or unrecaptured section 1250 gain. For details on $28 \%$ rate gain, see the instructions for line 18 on page D-7. For details on unrecaptured section 1250 gain, see the instructions for line 19 beginning on page D-7.

## Capital Assets Held for Personal Use

Generally, gain from the sale or exchange of a capital asset held for personal use is a capital gain. Report it on Schedule D, Part I or Part II. However, if you converted depreciable property to personal use, all or part of the gain on the sale or exchange of that property may have to be recaptured as ordinary income. Use Part III of Form 4797 to figure the amount of ordinary income re-
capture. The recapture amount is included on line 31 (and line 13) of Form 4797. Do not enter any gain for this property on line 32 of Form 4797. If you are not completing Part III for any other properties, enter "N/A" on line 32. If the total gain is more than the recapture amount, enter "From Form 4797" in column (a) of line 1 or line 8 of Schedule D, skip columns (b) through (e), and in column (f) enter the excess of the total gain over the recapture amount.

Loss from the sale or exchange of a capital asset held for personal use is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use for which you received a Form 1099-S, 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 and you received a Form 1099-S for the transaction. Report the transaction on line 1 or 8 , depending on how long you owned the home. Complete columns (a) through (e). Because the loss is not deductible, enter -0- in column (f).

## Nondeductible Losses

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 executor of an estate and a beneficiary of that estate, unless the sale or exchange was to satisfy a pecuniary bequest (that is, a bequest of a sum of money).
- 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 disposed 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.

If the loss is allowable under the at-risk rules, it then may be subject to the passive activity rules. See Form 8582 and its instructions for details on reporting capital gains and losses from a passive activity.

## Items for Special Treatment

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550.
- Certain real estate subdivided for sale that 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.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 995(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550.
- 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.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.
- 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 a long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.
- If qualified dividends that you reported on Form 1040, line 9b, include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extent of the extraordinary dividends. An extraordinary dividend is a dividend that equals or exceeds $10 \%$ ( $5 \%$ in the case of preferred stock) of your basis in the stock.
- Amounts received by shareholders in corporate liquidations. See Pub. 550.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550.
- Mutual fund load charges, which may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. See Pub. 564.
- The sale or exchange of $S$ corporation stock or an interest in a trust held for more than 1 year, which may result in collectibles gain ( $28 \%$ rate gain). See page D-7.
- Gain or loss on the disposition of securities futures contracts. See Pub. 550.
- Gain on the constructive sale of certain appreciated financial positions. See Pub. 550.
- Certain constructive ownership transactions. Gain in excess of the gain you would have recognized if you had held a financial asset directly during the term of a derivative contract must be treated as ordinary income. See section 1260 . If any portion of the constructive ownership transaction was open in any prior year, you may have to pay interest. See section 1260(b) for details, including how to figure the interest. Include the interest as an additional tax on Form 1040, line 63. Write
"Section 1260(b) interest" and the amount of the interest to the left of line 63. This interest is not deductible.
- The sale of publicly traded securities, if you elect to postpone gain by purchasing common stock or a partnership interest in a specialized small business investment company during the 60 -day period that began on the date of the sale. See Pub. 550.
- The sale of qualified securities, held for at least 3 years, to an employee stock ownership plan or eligible worker-owned cooperative, if you elect to postpone gain by purchasing qualified replacement property. See Pub. 550.
- Gain or loss from the disposition of stock or other securities in an investment club. See Pub. 550.


## 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:

- Buy substantially identical stock or securities,
- Acquire substantially identical stock or securities in a fully taxable trade, or
- 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 property (or contract or option to acquire such property) 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 8. Enter the full amount of the (loss) in column (f). Directly below the line on which you reported the loss, enter "Wash Sale" in column (a), and enter as a positive amount in column (f) the amount of the loss not allowed.

## Traders in Securities

You are a trader in securities if you are engaged in the business of buying and selling securities for your own account. To be engaged in business as a trader in securities:

- You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.
- Your activity must be substantial.
- You must carry on the activity with continuity and regularity.

The following facts and circumstances should be considered in determining if your activity is a business.

- Typical holding periods for securities bought and sold.
- The frequency and dollar amount of your trades during the year.
- The extent to which you pursue the activity to produce income for a livelihood.
- The amount of time you devote to the activity.

You are considered an investor, and not a trader, if your activity does not meet the above definition of a business. It does not matter whether you call yourself a trader or a "day trader."

Like an investor, a trader must report each sale of securities (taking into account commissions and any other costs of acquiring or disposing of the securities) on Schedule D or D-1 or on an attached statement containing all the same information for each sale in a similar format. However, if a trader previously made the mark-to-market election (see below), each transaction is reported in Part II of Form 4797 instead of Schedules D and D-1. Regardless of whether a trader reports his or her gains and losses on Schedules D and D-1 or Form 4797, the gain or loss from the disposition of securities is not taken into account when figuring net earnings from self-employment on Schedule SE. See the Instructions for Schedule SE for an exception that applies to section 1256 contracts.

The limitation on investment interest expense that applies to investors does not apply to interest paid or incurred in a trading business. A trader reports interest expense and other expenses (excluding commissions and other costs of acquiring or disposing of securities) from a trading business on Schedule C (instead of Schedule A).

A trader also may hold securities for investment. The rules for investors generally will apply to those securities. Allocate interest and other expenses between your trading business and your investment securities.

## Mark-To-Market Election for Traders

A trader may make an election under section 475(f) to report all gains and losses from securities held in connection with a trading business as ordinary income (or loss), including securities held at the end of the year. Securities held at the end of the year are "marked to market" by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. Generally, the election must be made by the due date (not including extensions) of the tax return for the year prior to the year for which the election becomes effective. To be effective for 2005, the election must have been made by April 15, 2005.

Starting with the year the election becomes effective, a trader reports all gains and losses from securities held in connection with the trading business, including securities held at the end of the year, in Part II of Form 4797. If you previously made the election, see the Instructions for Form 4797. For details on making the mark-to-market election for 2006, see Pub. 550 or Rev. Proc. 99-17, 1999-1 C.B. 503. You can find Rev. Proc. 99-17 on page 52 of Internal Revenue Bulletin 1999-7 at www.irs.gov/pub/irs-irbs/irb99-07.pdf.

If you hold securities for investment, you must identify them as such in your records on the day you acquired them (for example, by holding the securities in a
separate brokerage account). Securities held for investment are not marked-to-market.

## 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, your gain when closing a short sale is short term if you (a) held substantially identical property for 1 year or less on the date of the short sale or (b) acquired property substantially identical to the property sold short after the short sale but on or before the date you close the short sale. 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 is a capital asset in your hands. If an option you purchased expired, enter the expiration date in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (e). Fill in the other columns as appropriate. See Pub. 550 for details.

## Undistributed Capital Gains

Include on line 11 the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (including a mutual fund) or real estate investment trust.

If there is an amount in box 1 b , include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet on page D-8 if you complete line 19 of Schedule D.

If there is an amount in box 1c, see Exclusion of Gain on Qualified Small Business (QSB) Stock on this page.

If there is an amount in box 1d, include that amount on line 4 of the $28 \%$ Rate Gain Worksheet on page D-7 if you complete line 18 of Schedule D.

Enter on Form 1040, line 70, the tax paid as shown in box 2 of Form 2439. Also on line 70, check the box for Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit for the tax paid. See Pub. 550 for details.

## 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 generally must report the sale on the installment method unless you elect not to. Use Form 6252 to report the sale on the installment method.

Also use Form 6252 to report any payment received in 2005 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) for the year of the sale. If your original return was filed on time, you may make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section $301.9100-2$ " at the top of the amended return.

## Demutualization of Life Insurance Companies

Demutualization of a life insurance company occurs when a mutual life insurance company changes to a stock company. If you were a policyholder or annuitant of the mutual company, you may have received either stock in the stock company or cash in exchange for your equity interest in the mutual company. The basis of your equity interest in the mutual company is considered to be zero.

If the demutualization transaction qualifies as a tax-free reorganization, no gain is recognized on the exchange of your equity interest in the mutual company for stock. The company can advise you if the transaction is a tax-free reorganization. Because the basis of your equity interest in the mutual company is considered to be zero, your basis in the stock received is zero. Your holding period for the new stock includes the period you held an equity interest in the mutual company. If you received cash in exchange for your equity interest, you must recognize a capital gain in an amount equal to the cash received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8. If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1 .

If the demutualization transaction does not qualify as a tax-free reorganization, you must recognize a capital gain in an amount equal to the cash and fair market value of the stock received. If you held the equity interest for more than 1 year, report the gain as a long-term capital gain on line 8. If you held the equity interest for 1 year or less, report the gain as a short-term capital gain on line 1. Your holding period for the new stock begins on the day after you received the stock.

## Exclusion of Gain on Qualified Small Business (QSB) Stock

Section 1202 allows for an exclusion of up to $50 \%$ of the eligible gain on the sale or exchange of QSB stock. The section 1202 exclusion applies only to QSB stock held for more than 5 years. The exclusion can be up to $60 \%$ for certain empowerment zone business stock. See Empowerment Zone Business Stock on this page.

To be QSB stock, the stock must meet all of the following tests.

1. It must be stock in a C corporation (that is, not S corporation stock).
2. It must have been originally issued after August 10, 1993.
3. As of the date the stock was issued, the corporation was a domestic C corporation with total gross assets of $\$ 50$ million or less (a) at all times after August 9, 1993, and before the stock was issued and (b) immediately after the stock was issued. Gross assets include those of any predecessor of the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.
4. You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property or as pay for services (other than as an underwriter) to the corporation. In certain cases, you may meet the test if you acquired the stock from another person who met the test (such as by gift or inheritance) or through a conversion or exchange of QSB stock you held.
5. During substantially all the time you held the stock:
a. The corporation was a C corporation,
b. At least $80 \%$ of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and
c. The corporation was not a foreign corporation, DISC, former DISC, regulated investment company, real estate investment trust, REMIC, FASIT, cooperative, or a corporation that has made (or that has a subsidiary that has made) a section 936 election.

SSBIC. A specialized small business investment company (SSBIC) is treated as having met test $5 b$ above.

## Qualified Business

A qualified business is any business that is not one of the following.

- A business involving services performed in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services.
- A business whose principal asset is the reputation or skill of one or more employees.
- A banking, insurance, financing, leasing, investing, or similar business.
- A farming business (including the raising or harvesting of trees).
- A business involving the production of products for which percentage depletion can be claimed.
- A business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see section 1202.

## Empowerment Zone Business Stock

You generally can exclude up to $60 \%$ of your gain if you meet the following additional requirements.

1. The stock you sold or exchanged was stock in a corporation that qualified as an empowerment zone business during substantially all of the time you held the stock.
2. You acquired the stock after December 21, 2000.

Requirement 1 will still be met if the corporation ceased to qualify after the 5 -year period that began on the date you acquired the stock. However, the gain that qualifies for the $60 \%$ exclusion cannot be more than the gain you would have had if you had sold the stock on the date the corporation ceased to qualify.

For more information about empowerment zone businesses, see Pub. 954.

## Pass-Through Entities

If you held an interest in a pass-through entity (a partnership, S corporation, or mutual fund or other regulated investment company) that sold QSB stock, to qualify for the exclusion you must have held the interest on the date the pass-through entity acquired the QSB stock and at all times thereafter until the stock was sold.

## How To Report

Report on line 8 the entire gain realized on the sale of QSB stock. Complete all columns as indicated. Directly below the line on which you reported the gain, enter in column (a) "Section 1202 exclusion" and enter as a loss in column (f) the amount of the allowable exclusion. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $28 \%$ Rate Gain Worksheet on page D-7.
Gain from Form 1099-DIV. If you received a Form 1099-DIV with a gain in box 2 c , part or all of that gain (which is also included in box 2 a) may be eligible for the section 1202 exclusion. In column (a) of line 8 , enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $28 \%$ Rate Gain Worksheet on page D-7.
Gain from Form 2439. If you received a Form 2439 with a gain in box 1c, part or all of that gain (which is also included in box 1a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $28 \%$ Rate Gain Worksheet on page D-7.
Gain from an installment sale of QSB stock. If all payments are not received in the year of sale, a sale of QSB stock that is not traded on an established securities market generally is treated as an installment
sale and is reported on Form 6252. Figure the allowable section 1202 exclusion for the year by multiplying the total amount of the exclusion by a fraction, the numerator of which is the amount of eligible gain to be recognized for the tax year and the denominator of which is the total amount of eligible gain. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the $28 \%$ Rate Gain Worksheet on page D-7.
Alternative minimum tax. You must enter $7 \%$ of your allowable exclusion for the year on line 12 of Form 6251.

## Rollover of Gain From QSB Stock

If you sold QSB stock (defined on page D-4) that you held for more than 6 months, you may elect to postpone gain if you purchase other QSB stock during the 60-day period that began on the date of the sale. A pass-through entity also may make the election to postpone gain. The benefit of the postponed gain applies to your share of the entity's postponed gain if you held an interest in the entity for the entire period the entity held the QSB stock. If a pass-through entity sold QSB stock held for more than 6 months and you held an interest in the entity for the entire period the entity held the stock, you also may elect to postpone gain if you, rather than the pass-through entity, purchase the replacement QSB stock within the 60 -day period.

You must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain.

You must make the election no later than the due date (including extensions) for filing your tax return for the tax year in which the QSB stock was sold. If your original return was filed on time, you may make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" at the top of the amended return.

To make the election, report the entire gain realized on the sale on line 1 or 8 . Directly below the line on which you reported the gain, enter in column (a) "Section 1045 rollover," and enter the amount of the postponed gain as a (loss) in column (f).

## Rollover of Gain From Empowerment Zone Assets

If you sold a qualified empowerment zone asset that you held for more than 1 year, you may be able to elect to postpone part or all of the gain that you would otherwise include on Schedule D. If you make the election, the gain on the sale generally is recognized only to the extent, if any, that the amount realized on the sale exceeds the cost of qualified empowerment zone assets (replacement property) you purchased during the 60 -day period beginning on the date of the sale. The following rules apply.

- No portion of the cost of the replacement property may be taken into account to the extent the cost is taken into account to exclude gain on a different empowerment zone asset.
- The replacement property must qualify as an empowerment zone asset with respect to the same empowerment zone as the asset sold.
- You must reduce the basis of the replacement property by the amount of postponed gain.
- This election does not apply to any gain (a) treated as ordinary income or (b) attributable to real property, or an intangible asset, that is not an integral part of an enterprise zone business.
- The District of Columbia enterprise zone is not treated as an empowerment zone for this purpose.
- The election is irrevocable without IRS consent.

See Pub. 954 for the definition of empowerment zone and enterprise zone business. You can find out if your business is located within an empowerment zone by using the RC/EZ/EC Address Locator at www.hud.gov/crlocator.

Qualified empowerment zone assets are:

1. Tangible property, if:
a. You acquired the property after December 21, 2000,
b. The original use of the property in the empowerment zone began with you, and
c. Substantially all of the use of the property, during substantially all of the time that you held it, was in your enterprise zone business; and
2. Stock in a domestic corporation or a capital or profits interest in a domestic partnership, if:
a. You acquired the stock or partnership interest after December 21, 2000, solely in exchange for cash, from the corporation at its original issue (directly or through an underwriter) or from the partnership;
b. The business was an enterprise zone business (or a new business being organized as an enterprise zone business) as of the time you acquired the stock or partnership interest; and
c. The business qualified as an enterprise zone business during substantially all of the time during which you held the stock or partnership interest.

How to report. Report the entire gain realized from the sale as you otherwise would without regard to the election. On Schedule D, line 8, enter "Section 1397B Rollover" in column (a) and enter as a loss in column (f) the amount of gain included on Schedule D that you are electing to postpone. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

See section 1397B for more details.

## Exclusion of Gain From DC Zone Assets

If you sold or exchanged a District of Columbia Enterprise Zone (DC Zone) asset that you held for more than 5 years, you may be able to exclude the amount of qualified capital gain that you would otherwise include on Schedule D. The exclusion applies to an interest in, or property of, certain businesses operating in the District of Columbia.

DC Zone asset. A DC Zone asset is any of the following.

- DC Zone business stock.
- DC Zone partnership interest.
- DC Zone business property.

Qualified capital gain. Qualified capital gain is any gain recognized on the sale or exchange of a DC Zone asset that is a capital asset or property used in a trade or business. It does not include any of the following gains.

- Gain treated as ordinary income under section 1245.
- Section 1250 gain figured as if section 1250 applied to all depreciation rather than the additional depreciation.
- Gain attributable to real property, or an intangible asset, that is not an integral part of a DC Zone business.
- Gain from a related-party transaction. See Sales and Exchanges Between Related Persons in chapter 2 of Pub. 544.

See Pub. 954 and section 1400B for more details on DC Zone assets and special rules.
How to report. Report the entire gain realized from the sale or exchange as you otherwise would without regard to the exclusion. On Schedule D, line 8, enter "DC Zone Asset" in column (a) and enter as a loss in column (f) the amount of the allowable exclusion. If you are reporting the sale directly on Schedule D, line 8, use the line directly below the line on which you are reporting the sale.

## Specific Instructions

## Lines 1 and 8

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797, 6252,6781 , or 8824 ). But do not report the sale or exchange of your main home unless required (see page D-2). 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 stock ticker symbols or abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use Schedule D-1 to list additional transactions for lines 1 and 8. Use as many Schedules D-1 as you need. Enter on Schedule D, lines 2 and 9, the combined totals from all your Schedules D-1.

Add the following amounts reported to you for 2005 on Forms 1099-B and 1099-S (or substitute statements) that you are not reporting on another form or schedule included with your return: (a) proceeds from transactions involving stocks, bonds, and other securities and (b) gross proceeds from real estate transactions (other than the sale of your main home if you are not required to report it). If this total is more than the total of lines 3 and 10, attach an explanation of the difference (for example, you were the nominee for the actual owner of the property).

## Column (b)—Date Acquired

Enter in this column the date you acquired the asset. 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.

The date acquired for an asset you held on January 1, 2001, for which you made an election to recognize any gain in a deemed sale is the date of the deemed sale and reacquisition.

If you disposed of property that you acquired by inheritance, report the gain or (loss) on line 8 and enter "INHERITED" in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that you acquired through several different purchases, you may report the sale on one line and enter "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) in Part II.

## Column (c)—Date Sold

Enter in this column the date you sold the asset. 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 substitute statement) from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or substitute statement) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If you enter the net amount 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 nontransferable 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).


Be sure to add all sales price entries on lines 1 and 8, column (d), to amounts on lines 2 and 9, column (d). Enter the totals on lines 3 and 10 .

## 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 ba-
sis. If you do not use the actual cost, attach an explanation of your basis.

If you sold stock, adjust your basis by subtracting all the nondividend distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details.

If you elected to recognize gain on an asset held on January 1, 2001, your basis in the asset is its closing market price or fair market value, whichever applies, on the date of the deemed sale and reacquisition, whether the deemed sale resulted in a gain or an unallowed loss.

You may elect to use an average basis for all shares of a mutual fund 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. If you are reporting an average basis, include "AVGB" in column (a) of Schedule D. For details on making the election and 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. 551 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. See Pub. 550 for details.

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 that has the same ratio to the adjusted basis as the amount realized has to the fair market value. See Pub. 544 for details.

Use this worksheet to figure your capital loss carryovers from 2004 to 2005 if your 2004 Schedule D, line 21, is a loss and (a) that loss is a smaller loss than the loss on your 2004 Schedule D, line 16, or (b) your 2004 Form 1040, line 40, is a loss. Otherwise, you do not have any carryovers.


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.

## Column (f)—Gain or (Loss)

You must make a separate entry in this column for each transaction reported on lines 1 and 8 and any other line(s) that applies to you. For lines 1 and 8 , subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

## Line 18

If you checked "Yes" on line 17, complete the worksheet below if either of the following apply for 2005.

- You reported in Part II a section 1202 exclusion from the eligible gain on qualified small business stock (see page D-4), or
- You reported in Part II a collectibles gain or (loss). A collectibles gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

Include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership, S corporation, or trust held for more than 1 year and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(h)-1. Also, attach the statement required under Regulations
section 1.1(h)-1(e).

## Line 19

If you checked "Yes" on line 17, complete the worksheet on page $\mathrm{D}-8$ if any of the following apply for 2005.

- You sold or otherwise disposed of section 1250 property (generally, real prop-
erty that you depreciated) held more than 1 year.
- You received installment payments for section 1250 property held more than 1 year for which you are reporting gain on the installment method.
- You received a Schedule K-1 from an estate or trust, partnership, or $S$ corporation that shows "unrecaptured section 1250 gain."
- You received a Form 1099-DIV or Form 2439 from a real estate investment trust or regulated investment company (including a mutual fund) that reports "unrecaptured section 1250 gain."
- You reported a long-term capital gain from the sale or exchange of an interest in a partnership that owned section 1250 property.


## Instructions for the Unrecaptured Section 1250 Gain Worksheet

Lines 1 through 3. If you had more than one property described on line 1 , complete lines 1 through 3 for each property on a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4.
Line 4. To figure the amount to enter on line 4 , follow the steps below for each installment sale of trade or business property held more than 1 year.

Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2005 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.

Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of your 2005 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

Step 3. Generally, the amount of section 1231 gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received in 2005 as the smaller of (a) the amount from line 26 or line 37 of your 2005 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 4.
Line 10. Include on line 10 your share of the partnership's unrecaptured section 1250 gain that would result if the partnership had transferred all of its section 1250 property in a fully taxable transaction immediately before you sold or exchanged your interest in that partnership. If you recognized less than all of the realized gain, the partnership will be treated as having transferred only a proportionate amount of each section 1250 property. For details, see Regulations section 1.1(h)-1. Also attach the statement required under Regulations section 1.1(h)-1(e).
Line 12. An example of an amount to include on line 12 is unrecaptured section 1250 gain from the sale of a vacation home you previously used as a rental property but converted to personal use prior to the sale. To figure the amount to enter on line 12,

1. Enter the total of all collectibles gain or (loss) from items you reported on line 8, column (f), of Schedules D and D-1
2. 
3. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8 , column (f), of Schedules D and D-1
4. Enter the total of all collectibles gain or (loss) from Form 4684 , line 4 (but only if Form 4684 , line 15 , is more than zero); Form 6252; Form 6781, Part II; and Form 8824
.
5. 
6. 
7. Enter the total of any collectibles gain reported to you on:

- Form 1099-DIV, box 2d;
- Form 2439, box 1d; and
- Schedule K-1 from a partnership, S corporation, estate, or trust.

5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), box 11, code C.
6. If Schedule D, line 7, is a (loss), enter that (loss) here. Otherwise, enter -0-
7. Combine lines 1 through 6 . If zero or less, enter $-0-$. If more than zero, also enter this amount on Schedule D, line 18 .
8. 
9. 

$\qquad$
5.
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follow the applicable instructions below.
Installment sales. To figure the amount to include on line 12, follow the steps below for each installment sale of property held more than 1 year for which you did not make an entry in Part I of your Form 4797 for the year of sale.

- Step 1. Figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of your 2005 Form 4797 (or the comparable lines of Form 4797 for the year of sale) for the property.
- Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of your 2005 Form 4797 (or the comparable line of Form 4797 for the year of sale) for the property. The result is your total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.
- Step 3. Generally, the amount of capital gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unre-
captured section 1250 gain for installment payments received in 2005 as the smaller of (a) the amount from line 26 or line 37 of your 2005 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 12.

Other sales or dispositions of section 1250 property. For each sale of property held more than 1 year (for which you did not make an entry in Part I of Form 4797), figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of Form 4797 for the property.

Next, reduce that amount by any section 1250 ordinary income recapture for the sale. This is the amount from line 26 g of Form 4797 for the property. The result is the total unrecaptured section 1250 gain for the sale. Include this amount on line 12.

## Line 21

You have a capital loss carryover from 2005 to 2006 if you have a loss on line 16 and either:

- That loss is more than the loss on line 21, or
- Form 1040, line 41, is less than zero.

To figure any capital loss carryover to 2006, you will use the Capital Loss Carryover Worksheet in the 2006 Instructions for Schedule D. If you want to figure your carryover now, see Pub. 550.


You will need a copy of your 2005 Form 1040 and Schedule $D$ to figure your capital loss carryover to 2006.

Keep for Your Records
(H)

## Unrecaptured Section 1250 Gain Worksheet—Line 19

If you are not reporting a gain on Form 4797, line 7, skip lines 1 through 9 and go to line 10.

1. If you have a section 1250 property in Part III of Form 4797 for which you made an entry in Part I of Form 4797 (but not on Form 6252), enter the smaller of line 22 or line 24 of Form 4797 for that property. If you did not have any such property, go to line 4. If you had more than one such property, see instructions
2. 
3. Enter the amount from Form 4797 , line 26 g , for the property for which you made an entry on line 1
4. Subtract line 2 from line 1
5. Enter the total unrecaptured section 1250 gain included on line 26 or line 37 of Form(s) 6252 from installment sales of trade or business property held more than 1 year (see instructions)
6. Enter the total of any amounts reported to you on a Schedule K-1 from a partnership or an S corporation as "unrecaptured section 1250 gain"
7. Add lines 3 through 5
8. 
9. Enter the amount, if any, from Form 4797 , line 8.
10. 
11. Subtract line 8 from line 7. If zero or less, enter -0-
12. Enter the amount of any gain from the sale or exchange of an interest in a partnership attributable to unrecaptured section 1250 gain (see instructions).
13. 
14. 
15. 
16. $\qquad$
17. 
18. $\qquad$
19. Enter the total of any amounts reported to you on a Schedule K-1, Form 1099-DIV, or Form 2439 as "unrecaptured section 1250 gain" from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company)
20. $\qquad$
21. Enter the total of any unrecaptured section 1250 gain from sales (including installment sales) or other dispositions of section 1250 property held more than 1 year for which you did not make an entry in Part I of Form 4797 for the year of sale (see instructions)
22. 
23. Add lines 9 through 12
24. 
25. If you had any section 1202 gain or collectibles gain or (loss), enter the total of lines 1 through 4 of the $\mathbf{2 8 \%}$ Rate Gain Worksheet on page D-7. Otherwise, enter -0-
26. Enter the (loss), if any, from Schedule D, line 7. If Schedule D, line 7, is zero or a gain, enter -0- .
27. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), box 11, code C
28. 
29. 
30. $\qquad$
31. Combine lines 14 through 16. If the result is a (loss), enter it as a positive amount. If the result is zero or a gain, enter -0-
32. 
33. Unrecaptured section 1250 gain. Subtract line 17 from line 13 . If zero or less, enter -0-. If more than zero, enter the result here and on Schedule D, line 19
34. 

Complete this worksheet only if line $\mathbf{1 8}$ or line $\mathbf{1 9}$ of Schedule D is more than zero. Otherwise, complete the Qualified Dividends and Capital Gain
Tax Worksheet on page $\mathbf{3 4}$ of the Instructions for Form $\mathbf{1 0 4 0}$ to figure your tax.
Exception: Do not use the Qualified Dividends and Capital Gain Tax Worksheet or this worksheet to figure your tax if:

- Line 15 or line 16 of Schedule D is zero or less and you have no qualified dividends on Form 1040, line 9b, or
- Form 1040 , line 43 , is zero or less.
Instead, see the instructions for Form 1040 , line 44 .

1. Enter your taxable income from Form 1040, line 43
2. Enter your qualified dividends from Form 1040, line 9b
3. Enter the amount from Form 4952, line 4 g 3.
4. Enter the amount from Form 4952, line $4 e^{*} 4$.
5. Subtract line 4 from line 3 . If zero or less, enter -0
6. Subtract line 5 from line 2 . If zero or less, enter -0-
7. Enter the smaller of line 15 or line 16 of Schedule D
8. Enter the smaller of line 3 or line 4
9. Subtract line 8 from line 7 . If zero or less, enter $-0-$
10. Add lines 6 and 9
11. Add lines 18 and 19 of Schedule D
12. Enter the smaller of line 9 or line 11
13. Subtract line 12 from line 10
14. Subtract line 13 from line 1 . If zero or less, enter -0-
15. Enter the smaller of:

- The amount on line 1 or
- $\$ 29,700$ if single or married filing separately; $\$ 59,400$ if married filing jointly or qualifying widow(er); or $\$ 39,800$ if head of household

16. Enter the smaller of line 14 or line 15
17. Subtract line 10 from line 1 . If zero or less, enter $-0-$
18. Enter the larger of line 16 or line 17
19. $\qquad$
20. $\qquad$ 6. $\qquad$
21. 
22.     - 
23. $\qquad$
24. $\qquad$
25. $\qquad$
26. $\qquad$
27. 
28. 

.

1. $\qquad$
2. $\square$
3. 

 If lines 15 and 16 are the same, skip lines 19 and 20 and go to line 21 . Otherwise, go to line 19 .
19. Subtract line 16 from line 15
18. $\qquad$
19. $\qquad$ 20. $\qquad$
If lines 1 and 15 are the same, skip lines 21 through 33 and go to line 34 . Otherwise, go to line 21.
21. Enter the smaller of line 1 or line 13
21.
22. $\qquad$ 23.
$\qquad$
23. Subtract line 22 from line 21 . If zero or less, enter -0-
24. Multiply line 23 by $15 \%$ (.15)

If Schedule $D$, line 19, is zero or blank, skip lines 25 through 30 and go to line 31 . Otherwise, go to line 25.
25. Enter the smaller of line 9 above or Schedule D, line 19 .
26.
26. Add lines 10 and 18
27. Enter the amount from line 1 above
27.
28. Subtract line 27 from line 26 . If zero or less, enter -0-
29. Subtract line 28 from line 25 . If zero or less, enter -0-
30. Multiply line 29 by $25 \%$ (.25)
$\qquad$
25.
$\qquad$

If Schedule D, line 18, is zero or blank, skip lines 31 through 33 and go to line 34 . Otherwise, go to line 31.
31. Add lines $18,19,23$, and 29
31.
32. Subtract line 31 from line 1
32.
33. Multiply line 32 by $28 \%$ (.28)
28. $\qquad$
24. $\qquad$
34. Figure the tax on the amount on line 18. Use the Tax Table or Tax Computation Worksheet, whichever applies
35. Add lines 20, 24, 30, 33, and 34
36. Figure the tax on the amount on line 1. Use the Tax Table or Tax Computation Worksheet, whichever applies
37. Tax on all taxable income (including capital gains and qualified dividends). Enter the smaller of line 35 or line 36. Also include this amount on Form 1040, line 44.

[^18]
## 2005 Schedule D (Form 1040), Capital Gains and Losses

Purpose: This is the first circulated draft of the 2005 Schedule D (Form 1040) for your review and comments. The major changes are shown below.

TPCC Meeting: None, but may be arranged if requested.
Instructions: The 2005 Schedule D instructions will be circulated at a later date.
Prior version: The 2004 Schedule D is available at:
http://www.irs.gov/pub/irs-pdf/f1040sd.pdf
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by May 16, 2005.

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Major Change to 2005 Schedule D (Form 1040)

1. Line references to Form 1040 have been updated.


## Part I Short-Term Capital Gains and Losses-Assets Held One Year or Less



## Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year



## Part III Summary

16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then o to line 17 below

17 Are lines 15 and 16 both gains?
$\square$ Yes. Go to line 18.No. Skip lines 18 through 21, and go to line 22.
18 Enter the amount, if any, from line 7 of the Rate $f$ in Worksheet o pace D-7 of the instructions.

19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page $D-8$ of the instructions

20 Are lines 18 and 19 both zero or blank?Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 34 of the Instructions for Form 1040. Do not complete lines 21 and 22 below.No. Complete Form 1040 through line 43, and then complete the Schedule D Tax Worksheet on page D-9 of the instructions. Do not complete lines 21 and 22 below.

21 If line 16 is a loss, enter here and on Form 1040, line 13, the smaller of:

- The loss on line 16 or

| 16 |  |  |
| :--- | :--- | :--- |
|  |  |  |
| 18 |  |  |
| 19 |  |  |
|  |  |  |
| 21 |  |  |

Note. When figuring which amount is smaller, treat both amounts as positive numbers.
22 Do you have qualified dividends on Form 1040, line 9b?Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 34 of the Instructions for Form 1040.No. Complete the rest of Form 1040.

## 2005 SCHEDULE D-1 Continuation Sheet for Schedule D (Form 1040)

| Purpose: | This is the first circulated draft of the 2005 Schedule D-1, Continuation <br> Sheet for Schedule D (Form 1040), for your review and comments. <br> There are no major changes. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The 2004 Schedule D-1 can be accessed at: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10424Y04.PDF |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications <br> are posted at: $\underline{\text { http://taxforms.web.irs.gov/draft products.html }}$ |
| Comments: | Please e-mail, fax, call, or mail any comments by May 9, 2005. |

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Major Changes to the<br>2005 SCHEDULE D-1 Continuation Sheet for Schedule D (Form 1040)

There are no major changes.

See instructions for Schedule D (Form 1040).

- Attach to Schedule D to list additional transactions for lines 1 and 8.

Part I Short-Term Capital Gains and Losses-Assets Held C Year or Less


Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year


## 2005 Instructions for Schedule E (Form 1040) <br> Supplemental Income and Loss

| Purpose: | This is the first circulated draft of the 2005 Instructions for Schedule E, <br> Supplemental Income and Loss, for your review and comments. An <br> explanation of the major changes is on the next page. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Form Revision: <br> http://tfprod.publish.no.irs.gov/composition/cycle drafts/outgoing/df1040se.pdf |  |
| The 2005 draft of Schedule (Form 1040) was circulated earlier at: |  |

## Major Changes for

## 2005 Instructions for Schedule E (Form 1040) Supplemental Income and Loss

On page E-2 we have added a new bulleted item for the domestic production activities deduction under Modified adjusted gross income. IRC 469(i)(3)(F)(iii).

On page E-2 we have deleted the reference to the $\$ 250$ penalty under Tax Shelter Registration Number. P.L. 108-357, section 816 revised the penalties regarding tax shelters. CC is currently working on regulations that may affect Form 8271 and any applicable penalties. We will revise this section accordingly.

On page E-3 we have revised the text under Extraterritorial income exclusion to reflect repeal of 80\% of the exclusion for extraterritorial income. P.L. 108-357, section 101.

On page E-4, under the Line 6 instructions, we have revised the standard mileage rate. Rev. Proc. 2004-64.

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## 2005 Instructions for Schedule E (Form 1040)

Supplemental Income and Loss

## General Instructions

Section references are to the Internal Revenue Code.

## At-Risk Rules

Generally, you must complete Form 6198 to figure your allowable loss if you have:

- A loss from an activity carried on as a trade or business or for the production of income, and
- Amounts in the activity for which you are not at risk.

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, the at-risk rules do not apply to losses from an activity of holding real property, if you acquired your interest in the activity before 1987 and the property was 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 the following.

- 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). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property (other than mineral 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 section $465(\mathrm{~b})(3)(\mathrm{C})$, to a person (other than you) having such an interest.

Qualified nonrecourse financing. Qualified nonrecourse financing is treated as an amount at risk if it is secured by real prop-

Use Schedule E (Form 1040) to report income or loss from rental real estate, royalties, partnerships, $S$ corporations, estates, trusts, and residual interests in REMICs.

You can 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).
erty used in an activity of holding real property that is subject to the at-risk rules. 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 (other than mineral 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.
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 (unless the nonrecourse financing obtained is commercially reasonable and on the same terms as loans involving unrelated persons),
- 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).

For more details about the at-risk rules, see the Instructions for Form 6198 and Pub. 925.

## Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. These rules apply to losses in Parts I, II, and III, and line 40 of Schedule E.

Losses from passive activities may be subject first to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity loss rules.

You generally can deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain rental real estate activities (explained on page E-2).

## Passive Activity

A passive activity is any business activity in which you did not materially participate and any rental activity, except as explained on this page and page E-2. If you are a limited partner, you generally are not treated as having materially participated in the partnership's activities for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply. 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 to determine whether you materially participated in the activity and for the definition of "rental activity."

See Pub. 925 for special rules that apply to rentals of:

- Substantially nondepreciable property,
- Property incidental to development activities, and
- Property to activities in which you materially participate.


## Activities That Are Not Passive

 ActivitiesActivities of real estate professionals. If you were a real estate professional in 2005, 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.
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 your 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 can revoke the election only if your facts and circumstances materially change.

If you are married filing jointly, either you or your spouse must 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 2005, complete Schedule E, line 43 on page 2.
Other activities. The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2 on page $\mathrm{E}-3$.

A working interest in an oil or gas well that you held directly or through an entity that did not limit your liability is not a passive activity even if you did not materi ally 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.

## 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 loss 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 to figure any losses allowed

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:
a. You actively participated (defined below) in all of the rental real estate activities;
b. If married filing separately, you lived apart from your spouse all year
c. Your overall net loss from these activities is $\$ 25,000$ or less ( $\$ 12,500$ or less if married filing separately);
d. You have no current or prior year unallowed credits from passive activities and
e. 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 reg-
ular, continuous, and substantial involvement in real estate activities. 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. Such management decisions 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 38, without taking into account:

- Any passive activity loss,
- Rental real estate losses allowed under the exception for real estate professionals (explained on page E-1),
- Taxable social security or tier 1 railroad retirement benefits,
- Deductible contributions to a traditional IRA or certain other qualified retirement plans under section 219
- The student loan interest deduction,
- The tuition and fees deduction,
- The domestic production activities deduction,
- The deduction for one-half of self-employment tax, and
- Any excluded amounts under an employer's adoption assistance program.

However, if you file Form 8815, include in your modified adjusted gross income the savings bond interest excluded on line 14 of that form.

## Reportable Transaction Disclosure Statement

Use Form 8886 to disclose information for each reportable transaction in which you participated. Form 8886 must be filed for each tax year that your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. The following are reportable transactions.

- Any transaction that is the same as or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which you paid an advisor a minimum fee.
- Any transaction for which you have contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years. (At least $\$ 50,000$ for a single tax year if the
loss arose from a foreign currency transaction defined in section 988(c)(1), whether or not the loss flows through from an S corporation or partnership.)
- Any transaction resulting in a book-tax difference of more than $\$ 10$ million on a gross basis.
- Any transaction resulting in a tax credit of more than $\$ 250,000$, if you held the asset generating the credit for 45 days or less.

See the Instructions for Form 8886 for more details and exceptions.

## Tax Shelter Registration Number

Complete and attach Form 8271 if you are claiming or reporting any income, deduction, loss, credit, or other tax benefit, from an interest purchased or otherwise acquired in a tax shelter required to be registered with the IRS.

Form 8271 is used to report the name, tax shelter registration number, and identifying number of the tax shelter.

## Specific Instructions

## Filers of Form 1041

If you are a fiduciary filing Schedule E with Form 1041, enter the estate's or trust's employer identification number (EIN) in the space for "Your social security number."

## Part I

## Income or Loss From Rental Real Estate and Royalties

Use Part I to report:

- Income and expenses from rental real estate (including personal property leased with real estate), and
- Royalty income and expenses.

See the instructions for lines 3 and 4 to determine if you should report your rental real estate and royalty income on Schedule C, Schedule C-EZ, or Form 4835 instead of Schedule E.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

Complete lines 1 and 2 for each rental real estate property. Leave these lines blank for each royalty property.

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. But fill in the "Totals" column on

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only one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals of all your Schedules E. If you are also using page 2 of Schedule E, use the same Schedule E on which you entered the combined totals for Part I.

Personal property. 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. You are in the business of renting personal property 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 36, to find out how to report the income and expenses.
Extraterritorial income exclusion. Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived. Gross income, however, does not include $80 \%$ of extraterritorial income that is qualifying foreign trade income. Use Form 8873 to figure the extraterritorial income exclusion. Report it on Schedule E as explained in the Instructions for Form 8873.

## Line 1

For rental real estate property only, show all of the following

- The kind of property you rented (for example, townhouse).
- The street address, city or town, and state. You do not have to give the ZIP code
- Your percentage of ownership in the property, if less than $100 \%$.


## Line 2

If you rented out a dwelling unit that you also used for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. "Dwelling unit" (unit) means a house, apartment, condominium, or similar property.

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 who pays less than a fair rental price for the unit, or
- Anyone under an agreement that lets you use some other unit.

Do not count 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, or
- Any 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).

Check "Yes" if you or your family used the unit for personal purposes in 2005 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."

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 beginning on page E-1.

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. If you itemize deductions on Schedule A, you can 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 all of the following expenses for the rental part on Schedule E.

- Mortgage interest.
- Real estate taxes.
- Casualty losses.
- Other rental expenses 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 deduct other expenses, including depreciation, up to the amount of remaining income. You can carry over to 2006 the amounts you cannot deduct.

See Pub. 527 for details.

## Line 3

If you received rental income from real estate (including personal property leased with real estate) and you were not in the real estate business, report the income on line 3. Use a separate column (A, B, or C) for each rental property. Include income received for renting a room or other space. If you received services or property instead of money as rent, report the fair market value of what you received as rental income.

Be sure to enter the total of all your 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 activity on Schedule C or C-EZ, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services.

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 TeleTax topic 414 (see page 8 of the Form 1040 instructions) or see Pub. 527.

Rental income from farm production or crop shares. Report farm rental income and expenses on Form 4835 if:

- You received rental income based on crops or livestock produced by the tenant, and
- 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 interests); copyrights; and patents. Use a separate column (A, B, or C) for each royalty property. Be sure to enter the total of all your royalties in the "Totals" column even if you have only one source of royalties.

If you received $\$ 10$ or more in royalties during 2005, the payer should send you a Form 1099-MISC or similar statement by January 31, 2006, showing the amount you received.

If you are in business as a self-employed writer, inventor, artist, etc., report your royalty income and expenses on Schedule C or C-EZ.

You may be able to treat amounts received as "royalties" for the 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.

Enter on line 4 the gross amount of royalty income, even if state or local taxes were withheld from oil or gas payments you received. Include taxes withheld by the producer on line 16.

## General Instructions for Lines 5 Through 21

Enter your rental and royalty expenses for each property in the appropriate column. You can deduct all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, agents' commissions, and depreciation.

Do not deduct the value of your own labor or amounts paid for capital investments or capital improvements.

Enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19) and depreciation expenses or depletion (line 20) in the "Totals" column even if you have only one property.
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 applies 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 2005 to provide access to your business for individuals with disabilities. See Form 8826 for details.

You can also deduct up to $\$ 15,000$ of qualified costs paid or incurred in 2005 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.

## Line 6

You can deduct ordinary and necessary auto and travel expenses related to your rental activities, including $50 \%$ of meal expenses incurred while traveling away from home. You generally can either deduct your actual expenses or take the standard mileage rate. You must use actual expenses if you used more than four vehicles simultaneously in your rental activities (as in fleet operations). You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

You can use the standard mileage rate for 2005 only if:

- You owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
- You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998)


## If you deduct actual auto expenses:

- Include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, etc., and
- Show auto rental or lease payments on line 18 and depreciation on line 20.

If you take the standard mileage rate, multiply the number of miles you drove your auto in connection with your rental activities by 40.5 cents. 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 complete Part V of Form 4562 and attach Form 4562 to your tax return.

See Pub. 527 and Pub. 463 for details.

## Line 10

Include on line 10 fees for tax advice and the preparation of tax forms related to your rental real estate or royalty properties.

Do not deduct legal fees paid or incurred to defend or protect title to property, to recover property, or to develop or improve property. Instead, you must capitalize these fees and add them to the property's basis.

## Lines 12 and 13

In general, to determine the interest expense allocable to your rental activities, you must have records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt pro ceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the amount of interest you paid for 2005 to banks or other financial institutions. Be sure to enter the total of all your mortgage interest in the "Totals" column even if you have only one property.

Do not deduct prepaid interest when you paid it. You can deduct it only in the year to which it is properly allocable. Points, including loan origination fees, charged only for the use of money must be deducted over the life of the loan.

If you paid $\$ 600$ or more in interest on a mortgage during 2005, the recipient should send you a Form 1098 or similar statement by January 31, 2006, showing the total interest received from you.

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 part or all of the additional interest. If you can, enter the entire deductible amount on line 12. Attach a statement to your return explaining the difference. Write "See attached" on the dotted line 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 deductible interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. Write "See attached" on the dotted line next to line 13 .

## Line 14

You can deduct the cost of repairs made to keep your property in good working condi-
tion. Repairs generally do not add significant value to the property or extend its life. Examples of repairs are fixing a broken lock or painting a room. Improvements that increase the value of the property or extend its life, such as replacing a roof or renovating a kitchen, must be capitalized and depreciated (that is, they cannot be deducted in full in the year they are paid or incurred). See the instructions for line 20 .

## Line 17

You can deduct the cost of ordinary and necessary telephone calls related to your rental activities or royalty income (for example, calls to the renter). However, the base rate (including taxes and other charges) for local telephone service for the first telephone line into your residence is a personal expense and is not deductible.

## Line 20

Depreciation is the annual deduction you must take to recover the cost or other basis of business or investment property having a useful life substantially beyond the tax 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 deduct all your depreciable cost or other basis or no longer use the property in your business or for the production of income.

See the Instructions for Form 4562 to figure the amount of depreciation to enter on line 20 . Be sure to enter the total of all your depreciation in the "Totals" column even if you have only one property.

You must complete and attach Form 4562 only if you are claiming:

- Depreciation on property first placed in service during 2005,
- Depreciation on listed property (defined in the Instructions for Form 4562), including a vehicle, regardless of the date it was placed in service, or
- A section 179 expense deduction or amortization of costs that began in 2005.

See Pub. 527 for more information on depreciation of residential rental property. See Pub. 946 for a more comprehensive guide to depreciation.

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

If you have amounts for which you are not at risk, use Form 6198 to determine the amount of your deductible loss. 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. For details on the at-risk rules, see page E-1.

## Line 23

Do not complete line 23 if the amount on line 22 is from royalty properties.

If you have a rental real estate loss from a passive activity (defined on page E-1), the amount of loss you can deduct may be limited by the passive activity loss rules. You may need to complete Form 8582 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 exception for certain rental real estate activities (explained on page E-2), you do not have to complete Form 8582. Enter the loss from line 22 on line 23.

## Parts II and III

If you need more space in Part II or III to list your income or losses, attach a continuation sheet using the same format as shown in Part II or III. However, be sure to complete the "Totals" columns for lines 29a and 29 b , or lines 34 a and 34 b , 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 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 for the alternative minimum tax on Form 6251 or Schedule I of Form 1041.

## Part II

## Income or Loss From 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 $S$ corporation. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items. If you did not receive these instructions with your Schedule K-1, see page 7 of the Form 1040 instructions for how to get a copy. Do not attach Schedules K-1 to your return. Keep them for your records.

If you are treating items on your tax return differently from the way the partnership (other than an electing large partnership) or $S$ corporation reported them on its return, you may have to file Form 8082. If you are a partner in an electing large partnership, you must report the items shown
on Schedule K-1 (Form 1065-B) on your tax return the same way that the partnership reported the items on Schedule K-1
Special rules 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 and Passive Activity Loss Rules on page E-1.

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 any deductible loss from Form 6198 on the appropriate line in Part II, column (h), 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 (f), 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 on page E-2 under Exception for Certain Rental Real Estate Activities, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (f).

If you have passive activity income, complete Part II, column (g), for that activity.

If you have nonpassive income or losses, complete Part II, columns (h) through ( j ), as appropriate.

## 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.

You can 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. See the instructions for line 27 on page E-6 for how to report these expenses.

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 2004 Form 1040 based on information received from the partnership, enter as income in column (g) or column ( j ), whichever applies, the amount of the credit claimed for 2004.

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. Enter the amount from Schedule K-1 (Form 1065), box 14, code A (or from Schedule K-1 (Form 1065-B), box 9 (code K1)), on Schedule SE, after you reduce this amount by any
allowable expenses attributable to that income.
Foreign partnerships. If you are a U.S. person, you may have to file Form 8865 if any of the following applies.

1. You controlled a foreign partnership (that is, you owned more than a $50 \%$ direct or indirect interest in the partnership)
2. You owned at least a $10 \%$ direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership.
3. You had an acquisition, disposition, or change in proportional interest of a foreign partnership that:
a. Increased your direct interest to at least $10 \%$ or reduced your direct interest of at least $10 \%$ to less than $10 \%$, or
b. Changed your direct interest by at least a $10 \%$ interest.
4. You contributed property to a foreign partnership in exchange for a partnership interest if:
a. Immediately after the contribution, you owned, directly or indirectly, at least a $10 \%$ interest in the partnership, or
b. The fair market value of the property you contributed to the partnership in exchange for a partnership interest, when added to other contributions of property you made to the partnership during the preceding 12 -month period, exceeds $\$ 100,000$.

Also, you may have to file Form 8865 to report certain dispositions by a foreign partnership of property you previously contributed to that partnership if you were a partner at the time of the disposition.

For more details, including penalties for failing to file Form 8865, see Form 8865 and its separate instructions.

## S Corporations

If you are 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 can 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 $\mathrm{K}-1$ instructions for details.

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. See page E-1.

Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on Form 1040, line 9a.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 535.

Your share of the net income of an S corporation is not subject to self-employment tax.

## Line 27

If you answered "Yes" on line 27, follow the instructions below. If you fail to follow these instructions, the IRS may send you a notice of additional tax due because the amounts reported by the partnership or S corporation on Schedule K-1 do not match the amounts you reported on your tax return.

## Losses Not Allowed in Prior Years Due to the At-Risk or Basis Limitations

- Enter your total prior year unallowed losses that are now deductible on a separate line in column (h) of line 28. Do not combine these losses with, or net them against any current year amounts from the partnership or S corporation
- Enter "PYA" (prior year amount) in column (a) of the same line.


## Prior Year Unallowed Losses

 From a Passive Activity Not Reported on Form 8582- Enter on a separate line in column (f) of line 28 your total prior year unallowed losses not reported on Form 8582. Such losses include prior year unallowed losses that are now deductible because you did not have an overall loss from all passive activities or you disposed of your entire interest in a passive activity in a fully taxable trans action. Do not combine these losses with or net them against, any current year amounts from the partnership or S corporation.
- Enter "PYA" (prior year amount) in column (a) of the same line.


## Unreimbursed Partnership Expenses

- You can deduct unreimbursed ordinary and necessary partnership expenses you paid on behalf of the partnership on Schedule E if you were required to pay these expenses under the partnership agreement (except amounts deductible only as itemized deductions, which you must enter on Schedule A).
- Enter unreimbursed partnership expenses from nonpassive activities on a sep arate line in column (h) of line 28. Do not combine these expenses with, or net them against, any other amounts from the partnership.
- If the expenses are from a passive activity and you are not required to file Form 8582, enter the expenses related to a passive activity on a separate line in column (f) of line 28 . Do not combine these expenses with, or net them against, any othe amounts from the partnership.
- Enter "UPE" (unreimbursed partnership expenses) in column (a) of the same line.


## Line 28

For nonpassive income or loss (and passive losses for which you are not filing Form 8582), enter in the applicable column of line 28 your current year ordinary income or loss from the partnership or S corporation. Report each related item in the applicable column of a separate line following the line on which you reported the current year ordinary income or loss. Also enter a description of the related item (for example, depletion) in column (a) of the same line.

If you are required to file Form 8582, see the Instructions for Form 8582 before completing Schedule E.

## Part III

## Income or Loss From 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. Your copy of Schedule $\mathrm{K}-1$ and its instructions will tell you where on your return to report the items from Schedule K-1. Do not attach Schedule K-1 to your return. Keep it for your records.

If you are treating items on your tax return differently from the way the estate or trust reported them on its return, you may have to file Form 8082

If you have estimated taxes credited to you from a trust (Schedule K-1, box 13, code P), write "ES payment claimed" and the amount on the dotted line next to line 37. Do not include this amount in the total on line 37. Instead, enter the amount on Form 1040, line 65

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 2005, the trust had a U.S. beneficiary. See section 679. An individual who received a distribution from, or who was the grantor of or transferor to, a foreign trust must also complete Part III of Schedule B (Form 1040) and may have to file Form 3520. In addition, the owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A.

## Part IV

## Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)

If you are the holder of a residual interest in a 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 Schedules Q to your return. Keep them for your records.

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.

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 39 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.

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 8 a.

Column (c). Report the total of the amounts shown on Schedule(s) Q, line 2c. This is the smallest amount you are allowed to report as your taxable income (Form 1040, line 43). It is also the smallest amount you are allowed to report as your alternative minimum taxable income (AMTI) (Form 6251, line 28).

If the amount in column (c) is larger than your taxable income would otherwise be, enter the amount from column (c) on Form 1040, line 43. Similarly, if the amount in column (c) is larger than your AMTI would otherwise be, enter the amount from column (c) on Form 6251, line 28. Write "Sch. Q" on the dotted line to the left of this amount on Form 1040 or 6251.

Note. These rules also apply to estates and trusts that hold a residual interest in a REMIC. Be sure to make the appropriate entries on the comparable lines on Form 1041.


Do not include the amount shown in column (c) in the total on Schedule E, line 39.

Column (e). Report the total of the amounts shown on Schedule(s) Q, line 3b. If you itemize your deductions, include this amount on Schedule A, line 22.

## Part V Summary <br> Line 42

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 2004 or 2005 is at least two-thirds of your gross income, and
2. You file your 2005 tax return and pay the tax due by March 1, 2006.

## 2005 SCHEDULE E (Form 1040)

Supplemental Income and Loss

| Purpose: | This is the first circulated draft of the 2005 Schedule E (Form 1040) Supplemental Income and Loss, for your review and comments. An explanation of the major changes is at the bottom of this page. |
| :---: | :---: |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The 2004 Schedule E (Form 1040) can be accessed at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11344Y04.PDF |
| Instructions: | The 2005 Instructions for Schedule E, (Form 1040) will be circulated at a later date. |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by May 12, 2005. |
| Bob Lemonds | Date: April 14, 2005 |
| Tax Law Specialist SE:W:CAR:MP:T:I:F |  |
| Room: 6423-Main |  |
| Phone: 202-927-9906 |  |
| Fax: 202-927-6234 |  |
| Email: Robert.W.Lemo | @irs.gov |

## Major Changes for

SCHEDULE E (Form 1040)
Supplemental Income and Loss

Page 2, Part II, line 28 - we have added check boxes in each of the 4 entry spaces under columns (c) and (e). SE:W:CAR:MP:T:I:R

## Part I

 Income or Loss From Rental Real Estate and Royalties Not you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss tin Form 4835 on page 2, line 40.| 1 | List the type and location of each rental real estate property: | 2 For each rental real estate property listed on line 1 , did you or your family use it during the tax year for personal purposes for more than the greater of: <br> - 14 days or <br> - $10 \%$ of the total days rented at fair rental value? <br> (See page E-3.) |  | Yes | No |
| :---: | :---: | :---: | :---: | :---: | :---: |
| A |  |  | A |  |  |
| B |  |  | B |  |  |
| C |  |  | c |  |  |

Income:
3 Rents received

## Expenses:

5 Advertising
6 Auto and travel (see page E-4).
7 Cleaning and maintenance
8 Commissions
9 Insurance
10 Legal and other professional fees
11 Management fees
12 Mortgage interest paid to banks, etc. (see page E-4)
13 Other interest
14 Repairs
15 Supplies
16 Taxes
17 Utilities
18 Other (list)
$\qquad$
$\qquad$
19 Add lines 5 through 18
20 Depreciation expense or depletion (see page E-4)
21 Total expenses. Add lines 19 and 20
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198.
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2
24 Income. Add positive amounts shown on line 22. Do not include any losses
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2

## Totals

(Add columns A, B, and C.)

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.
Part II Income or Loss From Partnerships and S Corporations Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column ( $e$ ) on line 28 and attach Form 6198. See page E-1.
27 Are you reporting any loss not allowed in a prior year due to the at-risk or bas mitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582). or uni nbursed partnership expenses?Yes $\square$ No If you answered "Yes," see page E-6 before completing this section.


## Part III Income or Loss From Estates and Trusts

| (a) Name |  |  |  | (b) Employer identification number |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| A |  |  |  |  |  |  |
| B |  |  |  |  |  |  |
| Passive Income and Loss |  |  | Nonpassive Income and Loss |  |  |  |
| (c) Passive deduction or loss allowed (attach Form 8582 if required) |  | (d) Passive income from Schedule K-1 | (e) Deduction or loss from Schedule K-1 | (f) Other income from Schedule K-1 |  |  |
| A |  |  |  |  |  |  |
| B |  |  |  |  |  |  |
| 34a Totals b Totals |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 3536 Add c | lumns (d) and (f) of line 3 |  |  | 35 |  |  |
|  | lumns (c) and (e) of line | . . . . . . | . . . . . . | 36 | ( | ) |
| 37 Tota inclu | state and trust income in the total on line 41 b | ombine lines 35 | the result here and | 37 |  |  |

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder


## 2005 Instructions for Schedule F

Purpose: This is the first circulated draft of the 2005 Instructions for Schedule F for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: No meeting is scheduled but one can be set up upon request.
Prior Version: The 2004 Instructions for Schedule F are available at: http://publish.no.irs.gov/INSTRS/PDF/17152Y04.PDF

Form: The 2005 Schedule F was circulated earlier at: http://taxforms.web.irs.gov/Products/Drafts/05f1040F_d2.pdf

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html
Comments: Please email, fax, call, or mail any comments by August 15, 2005.
NealDickman
Tax Forms and Publications
SE:W:CAR:MP:T:I:F
Email: Neal.E.Dickman@irs.gov
Phone: 202-622-5013
Fax: 202-927-6234

## Major Changes to the 2005 Instructions for Schedule F

1. In the General Instructions, under Other Schedules and Forms You May have to File, a new item was added for Form 8903. This is the form to take a deduction for domestic production.
(IRC 199)
2. A "What's New" item and a sentence in the line 10 instructions were added to explain that the biodeisel fuel credit must be added back to income. (IRC 87)
3. In the line 12 instructions, the standard mileage rate was adjusted for inflation. (Rev. Proc. 2004-64)

## 2005 Instructions for Schedule F

## Profit or Loss From Farming

Use Schedule F (Form 1040) to report farm income and expenses. File it with Form 1040, 1041,1065 , or $1065-$ B.

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 has samples of filled-in forms and schedules, and lists important dates that apply to farmers.

Section references are to the Internal Revenue Code unless otherwise noted.
income is not subject to self-employment tax. See Pub. 225.

- Form 8824 to report like-kind exchanges.
- Form 8903 to take a deduction for income from domestic production activities.
Heavy highway vehicle use tax. If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your farming business, you may have to pay a federal highway motor vehicle use tax. See the Instructions for Form 2290 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 details, see the 2005 General 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.

Reportable transaction disclosure statement. If you entered into a reportable transaction in 2005, you must file Form 8886 to disclose information if your federal income tax liability is affected by your participation in the transaction. You may have to pay a penalty if you are required to file Form 8886 but do not do so. For more information, see Reportable Transaction Disclosure Statement in the Instructions for Schedule C on page C-1.

## Estimated Tax

If you had to make estimated tax payments in 2005 and you underpaid your estimated tax, you will not be charged a penalty if both of the following apply.

- Your gross farming or fishing income for 2004 or 2005 is at least two-thirds of your gross income.
- You file your 2005 tax return and pay the tax due by March 1, 2006.

For details, see Pub. 225.

## Specific Instructions

## Filers of Forms 1041, 1065, and 1065-B

Do not complete the block labeled "Social security number (SSN)." Instead, enter your employer identification number (EIN) on line D.

## Line B

On line B , enter one of the 14 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.

## Line C

If you use the cash method, check the box labeled "Cash." Complete Schedule F, Parts I and II. Generally, report income in the year in which you actually or constructively received it and deduct expenses in the year you paid them. However, if the payment of an expenditure creates an asset having a useful life that extends substantially beyond the close of the year, it may not be deductible or may be deductible only in part for the year of the payment. See Pub. 225.

If you use the accrual method, check the box labeled "Accrual." Complete Schedule F, Parts II, III, and Part I, line 11. Generally, report income in the year in which you earned it and deduct expenses in the year you incurred them, even if you did not pay them in that 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.

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:

- The interests in the business have ever been for sale in a way that would require registration with any federal or state agency, or
- 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 qualified retirement plan or were required to file an employment, excise, estate, trust, partnership, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4. If you do not have an EIN, leave line D blank.

## Line E

Material participation. For the definition of material participation for purposes of the passive activity rules, see the Instructions for Schedule C, line G, on page C-2. If you meet any of the material participation tests described in those instructions, 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 passive losses below. 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.

Limit on passive 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 F, line 36. Generally, you can deduct losses from passive activities only to the extent of income from passive activities. For details, see Pub. 925.

## Part I. Farm IncomeCash Method

In Part I, show income received for items listed on lines 1 through 10. Generally, in-
clude 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. However, direct payments or counter-cyclical payments received under the Farm Security and Rural Investment Act of 2002 are required to be included in income only in the year of actual receipt.

If you ran the farm yourself and received rents based on crop shares or farm production, report these rents as income on line 4.

## Sales of Livestock Because of WeatherRelated Conditions

If you sold livestock because of drought, flood, or other weather-related conditions, you can elect to report the income from the sale in the year after the year of sale if all of the following apply.

- Your main business is farming.
- You can show that you sold the livestock only because of weather-related conditions.
- Your area qualified for federal aid.

See Pub. 225 for details.

## 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 in the total amount reported on that line.

| Form | Where to <br> report |
| :--- | :---: |
| 1099-PATR $\ldots \ldots \ldots \ldots$ | Line 5 a |
| 1099-A . . . . . . . . . . | Line 7b |
| 1099-MISC |  |
| (for crop insurance) . . . . | Line 8a |
| 1099-G or CCC-1099-G |  |
| (for disaster payments) . . | Line 8a |
| (for other agricultural <br> program payments) . . . . | Line 6a |

You may also receive Form 1099-MISC 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 5a and 5b

If you received distributions from a cooperative in 2005, you should receive
Form 1099-PATR. 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 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 certificates.

Do not include as income on line 5 b 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.

- Direct payments.
- Counter-cyclical payments.
- 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).

These amounts are government payments you received, usually reported to you on Form 1099-G. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6 b if you elected to report CCC loan proceeds as income in the year received (see Lines 7a Through 7c on page F-3). 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 6 b.

## Lines 7a Through 7c

Commodity Credit Corporation (CCC) 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 can 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 2005 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 7 b , 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 7 c .

See Pub. 225 for details on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans.

## 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 2005 was the year of damage, you can elect to include certain proceeds in income for 2006. To make this election, check the box on line 8 c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election can 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 crop disaster payments).

Enter on line 8a the total crop insurance proceeds you received in 2005, even if you elect to include them in income for 2006.

Enter on line 8 b the taxable amount of the proceeds you received in 2005. Do not include proceeds you elect to include in income for 2006.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 2004 and elected to include in income for 2005.

## Line 10

Use this line to report income not shown on lines 1 through 9 , such as the following.

- Illegal federal irrigation subsidies. See Pub. 225.
- Bartering income.
- Income from cancellation of debt. 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, or similar statement, by January 31, 2006, showing the amount of debt canceled in 2005. However, certain solvent farmers can exclude canceled qualified farm indebtedness from income. To find out if you must include any cancellation of debt in income, see Pub. 225.
- State gasoline or fuel tax refund you received in 2005.
- The amount of credit for federal tax paid on fuels claimed on your 2004 Form 1040.
- The amount of credit for alcohol used as fuel that was claimed on Form 6478.
- The amount of biodiesel fuels credit that was claimed on Form 8864.
- 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 2005. Use Form 4797 to figure the recapture. See the instructions for Schedule C, line 13 , on page $\mathrm{C}-4$ 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 to figure the amount.
- Any recapture of the deduction for clean-fuel vehicles used in your farming business and clean-fuel vehicle refueling property. For details on how to figure recapture, see Pub. 535.
- 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.

GAUTION
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, report the profit or loss on Form 6781 instead of this line.

## Part II. Farm Expenses

Do not deduct the following.

- 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 expenses of:

1. Producing any plant that has a preproductive period of 2 years or less,
2. Raising animals, or
3. Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

CAUTION
Exceptions 1 and 2 above do not apply to tax shelters, farming syndicates, or partnerships required to use the accrual method of accounting under section 447 or 448.

But you may be able to currently 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 34 e by the preproductive period expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See Preproductive period expenses on page F-6 for details.

If you revoked an election made before 1989 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 can elect to currently deduct the expenses rather than capitalize them.

But you cannot 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 can make this election, you are treated as having made the election.


In the case of a partnership or $S$ corporation, the election must be made by the partner or shareholder. This election cannot be made by tax shelters, farming syndicates, or partners in partnerships required to use the accrual method of accounting under 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 IRS consent, 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 cannot revoke this election without IRS consent.

For details, 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 farming 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 details and exceptions to these rules, see Pub. 225.

## Line 12

You can deduct the actual expenses of running your car or truck or take the standard mileage rate. You must use actual expenses if you used your vehicle for hire or you used more than four vehicles simultaneously in your farming business (such as in fleet operations). You cannot use actual expenses for a leased vehicle if you previ-
ously used the standard mileage rate for that vehicle.

You can take the standard mileage rate for 2005 only if you:

- Owned the vehicle and use the standard mileage rate for the first year you placed the vehicle in service, or
- Leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

If you deduct actual expenses:

- Include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc., and
- Show depreciation on line 16 and rent or lease payments on line 26a.

If you take the standard mileage rate, multiply the number of business miles by 40.5 cents. Add to this amount your parking fees and tolls, and enter the total on line 12. Do not deduct depreciation, rent or lease payments, or your actual operating expenses.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested on Form 4562, Part V. Be sure to attach Form 4562 to your return.

For details, see Pub. 463.

## 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 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 paid or incurred to drain or fill wetlands, to prepare land for center pivot irrigation systems, or to clear land.

Your deduction cannot 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 can be carried forward and deducted in later tax years. However, the amount deductible for any 1 year cannot exceed the $25 \%$ gross income limit for that year.

For 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. Instead, 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 can also elect under section 179 to expense a portion of the cost of certain property you bought in 2005 for use in your farming business.

For details, including when you must complete and attach Form 4562, see the instructions for Schedule C, line 13, on page C-4.

## 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. If you made contributions on your behalf as a self-employed person to a dependent care assistance program, complete Form 2441, Parts I and III, to figure your deductible contributions to that program.

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 29 , 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 instructions for Form 1040, line 29, for details.

## Line 18

If you use the cash method, you cannot deduct when paid the cost of feed your livestock will consume in a later year unless all of the following apply.

- The payment was for the purchase of feed rather than a deposit.
- The prepayment had a business purpose and was not made merely to avoid tax.
- Deducting the prepayment will not materially distort your income.

If all of the above apply, you can deduct the prepaid feed, which is subject to the overall limit for Prepaid farm supplies explained on page F-4. If all of the above do not apply, you can deduct the prepaid feed only in the year it is consumed.

## 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 receives 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 to include on lines 23a and 23b.

How to report. 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 2005 to banks or other financial institutions for which you received a Form 1098 (or similar statements). If you did not receive a Form 1098, enter the interest on line 23 b .

If you paid more mortgage interest than is shown on Form 1098, see Pub. 535 to find out if you can deduct the additional interest. If you can, include the amount on line 23a. Attach a statement to your return explaining the difference and enter "See attached" in the 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, include 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 margin next to line 23b, enter "See attached."

Do not deduct interest you prepaid in 2005 for later years; include only the part that applies to 2005.

## Line 24

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the amounts claimed on:

- Form 5884, Work Opportunity Credit, line 2;
- Form 8844, Empowerment Zone and Renewal Community Employment Credit, line 2;
- Form 8845, Indian Employment Credit, line 4; and
- Form 8861, Welfare-to-Work Credit, line 2 .

Include the cost of boarding farm labor but not the value of any products they used from the farm. Include only what you paid household help to care for farm laborers.


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, enter contributions made as an employer on your behalf on Form 1040, line 28, not on Schedule F.

Generally, you must file the applicable form listed below 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. There is a penalty for failure to timely file these forms.

Form 5500. File this form for a plan that is not a one-participant plan (see below).

Form 5500-EZ. File this form for a one-participant plan. A one-participant plan is a plan that only covers you (or you and your spouse).

For details, see Pub. 560.

## 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. See Pub. 463 to figure your inclusion amount.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farmland.

## 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 can 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 the following taxes on this line.

- Federal income taxes, including your self-employment tax. However, you can deduct one-half of your self-employment tax on Form 1040, line 27.
- 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 farming business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to your farming 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 your farming business. But you can deduct expenses you paid for your farming business that are more than the cost of the base rate for the first phone line. For example, if you had a second phone line, you can deduct the business
percentage of the charges for that line, including the base rate charges.

## 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.
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 2005.

Bad debts. See Pub. 535.
Business start-up costs. If your business began in 2005, you can elect to deduct up to $\$ 5,000$ for certain business start-up costs. This limit is reduced by the amount by which your start-up costs exceed $\$ 50,000$. You can elect to amortize any remaining qualified business start-up costs over 15 years. For details, see Pub. 225. For amortization that begins in 2005, you must complete and attach Form 4562.
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 to figure your allowable deduction. Do not use Form 8829.

Clean-fuel vehicles and clean-fuel vehicle refueling property. You may be able to deduct part of the cost of qualified clean-fuel vehicle property used in your farming business and qualified clean-fuel vehicle refueling property. See Pub. 535.
Forestation and reforestation costs. You can elect to amortize certain forestation and reforestation costs over 84 months. You can also elect to expense up to $\$ 10,000$ ( $\$ 5,000$ if married filing separately) of certain forestation and reforestation costs paid or incurred in 2005, for each qualified timber property. The amortization election does not apply to trusts and the expense election does not apply to estates and trusts. For details, see Pub. 225. For amortization that begins in 2005, you must complete and attach Form 4562.
Legal and professional fees. You can deduct on this line fees for tax advice related to your farming business and for the preparation of the tax forms related to your farming 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 Instruc-
tions for Schedule C, lines 24a through 24c, on page C-5.
Preproductive period expenses. If you had preproductive period expenses in 2005 and you decided to capitalize them, you must enter the total of these expenses in parentheses on line 34 f and enter " 263 A " in the space to the left of the total. Subtract the amount on line 34 f from the total of lines 12 through 34 e . Enter the result on line 35.

For details, 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 checked the "No" box on Schedule F, line E, 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 (or Form 1065-B, line 7).

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, lines 66a and 66b, for details.

## Line 37

At-risk rules. Generally, if you have a loss from a farming activity and amounts in the activity for which you are not at risk, you will have to complete Form 6198 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 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 37 a and enter your loss on line 36. But if you checked the "No" box on line E, you may need to complete Form 8582 to figure your allowable loss to enter on line 36. See the Instructions for Form 8582.

If you checked box 37b, see Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you checked the "No" box on line E, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter -0 - on line 36 . Be sure to attach Form 6198 to your return. If you checked box 37 b and you do not attach Form 6198, the processing of your tax return may be delayed.

Any loss from this activity not allowed for 2005 because of the at-risk rules is treated as a deduction allocable to the activity in 2006.

For details, see Pub. 925 and 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. 225 for exceptions, inventory methods, how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

## Lines 39a Through 41c

See the instructions for lines 5a through 7c that begin on page $\mathrm{F}-2$.

## Line 44

See the instructions for line 10 on page F-3.

## 2005 Schedule F (Form 1040) Profit or Loss From Farming

Purpose: This is the first circulated draft of the 2005 Schedule F for your review and comments. There are no major changes to this form.

TPCC Meeting: No meeting is scheduled but one can be set up upon request.
Instructions: The 2005 Instructions for Schedule F will be circulated at a later date.
The 2004 instructions can be found on the link below: http://publish.no.irs.gov/INSTRS/PDF/17152Y04.PDF

Other Products: Circulations of other tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html
Comments: Please email, fax, call, or mail any comments by April 22, 2005.

| Neal Dickman | E-mail | Telephone | Fax | Room |
| :--- | :--- | :--- | :--- | :--- |
| Tax Forms and Publications <br> SE:W:CAR:MP:T:I:F | Neal.E.Dickan@irs.gov | $202-622-5013$ | $202-927-6234$ | 6423 |


| SCHEDULE F | Profit or Loss From Farming <br> Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B <br> See Instructions for Schedule F (Form 1040). |  | OMB No. 1545-0074 |
| :---: | :---: | :---: | :---: |
| (Form 1040) <br> Department of the Treasury Internal Revenue Service $\qquad$ |  |  | $2005$ <br> Attachment <br> Sequence No. 14 |
| Name of proprietor |  | Social se | number (SSN) |
|  |  |  |  |
| A Principal product. Describe in one or two words your principal crop or activity for the current tax year. |  | B Enter c | from Part IV |
|  |  |  |  |
| C Accounting method: (1) $\square$ Cash ${ }^{\square}$ |  | D Employ | D number (EIN), if an |
|  |  |  |  |

E Did you "materially participate" in the operation of this business during 2005? If "No," see page F-2 for limit on passive losses. $\square$ Yes $\square$ No
Part I Farm Income-Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 11.) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.


## Part II Farm Expenses-Cash and Accrual Method.

Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.


Part III Farm Income—Accrual Method (see page F-6).
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797 and do not include this livestock on line 46 below.

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50 . Enter the total on line 51 and on Part I, line 11.

## Part IV Principal Agricultural Activity Codes

$\Delta$
File Schedule C (Form 1040) or Schedule C-EZ (Form 1040) instead of Schedule F if (a) your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or (b) you are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter it on page 1, line B.

## Crop Production

$\begin{array}{ll}111100 & \text { Oilseed and grain farming } \\ 111210 & \text { Vegetable and melon farming }\end{array}$

111300
111400
111900
Fruit and tree nut farming
Greenhouse, nursery, and floriculture production
Other crop farming

## Animal Production

112111 Beef cattle ranching and farming
112112 Cattle feedlots
112120 Dairy cattle and milk production
112210 Hog and pig farming
112300 Poultry and egg production
112400 Sheep and goat farming
112510 Animal aquaculture
112900 Other animal production

## Forestry and Logging

113000 Forestry and logging (including forest nurseries and timber tracts)

## 2005 Schedule H (Form 1040) <br> House Employment Taxes

Purpose: This is the second circulated draft of the 2005 Schedule H (Form 1040) for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but one may be arranged if requested.
Prior Version: The 2004 Schedule H (Form 1040) is available at:
http://publish.no.irs.gov/FORMS/PUBLIC/PDF/12187Y04.PDF
Instructions: The 2005 Instructions for Schedule H (Form 1040) will be circulated at a later date. The 2004 instructions are available at:
http://publish.no.irs.gov/INSTRS/PDF/21451Y04.PDF
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/Draft_products.html

Comments: Please email, fax, call, or mail any comments by August 16, 2005.
Yvette Lawrence
Tax Forms and Publications
SE:W:CAR:MP:T:T:SB
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Phone : 202-622-3776
Fax : 202-622-5004
Major Changes to the 2005 Schedule H (Form 1040)
The U.S. Department of Labor (DOL) informed IRS that there may potentially be 3 credit reduction states for 2005. A final determination will not be made until November 2005. Employers in a credit reduction state pay higher FUTA taxes because they must reduce their maximum state credit. Chief Counsel (CC:TEGE:EOEG:ET1) will provide the appropriate credit reduction rates under IRC section 3302(c)(2).

## Page 2:

- We revised Part II, line 10, and Section B, line 24, and used placeholders ("XXXX") to allow for the names of credit reduction states.
- We revised Section B, line 24, by adding a checkbox for each possible credit reduction state.

Social security number

Employer identification number

A Did you pay any one household employee cash wages of $\$ 1,400$ or more in 2005? (If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions on page H-3 before you answer this question.)Yes. Skip lines B and C and go to line 1.No. Go to line B.

B Did you withhold Federal income tax during 2005 for any household employee?Yes. Skip line C and go to line 5.No. Go to line C.
C Did you pay total cash wages of $\$ 1,000$ or more in any calendar quarter of 2004 or 2005 to all household employees? (Do not count cash wages paid in 2004 or 2005 to your spouse, your child under age 21, or your parent.)

No. Stop. Do not file this schedule.Yes. Skip lines 1-9 and go to line 10 on the back. (Calendar year taxpayers having no household employees in 2005 do not have to complete this form for 2005.)

## Part I Social Security, Medicare, and Income Taxes

1 Total cash wages subject to social security taxes (see page H-3)
2 Social security taxes. Multiply line 1 by $12.4 \%$ (.124) .
3 Total cash wages subject to Medicare taxes (see page H-3)
4 Medicare taxes. Multiply line 3 by 2.9\% (.029)
5 Federal income tax withheld, if any .

6 Total social security, Medicare, and income taxes (add lines 2, 4, and 5)
7 Advance earned income credit (EIC) payments, if any
8 Net taxes (subtract line 7 from line 6)


9 Did you pay total cash wages of \$1,000 or more in any calendar quarter of 2004 or 2005 to household employees? (Do not count cash wages paid in 2004 or 2005 to your spouse, your child under age 21, or your parent.)No. Stop. Enter the amount from line 8 above on Form 1040, line 62. If you are not required to file Form 1040, see the line 9 instructions on page $\mathrm{H}-4$.
$\square$ Yes. Go to line 10 on the back.

## Part II Federal Unemployment (FUTA) Tax

10 Did you pay unemployment contributions to only one state? (If you paid contributions to the states of XXXXXXX, $\mathrm{XXXXXXX} ,\mathrm{or} \mathrm{XXXXXXX} ,\mathrm{check} \mathrm{"No.")}$
11 Did you pay all state unemployment contributions for 2005 by April 17, 2006? Fiscal year filers, see page H-4
12 Were all wages that are taxable for FUTA tax also taxable for your state's unemployment tax?

|  | Yes | No |
| :--- | :--- | :--- |
| 10 |  |  |
| 11 |  |  |
| 12 |  |  |

Next: If you checked the "Yes" box on all the lines above, complete Section A.
If you checked the "No" box on any of the lines above, skip Section A and complete Section B.


## Part III Total Household Employment Taxes

26 Enter the amount from line 8 .

27 Add line 17 (or line 25) and line 26

| 26 |  |  |
| :--- | :--- | :--- |
| 27 |  |  |

28 Are you required to file Form 1040?
$\square$ Yes. Stop. Enter the amount from line 27 above on Form 1040, line 62. Do not complete Part IV below.
No. You may have to complete Part IV. See page H-4 for details.
Part IV Address and Signature-Complete this part only if required. See the line 28 instructions on page H-4.
Address (number and street) or P.O. box if mail is not delivered to street address
Apt., room, or suite no.

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

Under penalties of perjury, I declare that I have examined this schedule, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete. No part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

# 2005 Instructions for Schedule J <br> Income Averaging for Farmers and Fisherman 

Purpose: This is the first circulated draft of the 2005 Instructions for Schedule J for your review and comments. The major changes are explained below.

TPCC Meeting: No meeting is scheduled but one can be arranged if requested.
Prior Version: The 2004 Instructions for Schedule J are available at: http://publish.no.irs.gov/INSTRS/PDF/25514Y04.PDF

Form: The 2005 Schedule J was previously circulated at: http://taxforms.web.irs.gov/Products/Drafts/05f1040SJ_d1.pdf

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by September 16, 2005.

Neal Dickman
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## Major Changes to the 2005 Instructions for Schedule J

1. The definitions of "farming business" and "fishing business" were moved from the line 2 instructions to the general instructions.
2. The worksheets, tax rate schedules, and line instructions were updated to reflect the 2002, 2003, and 2004 tax years. (IRC section 1301(a))
3. For line 8, the worksheet for the 2001 Tax Computation Worksheet for Certain Dependents and Nonresident Alien Individuals has been deleted, since it no longer applies.

Department of the Treasury
Internal Revenue Service

## 2005 Instructions for Schedule J

## Income Averaging for Farmers and Fishermen

## General Instructions

## Prior Year Tax Returns

You may need copies of your original or amended income tax returns for 2002, 2003, and 2004 to figure your tax on Schedule J. If you do not have copies of those returns, you can get them by filing Form 4506. There is a $\$ 39$ fee for each return requested. If you want a free transcript of your tax return, use Form 4506-T. See your Form 1040 instruction booklet to find out how to get these forms. Keep a copy of your 2005 income tax return for use in 2006, 2007, or 2008.

## Definitions

Farming business. A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

1. Operating a nursery or sod farm;
2. Raising or harvesting of trees bearing fruits, nuts, or other crops;
3. Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots);
4. Raising, shearing, feeding, caring for, training, and managing animals; and
5. Leasing land to a tenant engaged in a farming business, but only if the lease payments are (a) based on a share of the tenant's production (not a fixed amount), and (b) determined under a written agreement entered into before the tenant begins significant activities on the land.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Fishing business. A fishing business is the trade or business of fishing in which the fish harvested, either in whole or in part,

Use Schedule J (Form 1040) to elect to figure your 2005 tax by averaging, over the previous 3 years (base years), all or part of your 2005 taxable income from your trade or business of farming or fishing. Making this election may give you a lower tax if your 2005 income from farming or fishing is high and your taxable income for one or more of the 3 prior years was low.

This election does not apply when figuring your tentative minimum tax on Form 6251 (that is, you cannot average your AMT income from farming or fishing). Also, you do not have to recompute, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.
are intended to enter commerce or enter commerce through sale, barter, or trade. This includes:

1. The catching, taking, or harvesting of fish;
2. The attempted catching, taking, or harvesting of fish;
3. Any other activity which can reasonably be expected to result in the catching, taking, or harvesting of fish; or
4. Any operations at sea in support of, or in preparation for, any activity described in (1) through (3) above.

The word fish means finfish, mollusks, crustaceans, and all other forms of marine animal and plant life other than marine mammals and birds.

A fishing business does not include any scientific research activity which is conducted by a scientific research vessel.

## Additional Information

See Regulations section 1.1301-1 for more details.

## Specific Instructions

## Line 2

## Elected Farm Income

To figure elected farm income, first figure your taxable income from farming or fishing. This includes all income, gains, losses, and deductions attributable to any farming or fishing business. However, it does not include gain from the sale or other disposition of land.

Your elected farm income is the amount of your taxable income from farming or fishing that you elect to include on line 2. You do not have to include all of your taxable income from farming or fishing on line 2. It may be to your advantage to in-
clude less than the full amount, depending on how the amount you include on line 2 affects your tax bracket for the current and prior 3 tax years.

Your elected farm income cannot exceed your taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming or fishing business. If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years. If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Generally, income, gains, losses, and deductions from farming or fishing are reported on:

- Form 1040, line 7, to the extent of wages and other compensation you received as a shareholder in an $S$ corporation engaged in a farming or fishing business;
- Schedule C or C-EZ;
- Schedule D;
- Schedule E, Part II;
- Schedule F;
- Form 4797; and
- Form 4835.


## Line 4

Figure the tax on the amount on line 3 using the 2005 Tax Table, Tax Computation Worksheet, or Qualified Dividends and Capital Gain Tax Worksheet from the 2005 Instructions for Form 1040, You may use the Schedule D Tax Workstreet in the Instruetions for Sehedule 9 . Enter the tax on line 4.

## Line 5

If you used Schedule J to figure your tax for 2004 (that is, you entered the amount from that Schedule J, line 22, on Form 1040, line 43, or on Form 1040X), enter on line 5 the amount from your 2004 Schedule J, line 11. If you used Schedule J to figure your tax for 2003 but not 2004, enter on line 5 the amount from your 2003 Schedule J, line 15. If you used Schedule J to figure your tax for 2002 but not 2003 nor 2004, enter on line 5 the amount from your 2002 Schedule J, line 3.

If you figured your tax for 2002, 2003, and 2004 without using Schedule J, enter on line 5 the taxable income from your 2002 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 5 .

If you filed your 2002 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2002, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2002 for at least 3 years after April 17, 2006 (or the date you file your 2005 tax return, if later).

## Instructions for 2002 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2002 Schedule D, line 18, is not al-
lowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2003. This could happen if the taxable income before subtracting exemptions shown on your 2002 Form 1040, line 39 (or as previously adjusted), was less than zero. Enter the amount by which your 2002 capital loss carryover to 2003 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2002 Schedule D, line 17, over the loss on your 2002 Schedule D, line 18. If you had any net operating loss (NOL) carrybacks to 2002, be sure you refigured your 2002 capital loss carryover to 2003.

Line 3. If you had an NOL for 2002, enter the amount of that NOL as figured on the 2002 Form 1045, Schedule A, line 27, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2002, enter the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002 and were carried to years after 2002.

Example. John Farmington did not use income averaging for 2002, 2003, nor 2004. For 2005, John has $\$ 18,000$ of elected farm income on line 2. The taxable income before subtracting exemptions on his 2002 Form 1040, line 39, is $\$ 4,000$. A deduction for exemptions of $\$ 3,000$ is shown on line 40 , and line 41 , taxable income, is $\$ 1,000$. However, John had a $\$ 22,200$ NOL in 2003, $\$ 9,000$ of which was remaining to carry to 2002 after the NOL was carried back to 2001. To complete line 1 of the
worksheet, John combines the \$9,000 NOL deduction with the $\$ 1,000$ from his 2002 Form 1040, line 41 . The result is a negative $\$ 8,000$, John's 2002 taxable income, which he enters as a positive amount on line 1 of the 2002 worksheet.

When John filed his 2002 tax return, he had a $\$ 3,000$ net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 17, and a $\$ 4,000$ capital loss carryover to 2003. However, when John carried back the 2003 NOL to 2002, he refigured his 2002 capital loss carryover to 2003 as $\$ 7,000$. John adds the $\$ 3,000$ from Schedule D, line 18, and the $\$ 7,000$ carryover. He subtracts from the result the $\$ 7,000$ loss on his Schedule D, line 17, and enters $\$ 3,000$ on line 2 of the worksheet.

John had $\$ 1,000$ of taxable income in 2002 that reduced the 2003 NOL carryback. The $\$ 3,000$ of exemptions and $\$ 3,000$ net capital loss deduction also reduced the amount of the 2003 NOL carryback. Therefore, only $\$ 2,000$ was available to carry to 2004 and later years, as shown on his 2003 Form 1045, Schedule B, line 9. John enters the $\$ 2,000$ on line 3 of the worksheet, and $\$ 5,000$ on line 4 . He then subtracts the $\$ 5,000$ from the $\$ 8,000$ on line 1 and enters the result, $\$ 3,000$, on line 5 of the worksheet. He enters a negative $\$ 3,000$ on Schedule J, line 5. He combines that amount with the $\$ 6,000$ on Schedule J, line 6, and enters $\$ 3,000$ on Schedule J, line 7.

## 2002 Taxable Income Worksheet—Line 5

Keep for Your Records


Complete this worksheet if you did not use Schedule J to figure your tax for both 2003 and 2004 and your 2002 taxable income was zero or less. See the instructions below before completing this worksheet.

1. Figure the taxable income from your 2002 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2002, do not include any NOL carryovers or carrybacks to 2002. Enter
the result as a positive amount
2. 
3. If there is a loss on your 2002 Schedule D, line 18 , add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 Schedule D, line 17, and enter the result . . . . . . .
4. If you had an NOL for 2002, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2002 that were not used in 2002 and were carried to years after 2002
5. 
6. Add lines 2 and 3
7. Subtract line 4 from line 1 . Enter the result as a negative amount on Schedule J, line 5
8. 

. . . . . . . . . .
$\qquad$
4.
5.

## 2002 Tax Rate Schedules—Line 8

| Schedule X - Use if your 2002 filing status was Single |  |  |  |  | Schedule Y-2 - Use if your $\mathbf{2 0 0 2}$ filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- | If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- |
| \$0 | \$6,000 |  | 10\% | \$0 | \$0 | \$6,000 |  | 10\% | \$0 |
| 6,000 | 27,950 | \$600.00 + | 15\% | 6,000 | 6,000 | 23,350 | \$600.00 + | 15\% | 6,000 |
| 27,950 | 67,700 | 3,892.50 + | 27\% | 27,950 | 23,350 | 56,425 | 3,202.50 + | 27\% | 23,350 |
| 67,700 | 141,250 | 14,625.00 + | 30\% | 67,700 | 56,425 | 85,975 | 12,132.75 + | 30\% | 56,425 |
| 141,250 | 307,050 | 36,690.00 + | 35\% | 141,250 | 85,975 | 153,525 | 20,997.75 + | 35\% | 85,975 |
| 307,050 |  | 94,720.00 + | 38.6\% | 307,050 | 153,525 |  | 44,640.25 + | 38.6\% | 153,525 |
| Schedule Y-1—Use if your 2002 filing status was Married filing jointly or Qualifying widow(er) |  |  |  |  | Schedule Z—Use if your 2002 filing status was Head of household |  |  |  |  |
| If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- | If Schedule J, line 7 , is: Over- | But not over- | Enter on Schedule J, line 8 |  | of the amount over- |
| \$0 | \$12,000 |  | 10\% | \$0 | \$0 | \$10,000 |  | 10\% | \$0 |
| 12,000 | 46,700 | \$1,200.00 + | 15\% | 12,000 | 10,000 | 37,450 | \$1,000.00 + | 15\% | 10,000 |
| 46,700 | 112,850 | 6,405.00 + | 27\% | 46,700 | 37,450 | 96,700 | 5,117.50 + | 27\% | 37,450 |
| 112,850 | 171,950 | 24,265.50 + | 30\% | 112,850 | 96,700 | 156,600 | 21,115.00 + | 30\% | 96,700 |
| 171,950 | 307,050 | 41,995.50 + | 35\% | 171,950 | 156,600 | 307,050 | 39,085.00 + | 35\% | 156,600 |
| 307,050 |  | 89,280.50 + | 38.6\% | 307,050 | 307,050 |  | 91,742.50 + | 38.6\% | 307,050 |

## Line 8

If line 7 is zero, enter -0 - on line 8 . Otherwise, figure the tax on the amount on line 7 using:

- The 2002 Tax Rate Schedules above,
- The 2002 Capital Gain Tax Worksheet below, or
- The Schedule D you filed for 2002 (but use the 2002 Tax Rate Schedules above instead of the 2002 Tax Table when
figuring the tax on Schedule D, lines 25 and 39, or on the Schedule D Tax Worksheet, lines 15 and 36).


## Line 9

If you used Schedule J to figure your tax for 2004 (that is, you entered the amount from that Schedule J, line 22, on Form 1040, line 43, or on Form 1040X), enter on line 9 the
amount from your 2004 Schedule J, line 15. If you used Schedule J to figure your tax for 2003 but not 2004, enter on line 9 the amount from your 2003 Schedule J, line 3.

If you figured your tax for both 2003 and 2004 without using Schedule J, enter on line 9 the taxable income from your 2003 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet on page $J=3$ to figure the amount to enter on line 9 .

## 2002 Capital Gain Tax Worksheet—Line 8

Use this worksheet only if you entered capital gain distributions directly on line 13 of your 2002 Form 1040 (or line 10 of your 2002 Form 1040A) and checked the box on that line and elected farm income included on Schedule J, lines 5 and 6, does not include any net capital gain.

1. Amount from Schedule J, line 7
2. Amount from your 2002 Form 1040, line 13 (or Form 1040A, line 10)
3. Subtract line 2 from line 1 . If zero or less, enter $-0-$

- 

4. Figure the tax on the amount on line 3. Use the 2002 Tax Rate Schedules above
5. Enter the smaller of:

- The amount on line 1 above or
- $\$ 27,950$ if single for 2002 ; $\$ 46,700$ if married filing jointly or qualifying widow(er); $\$ 23,350$ if married filing separately; or $\$ 37,450$ if head of household.

6. Enter the amount from line 3
7. Subtract line 6 from line 5 . If zero or less, enter -0 - and go to line 9
8. Multiply line 7 by $10 \%$ (.10)
9. Enter the smaller of line 1 or line 2
10. Enter the amount from line 7
11. Subtract line 10 from line 9 . If zero or less, enter $-0-$ and go to line 13

12. Multiply line 11 by $20 \%$ (.20)
13. Add lines 4,8 , and 12
14. Figure the tax on the amount on line 1. Use the 2002 Tax Rate Schedules above
15. Tax. Enter the smaller of line 13 or line 14 here and on Schedule J, line 8
16. 
17. 
18. $\qquad$
19. $\qquad$
20. $\qquad$
21. 
22. 
23. $\qquad$
24. 
25. 
26. 
27. 

If you filed your 2003 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2003, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2003 until at least 3 years after April 17, 2006 (or the date you file your 2005 tax return, if later),

## Instructions for 2003 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2003 Schedule D, line 18, is not allowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2004. This could happen if the taxable income before subtracting exemptions shown on your 2003 Form 1040, line 38 (or as previously adjusted), was less than zero. Enter the amount by which your 2003 capital loss carryover to 2004 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2003 Schedule D, line 17a, over the loss on your 2003 Schedule D, line 18. If you had any NOL carrybacks to 2003, be sure you refigured your 2003 capital loss carryover to 2004.

Line 3. If you had an NOL for 2003, enter the amount of that NOL as figured on the 2003 Form 1045, Schedule A, line 27, you filed with Form 1045 or Form 1040X. If you did not have an NOL for 2003, enter the portion, if any, of the NOL carryovers and carrybacks to 2003 that were not used in 2003 and were carried to years after 2003.

Example. John Farmington did not use income averaging for 2002, 2003, nor 2004. The taxable income before subtracting exemptions on his 2003 Form 1040, line 38, is a negative $\$ 29,950$. A deduction for exemptions of $\$ 3,050$ is shown on line 39 , and line 40 , taxable income, is limited to zero. John subtracts from the $\$ 29,950$ loss the $\$ 3,050$ deduction for exemptions. The result is a negative $\$ 33,000$ John's 2003 taxable income, which he enters as a positive amount on line 1 of the 2003 worksheet.

When John filed his 2003 tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13a), and a $\$ 7,000$ loss on Schedule D, line 17a (as adjusted).

He also had a \$7,000 capital loss carryover to 2004. John adds the $\$ 3,000$ from Schedule D, line 18 , and the $\$ 7,000$ carryover. He subtracts from the result the $\$ 7,000$ loss on his Schedule D, line 17a, and enters $\$ 3,000$ on line 2 of the worksheet.

John enters $\$ 22,200$ on line 3 of the worksheet, the 2003 NOL from his 2003 Form 1045, Schedule A, line 27. Of the $\$ 33,000$ negative taxable income, the $\$ 3,050$ deduction for exemptions, the $\$ 3,000$ capital loss deduction, and his $\$ 4,750$ standard deduction were not allowed in figuring the NOL. John had a $\$ 22,200$ loss on his 2003 Schedule F, the only other item on his 2003 tax return.

John enters $\$ 25,200$ on line 4 and $\$ 7,800$ on line 5. He enters $\$ 7,800$ as a negative amount on Schedule J, line 9. He enters $\$ 6,000$ on Schedule J, line 10, and a negative $\$ 1,800$ on Schedule J, line 11. If he uses Schedule J to figure his tax for 2006, he will enter the negative $\$ 1,800$ amount on his 2006 Schedule J as his 2003 taxable income for income averaging purposes.

Complete this worksheet if you did not use Schedule J to figure your tax for 2004 and your 2003 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2003 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2003, do not include any NOL carryovers or carrybacks to 2003. Enter the result as a positive amount
2. 
3. If there is a loss on your 2003 Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to 2004. Subtract from that sum the amount of the loss on your 2003 Schedule D, line 17a, and enter the result
4. 
5. If you had an NOL for 2003, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2003 that were not used in 2003 and were carried to years after 2003
6. 
7. Add lines 2 and 3
8. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 9
9. 
10. 

## Line 12

If line 11 is zero or less, enter -0- on line 12 . Otherwise, figure the tax on the amount on line 11 using:

- The 2003 Tax Rate Schedules below,
- The 2003 Qualified Dividends and Capital Gain Tax Worksheet on page J-6, or
- The Schedule D you filed for 2003 (but use the 2003 Tax Rate Schedules below instead of the 2003 Tax Table when
figuring the tax on Schedule D,
lines 50 and 52, or on the Schedule D Tax Worksheet, lines 48 and 50).


## 2003 Tax Rate Schedules—Line 12

| Schedule X - Use if your 2003 filing status was Single |  |  |  |  | Schedule Y-2 - Use if your 2003 filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 11 , is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- | If Schedule J, line 11 , is: Over- | But not over- | Enter on Schedule J line 12 |  | of the amount over- |
| \$0 | \$7,000 |  | 10\% | \$0 | \$0 | \$7,000 |  | 10\% | \$0 |
| 7,000 | 28,400 | \$700.00 + | 15\% | 7,000 | 7,000 | 28,400 | \$700.00 + | 15\% | 7,000 |
| 28,400 | 68,800 | 3,910.00 + | 25\% | 28,400 | 28,400 | 57,325 | 3,910.00 + | 25\% | 28,400 |
| 68,800 | 143,500 | 14,010.00 + | 28\% | 68,800 | 57,325 | 87,350 | 11,141.25 + | 28\% | 57,325 |
| 143,500 | 311,950 | 34,926.00 + | 33\% | 143,500 | 87,350 | 155,975 | 19,548.25 + | 33\% | 87,350 |
| 311,950 | ............ | 90,514.50 + | 35\% | 311,950 | 155,975 |  | 42,194.50 + | 35\% | 155,975 |
| Schedule Y-1 - Use if your 2003 filing status was Married filing jointly or Qualifying widow(er) |  |  |  |  | Schedule Z—Use if your 2003 filing status was Head of household |  |  |  |  |
| If Schedule J, line 11 , is: Over- | But not over- | Enter on Schedule J, line 12 |  | of the amount over- | If Schedule J, line11, is: Over- | But not over- | Enter on Schedule J line 12 |  | of the amount over- |
| \$0 | \$14,000 |  | 10\% | \$0 | \$0 | \$10,000 |  | 10\% | \$0 |
| 14,000 | 56,800 | \$1,400.00 + | 15\% | 14,000 | 10,000 | 38,050 | \$1,000.00 + | 15\% | 10,000 |
| 56,800 | 114,650 | 7,820.00 + | 25\% | 56,800 | 38,050 | 98,250 | 5,207.50 + | 25\% | 38,050 |
| 114,650 | 174,700 | 22,282.50 + | 28\% | 114,650 | 98,250 | 159,100 | 20,257.50 + | 28\% | 98,250 |
| 174,700 | 311,950 | 39,096.50 + | 33\% | 174,700 | 159,100 | 311,950 | 37,295.50 + | 33\% | 159,100 |
| 311,950 | ............ | 84,389.00 + | 35\% | 311,950 | 311,950 | ............ | 87,736.00 + | 35\% | 311,950 |

## Line 13

If you used Schedule J to figure your tax for 2004 (that is, you entered the amount from that Schedule J, line 22, on Form 1040,
line 43, or on Form 1040X), enter on line 13 the amount from that Schedule J, line 3.

If you did not use Schedule J to figure your tax for 2004, enter on line 13 the taxable income from your 2004 tax return (or as previously adjusted by the IRS, an amended return, etc.). But if that amount is zero or less, complete the worksheet on page J-7 to figure the amount to enter on line 13.

If you filed your 2004 tax return using TeleFile, enter the taxable income from your TeleFile Tax Record. If you did not file a tax return for 2004, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2004 until at least 3 years after April 17,

2006 (or the date you file your 2005 tax return, if later).

## Instructions for 2004 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2004 Schedule D, line 21, is not allowed for income averaging purposes to the extent it did not reduce your capital loss carryover to 2005 . This could happen if the taxable income before subtracting exemptions shown on your 2004 Form 1040, line 40 (or as previously adjusted), was less than zero. Enter the amount by which your 2004 capital loss carryover to 2005 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2004 Schedule D, line 16, over the loss on your 2004 Schedule D, line 21.

Line 3. If you had an NOL for 2004, enter the amount of that NOL as figured on the 2004 Form 1045, Schedule A, line 26, you filed with Form 1045 or Form 1040X. If
you did not have an NOL for 2004, enter the portion, if any, of the NOL carryovers and carrybacks to 2004 that were not used in 2004 and were carried to years after 2004.

Example. John Farmington did not use income averaging for 2002, 2003, nor 2004. The taxable income before subtracting exemptions on his 2004 Form 1040, line 40, is a negative $\$ 1,000$. This amount includes an NOL deduction (NOLD) on his 2004 Form 1040, line 21, of $\$ 2,000$. The $\$ 2,000$ is the portion of the 2003 NOL that was remaining from 2002 to be carried to 2004. See the examples that begin on pages J-2 and J-4. A deduction for exemptions of $\$ 3,100$ is shown on Form 1040, line 41, and line 42 , taxable income, is limited to zero. John does not have an NOL for 2004. John subtracts from the $\$ 1,000$ negative amount on Form 1040 , line 40 , the $\$ 3,100$ deduction for exemptions. The result is a negative $\$ 4,100$, John's 2004 taxable income, which

## 2003 Qualified Dividends and Capital Gain Tax Worksheet—Line 12

Keep for Your Records

## Use this worksheet only if:

- You entered (a) qualified dividends on your 2003 Form 1040, line 9b (or your 2003 Form 1040A, line 9b) or (b) capital gain distributions directly on your 2003 Form 1040, line 13a (or your 2003 Form 1040A, line 10a) and checked the box on that line, and
- Your elected farm income on Schedule J, lines 9 and 10, does not include any net capital gain.

1. Amount from Schedule J, line 11
2. Enter the total of the amounts from your 2003 Form 1040, lines $9 b$ and 13a (or Form 1040A, lines 9b and 10a)
3. Amount, if any, from your 2003 Form 4952 , line $4 g$
4. Subtract line 3 from 2 . If zero or less, enter -0 -
5. Enter the smaller of:

- The amount on line 1 above or
- $\$ 56,800$ if married filing jointly or qualifying widow(er) for 2003, $\$ 28,400$ if single or married filing separately, or $\$ 38,050$ if head of household.

6. Subtract line 4 from line 1 . If zero or less, enter -0
7. Subtract line 6 from line 5 . If zero or less, enter -0 - and go to line 13
8. Enter the total of the amounts from your 2003 Form 1040, lines $9 b$ and 13b (or Form 1040A, lines 9b and 10b)
9. Enter the smaller of line 7 or 8
10. Multiply line 8 by $5 \%$ (.05)
11. Subtract line 9 from line 7 . If zero, go to line 13
12. Multiply line 11 by $10 \%$ (.10)
13. Enter the smaller of line 1 or line 4
14. Enter the amount from line 7
15. Subtract line 14 from line 13. If zero or less, enter $-0-$ and go to line 23
16. Enter the total of the amounts from your 2003 Form 1040, lines $9 b$ and 13b (or Form 1040A, lines 9b and 10b)
17. 
18. Enter the amount from line 9 (if line 9 is blank, enter -0-)
19. 
20. Subtract line 17 from line 16
21. 
22. Enter the smaller of line 15 or line 18
23. Multiply line 19 by $15 \%$ (.15)
24. Subtract line 19 from line 15 . If zero, go to line 23
25. Multiply line 21 by $20 \%$ (.20)
26. Figure the tax on the amount on line 6. Use the 2003 Tax Rate Schedules on page J-5
27. Add lines $10,12,20,22$, and 23
28. Figure the tax on the amount on line 1. Use the 2003 Tax Rate Schedules on page J-5
29. Tax. Enter the smaller of line 24 or line 25 here and on Schedule J, line 12
30. 


5. $\qquad$
6.
7. $\qquad$
9. $\qquad$
11. $\qquad$
10.
.
12.
13.
14.
15. $\qquad$
. $\qquad$

Complete this worksheet if your 2004 taxable income is zero or less. See the instructions on page J-6 before completing this worksheet.

1. Figure the taxable income from your 2004 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2004, do not include any NOL carryovers or carrybacks to 2004. Enter
the result as a positive amount
2. 
3. If there is a loss on your 2004 Schedule D, line 21, add that loss (as a positive amount) and your 2004 capital loss carryover to 2005. Subtract from that sum the amount of the loss on your 2004 Schedule D, line 16, and enter the result
4. $\qquad$
5. positive amount the portion, if any, of the NOL carryovers and carrybacks to 2004 that were not used in 2004 and were carried to years after 2004
6. Add lines 2 and 3
7. Subtract line 4 from line 1 . Enter the result as a negative amount on Schedule J, line 13
8. 
9. 

he enters as a positive amount on line 1 of the 2004 worksheet.

When John filed his 2004 tax return, he had a $\$ 3,000$ net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 13), a $\$ 7,000$ loss on Schedule D, line 16, and a $\$ 5,000$ capital loss carryover to 2005 (his 2004 capital loss carryover to 2005 was $\$ 5,000$, not $\$ 4,000$, because the amount on his Form 1040 , line 40 , was a negative $\$ 1,000$ ). John adds the $\$ 3,000$ from Schedule D, line 21, and the $\$ 5,000$ carryover. He subtracts from the result the $\$ 7,000$ loss on his Schedule D, line 16 , and enters $\$ 1,000$ on line 2 of the worksheet.

John enters -0- on line 3 of the worksheet because he does not have an NOL for

2004 and did not have an NOL carryover from 2004 available to carry to 2005 and later years. The NOLD for 2004 of $\$ 2,000$ was reduced to zero because it did not exceed his modified taxable income of $\$ 4,000$. Modified taxable income is figured by adding back the $\$ 3,000$ net capital loss deduction and the $\$ 3,100$ of exemptions to negative taxable income (figured without regard to the NOLD) of $\$ 2,100$. John enters $\$ 1,000$ on line 4 and $\$ 3,100$ on line 5 . He enters $\$ 3,100$ as a negative amount on Schedule J, line 13. He enters $\$ 6,000$ on Schedule J, line 14, and $\$ 2,900$ on Schedule J, line 15. If he uses Schedule J to figure his tax for 2006, he will enter $\$ 2,900$ on his 2006 Schedule J as his 2004 taxable income for income averaging purposes.

## Line 16

If line 15 is zero or less, enter $-0-$ on line 16. Otherwise, figure the tax on the amount on line 15 using:

- The 2004 Tax Rate Schedules below,
- The 2004 Qualified Dividends and Capital Gain Tax Worksheet on page J-8, or
- The 2004 Schedule D Tax Worksheet (but use the 2004 Tax Rate Schedules on page J-7 instead of the 2004 Tax Table when figuring the tax on the Schedule D Tax Worksheet, lines 34 and 36).


## 2004 Tax Rate Schedules-Line 16

| Schedule X - Use if your 2004 filing status was Single |  |  |  |  | Schedule Y-2 - Use if your 2004 filing status was Married filing separately |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- | If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- |
| \$0 | \$7,150 |  | 10\% | \$0 | \$0 | \$7,150 |  | 10\% | \$0 |
| 7,150 | 29,050 | \$715.00 + | 15\% | 7,150 | 7,150 | 29,050 | \$715.00 + | 15\% | 7,150 |
| 29,050 | 70,350 | 4,000.00 + | 25\% | 29,050 | 29,050 | 58,625 | 4,000.00 + | 25\% | 29,050 |
| 70,350 | 146,750 | 14,325.00 + | 28\% | 70,350 | 58,625 | 89,325 | 11,393.75 + | 28\% | 58,625 |
| 146,750 | 319,100 | 35,717.00 + | 33\% | 146,750 | 89,325 | 159,550 | 19,989.75 + | 33\% | 89,325 |
| 319,100 | ............ | 92,592.50 + | 35\% | 319,100 | 159,550 |  | 43,164.00 + | 35\% | 159,550 |
| Schedule Y-1 — Use if your 2004 filing status was Married filing jointly or Qualifying widow(er) |  |  |  |  | Schedule Z—Use if your 2004 filing status was Head of household |  |  |  |  |
| If Schedule J, line 15 , is: Over- | But not over- | Enter on Schedule J, line 16 |  | of the amount over- | If Schedule J, line15, is: Over- | But not over- | Enter on Schedule J line 16 |  | of the amount over- |
| \$0 | \$14,300 |  | 10\% | \$0 | \$0 | \$10,200 |  | 10\% | \$0 |
| 14,300 | 58,100 | \$1,430.00 + | 15\% | 14,300 | 10,200 | 38,900 | \$1,020.00 + | 15\% | 10,200 |
| 58,100 | 117,250 | 8,000.00 + | 25\% | 58,100 | 38,900 | 100,500 | 5,325.00 + | 25\% | 38,900 |
| 117,250 | 178,650 | 22,787.50 + | 28\% | 117,250 | 100,500 | 162,700 | 20,725.00 + | 28\% | 100,500 |
| 178,650 | 319,100 | 39,979.50 + | 33\% | 178,650 | 162,700 | 319,100 | 38,141.00 + | 33\% | 162,700 |
| 319,100 | ........... | 86,328.00 + | 35\% | 319,100 | 319,100 | ........... | 89,753.00 + | 35\% | 319,100 |

## Lines 18, 19, and 20

If you filed your 2002, 2003, or 2004 tax return using TeleFile, enter your tax from your TeleFile Tax Record. If you
amended your return or the IRS made changes to it, enter the corrected amount.

## 2004 Qualified Dividends and Capital Gain Tax Worksheet—Line 16

Use this worksheet only if both of the following apply.

- Your elected farm income on Schedule J, line 2, does not include any net capital gain.
- You (a) entered qualified dividends on your 2004 Form 1040, line 9b (or your 2004 Form 1040A, line 9b), (b) entered capital gain distributions directly on your 2004 Form 1040, line 13, (or your 2004 Form 1040A, line 10) and checked the box on that line or (c) filed Schedule D in 2004 and lines 15 and 16 of that Schedule D are both more than zero.

1. Amount from Schedule J, line 15
2. $\qquad$
3. Amount from Form 1040, line 9b (or Form 1040A, line 9b)
4. Did you file Schedule D in 2004 ?Yes. Enter the smaller of line 15 or 16 of your 2004 Schedule D, but do not enter less than -0-No. Enter the amount from Form 1040, line 13 (or Form 1040A, line 10)
5. Add lines 2 and 3
6. 
7. Amount, if any, from your 2004 Form 4952 , line 4 g
8. Subtract line 5 from line 4 . If zero or less, enter -0-
9. Subtract line 6 from line 1 . If zero or less, enter -0 -
10. Enter the smaller of:

- The amount on line 1 , or
- $\$ 29,050$ if single or married filing separately for 2004,

8. $\qquad$ $\$ 58,100$ if married filing jointly or qualifying widow(er),
$\$ 38,900$ if head of household.
9. Is the amount on line 7 equal to or more than the amount on line 8 ?
$\square$ Yes. Skip lines 9 through 11; go to line 12 and check the 'No'" box.No. Enter the amount from line 7
10. 
11. Subtract line 9 from line 8
12. 
13. Multiply line 10 by $5 \%$ (.05)
14. 
15. $\qquad$
16. Are the amounts on lines 6 and 10 the same?
$\square$ Yes. Skip lines 12 through 15; go to line 16 .
$\square$ No. Enter the smaller of line 1 or line 6
17. 
18. Enter the amount from line 10 (if line 10 is blank, enter -0-)
19. 
20. Subtract line 13 from line 12
21. $\qquad$
22. Multiply line 14 by $15 \%$ (.15)
23. 
24. Figure the tax on the amount on line 7. Use the 2004 Tax Rate Schedules on page J-7
25. 
26. Add lines 11,15 , and 16
27. 
28. Figure the tax on the amount on line 1. Use the 2004 Tax Rate Schedules on page J-7
29. 
30. Tax. Enter the smaller of line 17 or line 18 here and on Schedule J, line 16
31. 

## 2005 Instructions for Schedule R (Form 1040), Credit for the Elderly or the

 Disabled| Purpose: | This is the first circulated draft of the 2005 Instructions for Schedule R (Form 1040). The major changes are discussed below. |
| :---: | :---: |
| TPCC Meeting: | None, but may be arranged if requested. |
| Form: | The 2005 Schedule R (Form 1040) was circulated earlier at: http://tfprod.publish.no.irs.gov/composition/cycle drafts/outgoing/df1040sr .pdf |
| Prior Revisions: | The 2004 Instructions for Schedule R (Form 1040) can be viewed by clicking on the following link: http://publish.no.irs.gov/INSTRS/PDF/11357Y04.PDF |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by 06/17/2005. |

## Major Changes to the 2005 Instructions for Schedule R (Form 1040)

Line references to Form 1040 have been updated for $2005 . \quad$ SE:W:CAR:MP:T:I:F

| FROM: <br> Paul. W. Miller <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHOUl.W.Miller@irs.gov | $202-622-9713$ | FAX: | ROOM: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| DATE: | DATE: |  |  |  |  |

## 2005 Instructions for Schedule R (Form 1040)

Credit for the Elderly or the Disabled

Use Schedule R (Form 1040) to figure the credit for the elderly or the disabled. Additional information. See Pub. 524 for more details.

## Who Can Take the Credit

The credit is based on your filing status, age, and income. If you are married filing a joint return, it is also based on your spouse's age and income. You may be able to take this credit if either of the following applies.

1. You were age 65 or older at the end of 2005 , or
2. You were under age 65 at the end of 2005 and you meet all of the following.
a. You were permanently and totally disabled on the date you retired. If you retired before 1977, you must have been permanently and totally disabled on January 1, 1976, or January 1, 1977.
b. You received taxable disability income for 2005.
c. On January 1, 2005, you had not reached mandatory retirement age (the age when your employer's retirement program would have required you to retire).

For the definition of permanent and total disability, see What Is Permanent and Total Disability? on page R-2. Also, see the instructions for Part II, on page R-2.

## Married Persons Filing Separate Returns

If your filing status is married filing separately and you lived with your spouse at any time during 2005, you cannot take the credit.

## Nonresident Aliens

If you were a nonresident alien at any time during 2005, you may be able to take the credit only if your filing status is married filing jointly.

## Income Limits

See the chart below.

## Want the IRS to Figure Your Credit?

If you can take the credit and you want us to figure it for you, check the box in Part I of Schedule R for your filing status and age. Fill in Part II and lines 11 and 13 of Part III if they apply to you. Then, enter "CFE" on the dotted line next to line 49 on Form 1040 and attach Schedule R to your return.

## Income Limits for the Credit for the Elderly or the Disabled

| IF you are . . . | THEN you generally cannot take the credit if: |  |
| :---: | :---: | :---: |
|  | The amount on Form 1040, line 38 , is . . . | Or you received . . . |
| Single, head of household, or qualifying widow(er) | \$17,500 or more | $\$ 5,000$ or more of nontaxable social security or other nontaxable pensions |
| Married filing jointly and only one spouse is eligible for the credit | \$20,000 or more | $\$ 5,000$ or more of nontaxable social security or other nontaxable pensions |
| Married filing jointly and both spouses are eligible for the credit | \$25,000 or more | $\$ 7,500$ or more of nontaxable social security or other nontaxable pensions |
| Married filing separately and you lived apart from your spouse for all of 2005 | \$12,500 or more | $\$ 3,750$ or more of nontaxable social security or other nontaxable pensions |

## What Is Permanent and Total Disability?

A person is permanently and totally disabled if both 1 and 2 below apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
2. A physician determines that the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Examples 1 and 2 on this page show situations in which the individuals are considered engaged in a substantial gainful activity. Example 3 shows a person who might not be considered engaged in a substantial gainful activity. In each example, the person was under age 65 at the end of the year.
Example 1. Sue retired on disability as a sales clerk. She now works as a full-time babysitter at the minimum wage. Although she does different work, Sue babysits on ordinary terms for the minimum wage. She cannot take the credit because she is engaged in a substantial gainful activity.

Example 2. Mary, the president of XYZ Corporation, retired on disability because of her terminal illness. On her doctor's advice, she works part time as a manager and is paid more than the minimum wage. Her employer sets her days and hours. Although Mary's illness is terminal and she works part time, the work is done at her employer's convenience. Mary is considered engaged in a substantial gainful activity and cannot take the credit.
Example 3. John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for some time during which John was paid at a rate equal to the minimum wage. But because of John's disability, he was given only light duties of a nonproductive, make-work nature. Unless the activity is both substantial and gainful, John is not engaged in a substantial gainful activity. The activity was gainful because John was paid at a rate at or above the minimum wage. However, the activity was not substantial because the duties were of a nonproductive, make-work nature. More facts are needed to determine if John is able to engage in a substantial gainful activity.

## Disability Income

Generally, disability income is the total amount you were paid under your employer's accident and health plan or pension plan that is included in your income as wages or payments instead of wages for the time you were absent from work because of permanent and total disability. However, any payment you received from a plan that does not provide for disability retirement is not disability income.

In figuring the credit, disability income does not include any amount you received from your employer's pension plan after you have reached mandatory retirement age.

For more details on disability income, see Pub. 525.

## Part II. Statement of Permanent and Total Disability

If you checked box $2,4,5,6$, or 9 in Part I and you did not file a physician's statement for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed on line A of the statement, you must have your physician complete a statement certifying that:

- You were permanently and totally disabled on the date you retired, or
- If you retired before 1977, you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

You do not have to file this statement with your Form 1040. But you must keep it for your records. You may use the physician's statement on page R-4 for this purpose. Your physician should show on the statement if the disability has lasted or can be expected to last continuously for at least a year, or if there is no reasonable probability that the disabled condition will ever improve. If you file a joint return and you checked box 5 in Part I, you and your spouse must each get a statement.

If you filed a physician's statement for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed on line B of the statement, you do not have to get another statement for 2005. But you must check the box on line 2 in Part II to certify all three of the following.

1. You filed or got a physician's statement in an earlier year.
2. You were permanently and totally disabled during 2005.
3. You were unable to engage in any substantial gainful activity during 2005 because of your physical or mental condition.

If you checked box 4, 5, or 6 in Part I, enter in the space above the box on line 2 in Part II the first name(s) of the spouse(s) for whom the box is checked.

If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can use VA Form 21-0172 instead of the physician's statement. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get this form from your local VA regional office.

## Part III. Figure Your Credit

## Line 11

If you checked box $2,4,5,6$, or 9 in Part I, use the following chart to complete line 11 .

| IF you checked $\ldots$ | THEN enter on line 11... |
| :--- | :--- |
| Box 6 | The total of $\$ 5,000$ plus the <br> disability income you reported on <br> Form 1040 for the spouse who was <br> under age 65. |
| Box 2, 4, or 9 | The total amount of disability <br> income you reported on Form 1040. |
| Box 5 | The total amount of disability <br> income you reported on Form 1040 <br> for both you and your spouse. |

Example 1. Bill, age 63, retired on permanent and total disability in 2005. He received $\$ 4,000$ of taxable disability income that he reports on Form 1040, line 7. He is filing jointly with his wife who was age 67 in 2005. On line 11, Bill enters $\$ 9,000$ ( $\$ 5,000$ plus the $\$ 4,000$ of disability income he reports on Form 1040, line 7).
Example 2. John checked box 2 in Part I and enters $\$ 5,000$ on line 10. He received $\$ 3,000$ of taxable disability income, which he enters on line 11. John also enters $\$ 3,000$ on line 12 (the smaller of line 10 or line 11). The largest amount he can use to figure the credit is $\$ 3,000$.

## Lines 13a Through 18

The amount on which you figure your credit may be reduced if you received certain types of nontaxable pensions and annuities. The
amount may also be reduced if your adjusted gross income is over a certain amount, depending on which box you checked in Part I.

Line 13a. Enter any social security benefits (before deduction of Medicare premiums) you (and your spouse if filing a joint return) received for 2005 that are not taxable. Also, enter any tier 1 railroad retirement benefits treated as social security that are not taxable.

If any of your social security or equivalent railroad retirement benefits are taxable, the amount to enter on this line is generally the difference between the amounts entered on Form 1040, line 20a and line 20b.

If your social security or equivalent railroad retirement benefits are reduced because of workers' compensation benefits, treat the workers' compensation benefits as social security benefits when completing Schedule R, line 13a.

Line 13b. Enter the total of the following types of income that you (and your spouse if filing a joint return) received for 2005.

- Veterans' pensions (but not military disability pensions).
- Any other pension, annuity, or disability benefit that is excluded from income under any provision of federal law other than the Internal Revenue Code. Do not include amounts that are treated as a return of your cost of a pension or annuity.

Do not include on line 13b any pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, or in the National Oceanic and Atmospheric Administration or the Public Health Service. Also, do not include a disability annuity payable under section 808 of the Foreign Service Act of 1980.

## Instructions for Physician's Statement

## Taxpayer

If you retired after 1976, enter the date you retired in the space provided on the statement below.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.

## Physician

A person is permanently and totally disabled if both of the following apply.

## Physician's Statement

I certify that

## Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, or was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired.

Physician: Sign your name on either line A or B below.
A The disability has lasted or can be expected to last
continuously for at least a year
Physician's signature Date
B There is no reasonable probability that the disabled condition will ever improve . . . . . . . . . . . . . . . . . . . .
Physician's signature Date

| Physician's name | Physician's address |
| :--- | :--- |

## 2005 Schedule R (Form 1040), Credit for the Elderly or the Disabled

| Purpose: | This is the first circulated draft of the 2005 Schedule R (Form 1040), |
| :--- | :--- |
| Credit for the Elderly or the Disabled, for your review and comments. |  |
| Major changes are discussed below. |  |

TPCC Meeting: There is no TPCC meeting scheduled. However, you may request one.
Instructions: The 2005 Instructions for Schedule R (Form 1040) will be circulated at a later date.
Prior Revisions: The 2004 Schedule R (Form 1040) can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11359Y04.PDF.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by March 18, 2005.

## Major Changes to 2005 Form 1040A

The line references to the Form 1040 were changed to reflect line changes on that form.

| FROM: <br> Paul W. Miller <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHON.W.Miller@irs.gov | $202-622-9713$ | FAX: | ROOM: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 202-927-6234 | $6423-03$ | $2 / 15 / 2005$ |  |  |  |




Part II Statement of Permanent and Total Disability (Complete only if you checked box 2, 4, 5, 6, or 9 above.)
If: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed or got a statement for tax years after 1983 and your physician signed line B on the statement, and

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2005, check this box

- If you checked this box, you do not have to get another statement for 2005.
- If you did not check this box, have your physician complete the statement on page R-4. You must keep the statement for your records.


## Part III Figure Your Credit

10 If you checked (in Part I): Enter:
Box 1, 2, 4, or 7 . . . . . . . . . . . $\$ 5,000$

Box 3 , 5 , or 6 . . . . . . . . . . . . $\$ 7,500$
Box 8 or 9 . . . . . . . . . . . . . $\$ 3,750$
Did you check
box $2,4,5,6$,$\longrightarrow$ Yes $\longrightarrow$ You must complete line 11. or 9 in Part $\mathbf{l}$ ? $\quad \begin{aligned} & \text { Enter the amount from line } 10 \\ & \text { on line } 12 \text { and go to line } 13 .\end{aligned}$
11 If you checked (in Part I):

- Box 6 , add $\$ 5,000$ to the taxable disability income of the spouse who was under age 65. Enter the total.
- Box 2,4 , or 9 , enter your taxable disability income.
- Box 5 , add your taxable disability income to your spouse's taxable disability income. Enter the total.


TIP For more details on what to include on line 11, see page R-3.
12 If you completed line 11, enter the smaller of line 10 or line 11 ; all others, enter the amount from line 10.
13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2005.
a Nontaxable part of social security benefits and Nontaxable part of railroad retirement benefits treated as social security (see page R-3).
b Nontaxable veterans' pensions and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law (see page R-3).
c Add lines 13a and 13b. (Even though these income items are not taxable, they must be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c
14 Enter the amount from Form 1040, line 38

15 If you checked (in Part I): Box 1 or 2

Enter: \$7,500 Box 3, 4, 5, 6, or 7 . . . $\$ 10,000$ Box 8 or 9 . . . . . . \$5,000
16 Subtract line 15 from line 14. If zero or less, enter -0-
17 Enter one-half of line 16
18 Add lines 13c and 17
19 Subtract line 18 from line 12. If zero or less, stop; you cannot take the credit. Otherwise, go to line 20
20 Multiply line 19 by $15 \%$ (.15)
21 Enter the amount from Form 1040, line 46
22 Add the amounts from Form 1040, lines 47 and 48, and enter the total
23 Subtract line 22 from line 21
24 Credit for the elderly or the disabled. Enter the smaller of line 20 or line 23 here and on Form 1040, line 49

## 2005 Instructions for Schedule SE (Form 1040) Self-Employment Tax

Purpose: This is the first circulated proof of the 2005 Instructions for Schedule SE (Form 1040), Self-Employment Tax, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Version: The 2004 Instructions for Schedule SE (Form 1040) may be accessed at http://www.irs.gov/pub/irs-pdf/i1040sse.pdf

Form: The 2005 Schedule SE was circulated earlier at http://taxforms.web.irs.gov/Products/Drafts/05f1040sse d1.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by July 14, 2005.

## Major Changes

- What's New was updated to reflect the increase in the maximum amount of wages (including tips) subject to social security tax to $\$ 90,000$ for taxable years beginning in 2005 based on SSA Notice 69 FR 62497 dated October 26, 2004. 2004-46 I.R.B. 841; Notice 2004-73
- Throughout the instructions we revised line references to Form 1040 to reflect the changes made to that form.

| FROM: | PHONE: | EMAIL: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Mary Jane Dowling | (202) 927-9894 | Mary.J.Dowling@irs.gov | $(202) 927-$ | 6423 | $6 / 15 / 05$ |
| SE:W:CAR:MP:T:I:F |  |  | 6234 |  |  |

# 2005 Instructions for Schedule SE (Form 1040) 

## Self-Employment

 Tax
## General Instructions

Section references are to the Internal Revenue Code.

## What's New

For 2005, the maximum amount of self-employment income subject to social security tax is $\$ 90,000$.

## Who Must File Schedule SE

You must file Schedule SE if:

- Your net earnings from self-employment (see page SE-2) from other than church employee income were $\$ 400$ or more, or
- 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) of 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.

Use Schedule SE (Form 1040) 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. 225 or Pub. 334.

But if you filed Form 4361 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, enter "Exempt-Form 4361" on Form 1040, line 58. However, if you had other earnings of $\$ 400$ or more subject to SE tax, see line A at the top of Long Schedule SE.

GAUTION
If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you cannot revoke that election.

If you must pay SE tax, include this income on either Short or Long Schedule SE, line 2. But do not report it on Long Schedule SE, line 5 a ; 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 your 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 cannot reduce your net earnings by the foreign housing exclusion or deduction.

## See Pub. 517 for details.

## 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. In this case, do not file Schedule SE. Instead, enter "Exempt-Form 4029" on Form 1040, line 58. See Pub. 517 for 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 either Short or Long Schedule SE, 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 cannot 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: Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, and the United Kingdom. Additional agreements
are expected in the future. If you have questions about international social security agreements, you can:

- Visit the Social Security Administration (SSA) website at www.socialsecurity. gov/international,
- Call the SSA Office of International Programs at (410) 965-4538 or (410) 965-0377 (long-distance charges may apply), or
- Write to Social Security Administration, Office of International Programs, P.O. Box 17741, Baltimore, MD 21235-7741.

If your self-employment income is exempt from SE tax, you should get a statement from the appropriate agency of the foreign country verifying that your self-employment income is subject to social security coverage in that country. If the foreign country will not issue the statement, contact the SSA at the address shown above. Do not complete Schedule SE. Instead, attach a copy of the statement to Form 1040 and enter "Exempt, see attached statement" on Form 1040, line 58.

## More Than One Business

If 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 58.

## 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 on this page.

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 to the return of each spouse.

If you are the spouse who carried on the business, you must include on Schedule SE, line 3, the net profit or (loss) reported on the other spouse's Schedule C, C-EZ, or

F (except income not included in net earnings from self-employment as explained on page SE-3). Enter on the dotted line to the left of Schedule SE, line 3, "Community Income Taxed to Spouse" and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1 and 2 and enter the result on line 3 .

If you are not the spouse who carried on the business and you had no other income subject to SE tax, enter "Exempt Community Income" on Form 1040, line 58; do not file Schedule SE. However, if you had other earnings subject to SE tax of $\$ 400$ or more, enter on the dotted line to the left of Schedule SE, line 3, "Exempt Community Income" and the amount of net profit or (loss) from Schedule C, C-EZ, or F allocated to you as community income. If that amount is a net profit, subtract it from the total of lines 1 and 2 , and enter the result on line 3. If that amount is a loss, treat it as a positive amount, add it to the total of lines 1 and 2 , and enter the result on line 3.


Community income included on Schedule(s) C, C-EZ, or F must be divided for income tax purposes based on the community property laws of your state.

## 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 either Short or Long Schedule SE, lines 1 and 2. Enter all negative amounts in parentheses.

## Net Earnings From Self-Employment

## What Is Included in Net Earnings From Self-Employment?

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 of net earnings from self-employment from Schedule K-1 (Form 1065), box 14, with code A, and Schedule K-1 (Form 1065-B), box 9. 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 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. See Pub. 225 for details.

## Other Income and Losses Included in Net Earnings From Self-Employment

1. 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.
2. Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.
3. 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.
4. Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.
5. Amounts received by current or former self-employed insurance agents and salespersons that are:
a. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement,
b. Renewal commissions, or
c. Deferred commissions paid after retirement for sales made before retirement.
However, certain termination payments received by former insurance salespersons are not included in net earnings from self-employment (as explained in item 9 under Income and Losses Not Included in Net Earnings From Self-Employment on this page).
6. Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 595 for details.
7. 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.
8. Interest received in the course of any trade or business, such as interest on notes or accounts receivable.
9. Fees and other payments received by you for services as a director of a corporation.
10. 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.
11. 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.
12. 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

1. 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 in item 7 under Other Income and Losses Included in Net Earnings From Self-Employment) or as an employee or employee representative under the railroad retirement system.
2. Fees received for services performed as a notary public. If you had no other in-
come subject to SE tax, enter "ExemptNotary" on Form 1040, line 58. However, if you had other earnings of $\$ 400$ or more subject to SE tax, enter "Exempt-Notary" and the amount of your net profit as a notary public from Schedule C or Schedule C-EZ on the dotted line to the left of Schedule SE, line 3. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3 .
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.
4. Income from real estate rentals if you did not receive the income in the course of a trade or business as a real estate dealer. Report this income on Schedule E.
5. Income from farm rentals (including rentals paid in crop shares) if, as landlord, you did not materially participate in the production or management of the production of farm products on the land. See Pub. 225 for details.
6. 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.
7. Gain or loss from:
a. The sale or exchange of a capital asset;
b. 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
c. Certain transactions in timber, coal, or domestic iron ore.
8. Net operating losses from other years.
9. Termination payments you received as a former insurance salesperson if all of the following conditions are met.
a. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.
b. The payment was received after termination of your agreement to perform services for the company.
c. You did not perform any services for the company after termination and before the end of the year in which you received the payment.
d. You entered into a covenant not to compete against the company for at least a 1 -year period beginning on the date of termination.
e. The amount of the payment depended primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those pol-
icies remain in force for some period after termination, or both.
f. The amount of the payment did not depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

## Statutory Employee Income

If you were required to check the box on Schedule C or C-EZ, line 1, because you were a statutory employee, do not include the net profit or (loss) from that Schedule C, line 31 (or the net profit from Schedule C-EZ, line 3), on Short or Long Schedule SE, line 2. 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 (EIC). Using the optional methods may qualify you to claim the EIC or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $\$ 1,600$. Figure the EIC with and without using the optional methods to see if the optional methods will benefit you.

Additional child tax credit. Using the optional methods may qualify you to claim the additional child tax credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $\$ 1,600$. Figure the additional child tax 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 help you qualify for this credit or give you a larger credit if your net earnings from self-employment (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.

Self-employed health insurance deduction. The optional methods of computing net earnings from self-employment may be used to figure your self-employed health insurance deduction.


Using the optional methods may give you the benefits described on this page, but they may also increase your SE 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 net farm profits were less than $\$ 1,733$. Net farm profits are the total of the amounts from:

- Schedule F (Form 1040), line 36, and
- Schedule K-1 (Form 1065), box 14, with code A (from farm partnerships).

There is no limit on how many years you can use this method.

Under this method, you report on Part II, line 15, two-thirds of your gross farm income, up to $\$ 1,600$, as your net earnings. This method can increase or decrease your net earnings from farm self-employment even if the farming business had a loss.

You can 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. To do this, file Form 1040X.

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 made by the partnership. If you were a limited partner, include only guaranteed payments
for services you actually rendered to or on behalf of the partnership.

## Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits were less than $\$ 1,733$ and also less than $72.189 \%$ of your gross nonfarm income. Net nonfarm profits are the total of the amounts from:

- Schedule C (Form 1040), line 31,
- Schedule C-EZ (Form 1040), line 3,
- Schedule K-1 (Form 1065), box 14, with code A (from other than farm partnerships), and
- Schedule K-1 (Form 1065-B), box 9 .

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 Part II, line 17, two-thirds of your gross nonfarm income, up to $\$ 1,600$, as your net earnings. But you cannot report less than your actual net earnings from nonfarm self-employment.

You can 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. To do so, file Form 1040X.

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.

## Using Both Optional Methods

If you can use both methods, you can 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 earnings from self-employment.

## 2005 Schedule SE (Form 1040) Self-Employment Tax

Purpose: This is the first circulated proof of the 2005 Schedule SE (Form 1040), SelfEmployment Tax, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Schedule SE (Form 1040) may be accessed at http://www.irs.gov/pub/irs-pdf/f1040sse.pdf

Instructions: The 2005 Instructions for Schedule SE (Form 1040) will be circulated at a later date. The 2004 instructions are available at http://www.irs.gov/pub/irspdf/i1040sse.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by April 11, 2005.

## Major Changes to Schedule SE

- We revised line references to Form 1040 to reflect the changes made to that form.
- The maximum amount of earnings taxable for social security has been updated per Notice 2004-73, 2004-46 I.R.B. 841 (69 FR 62497, Oct. 26, 2004). This limit appears in the flowchart on pg. 1 and on lines 5, 7, and 8a.

| FROM: | PHONE: | EMAIL: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Mary Jane Dowling | $(202)$ 927-9894 | Mary.J.Dowling@irs.gov | $(202) 927-$ | 6423 | 3/11/05 |
| SE:W:CAR:MP:T:I:F |  |  | 6234 |  |  |

## Who Must File Schedule SE

You must file Schedule SE if:

- You had net earnings from self-employment from other than church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of $\$ 400$ or more or
- You had church employee income of $\$ 108.28$ or more. Income from services you performed as a minister or a member of a religious order is not church employee income (see page SE-1).
Note. Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).
Exception. If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361 and received IRS approval not to be taxed on those earnings, do not file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 58.


## May I Use Short Schedule SE or Must I Use Long Schedule SE?



Section A-Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.


## Section B—Long Schedule SE

## Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is church employee income, skip lines 1 through 4b. Enter -0- on line 4 c and go to line 5 a . Income from services you performed as a minister or a member of a religious order is not church employee income. See page SE-1.
A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had $\$ 400$ or more of other net earnings from self-employment, check here and continue with Part I.
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip this line if you use the farm optional method (see page SE-4)

2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. Note. Skip this line if you use the nonfarm optional method (see page SE-4)
3 Combine lines 1 and 2 .
4a If line 3 is more than zero, multiply line 3 by $92.35 \%$ (.9235). Otherwise, enter amount from line 3
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here .
c Combine lines 4 a and 4 b . If less than $\$ 400$, stop; you do not owe self-employment tax. Exception. If less than $\$ 400$ and you had church employee income, enter -0 - and continue.
5a Enter your church employee income from Form W-2. See page SE-1 for definition of church employee income

b Multiply line 5 a by $92.35 \%$ (.9235). If less than $\$ 100$, enter $-0-$
6 Net earnings from self-employment. Add lines 4c and 5b
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the $6.2 \%$ portion of the $7.65 \%$ railroad retirement (tier 1) tax for 2005.
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$90,000 or more, skip lines 8b through 10, and go to line 11
b Unreported tips subject to social security tax (from Form 4137, line 9)
c Add lines 8a and 8b.
9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 .
10 Multiply the smaller of line 6 or line 9 by 12.4\% (.124)
11 Multiply line 6 by 2.9\% (.029)
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 58


13 Deduction for one-half of self-employment tax. Multiply line 12 by 50\% (.5). Enter the result here and on Form 1040, line 27.

| 8 a |  |  |
| :---: | :--- | :--- |
| 8 b |  |  |

## Part II Optional Methods To Figure Net Earnings (see page SE-3)

Farm Optional Method. You may use this method only if (a) your gross farm income ${ }^{1}$ was not more than $\$ 2,400$ or (b) your net farm profits ${ }^{2}$ were less than $\$ 1,733$.
14 Maximum income for optional methods
15 Enter the smaller of: two-thirds ( $2 / 3$ ) of gross farm income ${ }^{1}$ (not less than zero) or $\$ 1,600$. Also include this amount on line 4b above
Nonfarm Optional Method. You may use this method only if (a) your net nonfarm profits ${ }^{3}$ were less than $\$ 1,733$ and also less than $72.189 \%$ of your gross nonfarm income ${ }^{4}$ and (b) you had net earnings from self-employment of at least $\$ 400$ in 2 of the prior 3 years.
Caution. You may use this method no more than five times.
16 Subtract line 15 from line 14 .
17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income ${ }^{4}$ (not less than zero) or the amount on line 16. Also include this amount on line 4b above

|  |  |  |
| :--- | :--- | :--- |
| 14 | 1,600 | 00 |
| 15 |  |  |
| 16 |  |  |
| 17 |  |  |
|  |  |  |

[^19][^20]
## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## What Is Form 1040-V and Do You Have To Use It?

It is a statement you send with your check or money order for any balance due on line 75 of your 2005 Form 1040. Using Form 1040-V allows us to process your payment more accurately and efficiently. We strongly encourage you to use Form 1040-V, but there is no penalty if you do not.

## How To Fill In Form 1040-V

Line 1. Enter your social security number (SSN). If you are filing a joint return, enter the SSN shown first on your return.
Line 2. If you are filing a joint return, enter the SSN shown second on your return.
Line 3. Enter the amount you are paying by check or money order.
Line 4. Enter your name(s) and address exactly as shown on your return. Please print clearly.

## How To Prepare Your Payment

- Make your check or money order payable to the
"United States Treasury." Do not send cash.
- Make sure your name and address appear on your check or money order.
- Enter "2005 Form 1040," your daytime phone number, and your SSN on your check or money order. If you are filing a joint return, enter the SSN shown first on your return.
- To help process your payment, enter the amount on the right side of your check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter " $\$ \times X X$ —" or " $\$ \mathrm{XXX}$ ( 100 ").


## How To Send In Your 2005 Tax Return, Payment, and Form 1040-V

- Detach Form 1040-V along the dotted line.
- Do not staple or otherwise attach your payment or Form 1040-V to your return or to each other. Instead, just put them loose in the envelope.
- Mail your 2005 tax return, payment, and Form $1040-\mathrm{V}$ in the envelope that came with your 2005 Form 1040 instruction booklet.

Note. If you do not have that envelope or you moved or used a paid preparer, mail your return, payment, and Form 1040-V to the Internal Revenue Service at the address shown on the back that applies to you.

Paperwork Reduction Act Notice. We ask for the information on Form 1040-V to help us carry out the Internal Revenue laws of the United States. If you use Form 1040-V, you must provide the requested information. Your cooperation will help us ensure that we are collecting the right amount of tax.
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 Internal Revenue Code section 6103.

The time needed to complete and mail Form 1040-V will vary depending on individual circumstances. The estimated average time is 12 minutes. If you have comments about the accuracy of this time estimate or suggestions for making Form 1040-V simpler, we would be happy to hear from you. See the Instructions for Form 1040.

| Cat. No. 20975C | T Detach Here and Mail With Your Payment and Return 7 | Form 1040-V (2005) |
| :---: | :---: | :---: |



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

## 2005 Form 1040-V OCR-ES, Payment Voucher

Purpose: This is the first circulated draft of the 2005 Form 1040-V OCR-ES for your review and comments. The major change is listed below.

TPCC Meeting: None, but may be arranged if requested.
The 2004 Form is available at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/22892Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by April 22, 2005.

Kevin Coulter<br>Tax Forms and Publications<br>SE:W:CAR:MP:T:I:F<br>Email: Kevin.C.Coulter@irs.gov<br>Phone: 202-622-3716<br>Fax: 202-927-6234

Major Change to 2005 Form 1040-V OCR-ES

1. Line reference to Form 1040 has been updated.

#  

Use Form 1040-V only if you have a balance due on line 75 of your 2005 Form 1040 and you make your payment by check or money order. Use the large envelope that came with this package to mail your 2005 tax return, payment, and Form 1040-V. See the instructions below and on the envelope.

## Instructions for Form 1040-V

## Do You Have To Use Form 1040-V?

We strongly encourage you to use Form $1040-\mathrm{V}$, but there is no penalty if you do not. If you file Form 1040A or Form 1040EZ, do not use Form 1040-V.

## You Received Additional Forms 1040-V. Which One Should You Use?

Use this one because it has your name, address, and social security number (SSN) preprinted on it. This saves you the trouble of entering the information and allows us to process your payment more accurately and efficiently. If you received another Form 1040-V with the information preprinted, you can use either one. The Form 1040-V in your 2005 Form 1040 instruction booklet does not have the information preprinted.

## How To Fill In Form 1040-V

- Enter the amount you are paying by check or money order in the space provided.
- If your name, address, or SSN is not shown correctly on Form 1040-V, cross out the incorrect information and print the correct information.
- Use only this original Form 1040-V. Do not use a photocopy.


## How To Prepare Your Payment

- Make your check or money order payable to the "United States
Treasury." Do not send cash.
- Make sure your name and address appear on your check or money order.
- Enter "2005 Form 1040," your daytime phone number, and your SSN on your check or money order. If you are filing a joint return, enter the SSN shown first on your return.
- To help process your payment, enter the amount on the right side of your check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX—" or "\$ XXX $\frac{\times \times}{100}$ ").

How To Send In Your 2005 Tax Return, Payment, and Form 1040-V<br>- Do not staple or otherwise attach your payment or Form 1040-V to your

return or to each other. Instead, just put them loose in the envelope.

- Mail your 2005 tax return, payment, and Form 1040-V in the large envelope that came with this package. Be sure to put the correct label on the front of the large envelope.

Note. If you do not have the large envelope, use the P.O. box address printed on Form 1040-V below. But if you moved during the year, see Where Do You File? on the back cover of your 2005 Form 1040 instruction booklet.

What if you file electronically? If you file electronically and have a balance due, you must use Form 1040-V if you make your payment by check or money order. Follow your preparer's or transmitter's instructions for mailing your payment and Form 1040-V. If you pay the balance due electronically, do not use Form 1040-V. For more information on electronic payment options, you can refer to your 2005 Form 1040 instruction booklet or your preparer's or transmitter's instructions.

[^21]Amount you are paying by check or money order.

## Instructions for Form 1040X <br> Department of the Treasury Internal Revenue Service

(Rev. November 2005)
Amended U.S. Individual Income Tax Return
Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

Use Form 1040X to correct Forms 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ. If you used TeleFile to file your original return (for years 2004 and earlier) and these instructions do not give you all the information you need to complete Form 1040X, you can call 1-800-829-1040 for help.

You can also use Form 1040X to:

- Make certain elections after the prescribed deadline (see

Regulations sections 301.9100-1 through -3 for details), or

- Change amounts previously adjusted by the IRS. Do not include any interest or penalties on Form 1040X; they will be adjusted accordingly.

File a separate Form 1040X for each year you are amending. If you are changing your federal return, you may also have to change your state return. Please note that it often takes 2 to 3 months to process Form 1040X.

Filing Form 1045. You can use Form 1045, Application for Tentative Refund, instead of Form 1040X to apply for a refund based on a net operating loss, a general business credit carryback, a net section 1256 contracts loss, or a claim of right adjustment under section 1341(b)(1). But Form 1045 must be filed within 1 year after the end of the year in which the loss, credit, or claim of right adjustment arose. For more details, see the Instructions for Form 1045.

## Information on Income, Deductions, etc.

If you have questions such as what income is taxable or what expenses are deductible, the instructions for the return you are amending may help. Also use those instructions to find the method you should use to figure the corrected tax. The related schedules and forms may also help. To get prior year forms, schedules, and instructions, call 1-800-TAX-FORM (1-800-829-3676) or download them from the IRS website at www.irs.gov.

## When To File

TIP
The time during which Form 1040X may be filed is extended for certain people who are physically or mentally unable to manage their financial affairs. For details, see Pub. 556, Examination of Returns, Appeal Rights, and Claims for Refund.

File Form 1040X only after you have filed your original return. Generally, for a credit or refund, Form 1040X must be filed within 3 years after the date you filed the original return or within 2 years after the date you paid the tax, whichever is later. A return filed early is considered filed on the due date.

A Form 1040X based on a bad debt or worthless security generally must be filed within 7 years after the due date of the return for the tax year in which the debt or security became worthless. For more details, see section 6511.

A Form 1040X based on a net operating loss carryback or a general business credit carryback generally must be filed within 3 years after the due date of the return (including extensions) for the tax year of the net operating loss or unused credit.

## Where To File

Mail your return to the Internal Revenue Service Center for the place where you live.* If you are filing Form 1040X in response to a notice you received from the IRS, mail it to the address shown on the notice.

IF you live in:
THEN use this address:
Alabama, Delaware, Florida,
Georgia, North Carolina, Rhode
Atlanta, GA 39901
Island, South Carolina, Virginia
Alaska, Arizona, California,
Colorado, Hawaii, Idaho, Montana,
Nebraska, Nevada, New Mexico, Fresno, CA 93888
Oregon, South Dakota, Utah,
Washington, Wyoming
District of Columbia, Maine,
Maryland, Massachusetts, New Andover, MA 05501
Hampshire, New York, Vermont
Connecticut, Illinois, Indiana, Iowa,
Michigan, Minnesota, Missouri,
Kansas City, MO 64999
North Dakota, Ohio, Wisconsin
New Jersey, Pennsylvania Philadelphia, PA 19255
Arkansas, Kansas, Kentucky,
Louisiana, Mississippi, Oklahoma,
Austin, TX 73301
Tennessee, Texas, West Virginia
Guam: Permanent residents-Department of Revenue and
Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921
Virgin Islands: Permanent residents-V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802
If you live in American Samoa or Puerto Rico (or exclude income under section 933); are a nonpermanent resident of Guam or the Virgin Islands; have an APO or FPO or foreign address; are a dual-status alien; or file Form 2555, 2555-EZ, or 4563, use this address: Internal Revenue Service Center, Philadelphia, PA 19255-0215, USA

* If Form 1040X includes a Form 1040NR or 1040NR-EZ, mail it to the Internal Revenue Service Center, Philadelphia, PA 19255-0215, USA.


## Special Situations

Tax shelters. If amending your return to include any item relating to a tax shelter required to be registered, attach Form 8271, Investor Reporting of Tax Shelter Registration Number.
Injured spouse claim. Do not use Form 1040X to file an injured spouse claim. Instead, file Form 8379, Injured Spouse Allocation. However, if you file Form 1040X to request an additional refund, attach a revised Form 8379 if you want the refund allocated between you and your spouse.
Net operating loss (NOL). Attach a computation of your NOL using Schedule A (Form 1045) and any carryover using Schedule B (Form 1045). A refund based on an NOL should not include a refund of self-employment tax reported on Form 1040X, line 9. See Pub. 536, Net Operating Losses (NOLs) for Individuals, Estates, and Trusts, for details.
Carryback claims. You must attach copies of the following if Form 1040X is used as a carryback claim.

- Both pages of Form 1040 and Schedules A and D, if applicable, for the year in which the loss or credit originated. Enter "Attachment to Form 1040X-Copy Only-Do Not Process" at the top of these forms.
- Any Schedules K-1 you received from any partnership, S corporation, estate, or trust for the year of the loss or credit that contributed to the loss or credit carryback.
- Any form or schedule from which the carryback results, such as Form 3800, Form 6781, or Schedule C or F.
- Forms or schedules for items refigured in the carryback year such as Form 6251, Form 3800, or Schedule A.


Your Form 1040X must have the appropriate forms and schedules attached or it will be returned.

Note. If you filed a joint or separate return for some, but not all, of the years involved in figuring the loss or credit carryback, you may have to allocate income, deductions, and credits. For details, see the publication for the type of carryback you are claiming. For example, see Pub. 536 for a net operating loss, or for a foreign tax credit, see Pub. 514, Foreign Tax Credit for Individuals.
Resident and nonresident aliens. Use Form 1040X to amend Form 1040NR or Form 1040NR-EZ. Also, use Form 1040X if you should have filed Form 1040, 1040A, or 1040EZ instead of Form 1040NR or 1040NR-EZ, or vice versa. For details, see Pub. 519, U.S. Tax Guide for Aliens.

To amend Form 1040NR or 1040NR-EZ or to file the correct return, you must (a) fill in your name, address, and IRS individual taxpayer identification number (ITIN) or social security number (SSN) on Form 1040X; and (b) attach the corrected return (Form 1040, Form 1040NR, etc.) to Form 1040X.

Across the top of the return, enter "Amended." Also, complete line B and Part II of Form 1040X. Include in Part II an explanation of the changes or corrections made.
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."
Death of a taxpayer. If filing Form 1040X for a deceased taxpayer, enter "Deceased," the deceased taxpayer's name, and the date of death across the top of Form 1040X.

If you are filing a joint return as a surviving spouse, enter "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.

Claiming a refund for a deceased taxpayer. If you are filing a joint return as a surviving spouse, you only need to file Form 1040X to claim the refund. If you are a court-appointed representative or any other person claiming the refund, file Form 1040X and attach Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, and any other information required by its instructions. For more details, see Pub. 559, Survivors, Executors, and Administrators.

## Line Instructions

Above your name, enter the calendar or fiscal year of the return you are amending.

## Name, Address, and SSN

If you and your spouse are amending a joint return, list your names and SSNs in the same order as shown on the original return. If you are changing from a separate to a joint return and your spouse did not file an original return, enter your name and SSN first.
Foreign address. Enter the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Line B

Changing from separate to a joint return. If you and your spouse are changing from separate returns to a joint return, follow these steps.

1. Enter in column A the amounts from your return as originally filed or as previously adjusted (either by you or the IRS).
2. Combine the amounts from your spouse's return as originally filed or as previously adjusted with any other changes you or your spouse are making to determine the amounts to enter in column B. If your spouse did not file an original return, include your spouse's income, deductions, credits, other taxes, etc., to determine the amounts to enter in column B.
3. Read the instructions for column C below to figure the amounts to enter in that column.

## Both of you must sign Form 1040X.

Joint and several tax liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, you may qualify for innocent spouse relief. For details, see Form 8857 or Pub. 971 (both relating to innocent spouse relief).
Head of household. If you are changing to the head of household filing status and the qualifying person is a child but not your dependent, enter the child's name and "QND" in Part II of Form 1040X.

$\Delta$Generally, married people cannot file as head of household. But see Pub. 501, Exemptions, Standard Deduction, and Filing Information, for an exception.

## Lines 1 Through 31

.If you are only providing additional information and not changing amounts you originally reported, skip lines 1-31 and complete Part II and, if applicable, Part III.
To help you complete Form 1040X, start with:

- Line 1 if you are changing income or deductions.
- Line 6 if you are changing only credits or other taxes.
- Line 10 if you are changing only payments.


## Columns A Through C

Column A. Enter the amounts from your original return. However, if you previously amended that return or it was changed by the IRS, enter the adjusted amounts.
Column B. Enter the net increase or decrease for each line you are changing. Show decreases in parentheses.

Explain each change in Part II. If you need more space, attach a statement. Also, attach any schedule or form relating to the change. For example, attach Schedule A (Form 1040) if you are amending Form 1040 to itemize deductions. Do not attach items unless required to do so.

Column C. To figure the amounts to enter in this column:

- Add the increase in column B to column A, or
- Subtract the decrease in column B from column A.

For any item you do not change, enter the amount from column A in column C.

Example. Anna Arbor originally reported $\$ 21,000$ as her adjusted gross income on her 2004 Form 1040A. She received another Form W-2 for $\$ 500$ after she filed her return. She completes line 1 of Form 1040X as follows.

Line 1 $\quad \frac{\text { Col. A }}{$\cline { 2 - 2 }}$\frac{\text { Col. B }}{\$ 21,000} \frac{\text { Col. C }}{\$ 21,500}$
She would also report any additional federal income tax withheld on line 11 in column B.

## Income and Deductions

## Line 1

Enter your adjusted gross income (AGI). To find the corresponding line on the return you are amending, use the chart on page 6 for the appropriate year.

A change you make to your AGI can cause other amounts to increase or decrease. For example, increasing your AGI may: - Decrease your miscellaneous itemized deductions, the credit for child and dependent care expenses, the child tax credit, or education credits, or

- Increase your allowable charitable contributions deduction or the taxable amount of social security benefits.

Changing your AGI may also affect your total itemized deductions or your deduction for exemptions (see the instructions for line 4). Whenever you change your AGI, refigure these items, those listed above, and any other deduction or credit you are claiming that has a limit based on AGI.

## Correcting your wages or other employee compensation?

Attach a copy of all additional or corrected Forms W-2 you received after you filed your original return.
Changing your IRA deduction? In Part II of Form 1040X, enter "IRA deduction" and the amount of the increase or decrease. If changing from a deductible to a nondeductible IRA contribution, also complete and attach Form 8606,

## Nondeductible IRAs.

## Line 2

Did you originally file using TeleFile (for years 2004 and earlier) or Form 1040EZ?

- Yes. See TeleFile (for years 2004 and earlier) and Form 1040EZ Filers-Lines 2 and 4 on this page for the amount to enter on line 2, column A.
- No. Use the following chart to find the amount to enter on line 2, column A.

| IF you are <br> filing Form... | THEN enter on line 2, column A, the amount <br> from Form... |
| :--- | :--- |
| 1040 | 1040, line 40 for 2005; line 39 for 2004; line 37 <br> for 2003; line 38 for 2002 |
| $1040 A$ | 1040A, line 24 for 2002-2005 |

## Line 4

Did you originally file using TeleFile (for years 2004 and earlier) or Form 1040EZ?

- Yes. See TeleFile (for years 2004 and earlier) and Form 1040EZ Filers - Lines 2 and 4 on this page for the amount to enter on line 4, column A.
- No. Use the following chart to find the amount to enter on line 4, column A.

| IF you are filing <br> Form... | THEN enter on line 4, column A, the amount <br> from Form... |
| :--- | :--- |
| $1040^{*}$ | 1040, line 42 for 2005; line 41 for 2004; line 39 <br> for 2003; line 40 for 2002. |
| 1040 A | 1040 A, line 26 for 2002-2005 |

* If the amount in column A or C of line 1 is over \$103,000, see Who must use Deduction for Exemptions Worksheet below.

Changing the number of exemptions claimed? Complete Form 1040X, line 30 (and line 31 if applicable). Then enter the amounts from columns B and C in the appropriate column of line 4.
Who must use Deduction for Exemptions Worksheet. Use the chart below to find out if you must use that worksheet in the Form 1040 (or, for 2004 or 2005, Form 1040A) instructions for the year you are amending to figure the amount to enter on line 4 and, if applicable, line 30.

| You are amending your: | You must use the Deduction for Exemptions Worksheet if - <br> And your filing status is: | And the amount in col. A or C of line 1 is over: |
| :---: | :---: | :---: |
| $\begin{aligned} & 2005 \\ & \text { return } \end{aligned}$ | Married filing separately | \$109,475 |
|  | Married filing jointly or Qualifying widow(er) | 218,950 |
|  | Single | 145,950 |
|  | Head of household | 182,450 |
| $\begin{aligned} & 2004 \\ & \text { return } \end{aligned}$ | Married filing separately | \$107,025 |
|  | Married filing jointly or Qualifying widow(er) | 214,050 |
|  | Single | 142,700 |
|  | Head of household | 178,350 |
| $\begin{aligned} & 2003 \\ & \text { return } \end{aligned}$ | Married filing separately | \$104,625 |
|  | Married filing jointly or Qualifying widow(er) | 209,250 |
|  | Single | 139,500 |
|  | Head of household | 174,400 |
| $\begin{aligned} & 2002 \\ & \text { return } \end{aligned}$ | Married filing separately | \$103,000 |
|  | Married filing jointly or Qualifying widow(er) | 206,000 |
|  | Single | 137,300 |
|  | Head of household | 171,650 |

## TeleFile (for years 2004 and earlier) and Form 1040EZ Filers-Lines 2 and 4

TeleFile filers. The amounts to enter on lines 2 and 4 of Form 1040X depend on whether you (or your spouse) could be claimed as a dependent on someone's return. First, get Form 1040EZ for the year you are amending. Next, complete line 5 of Form 1040EZ and, if applicable, the worksheet on the back of the form. Then, see Form 1040EZ filers next to determine the amounts to enter on lines 2 and 4 of Form 1040X.

Form 1040EZ filers. Did you check the "Yes" box on Form 1040EZ, line 5?

- Yes. On Form 1040X, line 2, enter the amount from line $E$ of the worksheet on the back of Form 1040EZ. On Form 1040X, line 4, enter -0- (or the amount from line $F$ of the 1040EZ worksheet if married filing jointly).
- No. Use the following chart to find the amounts to enter on lines 2 and 4.

| IF you are <br> amending <br> your... | AND your filing | THEN enter on Form 1040X, |  |
| :--- | :--- | ---: | ---: |
|  |  | line 2 $\ldots$ | line 4... |
| 2005 | Single | $\$ 5,000$ | $\$ 3,200$ |
| return | Married filing jointly | 10,000 | 6,400 |
| 2004 | Single | $\$ 4,850$ | $\$ 3,100$ |
| return | Married filing jointly | 9,700 | 6,200 |
| 2003 | Single | $\$ 4,750$ | $\$ 3,050$ |
| return | Married filing jointly | 9,500 | 6,100 |
| 2002 | Single | $\$ 4,700$ | $\$ 3,000$ |
| return | Married filing jointly | 7,850 | 6,000 |

## Line 5

The amount in any column of line 5 may be negative.
Example. Margaret Coffey showed $\$ 0$ taxable income on her original return, even though she actually had a loss of $\$ 1,000$. She later discovered she had additional income of $\$ 2,000$. Her Form 1040X, line 5, would show ( $\$ 1,000$ ) in column A, $\$ 2,000$ in column B, and $\$ 1,000$ in column C. If she failed to take into account the loss she actually had on her original return, she would report $\$ 2,000$ in column C and possibly overstate her tax liability.

## Tax Liability

## Line 6

Enter your income tax before subtracting any credits. Figure the tax on the taxable income reported on line 5, column C. Attach the appropriate schedule or form(s). Include on line 6 any additional taxes from Form 4972, Tax on Lump-Sum Distributions, and any recapture of education credits. Also include on line 6 any alternative minimum tax.

Indicate the method you used to figure the tax shown in column C. For example:

| IF you used... | THEN enter on Form <br> $1040 X$ <br> , line 6... |
| :--- | :--- |
| The Tax Table | Table |
| The Tax Rate Schedules (for 2002-2004) | TRS |
| Schedule D (Form 1040) | Sch. D |
| Schedule J (Form 1040) | Sch. J |
| The Capital Gain Tax Worksheet | CGTW |
| The Qualified Dividends and Capital Gain <br> Tax Worksheet (for 2003-2005) | QDCGTW |
| The Tax Computation Worksheet <br> (for 2004-2005) | TCW |

## Line 7

Enter your total credits, such as:

- Credit for child and dependent care expenses.
- Credit for the elderly or the disabled.
- Education credits.
- Retirement savings contributions credit.
- Child tax credit.
- Adoption credit.
- Credit for prior year minimum tax.

Do not include credits from Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, Form 4136, Credit for Federal Tax Paid on Fuels, and Form 8885, Health
Coverage Tax Credit (formerly Health Insurance Credit For Eligible Recipients). Instead, use line 15 for these credits.

To find the corresponding lines on the return you are amending, use the chart on page 6 for the appropriate year.

## Line 9

Include other taxes such as:

- Self-employment tax.
- Additional tax on IRAs, other qualified retirement plans, etc.
- Advance earned income credit payments.
- Recapture taxes (for example, recapture of investment credit or low-income housing credit).
- Tax from Form 4970, Tax on Accumulation Distribution of Trusts.
- Household employment taxes. If you are changing these taxes, attach Schedule H (Form 1040) and enter in Part II of Form 1040X the date the error was discovered. If you are changing the wages paid to an employee for whom you filed Form W-2, you must also file Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.

To find the corresponding lines on the return you are amending, use the chart on page 6 for the appropriate year.

## Payments

## Lines 11 Through 16

To find the corresponding lines on the return you are amending, use the chart on page 6 for the appropriate year.
Line 11. If you are changing these amounts, attach to the front of Form 1040X a copy of all additional or corrected Forms W-2 or 1099-R you received after you filed your original return. Enter in column B any additional amounts shown on these forms as Federal income tax withheld.
Line 12. Enter the estimated tax payments you claimed on your original return. If you filed Form 1040-C, U.S. Departing Alien Income Tax Return, include the amount you paid as the balance due with that return.
Line 13. If you are amending your return to claim the earned income credit (EIC) and you have a qualifying child, attach Schedule EIC (Form 1040A or 1040).

$\Delta$If your EIC was reduced or disallowed for a tax year after 1996, see the Instructions for Form 8862, Information To Claim Earned Income Credit After Disallowance, to find out if you must also file that form to claim the credit.
Line 14. If you are amending your return to claim the additional child tax credit, attach Form 8812.
Line 15. If you are amending your return to claim a credit on this line, attach Copy B of Form 2439, Form 4136, or Form 8885.

Line 16. Enter any amount paid with Form 4868, 2688, or 2350. Also include any amount paid with a credit card used to get an extension of time to file. But do not include the convenience fee you were charged. Also include any amount paid by electronic funds withdrawal.

## Line 17

Enter the amount of tax you paid from the "Amount you owe" line on your original return. Also, include any additional tax that may have resulted if your original return was changed or examined. Do not include payments of interest or penalties.

## Refund or Amount You Owe

## Line 19

Enter the overpayment from your original return. You must enter that amount because any additional refund you claim on Form 1040X will be sent separately from any refund you have not yet received from your original return.

If your original return was changed by the IRS and the result was an additional overpayment of tax, also include that amount on line 19. Do not include interest you received on any refund.

To find the corresponding lines on the return you are amending, use the chart on page 6 for the appropriate year.

## Lines 20 and 21

If line 20 is negative, treat it as a positive amount and add it to the amount on line 10, column C. Enter the result on line 21. This is the amount you owe.

Send Form 1040X with a check or money order for the full amount payable to the "United States Treasury." Do not send cash. On your payment, put your name, address, daytime phone number, and SSN. Also, enter the tax year and type of return you are amending (for example, "2003 Form 1040"). We will figure any interest due and send you a bill.

To help process your payment, enter the amount on the right side of the check like this: \$ XXX.XX. Do not use dashes or lines (for example, do not enter "\$ XXX—" or "\$ XXX $\frac{x \times}{100}$ ").
What if you cannot pay? If you cannot pay the full amount shown on line 21, you may ask to make monthly installment payments. You may have up to 60 months to pay. See Form 9465, Installment Agreement Request, for more information.

## Lines 23 and 24

The refund amount on line 23 will be sent separately from any refund you claimed on your original return (see the instructions for line 19). We will figure the interest and include it in your refund.

Enter on line 24 the amount, if any, from line 22 you want applied to your estimated tax for next year. Also, enter that tax year. No interest will be paid on this amount. You cannot change the election to apply part or all of the overpayment on line 22 to next year's estimated tax.

## Paid Preparer

Generally, anyone you pay to prepare your return must sign it in the space provided. 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.

## Exemptions (Part I)

## Line 30

You may have to use the Deduction for Exemptions Worksheet in the Form 1040 (or, for 2004 or 2005, Form 1040A)
instructions to figure the amount to enter on line 30. To find out if you do, see the instructions for line 4. If you do not have to use that worksheet, multiply the applicable dollar amount on line 30 by the number of exemptions on line 29.

## Line 31

If you are adding more than six dependents, attach a statement with the required information.

Column (b). You must enter each dependent's social security number (SSN). If your dependent child was born and died in the tax year you are amending and you do not have an SSN for the child, you may attach a copy of the child's birth certificate instead and enter "Died" in column (b).

Be sure the name and SSN entered agree with the dependent's social security card. Otherwise, at the time we process your return, we may disallow the exemption claimed for the dependent and reduce or disallow any other tax benefits (such as the child tax credit) based on that dependent.

Note. For details on how to get an SSN or correct a name or number, see the 2005 Form 1040 or Form 1040A instructions.
Column (d). Check the box in column (d) if your dependent is also a qualifying child for the child tax credit. See the Form 1040 or 1040A instructions for the year you are amending to find out who is a qualifying child.

Children who did not live with you due to divorce or separation. If this amended return is for a year before 2005, and you are claiming a child who did not live with you under the rules for children of divorced or separated parents, you may need to attach certain forms or statements to Form 1040X. For more information, see Pub. 501 or the instructions for Form 1040 or Form 1040A for the tax year being amended.

## Presidential Election Campaign Fund (Part III)

You may use Form 1040X to have $\$ 3$ go to the fund if you (or your spouse on a joint return) did not do so on your original return. This must be done within $201 / 2$ months after the original due date for filing the return. For calendar year 2005, this period ends on January 2, 2008. A previous designation of $\$ 3$ to the fund cannot be changed.

## Charts

Use the chart for the year you are amending to find the corresponding lines on your return.

Be sure to include write-in amounts from the return you are amending.

| 2005 |  |  |  |
| :--- | :---: | :---: | :---: |
| IF you are <br> completing <br> Form 1040X... | THEN the corresponding line(s) on the 2005 <br> Form... | 1040 is: | 1040A is: |
| Line 1 | 37 | 21 | 4 |
| Line 7 | $47-55$ | $29-34$ | $\mathrm{~N} / \mathrm{A}$ |
| Line 9 9 | $58-62$ | 37 | $\mathrm{~N} / \mathrm{A}$ |
| Lines 11-16 | $64-70$ | $39-42$ | 7 and 8 |
| Line 19 | 72 | 44 | 11 a |


| 2004 |  |  |  |
| :--- | :---: | :---: | :---: |
| IF you are <br> completing <br> Form 1040X... | THEN the corresponding line(s) on the 2004 <br> Form... |  |  |
| Line 1 | 3640 is: | 1040A is: | 1040EZ is: |
| Line 7 | $46-54$ | 21 | 4 |
| Line 9 | $57-61$ | $29-34$ | N/A |
| Lines 11-16 | $63-69$ | 37 | N/A |
| Line 19 | 71 | 44 | 7 and 8 |


| 2003 |  |  |  |
| :--- | :---: | :---: | :---: |
| IF you are <br> completing <br> Form 1040X... | THEN the corresponding line(s) on the 2003 <br> Form... | 1040 is: | 1040A is: |
| Line 1 | 34 | 21 | 4 |
| Line 7 | $44-52$ | $29-34$ | N/A |
| Line 9 9 | $55-59$ | 37 | $\mathrm{~N} / \mathrm{A}$ |
| Lines 11-16 | $61-67$ | $39-42$ | 7 and 8 |
| Line 19 | 69 | 44 | 11 a |


| 2002 |  |  |  |
| :--- | :---: | :---: | :---: |
| IF you are <br> completing <br> Form 1040X... | THEN the corresponding line(s) on the 2002 <br> Form... | $\mathbf{1 0 4 0}$ is: | 1040A is: |
|  | 35 | 21 | 4 |
| Line 7 | $45-53$ | $29-34$ | N/A |
| Line 9 | $56-60$ | 37 | N/A |
| Lines 11-16 | $62-68$ | $39-42$ | 7 and 8 |
| Line 19 | 70 | 44 | 11 a |

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 1 hr ., 18 min .; Learning about the law or the form, 28 min .; Preparing the form, $1 \mathrm{hr} ., 11 \mathrm{~min}$.; and Copying, assembling, and sending the form to the IRS, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224.

Do not send the form to this address. Instead, see Where To File on page 1.

## Amended U.S. Individual Income Tax Return

This return is for calendar year

- See separate instructions.

A If the address shown above is different from that shown on eviginatreturn check here

B/

| On original return $-\square$ single | $\square$ Married filing jointly | $\square$ Married fling separately | $\square$ Head of household | $\square$ Qualifying widower) |
| :--- | :--- | :--- | :--- | :--- |
| On this return |  |  |  |  |
| * If the qualifying person is a child but not your dependent see page 2 of the instructions. | $\square$ Married filing jointly | $\square$ |  |  | * If the qualifying person is a child but not your dependent see page 2 of the instructions.

Use Part II on the back to explain any changes

## instructions/

## Income and Deductions (see pageo-2-6)

1 Adjusted gross income (see page 3)
2 Itemized deductions or standard deduction (see page 3).
3 Subtract line 2 from line 1.
4 Exemptions. If changing, fill in Parts I and $\|$ on the back
5 Taxable income. Subtract line 4 from line 3
6 Tax (see page 4). Method used in col. C
7 Credits (see page 4).
8 Subtract line 7 from line 6 . Enter the result but not less than zero
9 Other taxes (see page 4)
10 Total tax. Add lines 8 and 9
11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld. If changing, see page 4.
12 Estimated tax payments, including amount applied from prior year's return

13 Earned income credit (EIC)
14 Additional child tax credit from Form 8812
15 Credits from Form 2439, Form 4136, or Form 8885

$T \quad$| A. Original amount or |
| :---: | :---: | :---: |
| as previously adjusted |
| (see page 3) | | B. Net change- |
| :---: |
| amount of increase |
| or (decrease) |
| explain in Part II |$\quad$| C. Correct |
| :---: |
| amount |

16 Amount paid with request for extension of time to file (see page 5)
17 Amount of tax paid with original return plus additional tax paid after it was filed
18 Total navments. Add lines 11 through 17 in column C

your last return filed with the IRS and you want. change it, 1


## Part II Explanation of Changes te-ineome,-Beduetions;-ane-Gredits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here.
$\qquad$
$\qquad$
$\qquad$
$\qquad$
$\qquad$

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.
If you did not previously want $\$ 3$ to go to the fund but now want to, check here If a joint return and your spouse did not previously want $\$ 3$ to go to the fund but now wants to, check here.

$$
\text { (4) Printed on recycled paper } \quad \text { Form 1040X (Rev. 10-2005) }
$$

## 2005 Form 1045 <br> Application for Tentative Refund and Instructions

| Purpose: | This is the first circulated proof of the 2005 Form 1045, <br> Application for Tentative Refund, and its separate instructions. <br> Major changes are discussed below. |
| :--- | :--- |
| TPCC Meeting: $\quad$None scheduled, but will be if requested. |  |
| Prior Revisions:The 2004 Form 1045 can be viewed by clicking on the <br> following link: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10670Y04.PDF |  |

The 2004 Instructions for Form 1045 can be viewed by clicking on the following link:
http://publish.no.irs.gov/INSTRS/PDF/13666Y04.PDF
Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html. Draft publications are not available.

Comments: Please call, mail, e-mail or fax comments by August 14, 2005.

## Major Changes <br> 2005 Form 1045

Page 4, line 34. We added the itemized deduction limitation amount for 2004 (RP 2003-85). We also deleted this amount for 1994.

Page 2, line 1. We revised the Form 1040 line reference to reflect changes made to that form.

## 2005 Instructions for Form 1045

Inflation adjustments. We updated inflation amounts in the instructions for lines 12 and 14; Schedule B, line 34; and the Itemized Deduction Limitations Worksheet (RP 2003-85). We also deleted references to 1994 amounts.

Emails. We added an instruction for Schedule A, line 2, to address an email response to a software developer (2-22-05). We also revised the instructions for Schedule A, line 6, to address an email to a tax professional (1-27-05).

2004 Form 1040. We revised the instructions for lines 12 and 14 to reflect changes made to that form.

2005 Schedule D (Form 1040) and 2005 Schedule D (Form 1041). We revised the instructions for Schedule B, line 3, to reflect changes made to those forms.

| FROM: Chris Bohanan | EMAIL: <br> christopher.bohanan@irs.gov | PHONE: <br> 202-622-3178 | FAX: | 202-622-5022 | ROOM: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| SE:W:CAR:MP:T:I:P |  |  |  |  |  |

Application for Tentative Refund
See separate instructions.
Department of the Treasury

- Do not attach to your income tax return-mail in a separate envelope.

Internal Revenue Service

- For use by individuals, estates, or trusts.
a Net operating loss (NOL) (Sch. A, line 24, page 2) b Unused general business credit \$

2a For the calendar year 2005, or other tax year

3 If this application is for an used credit created by another carryback ?ntt $/ t$ of rst carryback
4 If you filed a joint return (or separate return) for some, but not $a$ oi $\ell \in \exists x y$ ars mivolved in figuring the carryback, list the years and specify whether joint (J) or separate
(S) return for each

5 If SSN for carryback year is different from above, enter a SSN
and $\mathbf{b}$ Year(s)
6 If you changed your accounting period, give date permission to change was granted
7 Have you filed a petition in Tax Court for the year(s) to which the carryback is to be applied?
$\qquad$
tax return was filed
c Net section 1256 contracts loss
\$

8 Is any part of the decrease in tax due a kss rcri lit trom a tax shelter required to be registered? $\square$ Yes $\square$ No
9 If you are carrying back an NOL or net section 1256 contracts loss, did this cause the release of foreign tax credits or the release of other credits due to the release of the foreign tax credit (see page 2 of the instructions)? $\qquad$ Yes $\square$ No


Note: If 1a and 1c are blank, skip lines 10 through 15.
10 NOL deduction after carryback (see page 3 of the instructions).
11 Adjusted gross income .
12 Deductions (see page 4 of the instructions)
13 Subtract line 12 from line 11
14 Exemptions (see page 4 of the instructions)
15 Taxable income. Line 13 minus line 14
16 Income tax. See page 4 of the instructions and attach an explanation
17 Alternative minimum tax
18 Add lines 16 and 17
19 General business credit (see page 4 of the instructions)
20 Other credits. Identify
21 Total credits. Add lines 19 and 20
22 Subtract line 21 from line 18
23 Self-employment tax
24 Other taxes
25 Total tax. Add lines 22 through 24
26 Enter the amount from the "After carryback" column on line 25 for each year
27 Decrease in tax. Line 25 minus line 26
28 Overpayment of tax due to a claim of right adjustment under section 1341(b)(1) (attach computation)

| Sign | Under penalties of perjury, I declare that I have examined this application and accompanying schedules and statements, and to the best of my <br> knowledge and belief, they are true, correct, and complete. <br> Here | Your signature |  |
| :--- | :--- | :--- | :--- |
| Keep a copy of <br> this application <br> for your records. | Spouse's signature. If Form 1045 is filed jointly, both must sign. | Date | Date |
| Preparer Other | Name |  |  |
| Than Taxpayer | Address |  |  |

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 7 of the instructions. Cat. No. 10670A Form 1045 (2005)

Schedule A-NOL (see page 5 of the instructions)


Schedule B-NOL Carryover (see page 5 of $t$ \& inctructions)
Complete one column before going to the next column. Start with the earliest carryback year.

1 NOL deduction (see page 5 of the instructions). Enter as a positive number

2 Taxable income before 2005 NOL carryback (see page 5 of the instructions). Estates and trusts, increase this amount by the sum of the charitable deduction and income distribution deduction
3 Net capital loss deduction (see page 6 of the instructions)
4 Section 1202 exclusion. Enter as a positive number
5 Adjustment to adjusted gross income (see page 6 of the instructions) .
6 Adjustment to itemized deductions (see page 6 of the instructions)
7 Individuals, enter deduction for exemptions.
Estates and trusts, enter exemption amount
8 Modified taxable income. Combine lines 2 through 7. If zero or less, enter -0-
9 NOL carryover (see page 6 of the instructions). Subtract line 8 from line 1. If zero or less, enter -0-

## Adjustment to Itemized Deductions (Individuals Only)

Complete lines 10 through 34 for the carryback year(s) for which you itemized deductions only if line 3 or line 4 above is more than zero.
10 Adjusted gross income before 2005 NOL carryback
11 Add lines 3 through 5 above
12 Modified adjusted gross income. Add lines 10 and 11
13 Medical expenses from Sch. A (Form 1040), line 4 (or as previously adjusted)

14 Medical expenses from Sch. A (Form 1040), line 1 (or as previously adjusted)

15 Multiply line 12 by $7.5 \%$ (.075) . .
16 Subtract line 15 from line 14. If zero or less, enter -0-
17 Subtract line 16 from line 13


Form 1045 (2005)

## Schedule B-NOL Carryover (Continued)

Complete one column before going to the next column. Start with the earliest carryback year.
18 Modified adjusted gross income from line 12 on page 3
19 Enter as a positive number any NOL carryback from a year before 2005 that was deducted to figure line 10 on page 3
20 Add lines 18 and 19
21 Charitable contributions from Sch. A (Form 1040), line 18 (or as previously adjusted)
22 Refigured charitable contributions (see page 6 of the instructions)
23 Subtract line 22 from line 21
24 Casualty and theft losses from Form 4684, line 18 (or as previously adjusted)
25 Casualty and theft losses from Form 4684, line 16 (or as previously adjusted)
26 Multiply line 18 by 10\% (.10).
27 Subtract line 26 from line 25. If zero or less, enter -0-
28 Subtract line 27 from line 24
29 Miscellaneous itemized deductions from Sch. A (Form 1040), line 26 (or as previously adjusted)
30 Miscellaneous itemized deductions from Sch. A (Form 1040), line 23 (or as previously adjusted)
31 Multiply line 18 by 2\% (.02)
32 Subtract line 31 from line 30 . If zero or less, enter -0-
33 Subtract line 32 from line 29.
34 Complete the worksheet on page 8 of the instructions if line 18 is more than the applicable amount shown below (more than one-half that amount if married filing separately for that year).

- \$114,700 for 1995.
- \$117,950 for 1996.
- \$121,200 for 1997.
- \$124,500 for 1998.
- \$126,600 for 1999.
- \$128,950 for 2000.
- \$132,950 for 2001.
- \$137,300 for 2002.
- \$139,500 for 2003.
- \$142,700 for 2004.

Otherwise, combine lines 17, 23, 28, and 33 ; enter the result here and on line 6 (page 3 )


Form 1045 (2005)

## Instructions for Form 1045

## Application for Tentative Refund

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

Form 1045 is used by an individual, estate, or trust to apply for a quick tax refund resulting from:

- The carryback of an NOL,
- The carryback of an unused general business credit,
- The carryback of a net section 1256 contracts loss, or
- An overpayment of tax due to a claim of right adjustment under section 1341 (b)(1).
Waiving the carryback period. You can elect to carry an NOL forward only, instead of first carrying it back. To make this election for an NOL incurred in your 2005 tax year, attach to your 2005 tax return filed on or before the due date (including extensions) a statement that you are electing under section 172(b)(3) to relinquish the entire carryback period for any 2005 NOL. If you filed your return on time without making the election, you can still make the election on an amended return filed within 6 months of the due date of the return (excluding extensions). Attach the election to the amended return, and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address you used for your original return. Once made, the election is irrevocable.


## Definitions

Eligible loss. For an individual, an eligible loss is any loss of property arising from fire, storm, shipwreck, other casualty, or theft.

For a small business (as defined in section 172(b)(1)(F)(iii)), an eligible loss is any loss attributable to a Presidentially declared disaster (as defined in section 1033(h)(3)).

A farming loss is not an eligible loss.
Farming loss. A farming loss is the smaller of:

- The amount that would be the NOL for the tax year if only income and
deductions attributable to farming businesses (as defined in section 263A(e)(4)) were taken into account, or
- The NOL for the tax year.

Specified liability loss. Generally, a specified liability loss is a loss arising from:

- Product liability, or
- An act (or failure to act) that occurred at least 3 years before the beginning of the loss year and resulted in a liability under a federal or state law requiring:

1. Reclamation of land,
2. Dismantling of a drilling platform,
3. Remediation of environmental contamination, or
4. Payment under any workers compensation act.

Any loss from a liability arising from (1) through (4) above can be taken into account as a specified liability loss only if you used an accrual method of accounting throughout the period in which the act (or failure to act) occurred. For details, see section 172(f).

## When To File

You must file Form 1045 within 1 year after the end of the year in which an NOL, unused credit, a net section 1256 contracts loss, or claim of right adjustment arose.

$\Delta$Be sure to file your 2005 income tax return no later than the date you file Form 1045.

If you carry back any portion of an NOL or an unused general business credit to tax years before the 3 years preceding the 2005 tax year, you may need to use additional Forms 1045. Complete lines 1 through 9 and Schedule A on only one Form 1045. Use this Form 1045 for the earliest preceding tax years. You must sign this Form 1045, but do not need to sign the other Forms 1045.

## Where To File

File Form 1045 with the Internal Revenue Service Center for the place where you live as shown in the instructions for your 2005 income tax return.

$\Delta$
Do not include Form 1045 in the same envelope as your 2005 income tax return.

## What To Attach

Attach copies of the following, if applicable, to Form 1045 for the year of the loss or credit:

- If you are an individual, pages 1 and 2 of your 2005 Form 1040 and Schedules A, D, and J (Form 1040), if applicable,
- Any Form 4952, Investment Interest Expense Deduction, attached to your 2005 income tax return, - All Schedules K-1 (Form 1065), Partners's Share of Income, Credits, Deductions, etc., you received from partnerships, S corporations, estates, or trusts that contribute to the carryback,
- Any application for extension of time to file your 2005 income tax return,
- All Forms 8271, Investor Reporting of Tax Shelter Registration Number, attached to your 2005 income tax return,
- All Forms 8886, Reportable Transaction Disclosure Statement, attached to your 2005 income tax return,
- Forms 8302, Electronic Deposit of

Tax Refund of $\$ 1$ Million or More,

- All other forms and schedules from which a carryback results, such as Schedule C or F (Form 1040), Form 3800, General Business Credit, Form 6781, Gains and Losses From Section 1256 Contracts and Straddles, or Form 8586, Low-Income Housing Credit, and
- All forms or schedules for items refigured in the carryback years, such as Form 3800, Form 6251, Alternative Minimum TaxIndividuals, Form 6781, Form 8586, Form 8844, Empowerment Zone and Renewal Community Employment

Credit, or Form 8884, New York Liberty Zone Business Employee Credit.

CAUTIONYou must attach copies of all required forms listed above, and complete all lines on
Form 1045 that apply to you.
Otherwise, your application may be disallowed.

## Processing the Application

The IRS will process your application within 90 days from the later of:

- The date you file the complete application, or
- The last day of the month that includes the due date (including extensions) for filing your 2005 income tax return (or, for a claim of right adjustment, the date of the overpayment under section 1341(b)(1)).

The processing of Form 1045 and the payment of the requested refund does not mean the IRS has accepted your application as correct. If the IRS later determines that the claimed deductions or credits are due to an overstatement of the value of property, negligence, disregard of rules, or substantial understatement of income tax, you may have to pay penalties. Any additional tax also will generate interest compounded daily.

The IRS may need to contact you or your authorized representative (for example, your accountant or tax return preparer) for more information so we can process your application. If you want to designate a representative for us to contact, attach a copy of your authorization to Form 1045. For this purpose, you can use Form 2848, Power of Attorney and Declaration of Representative.

## Disallowance of the Application

Your application is not treated as a claim for credit or refund. It may be disallowed if it has material omissions or math errors that are not corrected within the 90-day period. If the application is disallowed in whole or in part, no suit challenging the disallowance can be brought in any court. But you can file a regular claim for credit or refund before the limitation period expires, as explained later under Form 1040X or Other Amended Return.

## Excessive Allowances

Any amount applied, credited, or refunded based on this application
that the IRS later determines to be excessive may be billed as if it were due to a math or clerical error on the return.

## Form 1040X or Other Amended Return

Individuals can get a refund by filing Form 1040X, Amended U.S. Individual Income Tax Return, instead of Form 1045. An estate or trust can file an amended Form 1041, U.S. Income Tax Return for Estates and Trusts. Generally, you must file an amended return no later than 3 years after the due date of the return for the applicable tax year.

If you use Form 1040X or other amended return, follow the instructions for that return. Attach to the amended return a copy of Schedule A of Form 1045 showing the computation of the NOL and, if applicable, a copy of Schedule B of Form 1045 showing the computation of the NOL carryover. Complete a separate Form 1040X or other amended return for each year for which you request an adjustment.

The procedures for Form 1040X and Form 1045 are different. The IRS is not required to process your Form 1040X within 90 days. However, if we do not process it within 6 months from the date you file it, you can file suit in court. If the IRS disallows your claim on Form 1040X and you disagree with that determination, you must file suit no later than 2 years after the date we disallow it.

## Additional Information

For more details on NOLs, see Pub. 536, Net Operating Losses (NOLs) for Individuals, Estates, and Trusts.

## Specific Instructions

## Address

P.O. box. Enter your box number only if your post office does not deliver mail to your street address.
Foreign address. Enter the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Line 1b—Unused General Business Credit

If you claim a tentative refund based on the carryback of an unused general business credit, attach a
detailed computation showing how you figured the credit carryback and a recomputation of the credit after you apply the carryback. Make the recomputation on Form 3800 (or Form 8844 or Form 8884, if applicable) for the tax year of the tentative allowance.

If you filed a joint return (or separate return) for some but not all of the tax years involved in figuring the unused credit carryback, special rules apply to figuring the carryback. See the instructions for Form 3800.

## Line 1c—Net Section 1256 Contracts Loss

An individual can elect to carry back a net section 1256 contracts loss to each of the 3 tax years preceding the loss year. An estate or trust is not eligible to make this election. To make the election, check box $D$ at the top of Form 6781. The amount which can be used in any prior tax year cannot exceed the net section 1256 contract gain in that year and cannot increase or create an NOL for that year. Reflect the carryback as a reduction to your adjusted gross income in the "After carryback" column on line 10. Attach to Form 1045 a copy of Form 6781 and Schedule D (Form 1040) for the year of the net section 1256 contracts loss and an amended Form 6781 and an amended Schedule D (Form 1040) for each carryback year. For more details, see section 1212(c).

## Line 9

If an NOL or net section 1256 contracts loss carryback eliminates or reduces a prior year foreign tax credit, you cannot use Form 1045 to carry the released foreign tax credits to earlier years. Also, if the released foreign tax credits result in the release of general business credits, you cannot use Form 1045 to carry the released general business credits to earlier years. Instead, you must file Form 1040X or other amended return to claim refunds for those years. For details, see Rev. Rul. 82-154, 1982-2 C.B. 394.

## Line 10 Through 27Computation of Decrease in Tax

Use one pair of columns to enter amounts before and after carryback for each year to which the loss is being carried. Start with the earliest carryback year. A net section 1256 contracts loss can be carried back 3
years. See the instructions for line 10 on this page to figure the tax years to which you can carry an NOL. Use the remaining pairs of columns for each consecutive preceding tax year until the loss is fully absorbed. Enter the ordinal number of years the loss is being carried back and the date the carryback year ends in the spaces provided in the headings above line 10 for each pair of columns.

Example. Your tax year is the 2005 calendar year and you are carrying an NOL back 2 years. You enter "2nd" and " $12 / 31 / 03$ " in the left column heading in the spaces provided. The column heading now reads "2nd preceding tax year ended 12/31/03."

For each carryback year, enter in the column labeled "Before carryback" the amounts for the carryback year as shown on your original or amended return. If the amounts were previously adjusted by you or the IRS, enter the amounts after adjustment.

## Line 10-NOL Deduction After Carryback

Use the following rules to figure the tax years to which you must carry an NOL shown on Schedule A, line 24. If an NOL is not fully absorbed in a year to which it is carried, complete Schedule B to figure the amount to carry to the next carryback year.
Note. You may need to use additional Forms 1045 to carry back an NOL. Complete lines 1 through 9 and Schedule A on only one Form 1045. Use this Form 1045 for the earliest preceding tax years. You must sign this Form 1045, but do not need to sign the other Forms 1045.
General rule. You generally must carry back the entire NOL to the 2nd tax year before the loss year. Any loss not used in the 2nd preceding year is then carried to the 1st preceding year. Any loss not applied in the 2 preceding years can be carried forward up to 20 years. The 2-year carryback period does not apply to the portion of an NOL attributable to an eligible loss, a farming loss, or a specified liability loss.
Eligible losses. To the extent the NOL is an eligible loss (defined on page 1), it is carried back to the 3rd tax year before the loss. Any loss not used in that year is carried to the 2nd and then the 1st preceding year. Any such loss that is not applied in the 3 preceding years can be carried forward up to 20 years.

Only the eligible loss portion of the NOL can be carried back 3 years.

Example. You have a $\$ 20,000$ NOL of which only $\$ 5,000$ is an eligible loss. The $\$ 5,000$ eligible loss is carried back 3 years, but the remaining $\$ 15,000$ loss is carried back only 2 years, although you had modified taxable income of more than $\$ 5,000$ in the 3rd preceding year.
Farming losses. To the extent the NOL is a farming loss (defined on page 1), that part of the loss is carried back to the 5th tax year before the loss. Any such loss not used in that year is carried to the 4th preceding year and then applied consecutively forward through the 1st preceding year. Any such loss not applied in the 5 preceding years can be carried forward up to 20 years.

Only the farming loss portion of the NOL can be carried back 5 years.

Example. You operate a farming business and incur an NOL of $\$ 50,000$ for 2005. $\$ 25,000$ of the NOL is attributable to income and deductions of your farming business; $\$ 10,000$ is attributable to a fire in your personal residence (an eligible loss); and the remaining $\$ 15,000$ is attributable to your spouse's work as an employee. The $\$ 25,000$ farming loss is carried back 5 years; the $\$ 10,000$ eligible loss is carried back 3 years; and the remaining \$15,000 loss is carried back 2 years. Any unused portion of this NOL can be carried forward up to 20 years.

For a farming loss, you can elect a loss carryback period of 2 years instead of 5 years. To make this election for 2005, attach to your 2005 income tax return filed by the due date (including extensions) a statement that you are electing a 2 year carryback period for any 2005 farming losses. If you filed your original return on time, you can make the election on an amended return filed within 6 months after the due date of the return (excluding extensions). Attach the election to the amended return, and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address you used for your original return. Once made, the election is irrevocable.
Specified liability losses. To the extent an NOL is a specified liability loss (defined on page 1), that part of the loss is carried back to the 10th tax year before the loss. Any such loss not used in that year is carried to the 9th preceding year and then applied consecutively forward through
the 1st preceding year. Any such loss that is not applied in the 10 preceding years can be carried forward up to 20 years.

Only the specified liability loss portion of the NOL can be carried back 10 years.

You can elect to treat a specified liability loss as if it were not a specified liability loss. If you make this election, the loss carryback period will be 2 years ( 3 years to the extent the loss is an eligible loss; 5 years to the extent the loss is a farming loss). To make this election for 2005, attach to your 2005 income tax return filed by the due date (including extensions) a statement that you are electing to treat any 2005 specified liability losses as if they were not specified liability losses. If you filed your original return on time, you can make the election on an amended return filed within 6 months after the due date of the return (excluding extensions). Attach the election to the amended return, and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address you used for your original return. Once made, the election is irrevocable.
Special rules. Special rules apply if you filed a joint return (or a separate return) for some but not all of the tax years involved in figuring an NOL carryback. For details, see Pub. 536. Attach a computation showing how you figured the carryback.

## Line 11—Adjusted Gross Income

Enter in the column labeled "Before carryback " your adjusted gross income (AGI) for the carryback year as shown on your original or amended return.

Enter in the column labeled "After carryback " your adjusted gross income refigured after you apply the NOL or net 1256 contracts loss carryback.

To refigure your adjusted gross income for the year in which an NOL is fully absorbed or a net section 1256 contracts loss is carried back, refigure any items of income and any deductions that are based on or limited to a percentage of your adjusted gross income. Amounts to refigure include:

- The special allowance for passive activity losses from rental real estate activities,
- Taxable social security benefits,
- IRA deductions,
- The student loan interest deduction,
- The tuition and fees deduction,
- Excludable savings bond interest, and
- The exclusion of amounts received under an employer's adoption assistance program.


## Line 12—Deductions

Individuals. Enter in the column labeled "Before carryback" for each applicable carryback year the amount shown (or as previously adjusted) on Form 1040:

- Line 39 for 2004,
- Line 37 for 2003,
- Line 38 for 2002,
- Line 36 for 1998-2001,
- Line 35 for 1997, or
- Line 34 for 1995-1996.

If you filed Form 1040A, enter the amount shown (or as previously adjusted) on:

- Line 24 for 2002-2004,
- Line 22 for 2000-2001,
- Line 21 for 1998-1999, or
- Line 19 for 1995-1997.

If you filed Form 1040-T for 1995, enter the amount shown (or as previously adjusted) on line 20.

If you filed Form 1040EZ and checked the "Yes" box on Form 1040EZ, line 5, enter the amount shown (or as previously adjusted) on line E of the worksheet on the back of Form 1040EZ. If you checked the "No" box, enter:

- \$4,850 for 2004 (\$9,700 if married),
- \$4,750 for 2003 (\$9,500 if married),
- \$4,700 for 2002 (\$7,850 if married),
- \$4,550 for 2001 (\$7,600 if married),
- \$4,400 for 2000 (\$7,350 if married),
- \$4,300 for 1999 (\$7,200 if married),
- \$4,250 for 1998 (\$7,100 if married),
- \$4,150 for 1997 (\$6,900 if married),
- \$4,000 for 1996 (\$6,700 if married), or
- \$3,900 for 1995 (\$6,550 if married).

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, see Form 1040EZ for the year in question and complete the worksheet on the back of that form. Next, enter the amount from line E of that worksheet on line 13 of Form 1045 in the column labeled "Before carryback" for the applicable year. If no one could claim you as a dependent, enter the amount listed above for that year.

After carryback. If you itemized deductions in the carryback year, enter in the column labeled "After carryback" the total of your deductions after refiguring any that
are based on or limited to a percentage of your adjusted gross income. Use your adjusted gross income determined after you apply the NOL or net section 1256 contracts loss carryback. Amounts you may have to refigure include:

- Medical expenses,
- Personal casualty and theft losses,
- Miscellaneous deductions subject
to the $2 \%$ limit, and
- Itemized deductions subject to the overall limit of section 68.
Do not refigure your charitable contributions deduction.

If you have an NOL, see Pub. 536 for more information and examples.

If you did not itemize deductions in the carryback year, enter your standard deduction for that year.

## Line 14—Exemptions

Individuals. Enter in the column labeled "Before carryback" for each applicable carryback year, the amount shown (or as previously adjusted) on Form 1040:

- Line 41 for 2004,
- Line 39 for 2003,
- Line 40 for 2002,
- Line 38 for 1998-2001,
- Line 37 for 1997, or
- Line 36 for 1995-1996.

If you filed Form 1040A, enter the amount shown (or as previously adjusted) on:

- Line 26 for 2002-2004,
- Line 24 for 2000-2001,
- Line 23 for 1998-1999, or
- Line 21 for 1995-1997.

If you filed Form 1040-T for 1995, enter the amount shown (or as previously adjusted) on line 24.

If you filed Form 1040EZ and checked the "Yes" box on Form 1040EZ, line 5, enter zero (or the amount from line F of the 1040EZ worksheet if married). If you checked the "No" box, enter:

- $\$ 3,100$ for 2004 ( $\$ 6,200$ if married),
- \$3,050 for 2003 (\$6,100 if married),
- \$3,000 for 2002 (\$6,000 if married),
- \$2,900 for 2001 (\$5,800 if married),
- \$2,800 for 2000 (\$5,600 if married),
- \$2,750 for 1999 (\$5,500 if married),
- \$2,700 for 1998 ( $\$ 5,400$ if married),
- \$2,650 for 1997 (\$5,300 if married),
- \$2,550 for 1996 ( $\$ 5,100$ if married), or - \$2,500 for 1995 (\$5,000 if married).

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, enter zero if you were single. If you were married, see Form 1040EZ for the year in question and complete the worksheet on the back
of that form. Next, enter the amount from line F of that worksheet on line 15 of Form 1045 in the column labeled "Before carryback" for the applicable year. If no one could claim you as a dependent, enter the amount listed above for that year.

After carryback. If your deduction for personal exemptions in the carryback year was limited based on your adjusted gross income, enter in the column labeled "After carryback" the deduction for personal exemptions refigured using the adjusted gross income determined after you apply the NOL or net section 1256 contracts loss carryback.
Estates and trusts. Enter in the columns labeled "Before carryback" and "After carryback" for each applicable carryback year the amount shown (or as previously adjusted) on Form 1041, line 20 (line 21 for 1997).

## Line 16-Income Tax

Refigure your tax for each carryback year after taking into account the NOL or net section 1256 contracts loss carryback. Include any tax from Form 4970, Tax on Accumulation Distribution of Trusts, and Form 4972, Tax on Lump-Sum Distributions. Attach any schedule used to figure your tax or an explanation of the method used to figure the tax and, if necessary, a detailed computation.

For example, write "Tax Rate Schedule-2003" if this is the method used for that year. You do not need to attach a detailed computation of the tax in this case.

## Line 17-Alternative Minimum Tax

The carryback of an NOL or net section 1256 contracts loss may affect your alternative minimum tax. Individuals use Form 6251 to figure this tax. Estates and trusts use Schedule I (Form 1041) (Schedule H for 1994).

## Line 19—General Business Credit

Enter in the column labeled "After carryback" for each affected carryback year the total of the recomputed general business credits, using Form 3800, 8844, or 8884.

If an NOL or net section 1256 contracts loss carryback eliminates or reduces a general business credit in an earlier year, you may be able to carry back the released credit 1 year ( 3 years if the credit arose in a tax
year beginning before 1998). See section 39 and the instructions for Form 3800 for more details on general business credit carrybacks.

## Line 20-Other Credits

See your tax return for the carryback year for any additional credits such as the earned income credit, credit for child and dependent care expenses, child tax credit, education credits, foreign tax credit, retirement savings contributions credit, etc., that will apply in that year. If you make an entry on this line, identify the credit(s) claimed.
After carryback. Refigure any credits included on this line that are based on or limited by your tax liability. Use your tax liability determined after you apply the NOL or net section 1256 contracts loss carryback.

## Line 23- <br> Self-Employment Tax

Do not adjust self-employment tax because of any carryback.

## Line 24—Other Taxes

See your tax return for the carryback year for any other taxes not mentioned above, such as recapture taxes, tax on an IRA, etc., that will apply in that year. If you make an entry on this line, identify the taxes that apply.

## Line 28—Overpayment of Tax Under Section 1341(b)(1)

If you apply for a tentative refund based on an overpayment of tax under section 1341 (b)(1), enter it on this line. Also, attach a computation showing the information required by Regulations section 5.6411 -1 (d).

## Signature

Individuals. Sign and date Form 1045. If Form 1045 is filed jointly, both spouses must sign.
Estates. All executors or administrators must sign and date Form 1045.
Trusts. The fiduciary or an authorized representative must sign and date Form 1045.

## Schedule A—NOL

Complete and file this schedule to determine the amount of the NOL that is available for carryback or carryover.

## Line 2-Nonbusines Capital Losses

Do not include on this line any section 1202 exclusion amounts (even if entered as losses on Schedule D (Form 1040) or Schedule D (Form 1041).

## Line 6-Nonbusiness Deductions

Enter as a positive number deductions that are not connected with a trade or business. They include:

- IRA deductions,
- Archer MSA deduction,
- Deductions for payments on behalf of a self-employed individual to a SEP, SIMPLE, or qualified plan,
- Alimony paid,
- Most itemized deductions (except for state income tax on business profits, casualty and theft losses, and any employee business expenses), and
- The standard deduction.

Do not enter business deductions on line 6. These are deductions that are connected with a trade or business. They include:

- State income tax on business profits,
- Educator expenses,
- Moving expenses,
- The deduction for one-half of self-employment tax,
- Rental losses,
- Loss on the sale or exchange of business real estate or depreciable property,
- Your share of a business loss from a partnership or an S corporation,
- Ordinary loss on the sale or exchange of section 1244 (small business) stock,
- Ordinary loss on the sale or exchange of stock in a small business investment company operating under the Small Business Investment Act of 1958,
- Loss from the sale of accounts receivable if such accounts arose under the accrual method of accounting, and
- If you itemized your deductions, casualty and theft losses (even if they involve nonbusiness property) and employee business expenses (such as union dues, uniforms, tools, and educational expenses).


## Line 7-Nonbusiness Income Other Than Capital Gains

Enter income that is not from a trade or business. Examples are ordinary
dividends, annuities, and interest on investments.

Do not enter business income on line 7. This is income from a trade or business and includes:

- Salaries and wages,
- Rental income,
- Gain on the sale or exchange of business real estate or depreciable property, and
- Your share of business income from a partnership or an S corporation.

For more details on business and nonbusiness income and deductions, see Pub. 536.

## Line 17-Section 1202 Exclusion

Enter as a positive number any gain excluded under section 1202 on the sale or exchange of qualified small business stock.

## Schedule B—NOL Carryover

Complete and file this schedule to determine the NOL deduction for each carryback year and the amount to be carried forward, if not fully absorbed.

If an NOL is more than the modified taxable income for the earliest year to which it is carried, you must file Schedule B to figure the amount of the NOL to be carried to the next tax year. The amount of the carryover is the excess, if any, of the NOL carryback over the modified taxable income for that earlier year. Modified taxable income is the amount figured on line 8 of Schedule B.

$\Delta$If you carry two or more NOLs to a tax year, figure your modified taxable income by deducting the NOLs in the order in which they were incurred. First, deduct the NOL from the earliest year, then the NOL from the next earliest year, etc. After you deduct each NOL, there will be a new, smaller, modified taxable income to compare to any remaining NOL.

Make the same entries in each column heading as on page 1 of Form 1045 (see the instructions for lines 10 through 28 on page 3 ).

## Line 2

Do not take into account on this line any NOL carryback from 2005 or later. However, do take into account NOLs that occurred in tax years before 2005 and are otherwise allowable as carrybacks or carryovers.

Note. If your taxable income is shown as zero on your tax return (or as previously adjusted) for any carryback year, refigure it without limiting the result to zero, and enter it on line 2 as a negative number.

## Line 3—Net Capital Loss Deduction

Individuals. Enter as a positive number the amount, if any, shown (or as previously adjusted) on Schedule D (Form 1040), line 21, for
2004-2005 (line 18 for 1997-2003; line 19 for 1995-1996).
Estates and trusts. Enter as a positive number the amount, if any, shown (or as previously adjusted) on Schedule D (Form 1041), line 16, for 2004-2005 (line 17 for 1997-2003; line 18 for 1995-1996).

## Line 4—Section 1202 <br> Exclusion

Enter as a positive number any gain excluded under section 1202 on the sale or exchange of qualified small business stock.

## Line 5—Adjustments to Adjusted Gross Income

If you entered an amount on line 3 or line 4 , you must refigure certain income and deductions based on adjusted gross income. These include:

- The special allowance for passive activity losses from rental real estate activities,
- Taxable social security benefits,
- IRA deductions,
- Excludable savings bond interest,
- The exclusion of amounts received under an employer's adoption assistance program,
- The student loan interest deduction, and
- The tuition and fees deduction.

For purposes of figuring the adjustment to each of these items, your adjusted gross income is increased by the total of the amounts on line 3 and line 4. Do not take into account any NOL carryback from 2005 or later.

Generally, figure the adjustment to each item of income or deduction in the order listed above and, when figuring the adjustment to each subsequent item, increase or decrease adjusted gross income by the total adjustments you figured for the previous items. However, a special rule applies if you received social security benefits and deducted IRA contributions. Use the worksheets in Pub. 590, Individual

Retirement Arrangements (IRAs), to refigure your taxable social security benefits and IRA deductions under the special rule.

## Enter on line 5 the total

 adjustments made to the listed items. Attach a computation showing how you figured the adjustments.
## Line 6-Adjustment to Itemized Deductions

Individuals. Skip this line if, for the applicable carryback year:

- You did not itemize deductions, or
- The amounts on Schedule B, line 3 and line 4, are zero.
Otherwise, complete lines 10 through 34 and enter on line 6 the amount from line 34 (or, if applicable, line 12 of the worksheet on page 8).
Estates and trusts. Recompute the miscellaneous itemized deductions shown (or as previously adjusted) on Form 1041, line 15b, and any casualty or theft losses shown (or as previously adjusted) on Form 4684, Casualties and Thefts, line 18, by substituting modified adjusted gross income (see below) for the adjusted gross income of the estate or trust. Subtract the recomputed deductions and losses from the deductions and losses previously shown, and enter the difference on line 6.

Modified adjusted gross income for estates and trusts. For purposes of figuring miscellaneous itemized deductions subject to the 2\% limit, figure modified adjusted gross income by adding the following amounts to the adjusted gross income previously used to figure these deductions.

- The total of the amounts from lines 3 through 5 of Form 1045, Schedule B.
- The exemption amount shown (or as previously adjusted) on Form 1041, line 20 (line 21 for 1997). - The income distribution deduction shown (or as previously adjusted) on Form 1041, line 18.

For purposes of figuring casualty or theft losses, figure modified adjusted gross income by adding the total of the amounts from lines 3 through 5 of Form 1045, Schedule B, to the adjusted gross income previously used to figure these losses.

## Line 9—NOL Carryover

After completing all applicable columns, carry forward to 2006 the amount, if any, on line 9 of the column for the 1st preceding tax year.

## Line 22—Refigured Charitable Contributions

Refigure your charitable contributions using line 20 as your adjusted gross income unless, for any preceding tax year:

- You entered an amount other than zero on line 19, and
- You had any items of income or deductions based on adjusted gross income which are listed in the instructions for line 5 of Schedule B on page 6.

If you cannot use the amount from line 20 as your adjusted gross income, figure your adjusted gross income as follows.

1. Figure the adjustment to each item of income or deduction in the same manner as explained in the instructions for line 5 of Schedule B on page 6, except do not take into account any NOL carrybacks when figuring adjusted gross income. Attach a computation showing how you figured the adjustments.
2. Add lines 3, 4, 10, and 19 of Schedule B to the total adjustments you figured in (1) above. Use the result as your adjusted gross income to refigure charitable contributions.

For NOL carryover purposes, you must reduce any charitable contributions carryover to the extent that the NOL carryover on line 9 is increased by any adjustment to charitable contributions.

## Line 34

Complete the worksheet on page 8 if line 18 , Schedule $B$, is more than:

- \$114,700 for 1995 ( $\$ 57,350$ if married filing separately),
- $\$ 117,950$ for 1996 ( $\$ 58,975$ if married filing separately),
- \$121,200 for 1997 (\$60,600 if married filing separately),
- \$124,500 for 1998 ( $\$ 62,250$ if married filing separately),
- \$126,600 for 1999 ( $\$ 63,300$ if married filing separately),
- \$128,950 for 2000 ( $\$ 64,475$ if married filing separately),
- $\$ 132,950$ for 2001 ( $\$ 66,475$ if married filing separately),
- $\$ 137,300$ for 2002 ( $\$ 68,650$ if married filing separately),
- \$139,500 for 2003 ( $\$ 69$, 750 if married filing separately), or
- \$142,700 for 2004 ( $\$ 71,350$ if married filing separately).

Only complete a column for each year that meets the above
requirements.

## Disclosure, Privacy Act, and <br> Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You may use Form 1045 to apply under section 6411 for a quick refund of tax for a prior year affected by certain carrybacks. If you file Form 1045, you are required to give us the requested information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires that you disclose your taxpayer identification number (SSN, ITIN, or EIN). If you do not provide the information requested, we may be unable to process this application.

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 stated
in section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Internal Revenue Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of
loans. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping, 4 hr., 9 min.; Learning about the law or the form, $47 \mathrm{~min} . ;$ Preparing the form, 6 hr ., $28 \mathrm{~min} . ;$ and Copying, assembling, and sending the form to the IRS, 1 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, Washington, DC 20224.

Do not send the form to this address. Instead, see Where To File on page 1 .

Itemized Deductions Limitation Worksheet-See the instructions for line 34 on page 7 (keep for your records)
Enter applicable carryback year . . . .

1. Add the amounts from Form 1045, Schedule B, lines 16, 22, 27, and 32, and the amounts from Schedule A (Form 1040), lines 9,14 , and $27^{*}$ (or as previously adjusted)
2. Add the amounts from Form 1045, Schedule B, lines 16 and 27; Schedule A (Form 1040), line 13*, and any gambling losses included on Schedule A (Form 1040), line $27^{*}$ (or as previously adjusted).
3. Subtract line 2 from line 1 . If the result is zero or less, stop here; combine the amounts from Form 1045, Schedule B, lines $17,23,28$, and 33 , and enter the result on line 34 and line 6 of Form 1045, Schedule B
4. Multiply line 3 by $80 \%$ (.80)
5. Enter the amount from Form 1045, Schedule B, line 18
6. Enter:

- $\$ 114,700$ for 1995 ( $\$ 57,350$ if married filing separately);
- $\$ 117,950$ for 1996 ( $\$ 58,975$ if married filing separately);
- $\$ 121,200$ for 1997 ( $\$ 60,600$ if married filing separately);
- \$124,500 for 1998 ( $\$ 62,250$ if married filing separately);
- $\$ 126,600$ for 1999 ( $\$ 63,300$ if married filing separately);
- \$128,950 for 2000 (\$64,475 if married filing separately);
- \$132,950 for 2001 ( $\$ 66,475$ if married filing separately);
- \$137,300 for 2002 ( $\$ 68,650$ if married filing separately);
- $\$ 139,500$ for 2003 ( $\$ 69,750$ if married filing separately);
- $\$ 142,700$ for 2004 ( $\$ 71,350$ if married filing separately).

7. Subtract line 6 from line 5
8. Multiply line 7 by $3 \%$ (.03)
9. Enter the smaller of line 4 or line 8
10. Subtract line 9 from line 1
11. Total itemized deductions from Schedule $A$ (Form 1040), line $28^{*}$ (or as previously adjusted)
12. Subtract line 10 from line 11. Enter the difference here and on line 6 of Form 1045, Schedule B

* If you filed Form 1040-T in 1995, use the amounts from the appropriate lines.


# 2004 Instructions for Form 1116 <br> Foreign Tax Credit (Individual, Estate, or Trust) 

Purpose: $\quad$ This is the first circulated draft of the 2004 Instructions for Form 1116 for your review and comments. See below for a discussion of major changes.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.
Form: The most recent draft of Form 1116 is attached. Line 19 was changed because the provision that allowed nonrefundable personal credits against the regular and alternative minimum tax has been extended through 2005. Section 312 of the Working Families Tax Relief Act, Public Law 108-311.

Prior Revisions: The 2003 Instructions for Form 1116 can be viewed by clicking on the following link: http://publish.no.irs.gov/INSTRS/PDF/11441Y03.PDF.

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html. Draft publications are not available.

Comments: Please email, call, mail, or fax any comments by November 30, 2004.

Major Changes to the 2004 Instructions for Form 1116

## Page 1

We added a "What's New for 2004" to reflect recent changes in the law and regulations:

- Holding period for claiming a credit of taxes withheld on dividends. Public Law 108-311, section 406(g)
- Credit for foreign taxes withheld on income or gain. Public Law 108-357, section 832.
- Carryback and carryover. Public Law 108-357, section 417.
- Disposition of stock in a controlled foreign corporation (CFC). Public Law 108-357, section 895.
- Gifts to charity. TD 9143.


## Pages 6-12

We revised the text under "Foreign Qualified Dividends and Capital Gains (Losses)", including Worksheet B, the Line 2 Worksheet, and the Line 15 Worksheet. We made these changes because of TD 9141 and the elimination of the $20 \%$ capital gain tax rate. The revised text and worksheets were provided by CC:Intl:Br. 3.

## Page 14

In the instructions for line 3a, we added a bulleted item for general sales tax. Public Law 108357, section 501 and Regulations 1.861-8(e)(9).

## Page 15

We revised the instructions for line 10 to reflect a change in how foreign tax credit carryback or carryforward is computed when a taxpayer has elected to claim the credit without using Form 1116. TD 9141.

We added a note about the new carryback and carryforward rules for unused foreign taxes arising in tax years beginning after October 22, 2004. Public Law 108-357, section 417.

## Page 16

We added a note in the instructions for line 15 under "Allocation of losses from other categories." The note clarifies how to compute U.S. source income if the taxpayer has capital losses from U.S. sources. CC:Intl:Br. 3.

## Pages 16-17

We revised the text under "Allocation of U.S. Losses" to explain how to compute the amount of the taxpayer's U.S. loss. TD 9141.

## Pages 17-18

We revised the instructions for line 17 and the Worksheet for Line 17 . We made these changes because of TD 9141 and the elimination of the $20 \%$ capital gain tax rate. The revised text and worksheet were provided by CC:Intl:Br. 3.

| FROM: <br> Michael Goodman <br> SE:W:CAR:MP:T:I:F | EMAIL: <br> Michael.M.Goodman <br> @irs.gov | PHONE: <br> 202-622-3969 | FAX: <br> $202-927-6234$ | ROOM: <br> 6423 | DATE: <br> $11 / 18 / 2004$ |
| :--- | :--- | :--- | :--- | :--- | :--- | Foreign Tax Credit

(Individual, Estate, or Trust)
Department of the Treasury
Internal Revenue Service (99)
Attach to Form 1040, 1040NR, 1041, or 990-T.

- See separate instructions.

Attachmen
Sequence No. 19

Use a separate Form 1116 for each category of income listed below. See Categories of Income on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.
a Passive income bHigh withholding tax interestFinancial services income
d $\square$ Shipping incomeDividends from a DISC or former DISC
$\square$ Certain distributions from a foreign sales corporation (FSC) or former FSC
gLump-sum distributionsSection 901(j) income
i $\square$ Certain income re-sourced by treaty

## k Resident of (name of country)

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.
Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

| A Foreign Country or U.S. Possession | Total |
| ---: | ---: |

I Enter the name of the foreign country or U.S. possession
1 Gross income from sources within country shown above and of the type checked above (see page 7 of the instructions): $\qquad$

Deductions and losses (Caution: See pages 9, 11, and 12 of the instructions):
2 Expenses definitely related to the income on line 1 (attach statement).
3 Pro rata share of other deductions not definitely related:
a Certain itemized deductions or standard deduction (see instructions) .
b Other deductions (attach statement)
c Add lines $3 a$ and $3 b$
d Gross foreign source income (see instructions).
e Gross income from all sources (see instructions)
f Divide line 3d by line $3 e$ (see instructions)
g Multiply line 3c by line $3 f$.
4 Pro rata share of interest expense (see instructions):
a Home mortgage interest (use worksheet on page 12 of the instructions).
b Other interest expense
5 Losses from foreign sources
6 Add lines 2, 3g, 4a, 4b, and 5
7 Subtract line 6 from line 1. Enter the result here and on line 14, page 2
Part II Foreign Taxes Paid or Accrued (see page 12 of the instructions)

|  | Credit is claimed <br> for taxes <br> (you must check one) <br> (m) $\square$ Paid <br> (n) $\square$ Accrued | Foreign taxes paid or accrued |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | In foreign currency |  |  |  | In U.S. dollars |  |  |  |  |
|  |  | Taxes withheld at source on: |  |  | (s) Other foreign taxes paid or accrued | Taxes withheld at source on: |  |  | (w) Other foreign taxes paid or accrued | (x) Total foreign taxes paid or accrued (add cols. <br> (t) through (w)) |
|  | (o) Date paid or accrued | (p) Dividends | (q) Rents and royalties | (r) Interest |  | (t) Dividends | (u) Rents and royalties | (v) Interest |  |  |
| A |  |  |  |  |  |  |  |  |  |  |
| B |  |  |  |  |  |  |  |  |  |  |
| C |  |  |  |  |  |  |  |  |  |  |
| 8 | Add lines A throug | C, column | ). Enter | tal h | nd on | , page 2 |  |  | - 8 |  |

## Part III Figuring the Credit

9 Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I . .

10 Carryback or carryover (attach detailed computation).

11 Add lines 9 and 10.

12 Reduction in foreign taxes (see page 13 of the instructions).

13 Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit
14 Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 14 of the instructions).
15 Adjustments to line 14 (see page 14 of the instructions)
16 Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.).
17 Individuals: Enter the amount from Form 1040, line 40. If you are a nonresident alien, enter the amount from Form 1040NR, line 37. Estates and trusts: Enter your taxable income without the deduction for your exemption.
Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 15 of the instructions.
18 Divide line 16 by line 17 . If line 16 is more than line 17 , enter " 1 "



19 Individuals: Enter the amount from Form 1040, line 43. If you are a nonresident alien, enter the amount from Form 1040NR, line 40.
Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37
Caution: If you are completing line 19 for separate category g (lump-sum distributions), see page 16 of the instructions.
20 Multiply line 19 by line 18 (maximum amount of credit)
21 Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 30 and enter this amount on line 31. Otherwise, complete the appropriate line in Part IV (see page 16 of the instructions)


Userid: MMGOOD00 Leading adjust: -40\%
$\square$ Draft
$\square$ Ok to Print
Fileid: I1116.SGM (16-Nov-2004)
(Init. \& date)
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## Instructions for Form 1116

Foreign Tax Credit<br>(Individual, Estate, or Trust)

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## What's New for 2004

Holding period for claiming a credit for taxes withheld on dividends. The period in which you must hold the stock at least 16 days has changed to a 31-day period. This change applies to dividends paid after September 4 1997. See item (3) under Foreign Taxes Not Eligible for a Credit on page 2.
Credit for foreign taxes withheld on income or gain. You cannot claim a credit for foreign taxes withheld on income or gain (other than dividends) from certain property. This rule applies to income or gain paid or accrued after November 21, 2004. See items (5) and (6) under Foreign Taxes Not Eligible for a Credit on page 2.
Carryback and carryover. Unused foreign taxes arising in tax years beginning after October 22, 2004, can be carried back 1 year and forward 10 years.
Disposition of stock in a controlled foreign corporation (CFC). If you dispose of stock in a CFC at a gain after October 22, 2004, the gain may

Tax-Hetp
For more information about, or assistance with figuring, the foreign tax credit, the following IRS resources are available.

| IRS Contacts |  |
| :---: | :---: |
| In the U.S. and | - Call 1-800-829-1040, or |
| Puerto Rico: | - Visit your local IRS office. |
| Overseas: | - Call 215-516-2000 (not toll free); or |
|  | - Contact IRS offices at U.S. embassies in Berlin, London, or Paris; or |
|  | - Write to: Internal Revenue Service, International Section, P.O. Box 920, Bensalem, PA 19020-8518. |
| Publications | - Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens |
|  | Abroad. |
|  | - Pub. 514, Foreign Tax Credit for Individuals. |
|  | - Pub. 519, U.S. Tax Guide for Aliens. |
|  | - Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions. |
|  | - Pub. 575, Pension and Annuity Income. |
|  | - Pub. 575, Pension and Annuity Income. |

be subject to recapture as U.S. source income. See Dispositions of certain property under the instructions for line 15.
Gifts to charity. Do not reduce your foreign source gross income by your itemized deduction for gifts to charity made after July 27, 2004. You can elect to also apply this rule to gifts to charity made before July 28, 2004, but only for tax years ending after July 27, 2004. See the instructions for line 3a on page 14.
Other changes. For information on changes that are effective beginning in 2005, see Publication 514.

## Election To Claim the Foreign Tax Credit Without Filing Form 1116

You may be able to claim the foreign tax credit without filing Form 1116. By making this election, the foreign tax credit limitation (lines 14 through 20 of the form) will not apply to you. This election is available only if you meet all of the following conditions.

- All of your foreign source gross income was from the "passive income" category (which includes most interest
and dividends) (see page 3). However, for this purpose, passive income also includes (a) income subject to the special rule for high-taxed income described starting on page 4, (b) income that would be passive except that it is also described in another category, and (c) certain export financing interest.
- All the income and any foreign taxes paid on it were reported to you on a qualified payee statement. Qualified payee statements include Form 1099-DIV, Form 1099-INT, Schedule K-1 (Form 1041), Schedule K-1 (Form 1065), Schedule K-1 (Form 1065-B), Schedule K-1 (Form 1120S), or similar substitute statements.
- Your total creditable foreign taxes are not more than \$300 (\$600 if married filing a joint return).

This election is not available to estates or trusts.

If you make this election:

- You cannot carry over any excess foreign taxes paid or accrued to or from a tax year to which the election applies (but carryovers to and from other years are unaffected).
- You are still required to take into account the general rules for determining whether a tax is creditable. See Foreign Taxes Eligible for a Credit and Foreign Taxes Not Eligible for a Credit on page 2.
- You are still required to reduce the taxes available for credit by any amount you would have entered on line 12 of Form 1116. See the instructions for Line 12 on page 13.

To make the election, just enter on the foreign tax credit line of your tax return (for example, Form 1040, line 46) the smaller of (a) your total foreign tax or (b) your regular tax (for example, Form 1040, line 43).

## Purpose of Form

Who should file. File Form 1116 to claim the foreign tax credit if the election above does not apply and:

- You are an individual, estate, or trust and
- You paid or accrued certain foreign taxes to a foreign country or U.S. possession.

See Foreign Taxes Eligible for a Credit on page 2 to determine if the

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taxes you paid or accrued qualify for the credit.

Do not use Form 1116 to figure a credit for taxes paid to the Virgin Islands. Instead, use Form 8689, Allocation of Individual Income Tax to the Virgin Islands.
Nonresident aliens. If you are a nonresident alien, you generally cannot take the credit. However, you may be able to take the credit if:

- You were a resident of Puerto Rico during your entire tax year, or
- You pay or accrue tax to a foreign country or U.S. possession on income from foreign sources that is effectively connected with a trade or business in the United States. But if you must pay tax to a foreign country or U.S. possession on income from U.S. sources only because you are a citizen or a resident of that country or U.S. possession, do not use that tax in figuring the amount of your credit.

See section 906 for more information on the foreign tax credit allowed to a nonresident alien individual.

## Credit or Deduction

Instead of claiming a credit for eligible foreign taxes, you may choose to deduct foreign income taxes. Form 1040 filers choosing to do so would deduct foreign income taxes on Schedule A (Form 1040), Itemized Deductions. Generally, if you take the credit for any eligible foreign taxes, you may not take any part of that year's foreign taxes as a deduction. However, even if you take the credit for eligible foreign taxes for the year, you may take a deduction for:

- Foreign taxes not allowed as a credit
because of boycott provisions.
- Taxes paid to certain foreign countries for which a credit has been denied, as described in item 2 under Foreign Taxes Not Eligible for a Credit on this page.
- Taxes on dividends that are not creditable because you do not meet the stock-holding period requirement, as described in item 3 under Foreign Taxes Not Eligible for a Credit on this page.
- Certain taxes paid or accrued to a foreign country in connection with the purchase or sale of oil or gas extracted in that country, as described in item 6 under Foreign Taxes Not Eligible for a Credit on this page.

If you want to change your election to take a deduction instead of a credit, or a credit instead of a deduction, you must do so within a special 10-year limitation period. See Pub. 514 for more information.

## Foreign Taxes Eligible for a Credit

You may take a credit for income, war profits, and excess profits taxes paid or
accrued during your tax year to any foreign country or U.S. possession, or any political subdivision (for example, city, state, or province), agency, or instrumentality of the country or possession. This includes taxes paid or accrued in lieu of a foreign or possession income, war profits, or excess profits tax that is otherwise generally imposed. For purposes of the credit, U.S. possessions include Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and
American Samoa.
U.S. citizens living in certain treaty countries may be able to take an additional foreign tax credit for foreign tax imposed on certain items of income from the United States. See Tax Treaties in Pub. 514 for details. If this applies to you, use the worksheet near the back of Pub. 514 to help you figure this additional credit

## Foreign Taxes Not Eligible for a Credit

You may not take a credit for the following foreign taxes.

1. Taxes paid to a foreign country that you do not legally owe, including amounts eligible for refund by the foreign country. If you do not exercise your available remedies to reduce the amount of foreign tax to what you legally owe, a credit for the excess amount is not allowed.

Example. Country X withholds \$25 of tax from a payment made to you. Under the income tax treaty between the United States and Country X, you owe only \$15 and may claim a refund from Country X for the other \$10. Only $\$ 15$ is eligible for the foreign tax credit (whether or not you apply for a refund).
2. Taxes imposed by and paid to certain foreign countries. These countries are those designated by the Secretary of State as countries that repeatedly provide support for acts of international terrorism, countries with which the United States does not have diplomatic relations, or countries whose governments are not recognized by the United States. Pub. 514 contains a list of these countries.
3. Foreign taxes withheld on a dividend from a corporation, if you have not held the stock for at least 16 days within the 31-day period that begins 15 days before the ex-dividend date. This required holding period is greater for preferred-stock dividends attributable to periods totaling more than 366 days. See section 901(k)(3) or Pub. 514.
4. Foreign taxes withheld on a dividend to the extent that you have to make related payments on positions in similar or related property.

Example. You receive a dividend subject to foreign withholding tax. You are obligated to pay someone else an amount equal to all these dividends you
receive. You may not claim a foreign tax credit for the withholding tax on these dividends.
5. Foreign taxes withheld on income or gain (other than dividends) from property if you have not held the property for at least 16 days within the 31-day period that begins 15 days before the date on which the right to receive the payment arises. This rule applies to income or gain paid or accrued after November 21, 2004. See section 901(I) or Pub. 514.
6. Foreign taxes withheld on income or gain (other than dividends) from property to the extent you have to make related payments on positions in similar or related property. This rule applies to income or gain paid or accrued after November 21, 2004.
7. Payments of foreign tax that are returned to you in the form of a subsidy.
8. Taxes paid or accrued to a foreign country in connection with the purchase or sale of oil or gas extracted in that country if you do not have an economic interest in the oil or gas, and the purchase price or sales price is different from the fair market value of the oil or gas at the time of the purchase or sale.
9. Foreign taxes paid or accrued on income for which you are claiming an exclusion on Form 8873, Extraterritorial Income Exclusion. However, see section 943(d) for an exception for certain withholding taxes.

You cannot take a credit for any interest or penalties you must pay.

## Foreign Currency Conversion

Report all amounts in U.S. dollars except where specified otherwise in Part II. If you have to convert from foreign currency, attach a detailed explanation of how you figured the conversion rate.

If you take a credit for taxes paid, the conversion rate is the rate of exchange in effect on the day you paid the foreign taxes (or on the day the tax was withheld). If you receive a refund of foreign taxes paid, the conversion rate is the rate in effect when you paid the taxes, not when you receive the refund.
If you choose to account for foreign income taxes on an accrual basis, you must generally use the average exchange rate for the tax year to which the taxes relate. However, you cannot do so if either of the following apply. - The foreign taxes are actually paid more than 2 years after the close of the tax year to which they relate.

- The foreign taxes are actually paid in a tax year prior to the year to which they relate.

Accrued foreign taxes not eligible for conversion at the yearly average exchange rate must be converted using

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the exchange rate on the date of payment of the tax.

If you have a qualified business unit, see Pub. 514 for special rules for converting foreign income and taxes into U.S. dollars. You may have a qualified business unit if you own and operate a business or are self-employed in a foreign country.

## Foreign Tax Credit <br> Redeterminations

If you claim a credit for foreign taxes paid, and you receive a refund of all or part of those taxes in a later year, you must file an amended return reducing the taxes credited by the amount refunded.

If you claim the foreign tax credit based on foreign taxes accrued instead of foreign taxes paid, your credit must be redetermined in any of the following situations.

1. Your accrued taxes when paid differ from the amount you claimed as a credit.
2. You do not pay the accrued taxes within 2 years after the close of the tax year to which they relate.
3. After you pay the accrued taxes, you receive a full or partial refund of them.

For item 2 above, foreign taxes paid more than 2 years after the close of the tax year to which they relate may be taken into account in figuring the foreign tax credit for the year to which they relate. However, the taxes must be converted into dollars at the exchange rate in effect at the time they are paid.

If any of the above situations occurs after you file your return, you must file Form 1040X, Amended Ú.S. Individual Income Tax Return, or other amended return, to notify the IRS so that your U.S. tax for the year or years affected can be redetermined. Complete and attach to Form 1040X (or other amended return) a revised Form 1116 for the tax year(s) affected. See Temporary Regulations section 1.905-4T(b) for more information

Note. If you do not notify the IRS of a foreign tax refund or change in the dollar amount of foreign taxes paid or accrued, you may have to pay a penalty.

See Pub. 514 for more information. Tax years beginning before 1998. For the rules relating to redetermining U.S. taxes for years beginning before 1998, see Pub. 514.

Exception. If the change in your foreign tax liability for a tax year beginning before 1998 occurred only because of changes in the exchange rate, you do not need to file Form 1040X or other amended return if the difference between the dollar value of the accrued foreign tax and the dollar
value of the foreign tax you actually paid was less than the smaller of:

- \$10,000, or
- $2 \%$ of the foreign tax initially accrued.

If you meet this exception, adjust your U.S. tax for the year you paid the redetermined foreign tax instead of filing Form 1040X or other amended return.

## Income From Sources Outside the United States

This income generally includes, but is not limited to, the following.

- Compensation for services
performed outside the United States.
- Interest income from a payer located outside the United States.
- Dividends from a corporation
incorporated outside the United States.
- Gain on the sale of nondepreciable personal property you sold while maintaining a tax home outside the United States, if you paid a tax of at least $10 \%$ of the gain to a foreign country.

Special rules apply in determining the source of income from the sale of inventory; sale of depreciable property used in a trade or business; sale of intangible property such as a patent, copyright, or trademark; ocean activities; and transportation services that begin or end in the United States or a U.S. possession. See Pub. 514 for more information.

## Categories of Income

Use a separate Form 1116 to figure the credit for each category of foreign source income listed above Part I of Form 1116. The following instructions tell you what kind of income to include in each category. For more information, see Pub. 514, section 904, and Regulations sections 1.904-4 and 1.904-5.

## a. Passive Income

Passive income generally includes dividends, interest, royalties, rents, annuities, gain from the sale of property that produces such income or of non-income-producing investment property, and gains from foreign currency or commodities transactions. Capital gains not related to the active conduct of a trade or business are also generally passive income.

Passive income does not include high withholding tax interest, export financing interest, active business rents and royalties from unrelated persons, or high-taxed income (see High-Taxed Income on page 4).

Passive income also does not include gain from the sale of inventory or property held primarily for sale to customers in the ordinary course of your trade or business; gain from
commodities hedging transactions; and active business gains or losses of producers, processors, merchants, or handlers of commodities. It may also not include dividends or interest received from a controlled foreign corporation (CFC) in which you are a U.S. shareholder who owns $10 \%$ or more of the total voting power of all classes of the corporation's stock.

## b. High Withholding Tax Interest

In general, high withholding tax interest is foreign interest that is subject to a foreign withholding or other gross-basis tax of $5 \%$ or more.

## c. Financial Services Income

Financial services income generally includes income derived by a financial services entity predominantly engaged in the active conduct of a banking, financing, insurance, or similar business. Financial services income of a financial services entity also includes passive income and certain incidental income; however, no part of the passive income that is financial services income is treated as high-taxed income (see High-Taxed Income on page 4).

If you qualify as a financial services entity because you treat certain items of income as active financing income under Regulations section
1.904-4(e)(2)(i)(Y), you must show the type and amount of each item on an attachment to Form 1116.

## d. Shipping Income

Shipping income generally includes income derived from, or in connection with, the use (or hiring or leasing for use) of any aircraft or vessel in foreign commerce, or income derived from space and ocean activities. Treat income that is both shipping income and financial services income as financial services income.

## e. Dividends From a DISC or Former DISC

This category includes dividends from a DISC (domestic international sales corporation) or former DISC to the extent these dividends are treated as foreign sourced. See section 992(a).

## f. Certain Distributions From a FSC or Former FSC

This category includes distributions from a FSC (foreign sales corporation) or former FSC out of earnings and profits attributable to "foreign trade income." Foreign trade income is the gross income of a FSC attributable to foreign trading gross receipts.

## g. Lump-Sum Distributions

You may take a foreign tax credit for taxes you paid or accrued on a foreign source lump-sum distribution from a

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pension plan. Special formulas may be used to figure a separate tax on a qualified lump-sum distribution for the year in which the distribution is received. See Pub. 575 for more information.

If you are able to elect, and do elect, to figure your U.S. tax on a lump-sum distribution using Form 4972, Tax on Lump-Sum Distributions, a separate foreign tax credit limitation applies. Use a separate Form 1116. On this separate Form 1116, check box g above Part I. Skip Part I. Complete Part II showing only foreign taxes that are attributable to the lump-sum distribution. Then, complete the Worksheet for Lump-Sum Distributions, below, to figure the amounts to enter in Part III.

## h. Section 901(j) Income

No credit is allowed for foreign taxes imposed by and paid or accrued to certain sanctioned countries. However, income derived from each such country is subject to a separate foreign tax credit limitation. Therefore, you must use a separate Form 1116 for income derived from each such country.

These countries are those designated by the Secretary of State as countries that repeatedly provide support for acts of international terrorism, countries with which the United States does not have diplomatic relations, or countries whose governments are not recognized by the United States. Pub. 514 contains a list of these countries
Note. For periods beginning on or after February 1, 2001, the President of the

United States has the authority to waive the denial of the credit with respect to a foreign country if (a) it is in the national interest of the United States and will expand trade and investment opportunities for U.S. companies in such foreign country, and (b) the President reports to the Congress, not less than 30 days before the waiver is granted, the intention to grant such a waiver and the reason for such waiver.

If you paid taxes to a country that ceased to be a sanctioned country during the tax year, see Pub. 514 for details on how to figure the foreign tax credit for the period that begins after the end of the sanctions.

Note. Since no credit is allowed for taxes paid to sanctioned countries, you would generally complete Form 1116 for this category only through line 16.

## i. Certain Income Re-sourced by Treaty

If a sourcing rule in an applicable income tax treaty treats any of the specific types of income described below as foreign source, and you elect to apply the treaty, the income will be treated as foreign source.

- Certain gains (section 865(h)), or
- Certain income from a U.S.-owned
foreign corporation (section 904(g)(10)). See Regulations section 1.904-5(m)(7) for an example.

Important. You must compute a separate foreign tax credit limitation for any such income for which you claim benefits under a treaty, using a separate Form 1116 for each amount of

## Worksheet for Lump-Sum Distributions

(Keep for Your Records)

1. Enter the amount from Form 1116, line 8
2. 
3. Enter the sum of the amounts from Form 4972, lines 6 and 12, that are from foreign sources. Also enter this amount on Form 1116, line 16.
. Enter the sum of the amounts from Form 4972, lines 6 and 12, that are from all sources (both U.S. and foreign). Also enter this amount on Form 1116, line 17
4. $\qquad$
. Divide line 2 by line 3 . Enter the result as a decimal (rounded to at least four places) here and on Form 1116, line 18. If line 2 is equal to or more than line 3 , enter " 1 "
5. 
6. Enter the amount from Form 4972, line 30. Also include this amount on Form 1116, line 19.
Caution: Do not include the amount on line 5 above in the tax you enter on line 19 of any other Form 1116 you are filing.
7. Multiply line 5 by line 4 . Enter the result here and on Form 1116, line 20
8. 
9. 
10. $\qquad$
$\qquad$
. Enter the smaller of line 1 or line 6 here and on Form 1116, line 21. To the left of line 21, write "LSD"
re-sourced income from a treaty country. Add the amounts from line 21 of each separate Form 1116 and enter the total on line 28 of your summary Form 1116 (that is, the Form 1116 for which you are completing Part IV).
Note. Other types of income that are re-sourced under the terms of an income tax treaty (for example, compensation for services performed in the United States by a U.S. citizen resident in a foreign country) are not subject to a separate foreign tax credit limitation. However, the specific treaty may provide for other restrictions on the amount of income that is re-sourced or the amount of credit that is allowed with respect to foreign tax paid on re-sourced income. See, for example, article 24 , paragraph 1 , of the treaty between France and the United States.

## j. General Limitation Income

General limitation income is income that does not fall into one of the above categories. Common examples include:

- Wages, salary, and overseas allowances of an individual as an employee.
- Income earned in the active conduct of a trade or business that does not fall into one of the above categories.
- Gains from the sale of inventory or depreciable property used in a trade or business that do not fall into one of the above categories.


## Special Rules

## High-Taxed Income

In some cases, passive income and taxes must be treated as general limitation income and taxes. Generally, passive income and taxes must be placed in the general limitation income category if the foreign taxes you paid on the income (after allocation of expenses) exceed the highest U.S. tax that can be imposed on the income. However, no part of the passive income that is financial services income is treated as high-taxed income. See Regulations section 1.904-4(c) for more information.

## Look-Through Rules

Certain income received or accrued by you as a 10\%-or-more U.S. shareholder in a controlled foreign corporation (CFC) is treated as income in one of the separate limitation categories listed under Categories of Income starting on page 3. For example, Subpart F inclusions, dividends, interest, rents, and royalties from a CFC are treated as separate limitation income to the extent they are attributable to separate limitation income of the CFC. See Regulations section 1.904-5 for more information.

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## Reporting Foreign Tax Information From Partnerships and S Corporations

If you received a 2004 Schedule K-1 from a partnership or Scorporation that includes foreign tax information, use the rules below to report that information on Form 1116.

## General Information for Partners and S Corporation Shareholders

Less-than-10\% limited partners and certain less-than-10\% S corporation shareholders. If you are a limited partner or an S corporation shareholder who does not actively participate in the management of the $S$ corporation and you own a less-than-10\% interest (by value) in the partnership or S corporation, you generally may assign exclusively to the passive income category your distributive share of foreign source income and deductions from that partnership or S corporation. See Regulations section 1.904-5(h)(2) for more details and exceptions.
Note. This rule takes precedence over the income category rules outlined in the instructions that follow for line 16, codes C and D-F, (or line 14, codes C and D-F) of the Schedule K-1 and the apportionment of deductions rules outlined in the instructions on page 6 for line 16, codes H and I-K, (or line 14 codes H and $\mathrm{I}-\mathrm{K}$ ) of the Schedule K-1.

## Reporting amounts on Form 1116.

 Include amounts reported to you on Schedule K-1 with any other amounts reportable on Form 1116 using:- A separate Form 1116 for each category of income.
- A separate column in Part I and a separate line in Part II for each country or possession.


## Explanation of Certain Line Items on Schedule K-1

Note. In each instance that follows, the first line reference is to the Schedule K-1 for Form 1065 and the second line reference is to the Schedule K-1 for Form 1120S. (The Schedule K-1 for Form 1065-B includes all foreign tax information in an attachment for box 9.)
Line 16, code B, or line 14, code BGross income from all sources. Combine your distributive share of "gross income from all sources" with all of your other gross income and enter the total on line 3e. "Gross income from all sources" is a constant amount (that is, you will enter the same amount on line 3 e of all Forms 1116 that you file).
Line 16, code C, or line 14, code CGross income sourced at partner or shareholder level. This line includes income from the sale of eligible personal property (most personal property other than inventory,
depreciable property, and certain intangible property). See Pub. 514 for details.

AAlthough all income reported to you on this line of the Schedule K-1 has been apportioned to separate categories of income, you must nevertheless first determine (using the rules below) whether the income on this line is U.S. source income or foreign source income. Then, enter only foreign source income in Part I of each of the applicable Forms 1116 (that is, those Forms 1116 for each category of income you received from the partnership or S corporation).

Use the following rules to source the income reported to you on this line of the Schedule K-1. If you are a U.S. resident (as defined below), the income is U.S. source income. If you are a nonresident (as defined below), the income is foreign source income.
U.S. resident. A U.S. resident is a U.S. citizen or resident alien who does not have a tax home in a foreign country or a nonresident alien who has a tax home in the United States.

Tax home. Generally, your tax home is the general area of your main place of business, employment, or post of duty, regardless of where you maintain your family home. Your tax home is the place where you are permanently or indefinitely engaged to work as an employee or self-employed individual. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

Nonresident. A nonresident is any person who is not a U.S. resident. U.S. citizens and resident aliens with a foreign tax home will not be treated as nonresidents for a sale of eligible personal property unless a foreign tax of $10 \%$ or more was paid or accrued on the gain on the sale (or, in the case of a loss sale, a foreign tax of $10 \%$ or more would have been paid had the sale resulted in a gain).
Note. To help you with these rules, the partnership has specifically identified the following.

- Gains on the sale of eligible personal property for which a foreign tax of $10 \%$ or more was paid or accrued.
- Losses on the sale of eligible personal property for which a foreign tax of $10 \%$ or more would have been paid had the sale resulted in a gain.

Include foreign source income in Part I of the applicable Form 1116 (that is, the Form 1116 for each category of income provided to you for this line of the Schedule K-1). Do not include in Part I of Form 1116 income that you
determined (using the above rules) to be U.S. source income.

It the partnership or S corporation has specifically identified any capital gains or losses or unrecaptured section 1250 gain on this line (Schedule K-1, line 16, code C, or line 14, code C) and you have determined that those gains or losses are foreign source, see Foreign Qualified Dividends and Capital Gains (Losses) starting on page 6 before entering an amount in Part I of Form 1116.
Line 16, codes D, E, and F, or line 14, codes D, E, and F-Foreign gross income sourced at partnership or S corporation level. Income reported on this line has already been sourced for you by the partnership or S corporation. The partnership or S corporation has reported this income to you by country and by category of income. Include these amounts in Part I of each of the applicable Forms 1116 (that is, those Forms 1116 for each category of income you received).
Note. You should disregard any information shown on your Schedule K -1 pertaining to gross income attributable to a foreign branch. It is intended only for corporate partners preparing Form 1118.
Line 16, code G, or line 14, code GInterest expense. See the instructions for line 4b on page 14 to allocate and apportion the interest expense shown on this line of Schedule K-1. In applying those instructions, take into account your distributive share of the partnership's or S corporation's gross income (for purposes of the $\$ 5,000$ threshold) or your pro rata share of the partnership's or S corporation's assets. However, if you were a limited partner or an S corporation shareholder who did not actively participate in the management of the $S$ corporation and your interest in the partnership or S corporation was less than $10 \%$, see the paragraph below. Include interest expense that you allocate to foreign source income on line 4b of the applicable Form 1116. Do not enter in Part I of Form 1116 any interest expense that you allocate to U.S. source income.
Less-than-10\% limited partners and certain less-than-10\% S corporation shareholders. If you are a limited partner or an S corporation shareholder (who does not actively participate in the management of the $S$ corporation) and you own (directly or indirectly) a less-than-10\% interest (by value) in the partnership or S corporation, you may generally allocate your distributive share of interest expense from that partnership or $S$ corporation to foreign or U.S. source income based on your distributive share of the gross foreign or U.S. source

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income of that partnership or S corporation. The interest expense you allocate to foreign source income generally may be apportioned exclusively to the passive income category. However, see Temporary Regulations section 1.861-9T(e)(4) for exceptions.

Line 16, code H, or line 14, code HOther expenses. This line includes expenses (other than interest expense) of the partnership or S corporation that must be allocated and apportioned at the partner or shareholder level (for example, research and experimental expenses).

Combine your distributive share of these expenses with all of your other like expenses, if any, and then allocate and apportion them using the applicable rules (for example, for research and experimental expenses, the rules under Regulations section 1.861-17(f)).

Include expenses that you allocate to foreign source income on line 2 of the applicable Form 1116. Expenses that you allocate to U.S. source income should not be entered on any line of Part I of Form 1116
Line 16, codes I, J, and K, or line 14, codes I, J, and K-Deductions allocated and apportioned at partnership or S corporation level to foreign source income. The partnership or S corporation has already allocated these expenses to foreign source income and has reported them to you by country and by category of income. Include these amounts on line 2 of each of the applicable Forms 1116 (that is, those Forms 1116 for each category of income you received).
Note. You should disregard any information shown on your Schedule K-1 pertaining to definitely allocable deductions attributable to a foreign branch. It is intended only for corporate partners preparing Form 1118.
Line 16, codes L and M, or line 14 codes $L$ and $M$-Total foreign taxes. The partnership or S corporation has already allocated and apportioned total foreign taxes for you and has reported them to you by country and by category of income. Include these amounts in Part II of each of the applicable Forms 1116 (that is, those Forms 1116 for each category of income you received).
Line 16, code N, or line 14, code NReduction in taxes available for credit. The partnership or S corporation has already apportioned the reduction in taxes available for credit and has reported it to you by country and by category of income. Include these amounts on line 12 of each of the applicable Forms 1116 (that is, those Forms 1116 for each category of income you received).

## Foreign Qualified Dividends and Capital Gains (Losses)

If you have foreign source qualified dividends or foreign source capital gains (including any foreign source capital gain distributions) or losses, you may be required to make certain adjustments to those amounts before taking them into account on line 1 (qualified dividends and gains) or line 5 (losses). You may use the instructions in this section to determine those adjustments. If you choose not to use the rules outlined in this section, see sections 1(h)(11)(C)(iv) and 904(b)(2) to determine the adjustments you must make.

If you completed the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for your tax return, and are not required to file Schedule D, see Qualified Dividends and Capital Gain Tax Worksheet (Individuals), next, to determine the adjustments you may be required to make. If you completed the Qualified Dividends Tax Worksheet in the instructions for Form 1041, see Qualified Dividends Tax Worksheet (Estates and Trusts), below, to determine the adjustments you may be required to make. If you are required to file Schedule D, see Schedule D Filers, on the next page, to determine the adjustments you may be required to make.

## Qualified Dividends and Capital Gain Tax Worksheet (Individuals)

You must adjust the amount of your foreign source qualified dividends and capital gain distributions if all of the following apply:

- You completed the Qualified Dividends and Capital Gain Tax Worksheet in your tax return instructions.
- You do not have to file Schedule D.
- Line 7 of the Qualified Dividends and Capital Gain Tax Worksheet is greater than zero.
- Line 17 of the Qualified Dividends and Capital Gain Tax Worksheet is less than line 18 of that worksheet.

Adjustment exception If you qualify for the adjustment exception, you do not need to make any adjustment to your foreign source capital gains or qualified dividends. You qualify for the adjustment exception if you meet both of the following requirements.

1. Line 7 of the Qualified Dividends and Capital Gain Tax Worksheet does not exceed:
a. $\$ 178,650$ if married filing jointly or qualifying widow(er)
b. \$89,325 if married filing separately,
c. $\$ 146,750$ if single, or
d. $\$ 162,700$ if head of household.
2. The amount of your foreign source capital gain distributions, plus the amount of your foreign source qualified dividends, is less than $\$ 20,000$. For this purpose, ignore any capital gain distributions or qualified dividends you elected to include on Form 4952, line 4 g .

How to make adjustments. To adjust your foreign source qualified dividends, multiply your foreign source qualified dividends in each separate category by 0.4286 . Include the results on line 1 of the applicable Form 1116.

CAUTIONDo not adjust the amount of any foreign source qualified dividends that you elected to include on line 4 g of Form 4952.

To adjust your foreign source capital gain distributions, multiply your foreign source capital gain distributions in each separate category by 0.4286 . Include the results on line 1 of the applicable Form 1116.

No adjustments required. If you are not required to adjust the amount of your foreign source qualified dividends or capital gain distributions, include the amount of your foreign source qualified dividends and capital gain distributions in each separate category (without adjustment) on line 1 of the applicable Form 1116.

## Qualified Dividends Tax

 Worksheet (Estates and Trusts)If you completed the Qualified Dividends Tax Worksheet in the instructions for Form 1041, you must adjust the amount of your foreign source qualified dividends if:

- Line 5 of the Qualified Dividends Tax Worksheet is greater than zero and
- Line 15 of the Qualified Dividends Tax Worksheet is less than line 16 of that worksheet.

Adjustment exception. If you qualify for the adjustment exception, you do not need to make any adjustment to your foreign source qualified dividends. You qualify for the adjustment exception if:

1. Line 5 of the Qualified Dividends Tax Worksheet does not exceed \$7,000, and
2. The amount of foreign source qualified dividends reported on Form 1041 , line $2 \mathrm{~b}(2)$ is less than $\$ 20,000$. For this purpose, ignore any qualified dividends you elected to include on Form 4952, line 4g.

## How to make adjustment.

To adjust your foreign source qualified dividends, multiply your foreign source qualified dividends in each separate category by 0.4286 . Include the results on line 1 of the applicable Form 1116.

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$\Delta$Do not adjust the amount of any foreign source qualified dividends that you elected to include on Form 4952, line $4 g$.
No adjustment required. If you are not required to make adjustments to your foreign source qualified dividends, include your foreign source qualified dividends on line 1 of the applicable Form 1116 without adjustment.

## Schedule D Filers

Note. Throughout these instructions, references to Schedule D (Form 1041) are for estates and trusts only.

## Adjustments to foreign qualified

 dividends. If you are required to file Schedule D (Form 1040 or Form 1041), you must adjust the amount of your foreign source qualified dividends that you include on line 1 of Form 1116 if one of the following applies to you.1. You figured your tax using the Qualified Dividends and Capital Gain Tax Worksheet (Form 1040), line 7 of that worksheet is greater than zero, and line 17 of that worksheet is less than line18.
2. You figured your tax using Schedule D (Form 1041), line 23 of Schedule D is greater than zero, and line 33 of Schedule D is less than line 34.
3. You figured your tax using the Schedule D Tax Worksheet (in the Schedule D (Form 1040) instructions or in the Form 1041 instructions), line 14 of the Schedule D Tax Worksheet is greater than zero, and line 35 of the Schedule D Tax Worksheet is less than line 36.

Adjustment exception. If you qualify for the adjustment exception, you do not need to make any adjustment to your foreign source qualified dividends. You qualify for the adjustment exception if the amount of your foreign source net capital gain, plus the amount of your foreign source qualified dividends, is less than \$20,000 and either of the following applies to you.

1. Line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040 or line 14 or the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040) is less than or equal to:
a. $\$ 178,650$ if married filing jointly or qualifying widow(er),
b. $\$ 89,325$ if married filing separately,
c. $\$ 146,750$ if single, or
d. $\$ 162,700$ if head of household.
2. Line 23 of Schedule D (Form
1041) or line 14 of the Schedule D Tax Worksheet in the Form 1041 instructions is less than or equal to \$7,000.
Note. Your foreign source net capital gain is the excess of your net long-term capital gain from foreign sources over your net short-term capital loss from foreign sources. Ignore any long-term capital gains you elected to include on Form 4952, line 4 g in determining your foreign source net capital gain. Ignore any qualified dividends you elected to include on Form 4952, line 4 g in determining the amount of your foreign source qualified dividends.

How to make adjustment. To adjust your foreign source qualified dividends, multiply your foreign source qualified dividends in each separate category by 0.4286 . Include the results on line 1 of the applicable Form 1116.

$\Delta$Do not adjust the amount of any foreign source qualified include on Form 4952, line $4 g$.

No adjustment required. Include on line 1 of Form 1116 the full amount of foreign source qualified dividends that you are not required to adjust.
Adjustments to foreign capital gains and losses. You may use Worksheet A, Worksheet B, or the instructions for Capital Gains and Losses in Pub. 514 to determine the adjustments you must make to your foreign capital gains or losses. Use the instructions below to see if you qualify to use Worksheet A or Worksheet B. If you do not qualify to use Worksheet A or Worksheet B, or you choose not to use the worksheets, use the instructions for Capital Gains and Losses in Pub. 514 to determine the adjustments you must make.


Before you complete Worksheet A or Worksheet B, you must reduce each foreign source long-term capital gain by the amount of that gain you elected to include on Form 4952, line $4 g$. The gain you elected to include on Form 4952, line $4 g$, must be entered directly on line 1 of the applicable Form 1116 without adjustment.

Worksheet A. You may use Worksheet A on page 8 to determine the adjustments you must make to your foreign source capital gains or losses if you have foreign source capital gains or losses in no more than two separate categories and any of the following apply.

- You qualify for the adjustment exception discussed earlier under Adjustments to foreign qualified dividends under Schedule D Filers. - You figured your tax using the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040 instructions and either line 3 or line 7 of that worksheet is zero or line 17 of that worksheet is equal to or greater than line 18.
- You figured your tax using Schedule D (Form 1041) and (a) line 23 of Schedule D is zero, (b) line 16 is zero or a loss, or (c) line 33 is equal to or greater than line 34.
- You figured your tax using the Schedule D Tax Worksheet (in the Schedule D (Form 1040) instructions or in the Form 1041 instructions) and (a) line 14 is zero, (b) line 7 is zero or a loss, or (c) line 35 is equal to or greater than line 36.

Complete Worksheet A only once, even if you have capital gains or losses in two separate categories. Retain the completed Worksheet A for your files. Do not file Worksheet A with your tax return.

Capital losses are deductible only up to $\$ 3,000$ of ordinary income.

Worksheet B. If you do not qualify to use Worksheet A, use Worksheet B on page 9 to determine the adjustments you must make to your foreign source capital gains or losses if:

- You have foreign source capital gains or losses in no more than two separate categories, and
- You did not complete the Unrecaptured Section 1250 Gain Worksheet or the $28 \%$ Rate Gain Worksheet in the Schedule D instructions.

Complete Worksheet B only once, even if you have capital gains or losses in two separate categories. Retain the completed Worksheet B for your files. Do not file Worksheet B with your tax return.

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| Worksheet A (See instructions below) | (Keep for Your Records) |
| :---: | :---: |
| Category \#1 | Category \#2 |
| Specify |  |
| 1. Separate category capital gain or (loss) . . . . . . . . . . . . . . 1. |  |
| 2. Foreign source capital gain net income | . 2. |
| 3. Capital gain net income | 3. |
| 4. Total U.S. capital loss adjustment | 4. |
| 5. Adjusted separate category capital gain | 5. |
| 6. U.S. capital loss adjustment factor. (For each separate category, divide line 1 by line 2 and round off the result to at least four decimal places.) |  |
| 7. U.S. capital loss adjustment. (For each separate category, multiply line 4 by line 6 .) | - |
| 8. Adjusted separate category capital gain. (For each separate category, subtract line 7 from line 1. Enter the result here and include the result on line 1 of the applicable Form 1116.) |  |

## Instructions for Worksheet A

Line 1. For each separate category for which you have foreign source capital gains or losses, combine your foreign source capital gains and losses in that separate category and enter the result on line 1 . Show a loss on line 1 of this worksheet as a negative amount and include the loss on line 5 of the Form 1116 you are filing for that separate category.
Line 2. Combine the amounts entered on line 1. If the result is zero or less, do not complete the rest of the worksheet. Instead, for each separate category with a positive amount on line 1 of this worksheet, include that positive amount on line 1 of the Form 1116 you are filing for that separate category.
Line 3. Enter the amount from line 16 of Schedule D (Form 1040), less the portion of net capital gain you included on Form 4952 , line 4 g . If the result is zero or less, enter -0-.
Estates and trusts: Enter the amount from line 15 of Schedule D (Form 1041), less any amount shown on line 21 of that Schedule D. If the result is zero or less, enter -0-.
Line 4. Subtract line 3 from line 2 and enter the result on line 4 . If the result is zero or less, do not complete the rest of the worksheet. Instead, for each separate category with a positive amount on line 1 of this worksheet, include that positive amount on line 1 of the Form 1116 you are filing for that separate category.

Line 5.

- If both separate categories have a positive amount on line 1 , skip line 5 and go to line 6 .
- If only one separate category has a positive amount on line 1, subtract line 4 from that positive amount. Enter the result here and include the result on line 1 of the Form 1116 you are filing for that separate category. Skip lines 6-8 of this worksheet.

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| Worksheet B (See instructions below) |  |  | (Keep for Your Records) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Category \#1 <br> Specify $\qquad$ |  | Category \#2 Specify $\qquad$ |  |  |
|  | $\stackrel{(1)}{\text { Short-Term }}$ | (2) $\substack{\text { Long-Term } \\(15 \%)}$ | (3) <br> Short-Term | $\begin{gathered} \text { (4) } \\ \text { Long-Term } \\ (15 \%) \end{gathered}$ | $\begin{aligned} & (5) \\ & \text { Other } \end{aligned}$ |
| 1. Separate category rate group capital gain or (loss). |  |  |  |  |  |
| 2. U.S. capital loss adjustment amount. |  |  |  |  |  |
| 3. Subtotal (subtract line 2 from line 1). |  |  |  |  |  |
| 4. Net U.S. long-term capital loss |  |  |  |  |  |
| 5. Long-term capital loss adjustment |  |  |  |  |  |
| 6. Excess net U.S. long-term capital loss |  |  |  |  |  |
| 7. Long-term capital gain (or adjustment amount) |  |  |  |  |  |
| 8. Long-term limitation percentage |  |  |  |  |  |
| 9. Long-term limitation amounts |  |  |  |  |  |
| 10. Adjustment amounts |  |  |  |  |  |
| 11. Rate differential adjustments |  |  |  |  |  |
| 12. Long-term gains |  |  |  |  |  |
| 13. Rate differential adjustment |  |  |  |  |  |
| 14. Long-term gain |  |  |  |  |  |
| 15. Adjusted separate category capital gains and losses |  |  |  |  |  |

## Instructions for Worksheet B

Line 1. For each separate category:

- Combine your foreign source short-term capital gains and losses and enter the result in column (1) or (3).
- Combine your foreign source long-term capital gains and losses and enter the result in column (2) or (4).

Line 2. Complete the Line 2 Worksheet on page 11 for each column on line 1 with a gain.
Line 4. Enter your net long-term capital loss (if any) from U.S. sources. To determine this amount, subtract your long-term capital losses from U.S. sources from your long-term capital gains from U.S. sources. Enter the loss (if any) as a positive amount in column (5). If you do not have a loss, leave line 4 blank and skip lines 5 through 14.
Line 5. Combine the amounts (if any) from columns (2) and (4) on line 2. Enter the result in column (5). If you do not have any amount entered in either column, enter -0- in column (5).
Line 6. Subtract line 5 from line 4. Enter the result in column (5). If the result is zero or less, leave line 6 blank and skip lines 7 through 14 of this worksheet.

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## Line 7.

- If you entered an amount in either column (2) or (4) (but not both) of line 3, subtract line 6 from the amount entered in either column (2) or (4) of line 3. Enter the result in column (2) or (4) on line 7 and skip lines 8 through 12.
- If you entered amounts in both columns (2) and (4) on line 3, combine those amounts and enter the result in column
(5) on line 7.

Line 8. Divide each amount on line 3 by line 7 and enter the results on line 8 . Round off each result to at least four decimal places.

Line 9. Multiply each decimal amount on line 8 by line 6 and enter the results in the appropriate columns on line 9.
Line 10. Subtract line 9, column (2) from line 3, column (2) and enter the result on line 10, column (2). Subtract line 9, column (4) from line 3, column (4) and enter the result on line 10, column (4).
Line 11. Multiply each amount on line 10 by 0.4286 and enter the results here.
Line 12. Combine line 11, column (2) with line 9, column (2) and enter the result on line 12, column (2). Combine line 11, column (4) with line 9 , column (4) and enter the result on line 12, column (4). Include the amounts on line 1 of the applicable Form 1116. Skip lines 13 and 14.
Line 13. Multiply line 7 by 0.4286 and enter the result here.
Line 14. Combine line 6 and line 13 and enter the result here. Include the result on line 1 of the applicable Form 1116.
Line 15.
If you have a:

- Short-term gain shown in column (1) or (3) of line 3, enter the amount of that short-term gain on line 15, column (1)
or (3).
- Long-term gain shown in column (2) or (4) of line 3 , and line 6 is blank, multiply the amount of each gain by 0.4286 and enter the result on line 15, column (2) or (4).
- Loss in any column of line 3, complete the Line 15 Worksheet on page 12 for each column with a loss.

After you have completed line 15:

- Include line 15 gain amounts on line 1 of the applicable Form 1116.
- Include line 15 loss amounts on line 5 of the applicable Form 1116.

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Line 2 Worksheet (For Line 2 of Worksheet B)
(See instructions below)
(Keep for Your Records)


Line 1. Enter your gains and losses from line 1 of Worksheet $B$. Enter a loss as a negative amount (in parentheses).
Line 2. For each separate category, combine the amounts from line 1. Enter a loss as a negative amount (in parentheses).
Line 3. Combine the amounts from line 2 of this worksheet. If the result is zero or less, stop here. Do not enter any amount on line 2 of Worksheet B.
Line 4. Enter the amount from line 16 of the Schedule D (Form 1040), less the portion of net capital gain you included on Form 4952, line 4 g . If the amount entered on line 4 is zero or less, stop here. Do not continue with this worksheet or Worksheet B. Instead, complete Worksheet A.
Estates and trusts: Enter the amount from line 15 of the Schedule D (Form 1041), less any amount shown on line 21 of that Schedule D. If the amount entered on line 4 is zero or less, stop here. Do not continue with this worksheet or Worksheet B. Instead, complete Worksheet A.

Line 5. Subtract line 4 from line 3 and enter the result on line 5. If the result is zero or less, stop here. Do not enter any amount on line 2 of Worksheet B.

## Line 6.

- If only one separate category has a positive amount on line 2, enter the amount from line 5 on line 6 (in the column for the separate category with the positive amount on line 2).
- If both separate categories have positive amounts on line 2, divide each amount on line 2 by line 3 . Multiply each result by line 5 . Enter the results on line 6.
Line 7.
For each separate category:
- If you entered an amount on line 6 and you entered positive amounts in both the short-term and long-term columns on line 1, divide each positive amount on line 1 by line 2 and enter the result.
- Leave line 7 blank if you did not enter an amount on line 6 or only one column on line 1 has a positive amount. Line 8.
For each separate category:
- If you entered amounts on line 7 , multiply each amount on line 7 by line 6 . Enter the results in the appropriate columns on line 8 and on line 2 of Worksheet B.
- If line 7 is blank, enter the amount from line 6 in the appropriate column on line 8 and line 2 of Worksheet B . If line 6 is blank, do not enter any amount on line 8 or line 2 of Worksheet B.


# Line 15 Worksheet <br> (For line 15 of Worksheet B.) 

(Keep for Your Records)

Step 1. Enter your net short-term capital gain (if any) from U.S. sources. To determine this amount, subtract your short-term capital losses from U.S. sources from your short-term capital gains from U.S. sources. If the result is zero or a loss, enter -0- $\qquad$
Step 2. If you entered a short-term gain on line 3 of Worksheet B, enter that amount here $\qquad$
$\qquad$
Step 3. Add Step 1 and Step 2
Step 4. If you entered a short-term capital loss on line 3 of Worksheet B for one (but not both) of the separate categories, complete the following worksheet and then skip Step 5. Otherwise, skip Step 4 and go to Step 5.

1. Enter the amount of the short-term loss (enter the loss as a positive amount).
2. Enter the gain determined in Step 3
3. Subtract line 2 from line 1 . If zero or less, enter -0 -
4. Multiply line 3 by 0.4286
5. Enter the smaller of line 1 or line 2
6. Add lines 4 and 5 . Enter the result here and on line 15 of Worksheet B
tep 5. If you entered a short-term capital loss on line 3 of Worksheet B for both separate categories and:

- The Step 1 result is zero or a loss. Multiply each short-term loss by 0.4286 and enter the results on line 15 of Worksheet B.
- The Step 1 result is a gain. Complete the following worksheet:

1. Enter your short-term loss in Category \#1 (enter the loss as a positive amount)
2. Enter your short-term loss in Category \#2 (enter the loss as a positive amount)
3. Add line 1 and line 2
4. Enter the gain determined in Step 1
5. Subtract line 4 from line 3 and enter the result here. If the result is zero or less, enter $-0-$ and do not complete the remainder of this worksheet. Instead, enter each short-term loss on line 15 of Worksheet B, in the applicable column, without adjustment (that is, each short-term loss you enter on line 15 of Worksheet $B$ will be the same as the short-term loss you entered on line 3 of Worksheet B)
6. Multiply line 5 by 0.4286 and enter the result here
7. Add line 4 and line 6
8. Divide line 1 by line 3. Multiply the result by line 7 and enter the result here and on Worksheet B, line 15, column (1)
9. Divide line 2 by line 3 . Multiply the result by line 7 and enter the result here and on Worksheet B, line 15, column (3)

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## Specific Instructions

## Part I-Taxable Income or Loss From Sources Outside the United States



Part I must be completed by all filers unless specifically indicated otherwise in these instructions

## Line I-Foreign Country or U.S. Possession

Generally, if you received income from, or paid taxes to, more than one foreign country or U.S. possession, report information on a country-by-country basis on Form 1116, Parts I and II. Use a separate column in Part I and a separate line in Part II for each country or possession. If you paid taxes to more than three countries or possessions, attach additional sheets following the format of Parts I and II.

## Line 1-Foreign Gross Income

Include income in the category checked above Part I that is taxable by the United States and is from sources within the country entered on line I. You must include income even if it is not taxable by that foreign country. Identify the type of income on the dotted line next to line 1. Do not include any earned income excluded on Form 2555, Foreign Earned Income, or Form

2555-EZ, Foreign Earned Income Exclusion.

Example. If you received dividends (passive income) and wages (general limitation income) from foreign sources, you must complete two Forms 1116. On one Form 1116, check box a (passive income), enter the dividends on line 1, and write "Dividends" on the dotted line. On the other Form 1116, check box j (general limitation income), enter on line 1 wages not excluded on Form 2555 or Form 2555 -EZ, and write "Wages" on the dotted line. Complete Parts I, II, and III of each Form 1116. Then, complete the summary Part IV on one Form 1116.

CAUTIONIf you are filing a Form 1116 that includes foreign source qualified dividends or foreign source capital gains or losses, see Foreign Qualified Dividends and Capital Gains (Losses) starting on page 6.

## Lines 2 Through 5- <br> Deductions and Losses

You must reduce your foreign gross income on line 1 by entering on lines 2 through 5:

- Any of your deductions that definitely relate to that foreign income, and
- A ratable share of your other deductions that do not definitely relate to either that foreign income or to your U.S. source income.

Do not include:

- Deductions and losses related to exempt or excluded income, such as foreign earned income you have excluded on Form 2555 or
Form 2555-EZ.

Worksheet for Home Mortgage Interest —Line 4a
(Keep for Your Records)

Note: Before you complete this worksheet, read the instructions for line 4a above.

1. Enter gross foreign source income* of the type shown on

Form 1116. Do not enter income excluded on Form 2555 or Form 2555-EZ
1.
2.
3.
4.
5. $\qquad$ appropriate Form 1116, line 4a
$\qquad$
2. Enter gross income from all sources. Do not enter income excluded on Form 2555 or Form 2555-EZ
$\qquad$ (rounded to at least four places)
4. Enter deductible home mortgage interest (from lines 10 through 12 of Schedule A (Form 1040))** $\qquad$
5. Multiply line 4 by line 3 . Enter the result here and on the
*If you have to report income from more than one country on Form 1116, complete a separate worksheet for each country. Use only the income from that country on line 1 of the worksheet.
**If you were required to reduce the amount of your itemized deductions on Schedule A, enter the reduced amount of home mortgage interest on line 4 of the worksheet.

- The deduction for personal exemptions.

Special rules apply to the allocation of research and experimental expenditures. See Regulations section 1.861-17.

If the law of a U.S. state to which you pay income taxes does not specifically exempt foreign source income from tax, you may be required to make a special allocation of state taxes you paid. See Pub. 514 for more information.
Itemized deduction limit. If you must reduce the total amount of your itemized deductions on line 28 of Schedule A (Form 1040) because your adjusted gross income was more than \$142,700 (\$71,350 if married filing separately), you must reduce each of the itemized deductions that are subject to the reduction by the reduction percentage before you complete lines 2, 3a, and 4a.

Use the Itemized Deductions Worksheet in the Instructions for Schedule A (Form 1040) to figure the reduction percentage. Divide the amount on line 9 of the worksheet (the overall reduction) by the amount on line 3 of the worksheet (total itemized deductions subject to the reduction). This is your reduction percentage. Apply this percentage (expressed as a decimal rounded to at least four places) to each itemized deduction subject to the reduction to determine the amount to enter on the appropriate line of Form 1116.
Note. You do not need to make this computation if the entire amount of your itemized deductions is entered on any one of the following lines: line 2, line 3 a , or line 4a. Just enter your reduced itemized deductions on that line.

Example. You are single and have an adjusted gross income of $\$ 202,700$. Your itemized deductions subject to the overall reduction (line 3 of the worksheet) total $\$ 20,000$. $\$ 8,000$ of these deductions are definitely related to the income on Form 1116, line 1. The other $\$ 12,000(\$ 20,000-\$ 8,000)$ are gifts to charity. You made $\$ 9,000$ of these gifts before July 28, 2004. As explained in the instructions for line 3 a , you enter only this part of the gifts to charity on line 3a (after making the reduction explained here). You did not elect to omit all gifts to charity from line 3a.

The amount of the overall reduction on line 9 of the worksheet is $\$ 1,800$. To figure the amount of the charitable deduction to include in the total for line 3a of Form 1116, divide the amount on line $9(\$ 1,800)$ by the amount on line 3 $(\$ 20,000)$. This is your reduction percentage (9\%). You must reduce your \$9,000 deduction by $\$ 810$ ( $9 \%$ x $\$ 9,000$ ). The reduced deduction of $\$ 8,190(\$ 9,000-\$ 810)$ is the amount

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to enter on line 3a of Form 1116. Make a similar computation to figure the amount of definitely related itemized deductions $(\$ 7,280)$ to enter on line 2.

## Line 2



Before you complete line 2, read Itemized deduction limit starting on page 13.

Enter your deductions that definitely relate to the gross income from foreign sources shown on line 1. For example, if you are an employee reporting foreign earned income on line 1, include on line 2 expenses such as those incurred to move to a new principal place of work outside the United States or supplies you bought for your job outside the United States.

Do not include any interest expense on line 2. See lines 4a and 4b for special rules for interest expense.

## Lines 3a and 3b

Some deductions do not definitely relate to either your foreign source income or your U.S. source income. Enter on lines 3a and 3b any deductions (other than interest expense) that:

- Are not shown on line 2, and
- Are not definitely related to your U.S. source income.
Line 3a. Before you complete line 3a, read Itemized deduction limit starting on page 13.

Enter the following itemized deductions (from Schedule A (Form 1040)) on line 3a.

- Medical expenses (line 4)
- Real estate taxes (line 6)
- Gifts to charity (line 18) you made before July 28, 2004. However, for tax years ending after July 27, 2004, you can elect to omit these contributions from line 3a
- General sales taxes (line 5)

If you do not itemize deductions, enter your standard deduction on line 3 a .
Line 3b. Enter on line 3b any other deductions that do not definitely relate to any specific type of income (for example, the deduction for alimony paid from Form 1040, line 34a).

## Lines 3d and 3e

For lines 3d and 3e, gross income means income without regard to deductions and losses.
Line 3d. Enter your gross foreign source income from the category you checked above Part I of this
Form 1116. Include any foreign earned income you have excluded on Form 2555 or Form 2555-EZ.

If you had income from more than one country, you must enter income from only one country in each column.
Line 3e. Enter on line 3 e in each column your gross income from all sources and all categories, both U.S.
and foreign. This figure includes, but is not limited to, foreign earned income you have excluded on Form 2555 or Form 2555-EZ; tax-exempt interest from Form 1040, line 8b; and the nontaxable portion of U.S. social security benefits included on Form 1040, line 20a.

If you are a nonresident alien, include on both lines 3d and 3e your income that is not effectively connected with a trade or business in the United States.

## Line $3 f$

Divide line 3d by line 3e and round off the result to at least four decimal places (for example, if your result is 0.8756782 , round off to 0.8757 , not to 0.876 or 0.88 ). Enter the result, but do not enter more than "1."

## Line 4 a

If your gross foreign source income (including income excluded on Form 2555 or Form 2555-EZ) does not exceed $\$ 5,000$, you may allocate all of your interest expense to U.S. source income. Otherwise, deductible home mortgage interest (including points) is apportioned using a gross income method. Use the worksheet below to figure the amount to enter on line 4a. Before you complete the worksheet, read Itemized deduction limit starting on page 13.

## Line 4b

Other interest expense includes investment interest, interest incurred in a trade or business, and passive activity interest. If you are a U.S. citizen, resident alien, or a domestic estate, and your gross foreign source income (including any income excluded on Form 2555 or Form 2555-EZ) does not exceed $\$ 5,000$, you may allocate all of your interest expense to U.S. source income. Otherwise, each type of interest expense is apportioned separately using an "asset method." See Pub. 514 for more information.

Example. You have investment interest expense of $\$ 2,000$. Your assets of \$100,000 consist of stock generating U.S. source income (adjusted basis, $\$ 40,000$ ) and stock generating foreign source income (adjusted basis, \$60,000). You apportion 40\% (\$40,000/ $\$ 100,000$ ) of $\$ 2,000$, or $\$ 800$ of your investment interest, to U.S. source income and $60 \%(\$ 60,000 / \$ 100,000)$ of $\$ 2,000$, or $\$ 1,200$, to foreign source income. In this example, you will enter the $\$ 1,200$ apportioned to foreign source income on line 4b. You would not enter the $\$ 800$ apportioned to U.S. source income on any line of Part I of Form 1116.

## Line 5

If you have capital losses from foreign sources, see Foreign Qualified Dividends and Capital Gains (Losses)
on page 6 for information on
adjustments you may be required to make.

## Part II—Foreign Taxes Paid or Accrued

$\Delta$See page 2 for descriptions of foreign taxes that are eligible for the foreign tax credit and foreign taxes that are not eligible for the foreign tax credit.

You may take a foreign tax credit in the tax year you paid or accrued the foreign taxes, depending on your method of accounting. If you report on the cash basis, you may choose to take the credit for accrued taxes by checking the "accrued" box in Part II. But once you choose to do this, you must credit foreign taxes in the year they accrue on all future returns.

Generally, you must enter in Part II the amount of foreign taxes, in both the foreign currency denomination(s) and as converted into U.S. dollars, that relate to the category of income checked above Part I. Taxes are related to the income if the income is included in the foreign tax base on which the tax is imposed. If the foreign tax you paid or accrued relates to more than one category of income, apportion the tax among the categories. The apportionment is based on the ratio of net foreign taxable income in each category to the total net income subject to the foreign tax. See Pub. 514 for an example.

However, if foreign tax paid on passive income is reported to you in U.S. dollars on a Form 1099-DIV, 1099-INT, or similar statement, you do not have to convert the amount shown into foreign currency. This rule applies whether or not you can make the election to claim the foreign tax credit without filing Form 1116 (as explained on page 1). Enter "1099 taxes" in Part II, column (o), and complete columns ( t ) through ( $x$ ) for each foreign country indicated in Part I.
Note. If you are taking a credit for additional taxes paid or accrued as the result of an audit by a foreign taxing authority or you are filing an amended return reflecting a foreign tax refund, attach a statement to Form 1116 identifying these taxes.

## Part III-Figuring the Credit

## Line 10

You may carry back 2 years and then forward 5 years any foreign tax you paid or accrued to any foreign country or U.S. possession (reduced as described below) on income in a

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separate category that is more than the limitation. First, apply the excess to the earliest year to which it may be carried Then, apply it to the next earliest year, and so on. The 7-year carryback-carryforward period may not be extended even if you are unable to take a credit in one of the intervening years.

You cannot carry a credit back to a tax year for which you claimed a deduction, rather than a credit, for foreign taxes paid or accrued. However, you must reduce the amount of any carryback or carryforward by the amount that you would have used had you chosen to claim a credit rather than a deduction in that year.

If you elected to claim the foreign tax credit without filing Form 1116 (as explained on page 1), the following rules apply.

- The 7-year period is not extended if you are unable to use a carryback or carryforward because you made the election.
- Do not reduce the carryback or carryforward by the amount you would have used in the election year if you had not made the election.

File Form 1040X or other amended return and a revised Form 1116 for each earlier tax year to which you are carrying back excess foreign taxes.

Special rules apply to the carryback and carryforward of foreign taxes paid or accrued on foreign oil and gas extraction income. See section 907(f).

See Pub. 514 for more information on carryback and carryforward provisions, including examples.
Note. Unused foreign taxes arising in tax years beginning after October 22, 2004, can be carried back 1 year and forward 10 years.

## Line 12

You may have to reduce the foreign taxes you paid or accrued by the following items.

- Taxes on income excluded on Form 2555 or Form 2555-EZ. Reduce taxes paid or accrued by the taxes allocable to any foreign earned income excluded on Form 2555 or Form 2555-EZ. If only part of your foreign earned income is excluded, you must determine the amount of tax allocable to excluded income. To do so, multiply the foreign taxes paid or accrued on foreign earned income received or accrued during the tax year by the following fraction.

Numerator: Foreign earned income and housing amounts you excluded for the tax year minus otherwise deductible expenses (not including the foreign housing deduction) allocable to that income.

Denominator: Your total foreign earned income received or accrued during the tax year minus deductible
expenses (including the foreign housing deduction) allocable to that income. However, if the foreign jurisdiction charges tax on foreign earned income and some other income (for example, earned income from U.S. sources or a type of income not subject to U.S. tax) and the taxes on the other income cannot be segregated, the denominator is the total amount of income subject to foreign tax minus deductible expenses allocable to that income.

See Pub. 514 for a comprehensive example.

- Taxes on income from Puerto Rico exempt from U.S. tax. The reduction applies if you have income from Puerto Rican sources that is not taxable on your U.S. tax return. To figure the credit, reduce your foreign taxes paid or accrued by the taxes allocable to the exempt income. See Pub. 570 for more information.


## - Taxes on income from Guam, American Samoa, or the Commonwealth of the Northern

 Mariana Islands excluded from U.S. tax. If you are a bona fide resident of American Samoa, reduce taxes paid or accrued by any taxes attributable to excluded income from sources in Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands. For more information, see Pub. 570.
## - Taxes on foreign-oil related

 income. Reduce taxes paid or accrued by foreign taxes paid or accrued on foreign-oil-related income, but only to the extent the tax imposed by the foreign country on the oil-related income is considered to be materially greater than the tax generally imposed by that country on other kinds of income. See Regulations section 1.907(b)-1. The amount of tax not allowed as a credit under this rule is allowed as a business expense deduction.
## - Taxes on foreign oil and gas

extraction income. Reduce taxes paid or accrued by taxes imposed on foreign oil and gas extraction income. The amount of the reduction is the amount by which your foreign oil and gas extraction taxes exceed the amount of your foreign oil and gas extraction income for the year multiplied by a fraction equal to your pre-credit U.S. tax liability (for example, Form 1040, line 43) divided by your worldwide income. You may be entitled to carry over to other years taxes reduced under this rule. See section 907 (f).

- Taxes on foreign mineral income. Reduce taxes paid or accrued on mineral income from a foreign country or U.S. possession if you took a deduction for percentage depletion under section 613 for any part of the mineral income.


## - Reduction for failure to file Form

 5471. U.S. shareholders who control a foreign corporation must file Form5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. If you do not file Form 5471 and furnish all of the information required by the due date of your tax return, reduce by $10 \%$ all foreign taxes that you otherwise may take into account for the foreign tax credit. You may have to make additional reductions if the failure continues. See section 6038(c) for details and exceptions.
Note. The reduction in foreign taxes is reduced by any dollar penalty imposed under section 6038(b).

- Reduction for failure to file Form 8865. U.S. partners who control a foreign partnership must file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships. If you do not file Form 8865 and furnish all of the information required by the due date of your tax return, reduce by 10\% all foreign taxes that you otherwise may take into account for the foreign tax credit. You may have to make additional reductions if the failure continues. See section 6038(c) for details and exceptions.
Note. The reduction in foreign taxes is reduced by any dollar penalty imposed under section 6038(b).
- Reduction of taxes or credit due to international boycott operations. In general, if you agree to participate in, or cooperate with, an international boycott, you must file Form 5713, International Boycott Report, and attach all supporting schedules. In addition, you must reduce either the total taxes available for credit or the credit otherwise allowable by your foreign taxes resulting from boycott activities. If you can figure the taxes specifically attributable to boycott operations, enter the amount on line 12. If you cannot figure the amount of taxes specifically attributable to boycott operations, multiply the credit otherwise allowable by the international boycott factor (figured on Schedule A (Form 5713), International Boycott Factor) and enter the result on line 32 of Part IV. Attach a statement showing in detail how you figured the reduction.

For more information, see Form 5713 and its instructions.

## Line 14

The amount on line 14 is your taxable income (or loss), before adjustments, from sources outside the United States. If the amount on line 14 is zero or a loss, you generally have no foreign tax credit for the category of income checked above Part I of this Form 1116. However, you must complete line 15 and continue with the form even if line 14 is zero or a loss.

## Line 15

You are required to increase or decrease the amount on line 14 by the

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following adjustments. The adjustments must be made in the order listed. If you have more than one adjustment, enter the net adjustment on line 15 and attach a detailed statement showing your computation. See Pub. 514 for more details on each of these adjustments.

The adjustments are:

1. Allocation of losses from other categories. This adjustment applies only if you are completing more than one Form 1116. If you have a loss on line 14 of one Form 1116 and you have income on line 14 of one or more other Forms 1116, you must reduce the foreign income by a pro rata share of the loss before you use any remaining loss to reduce U.S. source income.

If the loss reduces foreign source income, you must recharacterize the income you receive in the loss category in later years. See Recharacterization of income beginning on this page. In situations where the loss to be allocated exceeds foreign income in other categories, the excess reduces U.S. source income and for later years you must follow the rules described under Recapture of prior year overall foreign loss on this page.

Note. In determining your U.S. source income, disregard the amount of any capital losses from U.S. sources that you included on line 3 of Worksheet A or line 4 of the Line 2 Worksheet for Worksheet B. If you have capital losses from U.S. Sources and you did not use either Worksheet A or Worksheet B, see Publication 514 to determine your U.S. source income.

Example. For 2004, you completed three Forms 1116. The first had a loss from general limitation income of $\$ 2,000$ on line 14, the second had income of \$4,000 from passive sources on line 14, and the third had income of $\$ 1,000$ from high withholding tax interest on line 14. You must allocate the $\$ 2,000$ loss between the passive income and the high withholding tax interest in the same proportion as each category's income bears to the total foreign income.

The amount of the loss that would reduce passive income would be $80 \%$ ( $\$ 4,000 / \$ 5,000$ ) of the $\$ 2,000$ loss or $\$ 1,600$. Include the $\$ 1,600$ (in parentheses) on line 15 of the passive income Form 1116. Assuming you have no other line 15 adjustments, enter $\$ 2,400(\$ 4,000-\$ 1,600)$ on line 16 of that form.

The amount of the loss that would reduce high withholding tax interest would be $20 \%(\$ 1,000 / \$ 5,000)$ of the $\$ 2,000$ loss or $\$ 400$. Include the $\$ 400$ (in parentheses) on line 15 of the high withholding tax interest Form 1116. Assuming you have no other line 15 adjustments, enter \$600 (\$1,000 $\$ 400$ ) on line 16 of that form.

In this case, all of the $\$ 2,000$ loss was allocated between the foreign source passive income and the high withholding tax interest categories, and no reduction was made to U.S. source income.

If you receive general limitation income in a later year, you must recharacterize all or part of that income as passive income and high withholding tax interest in that later year. See the example under Recharacterization of income on this page.
2. Recapture of prior year overall foreign loss. If you had an overall foreign loss in a prior year that offset U.S. source income, a part of your foreign income (in the same category as the loss) is treated as U.S. source income in each following tax year. The part that is treated as U.S. source income is the smallest of:
a. The amount of overall foreign loss not recaptured in earlier years,
b. $50 \%$ (or more, if you choose) of your taxable income from foreign sources, or
c. The amount from line 14, less any adjustment for allocation of losses from other categories, as described under Allocation of losses from other categories on this page.

Reduce the income on line 14 by including (in parentheses) on line 15 the smallest of $a, b$, or $c$ above. This is the amount of the recapture. Be sure to attach your computation. If you elect to recapture more of an overall foreign loss than is required (b above), show in your computation the percentage of taxable income recaptured and the dollar amount of the recapture.

Dispositions of certain property. If you recognized foreign source gain in the same category as the overall foreign loss on a disposition of property that was used predominantly in a foreign trade or business and that generated foreign source income in the same category as the overall foreign loss, then the gain on the disposition may be subject to recapture as U.S. source income to the extent of $100 \%$ of your foreign source taxable income. See section 904(f)(3).

The above rule also generally applies to a gain on the disposition of stock in a controlled foreign corporation (CFC) after October 22, 2004, if you owned more than 50 percent (by vote or value) of the stock right before you disposed of it. See section 904(f)(3)(D) for more information and exceptions.

Reduce line 14 by including (in parentheses) on line 15 the smallest of (a) the amount of the gain not recaptured under the two preceding paragraphs, (b) the remaining amount of the overall foreign loss not recaptured in earlier years or in the current year under the two preceding paragraphs, or (c) the amount from line 14, less any adjustment for allocation of
losses from other categories and any adjustment under the two preceding paragraphs. See Pub. 514 if you disposed of property described above and you recognized foreign source gain in a different category than the overall foreign loss, you recognized U.S. source gain, or you did not recognize gain.

Attach a statement to Form 1116 showing the balance in each separate limitation overall foreign loss account. See Regulations section 1.904(f)-1(b) for more information.
3. Recharacterization of income.

If, in a prior tax year, you reduced your foreign taxable income in the category checked above Part I by a pro rata share of a loss from another category, you must recharacterize in 2004 all or part of any income you receive in 2004 in that loss category. You
recharacterize the income by:

- Increasing the amount on line 14 (adjusted by any of the other adjustments previously mentioned in these line 15 instructions) of the Form 1116 for each of the other categories previously reduced by including on line 15 any recharacterized income and
- Decreasing the amount on line 14 (adjusted by any of the other adjustments previously mentioned in these line 15 instructions) of the Form 1116 for the loss category by including on line 15 the amount of recharacterized income as a negative number (in parentheses).

Also include on line 15 income that must be recharacterized in 2004 as income in the category checked above Part I because of a foreign loss allocation that reduced U.S. source income in prior tax years.

Example. Using the facts in the example under Allocation of losses from other categories above, in the next year (2005), you have \$5,000 of general limitation income, $\$ 3,000$ of passive income, and $\$ 500$ of high withholding tax interest. Because $\$ 1,600$ of the general limitation loss was used to reduce your passive income in 2004, \$1,600 of your 2005 general limitation income must be recharacterized as passive income. Similarly, $\$ 400$ of the general limitation income must be recharacterized as high withholding tax interest. On your 2005 Form 1116 for passive income, you would include $\$ 1,600$ on line 15 . On your 2005 Form 1116 for high withholding tax interest, you would include $\$ 400$ on line 15. On your 2005 Form 1116 for general limitation income, you would include $(\$ 2,000$ ) on line 15.
Note. Recharacterizing income from a separate category does not result in recharacterizing any tax.
4. Allocation of U.S. Iosses. If you have a net loss from U.S. sources in

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2004, proportionately allocate that loss among the separate categories of your foreign income. Reduce the income on line 14 (adjusted by any of the other adjustments previously mentioned in these line 15 instructions) by including (in parentheses) on line 15 the allocable portion of any U.S. Ioss. A U.S. loss includes a rental loss on property located in the United States. If you have any qualified dividends or capital gains (including capital gain distributions) or losses for the taxable year and you are required to make any adjustments to those amounts, as explained earlier under Foreign Qualified Dividends and Capital Gains (Losses) on page 6 or the instructions for line 17, the amount of your U.S. loss is the excess of:

1. The total of the amounts entered on line 14 for each Form 1116 you are filing, over
2. The amount entered on line 17 of the Form 1116.

## Line 17

If you have qualified dividends or capital gains, you may be required to make adjustments to those qualified dividends and gains before you take those amounts into account on line 17. You may use the instructions in this section to determine those adjustments. If you choose not to use the rules outlined in this section, see sections 1(h)(11)(C)(iv) and 904(b)(2) to determine the adjustments you must make.

## Individuals Who Completed a Qualified Dividends and Capital Gain Tax Worksheet

If you completed the Qualified Dividends and Capital Gain Tax
Worksheet in the instructions for your tax return, you must use the Worksheet
for Line 17 on this page to figure the amount to enter on line 17 if:

- Line 7 of your Qualified Dividends and Capital Gain Tax Worksheet is greater than zero and
- Line 17 of your Qualified Dividends and Capital Gain Tax Worksheet is less than line 18 of that worksheet.

Adjustment exception. If you qualify for the adjustment exception, you do not need to make any adjustment to your capital gains or qualified dividends. You qualify for the adjustment exception if you meet both of the following requirements:

1. Line 7 of the Qualified Dividends and Capital Gain Tax Worksheet does not exceed:

- \$178,650 if married and filing jointly or qualifying widow(er);
- \$89,325 if married filing separately;
- $\$ 146,750$ if single; or
- $\$ 162,700$ if head of household.

2. The amount of your foreign source capital gain distributions, plus the amount of your foreign source qualified dividends is less than \$20,000. For this purpose, ignore any capital gain distributions or qualified dividends you elected to include on line 4 g of Form 4952.

If you do not need to complete the Worksheet for Line 17, enter on line 17 of Form 1116 your taxable income without the deduction for your exemption (for example, the amount from Form 1040, line 40).

## Completing the Worksheet for Line

 17. If you do need to complete the Worksheet for Line 17, do the following.Lines 2 through 5. Skip these lines.
Line 6. Enter the amount from line 14 of the Qualified Dividends and Capital Gain Tax Worksheet.

Complete all other lines as instructed on the worksheet.

## Estates and Trusts That

## Completed a Qualified

## Dividends Tax Worksheet or

## Schedule D

If you completed the Qualified
Dividends Tax Worksheet in the
instructions for Form 1041 or you completed Part V of Schedule D (Form 1041), you must use the Worksheet for Line 17 on this page to figure the amount to enter on line 17 if:

1. You figured your tax using the Qualified Dividends Tax Worksheet, line 5 of that worksheet is greater than zero, andLine 15 of your Qualified Dividends Tax Worksheet is less thanline 16 of that worksheet or
2. You figured your tax using the Part V of Schedule D (Form 1041), line 23 of the Schedule D is greater than zero, and line 33 of the Schedule $D$ is less than line 34.
Adjustment exception: If you qualify for the adjustment exception, you do not need to use the Worksheet for Line 17 to figure the amount to enter on line 17. You qualify for the adjustment exception if:
3. Line 5 of the Qualified Dividends Tax Worksheet or line 23 of Schedule D ( Form 1041) does not exceed \$7,000 and
4. The amount of your foreign source net capital gain, plus the amount of your foreign source qualified dividends, is less than \$20,000. For this purpose, ignore any foreign source qualified dividends or capital gains that you elected to include on line 4 g of Form 4952.

Note. Your foreign source net capital gain is the excess of your foreign source net long term capital gain over

## Worksheet for Line 17 (Worldwide Qualified Dividends and Capital Gains)

(Keep for Your Records)

Caution: See the instructions for Line 17 beginning on this page before starting this worksheet.

1. Individuals: Enter the amount from Form 1040, line 40. If you are a nonresident alien, enter the amount from Form 1040NR, line 37.
Estates and trusts: Enter taxable income without the deduction for your exemption
2. $\qquad$
3. Enter your worldwide $28 \%$ gains (see instructions) . . . . . . . . . . . . . . 2.
4. Multiply line 2 by 0.2000 .
5. 
6. Enter your worldwide $25 \%$ gains (see instructions) . . . . . . . . . . . . . . 4
7. Multiply line 4 by 0.2857 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 5
8. Enter your worldwide $15 \%$ gains and qualified dividends (see instructions).
9. 
10. Multiply line 6 by 0.5714 7.
11. Add lines 3,5 , and 7
12. 
13. Subtract line 8 from line 1. Enter the result here and on Form 1116, line 17

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your foreign source net short-term capital loss.

If you do not need to complete the Worksheet for Line 17, enter on line 17 of Form 1116 the estate's or trust's taxable income without the deduction for its exemption.

If you do need to complete the Worksheet for Line 17, do the following.

Lines 2 through 5. Skip these lines.
Line 6. Enter the amount from line 12 of the Qualified Dividends Tax Worksheet or line 30 of Schedule D.

Complete all other lines as instructed on the worksheet.

## Taxpayers Who Completed

 Schedule D Tax WorksheetIf you figured your tax using the Schedule D Tax Worksheet (in the Schedule D (Form 1040) instructions or in the Form 1041 instructions), you must use the Worksheet for Line 17 on page 15 to figure the amount of tax to enter on line 17 of Form 1116 if

- Line 17 of the Schedule D Tax

Worksheet is greater than zero; and

- line 35 of the Schedule D Tax Worksheet is less than line 36. Adjustment exception: If you qualify for the adjustment exception, you do not need to use the Worksheet for Line 17 to figure the amount to enter on line 17. You qualify for the adjustment exception if:

1. The amount of your foreign source qualified dividends and net capital gain is less than $\$ 20,000$ and
2. Line 17 of the Schedule D Tax

Worksheet (Form 1040) is less than:

- \$178,650 if married filing jointly or qualifying widow(er);
- $\$ 89,325$ if married filing separately;
- $\$ 146,750$ if single; or
- $\$ 162,700$ if head of household.
(or, for trusts and estates, line 17 of the Schedule D Tax Worksheet (Form 1041 ) is less than $\$ 7,000$.

Note. Your foreign source net capital gain is the excess of your foreign source net long-term capital gain over your foreign source net short-term capital loss. Ignore any foreign source qualified dividends or capital gains that you elected to include on line 4 g of Form 4952 in determining the amount of your foreign source qualified dividends and net capital gain.

If you do not need to complete the Worksheet for Line 17, enter on line 17 of Form 1116 your taxable income without the deduction for your exemption (for example, the amount from Form 1040, line 40).

If you do need to complete the Worksheet for Line 17, do the following.

Line 2. Enter the amount (if any) from line 32 of the Schedule D Tax Worksheet.

Line 4. Enter the amount (if any) from line 29 of the Schedule D Tax Worksheet.

Line 6. Enter the amount (if any) from line 23 of the Schedule D Tax Worksheet.

Complete all other lines as instructed on the worksheet

## Line 19

If you are completing line 19 for separate category g (lump-sum distributions), enter the amount from line 5 of the Worksheet for Lump-Sum Distributions on page 4.

Do not complete line 19 for separate category h (section 901(j) income). See page 4.

For all other applicable categories, complete line 19 as follows.
Form 1040 filers. Enter the amount from Form 1040, line 43, less any tax included on line 43 from Form 4972.
Form 1040NR filers. Enter the amount from Form 1040NR, line 40, less any tax included on line 40 from Form 4972.
Form 1041 filers. Enter the amount from Form 1041, Schedule G, line 1a.

## Line 21

The maximum foreign tax credit you may claim in the current year is generally limited to the allocated amount of U.S. tax imposed on the foreign income, or the actual amount of foreign tax paid or accrued on the foreign income (after reductions required on line 12), whichever is less. However, see Foreign Taxes Eligible for a Credit on page 2 for additional information.

If the amount on line 20 is smaller than the amount on line 13, see Pub. 514 for more information on carryback and carryforward provisions, including examples.

## Part IV—Summary of Credits From Separate <br> Parts III

Complete lines 22 through 29 in Part IV only if you must complete more than one Form 1116 because you have more than one of the categories of income listed above Part I.

Complete Part IV on only one Form 1116 to summarize the credits you
figured on all of your Forms 1116. However, if you completed a Form 1116 for category g (lump-sum distributions) or h (section 901(j) income), do not use Part IV of that Form 1116 as your summary. Enter the credits from line 21 of all of your Forms 1116 on lines 22 through 29 of the Form 1116 you are using to summarize your credits. File the other Forms 1116 as attachments.

## Line 31

Enter the smaller of line 19 or line 30.
Note. Generally, line 30 will exceed line 19 only if you have U.S. capital gains or qualified dividends that are subject to the capital gain rate differential (figured in the Worksheet for Line 17 on page 17).

## Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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
section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 3 hr ., 13 min .; Learning about the law or the form, 1 hr., 6 min.; Preparing the form, 2 hr., 51 min.; Copying, assembling, and sending the form to the IRS, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the instructions of the tax return with which this form is filed.

# 2005 Form 1116, Foreign Tax Credit <br> (Individual, Estate, or Trust) 

Purpose: This is the first circulated draft of the 2005 Form 1116 for your review and comments. There are no major changes.

TPCC Meeting: None, but may be arranged if requested.
Instructions: The 2005 Instructions for Form 1116 will be circulated at a later date. The 2004 instructions are available at:
http://publish.no.irs.gov/INSTRS/PDF/11441Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html.

Comments: Please email fax, call, or mail any comments by September 23, 2005

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Foreign Tax Credit

Use a separate Form 1116 for each category of income listed below. See Categories of Income on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.
aPassive income
bHigh withholding tax interest
d $\square$ Shipping income
e $\square$ Dividends from a DISC or former DISC
f $\square$ Certain distributions from a foreign
sales corporation (FSC) or former
FSC
$g$
h
i $\square$
Lump-sum distributions Section 901(j) income Certain income re-sourced by treaty
cFinancial services income sales corporation (FSC) or former General limitation income
k Resident of (name of country)
Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.
Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above) Foreign Country or U.S. Possession $\quad$ Total

I Enter the name of the foreign country or U.S. possession
1 Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions):

Deductions and losses (Caution: See pages 13 and 14 of the instructions):
2 Expenses definitely related to the income on line 1 (attach statement).
3 Pro rata share of other deductions not definitely related:
a Certain itemized deductions or standard deduction (see instructions).
b Other deductions (attach statement)
c Add lines 3a and 3b
d Gross foreign source income (see instructions).
e Gross income from all sources (see instructions)
f Divide line 3d by line 3e (see instructions) . .
g Multiply line 3 c by line 3 f.
4 Pro rata share of interest expense (see instructions):
a Home mortgage interest (use worksheet on page 13 of the instructions).
b Other interest expense
5 Losses from foreign sources
6 Add lines 2, 3g, 4a, 4b, and 5 .

| 7 | Subtract line 6 from line 1. Enter the result here and on line 14, page 2. . . . |
| :--- | :--- |
| Part II | Foreign Taxes Paid or Accrued (see page 14 of the instructions) |

## Credit is claimed

$\geq$ (you must check one)

(n)

|  | In foreign currency |  |  |  |
| :--- | :--- | :--- | :--- | :--- |
|  | for |  |  |  |
|  | (p) Dividends | (q) Rents <br> and royalties | (r) Interest |  |
|  |  |  |  |  |

## Part III Figuring the Credit

9 Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I

10 Carryback or carryover (attach detailed computation).

11 Add lines 9 and 10.

12 Reduction in foreign taxes (see page 15 of the instructions).

13 Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit
14 Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I (see page 15 of the instructions)
15 Adjustments to line 14 (see page 16 of the instructions)

|  |  |
| ---: | ---: |
| 14 |  |
| 15 |  |

16 Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21. However, if you are filing more than one Form 1116, you must complete line 19.).
17 Individuals: Enter the amount from Form 1040, line 41. If you are a
17 Individuals: Enter the amount from Form 1040, line 41. If you are a
nonresident alien, enter the amount from Form 1040NR, line 38. Estates and trusts: Enter your taxable income without the deduction for your exemption.
Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see page 17 of the instructions.
18 Divide line 16 by line 17. If line 16 is more than line 17 , enter "1"

|  |
| :--- |
| 16 |

Estates and trusts. Enter your taxable income without the deduction

| 17 |  |
| :---: | :---: |

19 Individuals: Enter the amount from Form 1040, line 44. If you are a nonresident alien, enter the amount from Form 1040NR, line 41.
Estates and trusts: Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37
Caution: If you are completing line 19 for separate category $g$ (lump-sum distributions), see page 18 of the instructions.
20 Multiply line 19 by line 18 (maximum amount of credit)
21 Enter the smaller of line 13 or line 20. If this is the only Form 1116 you are filing, skip lines 22 through 30 and enter this amount on line 31. Otherwise, complete the appropriate line in Part IV (see page 18 of the instructions)

| 18 |  |
| :--- | :--- |
| 19 |  |
| 20 |  |
|  |  |
| 21 |  |

Part IV Summary of Credits From Separate Parts III (see page 18 of the instructions)

22 Credit for taxes on passive income

23 Credit for taxes on high withholding tax interest

24 Credit for taxes on financial services income

25 Credit for taxes on shipping income
26 Credit for taxes on dividends from a DISC or former DISC and certain distributions from a FSC or former FSC

27 Credit for taxes on lump-sum distributions

28 Credit for taxes on certain income re-sourced by treaty

29 Credit for taxes on general limitation income

| 22 |  |
| :--- | :--- |
| 23 |  |
| 24 |  |
| 25 |  |
| 26 |  |
| 27 |  |
| 28 |  |
| 29 |  |

30 Add lines 22 through 29
31 Enter the smaller of line 19 or line 30
32 Reduction of credit for international boycott operations. See instructions for line 12 on page 15
33 Subtract line 32 from line 31. This is your foreign tax credit. Enter here and on Form 1040, line 47; Form 1040NR, line 44; Form 1041, Schedule G, line 2a; or Form 990-T, line 40a


Printed on recycled paper
(Rev. November 2005) Department of the Treasury Application To Adopt, Change, or Retain a Tax Year

Internal Revenue Service

- See separate instructions.

OMB No. 1545-0134

## Part I General Information

| Important: All applicants must complete Part I and sign below. See instructions. |
| :--- | Name of applicant (if a joint return is filed, also enter spouse's name) $\quad$ Applicant's identifying no. (see instructions)

1 Check the appropriate box(es) to indicate the type of applicant (see instructions).


5 State the nature of the applicant's business or principal source of income.

## Signature-All Applicants (See Who Must Sign in the instructions.)

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

## Applicant*

Preparer (other than applicant)

Applicant or officer's signature and date
Signature of individual preparing the application and date

[^22]
## Part II Automatic Approval Request (see instructions)

Section A-Corporations (Other Than S Corporations or Personal Service Corporations) (Rev. Proc. 2002-37, or its successor)
1 Is the applicant a corporation (including a homeowners association (section 528)) that is requesting a change in tax year and is not precluded from using the automatic approval rules under section 4 of Rev. Proc. 2002-37 (or its successor)?
2 Does the corporation intend to elect to be an S corporation for the tax year immediately following the short period? If "Yes" and the corporation is electing to change to a permitted tax year, file Form 1128 as an attachment to Form 2553.
3 Is the applicant a CFC requesting a revocation of its 1 -month doferral election that was made under section 898(c)(1)(B) and to change its tax year to the majority U.S. sh -nolder year (as defined in section 898(c)(1)(C))?
 Section B-Partnerships, S Corporations, and Personal erv. Corr rations (PCSs) (Rev. Proc. 2002-38)
5 Is the applicant a partnership, S corporation, or PSC that is requesting a tax year and is not precluded from using the automatic approval rules under section 4 of Rev. Proc. 2002-38 (or its successor)? (see instructions)
6 Is the partnership, S corporation, or PSC requesting to change to its required tax year or a 52-53 week tax year ending with reference to such tax year?
7 Is the partnership, S corporation, or PSC (other than a member of a tiered structure) requesting a tax year that coincides with its natural business year described in section 4.01(2) of Rev. Proc. 2002-38 (or its successor)? (see instructions for information required to be submitted)
8 Is the Scorporation requesting an ownership tax year? (see instructions)
9 Is the applicant a partnership requesting a concurrent change pursuant to section 6.10 of Rev. Proc. 2002-37 (or its successor) or section 5.04(8) of Rev. Proc. 2002-39 (or its successor)? (see instructions)
Section C-Individuals (Rev. Proc. 2003-62, or its successor) (see instructions)
10 Is the applicant an individual requesting a change from a fiscal year to a calendar year?
Section D-Tax-Exempt Organizations (Rev. Proc. 76-10 or 85-58) (see instructions)
11 Is the applicant a tax-exempt organization requesting a change?
Part III Ruling Request (All applicants requesting a ruling must complete Section A and any other section that applies to the entity. See instructions.)
Section A-General Information
1 Is the applicant under examination by the IRS, before an appeals office, or a Federal court?
If "Yes," see the instructions for information that must be included on an attached explanation.
2 Has the applicant changed its annual accounting period at any time within the most recent 48-month period ending with the last month of the requested tax year?
If "Yes" and a letter ruling was issued granting approval to make the change, attach a copy of the letter ruling, or if not available, an explanation including the date approval was granted. If a letter ruling was not issued, indicate when and explain how the change was implemented.
3 Within the most recent 48 -month period, has any accounting period application been withdrawn, not perfected, denied, or not implemented? . If "Yes," attach an explanation.
4a Is the applicant requesting to establish a business purpose under section 5.02(1) of Rev. Proc. 2002-39 (or its successor)?.
If "Yes," attach an explanation of the legal basis supporting the requested tax year (see instructions).
b If your business purpose is based on one of the natural business year tests under section 5.03, check the applicable box.

Annual business cycle test $\quad \square$ Seasonal business test $\quad \square$ 25-percent gross receipts test Attach a statement showing gross receipts from sales and services (and inventory cost if applicable) for the test period. (See instructions)
5 Enter the taxable income or (loss) for the 3 tax years immediately preceding the year of change and for the short period. If necessary, estimate the amount for the short period.





6 Corporations only, enter the losses or credits, if any, that were generated or that expired in the short period:

|  |  |  |  |  |  |  |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Net operating loss | . | . | . | . | . | . | . | $\$$ | Generated |  | $\$$ |
| Capital loss | . | . | . | . | . | . | . | . | $\$$ |  |  |
| Unused credits | . | . | . | . | . | . | . | . | $\$$ | $\$$ |  |

7 Enter the amount of deferral, if any, resulting from the change (see section 5.05(1), (2), (3) and 6.01(7) of Rev. Proc. 2002-39, or its successor)
8a Is the applicant a U.S. shareholder in a CFC?
If "Yes," attach a statement for each CFC providing the name, address, identifying number, tax year, the percentage of total combined voting power of the applicant, and the amount of income included in the gross income of the applicant under section 951 for the 3 tax year . nmediately before the short period and for the short period.
b Will each CFC concurrently change its tax year?
If "Yes" to line 8b, go to Part II, line 3.
If "No," attach a statement explaining wh ". C S wi no. conforming to the tax year requested by the U.S. shareholder.
9a Is the applicant a U.S. shareh an in a PFI $=$ iefined in section 1297?
If "Yes," attach a stater vnt wro g he hame, address, identifying number, and tax year of the PFIC, the percentage of interest, ed by th applicant, and the amount of distributions or ordinary earnings and net capital gain from the PFIC cluau- in the income of the applicant.
b Did the app :ant ele $t$ unde section 1295 to treat the PFIC as a qualified electing fund?
10a Is the applicant a member of a partnership, a beneficiary of a trust or estate, a shareholder of an S corporation, a shareholder of an IC-DISC, or a shareholder of an FSC?
If "Yes," attach a statement providing the name, address, identifying number, type of entity (partnership, trust, estate, S corporation, IC-DISC, or FSC), tax year, percentage of interest in capital and profits, or percentage of interest of each IC-DISC or FSC and the amount of income received from each entity for the first preceding year and for the short period. Indicate the percentage of gross income of the applicant represented by each amount.
b Will any partnership concurrently change its tax year to conform with the tax year requested?
c If "Yes" to line 10b, has any Form 1128 been filed for such partnership?
11 Does the applicant or any related entity currently have any accounting method, tax year, ruling, or technical advice request pending with the IRS National Office?.
If "Yes," attach a statement explaining the type of request (method, tax year, etc.) and the specific issues involved in each request.
12 Is Form 2848, Power of Attorney and Declaration of Representative, attached to this application? . . . D
13 Does the applicant request a conference of right (in person or by telephone) with the IRS National Office, if the IRS proposes to disapprove the application?
\$
14 Enter amount of user fee attached to this application (see instructions)
Section B-Corporations (other than S corporations and controlled foreign corporations) (see instructions)
15 Enter the date of incorporation.
16a Does the corporation intend to elect to be an $S$ corporation for the tax year immediately following the short period?
b If "Yes," will the corporation be going to a permitted $S$ corporation tax year? If "No" to line 16b, attach an explanation.
17 Is the corporation a member of an affiliated group filing a consolidated return? If "Yes," attach a statement providing (a) the name, address, identifiying number used on the consolidated return, tax year, and Service Center where the applicant files the return; (b) the name, address, and identifying number of each member of the affiliated group; (c) the taxable income (loss) of each member for the 3 years immediately before the short period and for the short period; and (d) the name of the parent corporation.
18a Personal service corporations (PSCs): Attach a statement providing each shareholder's name, type of entity (individual, partnership, corporation, etc.), address, identifying number, tax year, percentage of ownership, and amount of income received from the PSC for the first preceding year and the short period.
b If the PSC is using a tax year other than the required tax year, indicate how it obtained its tax year.
$\square$ Grandfathered (attach copy of letter ruling)
Letter ruling (date of letter ruling
Section 444 election (date of election
(attach copy))

## Section C-S Corporations (see instructions)

| 19 Enter the date of the S corporation election. $\downarrow$ | Yes | No |
| :--- | :--- | :--- |

20 Is any shareholder applying for a corresponding change in tax year?
If "Yes," each shareholder requesting a corresponding change in tax year must file a separate Form 1128 to get advance approval to change its tax year.
21 If the corporation is using a tax year other than the required tax year, indicate how it obtained its tax year. $\square$ Grandfathered (attach copy of letter ruling)
$\square$ Section 444 election (date of election (attach copy))
22 Attach a statement providing each shareholder's name, type of shareholder (individual, estate, qualified subchapter S Trust, electing small business trust, other trust, or exempt organization), address, identifying number, tax year, percentage of ownership, and the amount of income each shareholder received from the S corporation for the first preceding year and for the short period.

## Section D-Partnerships (see instructions)


24 Is any partner applying for a corresponding change in tax year?
25 Attach a statement providing each partner's name, type of partner (individual, partnership, estate, trust, corporation, S corporation, IC-DISC, etc.), address, identifying number, tax year, and the percentage of interest in capital and profits.
26 Is any partner a shareholder of a PSC as defined in Regulations section 1.441-3(c)?
If "Yes," attach a statement providing the name, address, identifiying number, tax year, percentage of interest in capital and profits, and the amount of income received from each PSC for the first preceding year and for the short period.
27 If the partnership is using a tax year other than the required tax year, indicate how it obtained its tax year.Grandfathered (attach copy of letter ruling)

Section 444 election (date of election $\qquad$ ) Letter ruling (date of letter ruling (attach copy))

## Section E—Controlled Foreign Corporations (CFC)

28 Attach a statement for each U.S. shareholder (as defined in section 951(b)) providing the name, address, identifying number, tax year, percentage of total value and percentage of total voting power, and the amount of income included in gross income under section 951 for the 3 tax years immediately before the short period and for the short period.
Section F-Tax-Exempt Organizations

| 29 | Type of organization: | $\square$ Corporation | $\square$ Trust |  | Other (specify) | Yes | No |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 30 Date of organization. |  |  |  |  |  |  |  |
| 31 Code section under which the organization is exempt. |  |  |  |  |  |  |  |
| 32 Is the organization required to file an annual return on Form 990, 990-C, 990-PF, 990-T, 1120-H, or 1120-POL? |  |  |  |  |  |  |  |
| 33 Enter the date the tax exemption was granted. Attach a copy of the letter ruling granting exemption. If a copy of the letter ruling is not available, attach an explanation. |  |  |  |  |  |  |  |
|  | If the organization is | ndation, is the f | dation te |  | its status unde |  |  |

## Section G-Estates

35 Enter the date the estate was created.
36a Attach a statement providing the name, identifying number, address, and tax year of each beneficiary and each person who is an interested party of any portion of the estate.
b Based on the adjusted total income of the estate entered in Part III, Section A, line 5, attach a statement showing the distribution deduction and the taxable amounts distributed to each beneficiary for the 2 tax years immediately before the short period and for the short period.

## Section H—Certain Foreign Corporations

37 If the applicant is a passive foreign investment company or foreign personal holding company, attach a statement providing each U.S. shareholder's name, address, identifying number, and percentage of interest owned.

> Form 1310 (Rev. 11-2005)
> Statement of Person Claiming Refund Due a Deceased Taxpayer

| Purpose: | This is the first circulated draft of the Form 1310, Statement of Person <br> Claiming Refund Due a Deceased Taxpayer, for your review and <br> comments. An explanation of the major changes is on the next page. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The previous version of Form 1310 can be accessed at: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11566K02.PDF |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by July $22,2005$. |

## Bob Lemonds

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## Major Changes to the

## Form 1310 (Rev. 11-2005)

## Statement of Person Claiming Refund Due a Deceased Taxpayer

On page 1, under Where To File, we have revised the text, in the second bullet, for clarification purposes. SE:W:CAR:MP:T:I:F

On page 2, under the instructions for Line C, we have removed the word "authentic" and now only require a copy of the proof of death. CC:ACC:APJP:1

The Privacy Act has been revised to include certain disclosures relating to terrorists activities. P.L. 108-311, section 320.

The address for sending comments has been updated. SE:W:CAR:MP:T

Statement of Person Claiming Refund Due a Deceased Taxpayer

Tax year decedent was due a refund:

| Calenda | year | , or other tax year beginning | , and | , 20 |
| :---: | :---: | :---: | :---: | :---: |
| Please print or type | Name |  | Date of death | Decedent's social security number |
|  | Name of person claiming refund |  |  | Your social security number |
|  | Home address (number and street). If you have a P.O. box, see instructions. |  |  | Apt. no. |
|  | City, town or post office, state, and ZIP code. If you have a foreign address, see instructions, |  |  |  |

## Part I

Check the box that applies to you. Check only one box. Be sure to complete Part III below.
A $\square$ Surviving spouse requesting reissuance of a refund check (see instructions),
B $\square$ Court-appointed or certified personal representative (defined below). Attach a court certificate showing your appointment, unless previously filed (see instructions).
C $\square$ Person, other than A or B, claiming refund for the decedent's estate (see instructions). Also, complete Part II.

## Part II Complete this part only if you checked the box on line C above.

|  |  |
| :---: | :---: |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

If you answered "No" to 3, a refund cannot be made until you submit a court certificate showing your appointment as personal representative or other evidence that you are entitled under state law to receive the refund.

## Part III Signature and verification. All filers must complete this part

I request a refund of taxes overpaid by or on behalf of the decedent. Under penalties of perjury, I declare that I have examined this claim, and to the best of my knowledge and belief, it is true, correct, and complete.
Signature of person claiming refund $\downarrow$ Date

## General Instructions

## Purpose of Form

Use Form 1310 to claim a refund on behalf of a deceased taxpayer.

## Who Must File

If you are claiming a refund on behalf of a deceased taxpayer, you must file Form 1310 unless either of the following applies:

- You are a surviving spouse filing an original or amended joint return with the decedent, or
- You are a personal representative (defined on this page) filing an original Form 1040, Form 1040A, Form 1040EZ, or Form 1040NR for the decedent and a court certificate showing your appointment is attached to the return.

Example. Assume Mr. Green died on January 4 before filing his tax return. On April 3 of the same year, you were appointed by the court as the personal representative for Mr. Green's estate and you file Form 1040 for Mr. Green. You do not need to file Form 1310 to claim the refund on Mr. Green's
tax return. However, you must attach to his return a copy of the court certificate showing your appointment.

## Where To File

If you checked the box on line A, you can return the joint-name check with Form 1310 to your local IRS office or the Internal Revenue Service Center where you filed your return. If you checked the box on line B or line C then:

- Follow the instructions for the form to which you are attaching Form 1310 or
- Send it to the same Internal Revenue Service Center where the original return was filed if you are filing Form 1310 separately. If the original return was filed electronically, mail Form 1310 to the Internal Revenue Service Center designated for the address shown on Form 1310 above. See the instructions for the original return for the address.


## Personal Representative

For purposes of this form, a personal representative is the executor or administrator of the decedent's estate, as appointed or certified by the court. A copy of the decedent's
will cannot be accepted as evidence that you are the personal representative.

## Additional Information

For more details, see Death of a Taxpayer in the index to the Form 1040, Form 1040A, or Form 1040EZ instructions, or get Pub. 559, Survivors, Executors, and Administrators. If the taxpayer died as a result of a terrorist act, see Pub. 3920, Tax Relief for Victims of Terrorist Attacks.

## Specific Instructions

## P.O. Box

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

## Foreign Address

If your address is outside the United States or its possessions or territories, enter the information in the following order: City, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Line A

Check the box on line A if you received a refund check in your name and your deceased spouse's name. You can return the joint-name check with Form 1310 to your local IRS office or the Internal Revenue Service Center where you filed your return. A new check will be issued in your name and mailed to you.

## Line B

Check the box on line B only if you are the decedent's court-appointed personal representative claiming a refund for the decedent on Form 1040X, Amended U.S. Individual Income Tax Return, or Form 843, Claim for Refund and Request for Abatement. You must attach a copy of the court certificate showing your appointment. But if you have already sent the court certificate to the IRS, complete Form 1310 and write "Certificate Previously Filed" at the bottom of the form.

## Line C

Check the box on line C if you are not a surviving spouse claiming a refund based on a joint return and there is no court-appointed personal representative. You must also complete Part II. If you check the box on line C, you must have proof of death.

The proof of death is a copy of either of the following:

- The death certificate, or
- The formal notification from the appropriate government office (such as, Department of Defense) informing the next of kin of the decedent's death.
Do not attach the death certificate or other proof of death to Form 1310. Instead, keep it for your records and provide it if requested.

Example. Your father died on August 25. You are his sole survivor. Your father did not have a will and the court did not
appoint a personal representative for his estate. Your father is entitled to a $\$ 300$ refund. To get the refund, you must complete and attach Form 1310 to your father's final return. You should check the box on line C of Form 1310, answer all the questions in Part II, and sign your name in Part III. You must also keep a copy of the death certificate or other proof of death for your records.

## Lines 1-3

If you checked the box on line C , you must complete lines 1 through 3.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. This information will be used to determine your eligibility pursuant to Internal Revenue Code section 6012 to claim the refund due the decedent. Code section 6109 requires you to provide your social security number and that of the decedent. You are not required to claim the refund due the decedent, but if you do so, you must provide the information requested on this form. Failure to provide this information may delay or prevent processing of your claim. Providing false or fraudulent information may subject you to penalties. Routine uses of this information include providing it to the Department of Justice for use in civil and criminal litigation, to the Social Security Administration for the administration of Social Security programs, and to cities, states, and the District of Columbia for the administration of their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.
You are not required to provide the information requested on a form 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.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping
Learning about the law or the form
Preparing the form .
Copying, assembling, and sending the form
to the IRS .
If you have comments concerning the accuracy of these
time estimates or suggestions for making this form simpler,
we would be happy to hear from you. You can write to:
Internal Revenue Service, Tax Products Coordinating
Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave.
NW, IR-6406, Washington, DC 20224. Do not send the form
to this address.

## 2005 Form 2106 Instructions

| Purpose: | This is the first circulated draft of the 2005 Form 2106 Instructions for <br> your review and comments. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. | Prior Revisions: | The 2004 Form 2106 Instructions can be viewed by clicking on the |
| :--- |
| following link: |
| http://publish.no.irs.gov/INSTRS/PDF/64188Y04.PDF |

## Major Changes to the Form 2106 Instructions

- For 2005 the standard mileage rate on page 1 under "What's New" has been increased from 37.5 cents per mile to 40.5 cents per mile per RP 2004-64.
- As of January 1, 2005, the special depreciation allowance has expired per IRC 168(k). Discussion of the special depreciation allowance has been deleted.
- For 2005 the limit on depreciation and section 179 deduction has decreased to \$2,960 for most vehicles and $\$ 3,260$ for trucks and vans, per RP 2005-13. See page 1.
- Caution icon added for rural mail carriers on page 2 indicating they cannot use the standard mileage rate if they receive a qualifying reimbursement. This conforms to Publication 463.
- Additional definition added for incidental expenses on page 2 from Revenue Procedure 2005-10.
- New information on obtaining the standard meal allowance rates at the GSA web site on page 3.
- The standard meal allowance on page 3 has not been updated for October, November and December of 2005. The rate for the first 9 months of 2005 is $\$ 31$ per day. This rate
may stay the same, increase, or decrease. The Revenue Procedure with the rate has not been published at this time.
- The lease inclusion FMV table on page 5 is updated for 2005 per RP 2005-13.
- In the 2004 instructions for Form 2106 on page 5, the paragraph with the heading "Vehicle traded in before February 28, 2004" located just prior to the line 30 instruction, was deleted because it refers to 2004 information not relevant to the 2005 instructions.
- In the line 30 instruction on page 5 taxpayers are instructed to include sales tax in the basis of the vehicle. It is now relevant to instruct taxpayers that sales taxes deducted are not included in the basis calculation. The words "unless deducted" are added.
- The example on page 6 is updated for 2005. The "cost including taxes" amount was increased to $\$ 25,000$ (from $\$ 15,000$ ) to reflect a more realistic figure and the 2005 depreciation limit $(\$ 2,960)$ was inserted per RP 2005-13.
- The Depreciation Method and Percentage Chart-Line 33 table has been updated for 2005
- The depreciation limit tables for passenger automobiles, trucks and vans, and electric automobiles have been updated for 2005 per RP 2005-13.
$\left.\begin{array}{|l|l|l|l|l|l|}\hline \text { FROM: } & \begin{array}{l}\text { EMAIL: } \\ \text { Diedrich Wolff } \\ \text { SE:W:CAR:MP:T:I:P }\end{array} & \text { Deidrich.wolf@irs.gov } & \begin{array}{l}\text { PHONE: } \\ 202-622- \\ 4077\end{array} & \begin{array}{l}\text { FAX: } \\ 202-622- \\ 5002\end{array} & \begin{array}{l}\text { ROOM: } \\ 6138\end{array}\end{array} \begin{array}{l}\text { DATE: } \\ \text { May 25, } \\ 2005\end{array}\right]$


## Instructions for Form 2106

## Employee Business Expenses

Section references are to the Internal Revenue Code.

## General Instructions

## What's New

Standard mileage rate. The standard mileage rate is 40.5 cents for each mile of business use in 2005.

Limit on depreciation and the section 179 deduction. The first-year limit on depreciation and the section 179 deduction for most vehicles has decreased to $\$ 2,960$. For trucks and vans, the first-year limit has decreased to $\$ 3,260$. For more details, see page 7 .

## Purpose of Form

Use Form 2106 if you are an employee deducting ordinary and
necessary expenses for your job. See the flowchart below to find out if you must file this form.

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

You may be able to file Form 2106-EZ, Unreimbursed Employee Business Expenses, provided you: - Use the standard mileage rate (if claiming vehicle expense), and - Were not reimbursed by your employer for any expense (amounts your employer included in box 1 of
your Form W-2 are not considered reimbursements for this purpose).
See Form 2106-EZ to find out if you qualify to file it.

## Recordkeeping

You cannot deduct expenses for travel (including meals unless you used the standard meal allowance), entertainment, gifts, or use of a car or other listed property, unless you keep records to prove the time, place, business purpose, business relationship (for entertainment and gifts), and amounts of these expenses. Generally, you must also have receipts for all lodging expenses (regardless of the amount) and any other expense of $\$ 75$ or more.

Who Must File Form 2106


## Additional Information

For more details about employee business expenses, see:

- Pub. 463, Travel, Entertainment, Gift, and Car Expenses.
- Pub. 529, Miscellaneous Deductions.
- Pub. 587, Business Use of Your Home (Including Use by Daycare Providers).
- Pub. 946, How To Depreciate Property.


## Specific Instructions

## Part I—Employee Business Expenses and Reimbursements

Fill in all of Part I if you were reimbursed for employee business expenses. If you were not reimbursed for your expenses, skip line 7 and complete the rest of Part I.

## Step 1-Enter Your Expenses

Line 1. If you were a rural mail carrier, you can deduct the larger of your vehicle expenses or your qualified reimbursements. You were a rural mail carrier if you were an employee of the United States Postal Service (USPS) who performed services involving the collection and delivery of mail on a rural route. Qualified reimbursements are the amounts paid by the USPS as an equipment maintenance allowance under a collective bargaining agreement between the USPS and the National Rural Letter Carriers' Association, but only if such amounts do not exceed the amount that would have been paid under the 1991 collective bargaining agreement (adjusted for changes in the Consumer Price Index since 1991).

If your vehicle expenses are:

- Less than or equal to your qualified reimbursements, you do not have to file Form 2106 unless you have deductible expenses other than vehicle expenses. If you have deductible expenses other than vehicle expenses, skip line 1 and do not include any qualified
reimbursements in column $A$ on line 7.
- More than your qualified reimbursements, complete Part II of Form 2106. Enter your total vehicle expenses from line 22 or line 29 on line 1 and the amount of your qualified reimbursements in column A on line 7.

$\Delta$If you are a rural mail carrier and received a qualified reimbursement, you cannot use the standard mileage rate.
Line 2. See the line 15 instructions for the definition of commuting.
Line 3. Enter lodging and transportation expenses connected with overnight travel away from your tax home (defined below). Do not include expenses for meals and entertainment. For more details, including limits, see Pub. 463.

Incidental expenses. Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is $\$ 3$ a day.

Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries; transportation between places of lodging or business and places where meals cannot be obtained at the temporary duty site; and mailing cost associated with filing travel vouchers and payment of employer-sponsored charge card billings.

Incidental expenses do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (defined in the instructions for line 5).

Tax home. Generally, your tax home is your main place of business or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit in either of these categories, you are considered an itinerant and your tax home is wherever you work. As an itinerant, you are never away from home and cannot claim a travel expense deduction. For more details on your tax home, see Pub. 463.

Generally, you cannot deduct any expenses for travel away from your tax home for any period of temporary employment of more than 1 year. However, this rule does not apply for any period in which you were a federal employee certified by the Attorney General as traveling in temporary duty status for the U.S. government to investigate or prosecute a federal crime (or to provide support services for the investigation or prosecution of that crime).
Line 4. Enter other job-related expenses not listed on any other line of this form. Include expenses for business gifts, education (tuition, fees and books), home office, trade publications, etc. For details, including limits, see Pub. 463 and Pub. 529. Do not include on line 4 any educator expenses you deducted on Form 1040, line 23 , or any tuition and fees you deducted on Form 1040, line 34.

If you are deducting home office expenses, see Pub. 587 for special instructions on how to report these expenses.

If you are deducting depreciation or claiming a section 179 deduction for a cellular telephone or other similar telecommunications equipment, a home computer, etc., see Form 4562, Depreciation and Amortization, to figure the depreciation and section 179 deduction to enter on line 4.

TIPYou may be able to take a credit for your educational expenses instead of a deduction. See Form 8863, Education Credits, for details.

Do not include expenses for meals and entertainment, taxes, or interest on line 4. Deductible taxes are entered on Schedule A (Form 1040), lines 5 through 9. Employees cannot deduct car loan interest.

Note. If line 4 is your only entry, do not complete Form 2106 unless you are claiming:

- Performing-arts-related business expenses as a qualified performing artist,
- Expenses for performing your job as a fee-basis state or local government official, or
- Impairment-related work expenses as an individual with a disability.

See the line 10 instructions for definitions. If you are not required to file Form 2106, enter your expenses directly on Schedule A (Form 1040), line 20.
Line 5. Enter your allowable meals and entertainment expense. Include meals while away from your tax home overnight and other business meals and entertainment.

## Standard meal allowance.

Instead of actual cost, you may be able to claim the standard meal allowance for your daily meals and incidental expenses while away from your tax home overnight. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the federal M\&IE rate. For most small localities in the United States, this rate is $\$ 3 X$ a day. Most major cities and many other localities in the United States qualify for higher rates. You can find these rates on the Internet at www.gsa.gov. At the GSA home page click on "Per Diem Rates." At the Domestic Per diem Rates page select " 2005 " for the rates in effect for the period January 1, 2005-September 30, 2005. Select "2006" for the period October 1, 2005-December 31, 2005. However, you can apply the rates in effect before October 1, 2005, for expenses of all travel within the United States for 2005 instead of the updated rates. You must consistently use either the rates for the first 9 months of 2005 or the updated rates for the period of October 1, 2005, through December 31, 2005.

For locations outside the continental United States, the applicable rates are published each month. You can find these rates on the Internet at www.state.gov.

See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel and transportation workers.

## Step 2-Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

Line 7. Enter reimbursements received from your employer (or third party) for expenses shown in Step 1
that were not reported to you in box 1 of your Form W-2. This includes reimbursements reported under code "L" in box 12 of Form W-2. Amounts reported under code " L " are certain reimbursements you received for business expenses that were not included as wages on Form W-2 because the expenses were treated as meeting specific IRS substantiation requirements.

Generally, when your employer pays for your expenses, the payments should not be included in box 1 of your Form W-2 if, within a reasonable period of time, you:

- Accounted to your employer for the expenses and
- Were required to return, and did return, any payment not spent (or considered not spent) for business expenses.

If these payments were included in box 1 , ask your employer for a corrected Form W-2.

Accounting to your employer means that you gave your employer documentary evidence and an account book, diary, or similar statement to verify the amount, time, place, and business purpose of each expense. You are also treated as having accounted for your expenses if either of the following applies.

- Your employer gave you a fixed travel allowance that is similar in form to the per diem allowance specified by the Federal Government and you verified the time, place, and business purpose of the travel for that day.
- Your employer reimbursed you for vehicle expenses at the standard mileage rate or according to a flat rate or stated schedule, and you verified the date of each trip, mileage, and business purpose of the vehicle use.

See Pub. 463 for more details.

## Allocating your reimbursement.

If your employer paid you a single amount that covers meals and entertainment as well as other business expenses, you must allocate the reimbursement so that you know how much to enter in Column A and Column B of line 7. Use the following worksheet to figure this allocation.

## Reimbursement Allocation Worksheet <br> (keep for your records)

1. Enter the total amount of reimbursements your employer gave you that were not reported to you in box 1 of Form W-2
2. Enter the total amount of your expenses for the periods covered by this reimbursement.
t. . . . . .
3. Of the amount on line 2, enter your total expense for meals and entertainment. . $\qquad$
4. Divide line 3 by line 2. Enter the result as a decimal (rounded to at least three places)
5. Multiply line 1 by line 4. Enter the result here and in Column B, line 7
6. Subtract line 5 from line 1. Enter the result here and in Column A, line 7

## Step 3—Figure Expenses To Deduct on Schedule A (Form 1040)

Line 9. Generally, you can deduct only $50 \%$ of your business meal and entertainment expenses, including meals incurred while away from home on business. If you were an employee subject to the Department of Transportation (DOT) hours of service limits, that percentage is $70 \%$ for business meals consumed during, or incident to, any period of duty for which those limits are in effect.

Employees subject to the DOT hours of service limits include certain air transportation employees, such as pilots, crew, dispatchers, mechanics, and control tower operators; interstate truck operators and interstate bus drivers; certain railroad employees, such as engineers, conductors, train crews, dispatchers, and control operations personnel; and certain merchant mariners.
Line 10. If you are one of the individuals discussed below, special rules apply to deducting your employee business expenses. Any part of the line 10 total that is not deducted according to the special rules should be entered on Schedule A (Form 1040), line 20.

## Armed Forces reservist

 (member of a reserve component). You are a member of a reservecomponent of the Armed Forces of the United States if you are in the Army, Navy, Marine Corps, Air Force, or Coast Guard Reserve, the Army National Guard of the United States, the Air National Guard of the United States, or the Reserve Corps of the Public Health Service.

If you qualify, include the part of the line 10 amount attributable to the expenses for travel more than 100 miles away from home in connection with your performance of services as a member of the reserves on Form 1040, line 24, and attach Form 2106 to your return. These reserve-related travel expenses are deductible whether or not you itemize deductions. See Pub. 463 for additional details on how to report these expenses.

## Fee-basis state or local

 government official. You are a qualifying fee-basis official if you are employed by a state or political subdivision of a state and are compensated, in whole or in part, on a fee basis.If you qualify, include the part of the line 10 amount attributable to the expenses you incurred for services performed in that job in the total on Form 1040, line 24, and attach Form 2106 to your return. These employee business expenses are deductible whether or not you itemize deductions.

Qualified performing artist. You are a qualified performing artist if you:

1. Performed services in the performing arts as an employee for at least two employers during the tax year,
2. Received from at least two of those employers wages of $\$ 200$ or more per employer,
3. Had allowable business expenses attributable to the performing arts of more than $10 \%$ of gross income from the performing arts, and
4. Had adjusted gross income of $\$ 16,000$ or less before deducting expenses as a performing artist.
In addition, if you are married, you must file a joint return, unless you lived apart from your spouse for all of 2005. If you file a joint return, you must figure requirements (1), (2), and (3) separately for both you and your spouse. However, requirement (4) applies to the combined adjusted gross income of both you and your spouse.

If you meet all the requirements, include the part of the line 10 amount
attributable to performing-arts-related expenses in the total on Form 1040, line 24, and attach Form 2106 to your return. Your performing-arts-related business expenses are deductible whether or not you itemize deductions.

## Disabled employee with

 impairment-related work expenses. Impairment-related work expenses are the allowable expenses of an individual with physical or mental disabilities for attendant care at his or her place of employment. They also include other expenses in connection with the place of employment that enable the employee to work. See Pub. 463 for more details.If you qualify, enter the part of the line 10 amount attributable to impairment-related work expenses on Schedule A (Form 1040), line 27. These expenses are not subject to the $2 \%$ limit that applies to most other employee business expenses.

## Part II-Vehicle Expenses

There are two methods for computing vehicle expenses - the standard mileage rate and the actual expense method. You can use the standard mileage rate for 2005 only if:

- You owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
- You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).

You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

If you have the option of using either the standard mileage rate or actual expense method, you should figure your expenses both ways to find the method most beneficial to you. But when completing Form 2106, fill in only the sections that apply to the method you choose.

If you were a rural mail carrier and received an equipment maintenance allowance, see the line 1 instructions.

For more information on the standard mileage rate and actual expenses, see Pub. 463.

## Section A-General Information

If you used two vehicles for business during the year, use a separate column in Sections A, C, and D for
each vehicle. If you used more than two vehicles, complete and attach a second Form 2106, page 2.
Line 11. Date placed in service is generally the date you first start using your vehicle. However, if you first start using your vehicle for personal use and later convert it to business use, the vehicle is treated as placed in service on the date you started using it for business.
Line 12. Enter the total number of miles you drove each vehicle during 2005. But if you converted your vehicle during the year from personal to business use (or vice versa), enter the total miles for only the months you drove the vehicle for business.
Line 13. Do not include commuting miles on this line; commuting miles are not considered business miles. See the line 15 instructions for the definition of commuting.
Line 14. Divide line 13 by line 12 to figure your business use percentage. However, if you converted your vehicle during the year from personal to business use (or vice versa), multiply this percentage by the number of months you drove the vehicle for business and divide the result by 12 .
Line 15. Enter your average daily round trip commuting distance. If you went to more than one work location, figure the average.

Commuting. Generally, commuting is travel between your home and a work location. However, travel that meets any of the following conditions is not commuting.

- You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See Pub. 463 for more details.
- The travel is to a temporary work location outside the metropolitan area where you live and normally work.
- Your home is your principal place of business under section 280A(c)(1)(A) (for purposes of deducting expenses for business use of your home) and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.
Line 16. If you do not know the total actual miles you used your vehicle for commuting during the year, figure the amount to enter on line 16 by
multiplying the number of days during the year that you used each vehicle for commuting by the average daily round trip commuting distance in miles. However, if you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business.


## Section B—Standard Mileage Rate

You may be able to use the standard mileage rate instead of actual expenses to figure the deductible costs of operating a passenger automobile, including a van, sport utility vehicle (SUV), pickup, or panel truck.

If you want to use the standard mileage rate for a vehicle you own, you must do so in the first year you place your vehicle in service. In later years, you can deduct actual expenses instead, but you cannot use a depreciation method other than straight line.

If you lease your vehicle, you can use the standard mileage rate, but only if you use the rate for the entire lease period (except for the period, if any, before January 1, 1998).

If you use more than two vehicles, complete and attach a second Form 2106, page 2, providing the information requested in lines 11 through 22. Be sure to include the amount from line 22 of both pages in the total on Form 2106, line 1.

You can also deduct state and local personal property taxes. Enter these taxes on Schedule A (Form 1040), line 7.

If you are claiming the standard mileage rate for mileage driven in more than one business activity, you must figure the deduction for each business on a separate form or schedule (for example, Form 2106 or Schedule C, C-EZ, E, or F).

## Section C-Actual Expenses

Line 23. Enter your total annual expenses for gasoline, oil, repairs, insurance, tires, license plates, or similar items. Do not include state and local personal property taxes or interest expense you paid. Deduct state and local personal property taxes on Schedule A (Form 1040), line 7. Employees cannot deduct car loan interest.
Line 24a. If during 2005 you rented or leased instead of using your own vehicle, enter the cost of renting.

Also, include on this line any temporary rentals, such as when your car was being repaired, except for amounts included on line 3.
Line 24b. If you leased a vehicle for a term of 30 days or more after June 18, 1984, you may have to reduce your deduction for vehicle lease payments by an amount called the inclusion amount. You may have an inclusion amount if:

| The lease term began in: | And the vehicle's fair market value on the first day of the lease exceeded: |
| :---: | :---: |
| 2005 | \$15,200 |
| 2004 | 17,500 |
| 2003 | 18,000 |
| 1999 through 2002 | 15,500 |
| 1997 or 1998 | 15,800 |
| 1995 or 1996 | 15,500 |
| If the lease term began before 1995, see Pub. 463 to find out if you have an inclusion amount. |  |
|  |  |

See Pub. 463 to figure the inclusion amount.
Line 25. If during 2005 your employer provided a vehicle for your business use and included 100\% of its annual lease value in box 1 of your Form W-2, enter this amount on line 25. If less than $100 \%$ of the annual lease value was included in box 1 of your Form W-2, skip line 25.
Line 28. If you completed Section D, enter the amount from line 38. If you used Form 4562 to figure your depreciation deduction, enter the total of the following amounts.

- Depreciation allocable to your vehicle(s) (from Form 4562, line 28).
- Any section 179 deduction allocable to your vehicle(s) (from Form 4562, line 29).


## Section D—Depreciation of Vehicles

Depreciation is an amount you can deduct to recover the cost or other basis of your vehicle over a certain number of years. In some cases, you can elect to expense, under section 179, part of the cost of your vehicle in the year of purchase. For details, see Pub. 463.

Vehicle trade-in. If you traded one vehicle (the "old vehicle") in on another vehicle (the "new vehicle") in 2005, there are two ways you can treat the transaction.

1. You can elect to treat the transaction as a tax-free disposition of the old vehicle and the purchase of the new vehicle. If you make this election, you treat the old vehicle as disposed of at the time of the trade-in. The depreciable basis of the new vehicle is the adjusted basis of the old vehicle (figured as if $100 \%$ of the vehicle's use had been for business purposes) plus any additional amount you paid for the new vehicle. You then figure your depreciation deduction for the new vehicle beginning with the date you placed it in service. You make this election by completing Form 2106, Part II, Section D.
2. If you do not make the election described in (1), you must figure depreciation separately for the remaining basis of the old vehicle and for any additional amount you paid for the new vehicle. You must apply two depreciation limits (see pages 7 and 8). The limit that applies to the remaining basis of the old vehicle generally is the amount that would have been allowed had you not traded in the old vehicle. The limit that applies to the additional amount you paid for the new vehicle generally is the limit that applies for the tax year it was placed in service, reduced by the depreciation allowance for the remaining basis of the old vehicle. You must use Form 4562 to compute your depreciation deduction. You cannot use Form 2106, Part II, Section D.

If you elect to use the method described in (1), you must do so on a timely filed tax return (including extensions). Otherwise, you must use the method described in (2).
Line 30. Enter the vehicle's actual cost (including sales tax, unless deducted) or other basis (unadjusted for prior years' depreciation). If you traded in your vehicle, your basis is the adjusted basis of the old vehicle (figured as if 100\% of the vehicle's use had been for business purposes) plus any additional amount you pay for your new vehicle. Reduce your basis by any diesel fuel or qualified electric vehicle credit or deduction for clean-fuel vehicles you claimed.

If you converted the vehicle from personal use to business use, your basis for depreciation is the smaller of the vehicle's adjusted basis or its fair market value on the date of conversion.
Line 31. If 2005 is the first year your vehicle was placed in service and the
percentage on line 14 is more than $50 \%$, you can elect to deduct as an expense a portion of the cost (subject to a yearly limit). To calculate this section 179 deduction, multiply the part of the cost of the vehicle that you choose to expense by the percentage on line 14. The total of your depreciation and section 179 deduction generally cannot be more than the percentage on line 14 multiplied by the applicable limit explained in the line 36 instructions (see pages 7 and 8 ). Your section 179 deduction for the year cannot be more than the income from your job and any other active trade or business on your Form 1040.

$\Delta$If you are claiming a section 179 deduction on other property, or you placed more than \$420,000 of section 179 property in service during the year, use Form 4562 to figure your section 179 deduction. Enter the amount of the section 179 deduction allocable to your vehicle (from Form 4562, line 12) on Form 2106, line 31.

Note. For section 179 purposes, the cost of the new vehicle does not include the adjusted basis of the vehicle you traded in.

## Example:

Cost including taxes . . . . . . . . \$25,000
Adjusted basis of trade-in . . . . $-3,000$
Section 179 basis . . . . . . . . . $\$ 22,000$
Limit on depreciation and
section 179 deduction
\$ 2,960

## Smaller of:

Section 179 basis, or limit on depreciation and section 179 deduction \$ 2,960
Percentage on line 14 $\times .75$

Section 179 deduction \$ 2,220

## Limit for sport utility and certain

other vehicles. For sport utility and certain other vehicles placed in service in 2005, the portion of vehicle's cost taken into account in figuring your section 179 deduction is limited to $\$ 25,000$. This rule applies to any 4-wheeled vehicle primarily designed or used to carry passengers over public streets, roads, or highways, that is not subject to any of the passenger automobile limits explained in the line 36 instructions, and is rated at no more than 14,000 pounds gross vehicle weight.
However, the \$25,000 limit does not apply to any vehicle:

- Designed to have a seating capacity of more than nine persons behind the driver's seat, or
- Equipped with a cargo area of at least 6 feet in interior length that is an
open area or is designed for use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment, or
- That has an integral enclosure, fully enclosing the driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.

Line 32. To figure the basis for depreciation, multiply line 30 by the percentage on line 14. From that result, subtract the full amount of any section 179 deduction and special depreciation allowance (and any investment credit taken before 1986 unless you took the reduced credit).
Line 33. If you used the standard mileage rate in the first year the vehicle was placed in service and now elect to use the actual expense method, you must use the straight line method of depreciation for the vehicle's estimated useful life. Otherwise, use the Depreciation Method and Percentage Chart on page 7 to find the depreciation method and percentage to enter on line 33. (For example, if you placed a car in service on July 1, 2005, and you use the method in column (a), enter "200 DB 20\%" on line 33.) To use the chart, first find the date you placed the vehicle in service (line 11).

Depreciation Method and Percentage Chart—Line 33

| Date Placed in Service | (a) | (b) | (c) |
| :---: | :---: | :---: | :---: |
| Oct. 1 - Dec. 31, 2005 | 200 DB 5.0 \% | 150 DB 3.75\% | SL 2.5\% |
| Jan. 1 - Sept. 30, 2005 | 200 DB 20.0 | 150 DB 15.0 | SL 10.0 |
| Oct. 1 - Dec. 31, 2004 | 200 DB 38.0 | 150 DB 28.88 | SL 20.0 |
| Jan. 1 - Sept. 30, 2004 | 200 DB 32.0 | 150 DB 25.5 | SL 20.0 |
| Oct. 1 - Dec. 31, 2003 | 200 DB 22.8 | 150 DB 20.21 | SL 20.0 |
| Jan. 1 - Sept. 30, 2003 | 200 DB 19.2 | 150 DB 17.85 | SL 20.0 |
| Oct. 1 - Dec. 31, 2002 | 200 DB 13.68 | 150 DB 16.4 | SL 20.0 |
| Jan. 1 - Sept. 30, 2002 | 200 DB 11.52 | 150 DB 16.66 | SL 20.0 |
| Oct. 1 - Dec. 31, 2001* | 200 DB 10.94 | 150 DB 16.41 | SL 20.0 |
| Jan. 1 - Sept. 30, 2001 | 200 DB 11.52 | 150 DB 16.66 | SL 20.0 |
| Oct. 1 - Dec. 31, 2000 | 200 DB 9.58 | 150 DB 14.35 | SL 17.5** |
| Jan. 1 - Sept. 30, 2000 | 200 DB 5.76 | 150 DB 8.33 | SL 10.0 |
| Jan. 1, 1987 - Dec. 31, 1999 | MACRS** | MACRS** | SL** |
| June 19, 1984 - Dec. 31, 1986 | ACRS** |  | SL** |

[^23]Then, select the depreciation method and percentage from column (a), (b), or (c). For vehicles placed in service before 2005, use the same method you used on last year's return unless a decline in your business use requires a change to the straight line method. For vehicles placed in service during 2005, select the depreciation method and percentage after reading the explanation for each column.

Column (a). You can use column (a) only if the business use percentage on line 14 is more than $50 \%$. Of the three depreciation methods, the method in this column, the 200\% declining balance method, will give you the largest deduction in the year your vehicle is placed in service. This column is also used for vehicles placed in service before 1987 and depreciated under the accelerated cost recovery system (ACRS).

Column (b). You can use column (b) only if the business use percentage on line 14 is more than $50 \%$. The method in this column, the $150 \%$ declining balance method, will give you a smaller depreciation deduction than in column (a) for the first 3 years. However, you will not have a "depreciation adjustment" on this vehicle for the alternative minimum tax. This may result in a smaller tax liability if you must file Form 6251, Alternative Minimum Tax—Individuals.

Column (c). You must use column (c) for vehicles placed in service after 1986 if the business use percentage on line 14 is $50 \%$ or less. The method for these vehicles is the straight line method over 5 years. The use of this column is optional for these vehicles if the business use percentage on line 14 is more than $50 \%$. This column is also used for vehicles placed in service after June 18, 1984, and before 1987 if you elected the straight line method over a recovery period of 12 years.
Note. If your vehicle was used more than $50 \%$ for business in the year it was placed in service and used $50 \%$ or less in a later year, part of the depreciation and section 179 deduction previously claimed may have to be added back to your income in the later year. Figure the
amount to be included in income on Form 4797, Sales of Business Property.

$\Delta$If you placed other business property in service during the year you placed your vehicle in service (for any year after 1986), or you used your vehicle mainly within an Indian reservation, you may not be able to use the chart. See Pub. 946 to figure your depreciation.
Line 34. If during the year you did not sell or exchange your vehicle (or you sold or exchanged your vehicle that was placed in service after 1986 and before 2000), multiply line 32 by the percentage on line 33.

If during the year you sold or exchanged your vehicle that was placed in service:

- Before 1987, enter -0- on line 34 for that vehicle.
- After 1999, multiply the result for line 34 by $50 \%$, and enter on line 34 . However, if you originally placed the vehicle in service during the last 3 months of a year after 1999 (and, if your vehicle was placed in service in 2001, you did not make the election under Notice 2001-70), multiply the result for line 34 by the percentage shown below for the month you disposed of the vehicle. Enter the reduced amount on line 34.
Month Percentage

|  | Jan., Feb., March . . . . . . . . |
| :--- | :--- |$\quad 12.5 \%$

Line 36. Using the applicable chart for your type of vehicle, find the date you placed your vehicle in service. Then, enter on line 36 the corresponding amount from the Limit column. Before using the charts on pages 7 and 8, please read the following definitions.

- A passenger automobile is a 4 -wheeled vehicle manufactured primarily for use on public roads that is rated at 6,000 pounds unloaded gross vehicle weight or less (for a truck or van, gross vehicle weight is substituted for unloaded gross vehicle weight). Certain vehicles, such as
ambulances, hearses, and taxicabs, are not considered passenger automobiles and are not subject to the line 36 limits. See Pub. 463 for more details.
- A truck or van is a passenger automobile built on a truck chassis, including a minivan or a sport utility vehicle built on a truck chassis.
- An electric passenger vehicle is a vehicle produced by an original equipment manufacturer and designed to run primarily on electricity. Gasoline-electric hybrid vehicles that are not designed to run primarily on electricity (such as the Honda Civic Hybrid, Honda Insight, and Toyota Prius) are not electric passenger vehicles.

If your vehicle is not subject to any of the line 36 limits, skip lines 36 and 37 , and enter the amount from line 35 on line 38 .

## Exception for clean-fuel

 modifications. For vehicles placed in service after August 5, 1997, the passenger automobile limits (including those for trucks and vans) do not apply to the cost of any qualified clean-fuel vehicle property (such as retrofit parts and components) installed on a vehicle for the purpose of permitting that vehicle to run on a clean-burning fuel. See section 179A for definitions.
## Limits for Passenger Automobiles (Except Electric Automobiles Placed in Service After August 5, 1997, Trucks, and Vans)

| Date Vehicle Was <br> Placed in Service | Limit |
| :--- | ---: | ---: |
| Jan. 1-Dec. 31, 2005 . . . . . . | $\$ 2,960$ |
| Jan. 1-Dec. 31, 2004 . . . . . . | 4,800 |
| Jan. 1-Dec. 31, $2003 \ldots \ldots$ | 2,950 |
| Jan. 1, 1995-Dec. 31, 2002 . . . | 1,775 |
| Jan. 1, 1993-Dec. 31, 1994 . . | 1,675 |
| Jan. 1, 1991-Dec. 31, $1992 \ldots$ | 1,575 |
| Jan. 1, 1987-Dec. 31, $1990 \ldots$ | 1,475 |
| Apr. 3, 1985-Dec. 31, 1986 . . | 4,800 |
| Jan. 1-Apr. 2, 1985 . . . . . . | 6,200 |
| June 19-Dec. 31, 1984 . . . . | 6,000 |


| Limits for Trucks and Vans |  |
| :--- | ---: |
| Date Vehicle Was <br> Placed in Service | Limit |
| Jan.1-Dec. 31, 2005 . . . . . . | $\$ 3,260$ |
| Jan. 1-Dec.31, 2004 . . . . . . | 5,300 |
| Jan. 1-Dec. 31, 2003 . . . . . | 3,250 |
| Jan. 1, 1995-Dec. 31, 2002 . . | 1,775 |
| Jan. 1, 1993-Dec. 31, $1994 \ldots$ | 1,675 |
| Jan. 1, 1991-Dec. 31, $1992 \ldots$ | 1,575 |
| Jan. 1, 1987-Dec. 31, 1990 . . | 1,475 |
| Apr. 3, 1985-Dec. 31, 1986 . . | 4,800 |
| Jan. 1-Apr. 2, 1985 . . . . . . | 6,200 |
| June 19-Dec. 31, 1984 . . . . | 6,000 |

## Limits for Electric Automobiles Placed in Service After August 5, 1997

| Date Vehicle Was <br> Placed in Service | Limit |
| :--- | ---: | ---: |
| Jan. 1-Dec. 31, 2005 . . . . . | $\$ 8,880$ |
| Jan. 1-Dec. 31, 2004 $\ldots \ldots$ | 14,300 |
| Jan. 1-Dec. 31, $2003 \ldots . .$. | 8,750 |
| Jan. 1, 1999-Dec. 31, 2002 . . | 5,325 |
| Aug. 6, 1997-Dec. 31, 1998 | 5,425 |

Paperwork Reduction Act Notice.
We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . . . . 2 hr., 11 min . Learning about the law or the form

27 min.
Preparing the form . . . . 1 hr ., 27 min . Copying, assembling, and sending the form to the IRS

34 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

## 2005 Form 2106, Employee Business Expenses

Purpose: This is the first circulated draft of the 2005 Form 2106 for your review and comments.

TPCC Meeting: None, but may be arranged if requested.

Prior Revisions: The 2004 Form 2106 can be viewed by clicking on the following link:
http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11700Y04.PDF
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.htm|
Comments: Please email, fax, call, or mail any comments by April 22, 2005.

## Major Changes to Form 2106

- The standard mileage rate in Part II, line 22, has been changed to 40.5 cents per mile (from 37.5) for 2005 per RP 2004-64.
- The special depreciation allowance has expired for most qualifying property as of January $1,2005$.

In Part II, line 31, the words "and special allowance" were deleted.

- In Part II, line 38, the following sentence was inserted after the first sentence: "If you skipped lines 36 and 37 , enter the amount from line 35. ."
\(\left.$$
\begin{array}{|l|l|l|l|l|l|}\hline \text { FROM: } & \begin{array}{l}\text { EMAIL: } \\
\text { Diedrich Wolff } \\
\text { SE:W:CAR:MP:T:I:P }\end{array} & \begin{array}{l}\text { Deidrich.wolf@irs.gov }\end{array} & \begin{array}{l}\text { PHONE: } \\
202-622- \\
4077\end{array} & \begin{array}{l}\text { FAX: } \\
202-622- \\
5002\end{array} & \begin{array}{l}\text { ROOM: } \\
6138\end{array}\end{array}
$$ \begin{array}{l}DATE: <br>
March 23, <br>

2005\end{array}\right]\)|  |
| :--- |

2106 Employee Business Expenses

- See separate instructions.

| Your name | Occupatio |
| :--- | :--- | :--- |
| Part I Employee Business Expenses and Reimbursements |  |

## Step 1 Enter Your Expenses

1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions.)
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment.
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment.
5 Meals and entertainment expenses (see instructions).
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5

| Column A | Column B |
| :---: | :---: |
| Other Than Meals | Meals and |
| and Entertainment | Entertainment |



Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

## Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

7 Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions) $\square$

## Step 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50\% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 70\% (.70) instead of $50 \%$. For details, see instructions.)

|  |  |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 20. (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.)

## Part II Vehicle Expenses

Section A-General Information (You must complete this section if you are claiming vehicle expenses.)
11 Enter the date the vehicle was placed in service
12 Total miles the vehicle was driven during 2005.
13 Business miles included on line 12.
14 Percent of business use. Divide line 13 by line 12
15 Average daily roundtrip commuting distance.
16 Commuting miles included on line 12
17 Other miles. Add lines 13 and 16 and subtract the total from line 12.


18 Do you (or your spouse) have another vehicle available for personal use?
19 Was your vehicle available for personal use during off-duty hours?
21 If "Yes," is the evidence written?
Section B-Standard Mileage Rate (See the instructions for Part II to find out whether to complete this section or Section C.)
22 Multiply line 13 by 40.5¢ (.405)


Section C-Actual Expenses
23 Gasoline, oil, repairs, vehicle insurance, etc.
24a Vehicle rentals.
b Inclusion amount (see instructions).
c Subtract line 24b from line 24a
25 Value of employer-provided vehicle (applies only if $100 \%$ of annual lease value was included on Form W-2-see instructions)
26 Add lines 23, 24c, and 25 . .
27 Multiply line 26 by the percentage on line 14
28 Depreciation (see instructions) .
29 Add lines 27 and 28. Enter total here and on line 1.


Section D—Depreciation of Vehicles (Use this section only if you owned the vehicle and are completing Section C for the vehicle.)

30 Enter cost or other basis (see instructions)
31 Enter section 179 deduction (see instructions).
32 Multiply line 30 by line 14 (see instructions if you claimed the section 179 deduction or special allowance)
33 Enter depreciation method and percentage (see instructions)
34 Multiply line 32 by the percentage on line 33 (see instructions)
35 Add lines 31 and 34
36 Enter the applicable limit explained in the line 36 instructions
37 Multiply line 36 by the percentage on line 14
38 Enter the smaller of line 35 or line 37. If you skipped lines 36 and 37 , enter the amount from line 35. Also enter this amount on line 28 above

## 2005 Form 2106-EZ, Unreimbursed Employee Business Expenses

Purpose: $\quad$ This is the first circulated draft of the 2005 Form 2106-EZ for your review and comments.

TPCC Meeting: None, but may be arranged if requested.

Prior Revisions: The 2004 Form 2106-EZ can be viewed by clicking on the following link:
http://publish.no.irs.gov/FORMS/PUBLIC/PDF/20604Y04.PDF
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by May 20, 2005.

## Major Changes to Form 2106-EZ

## Form 2106-EZ:

- Above Part I, in the 2nd bullet, the phrase "for this purpose" was added to the end of the parenthetical statement to clarify the terminology.
- The standard mileage rate in Part I, line 1, has been changed to 40.5 cents per mile (from 37.5) for 2005 per RP 2004-64.


## Instructions:

- The standard mileage rate under What's New has been changed to 40.5 cents per mile (from 37.5) for 2005 per RP 2004-64.
- Under the Specific Instructions, Line 4, additional language was inserted in the $4^{\text {th }}$ sentence. The sentence now reads as follows: "Do not include on line 4 any educator expenses you deducted on Form 1040, line 23, or any tuition and fees you deducted on Form 1040, Line 34."

This new language is the same as what appears in the Form 2106 Instructions and should not have been omitted.

- In the TIP, the subtitle was removed from Form 8863, Education Credits, because it is unnecessary and to conform with the 2106 instructions.
- Under the Specific Instructions, Line 4, Note, the first bulleted item (about reservists) was deleted to conform to the 2106 instructions and because it was inappropriate.
- Under the Specific Instructions, Line 5, in the last paragraph the following words were removed: ", and taxpayers related to their employer."

In the 2004 Publication 463, language was removed from chapter 1 under Who can use the standard meal allowance, that disallowed the use of the standard meal allowance if the taxpayer was related to his or her employer. However, this restriction remains applicable to per diem (lodging plus meals and incidentals) and car allowances. See Pub 463, chapter 6, under Per Diem and Car Allowances. Also see RP 2004-60 sec. 6.07, Reg. §1.274-5A(e)(5) and Reg. §1.274-5A(h).

- Line 6 instructions were changed to conform to the style guide, Pub. 463, and changes to the Form 2106 Instructions.
- Under Part II-Information on Your Vehicle, Line 8b, the number list was changed to a bulleted list per the Style Guide.

Clarifying language was added to the first paragraph to address commuting mileage when a vehicle changed between personal and business use during the year. This conforms to Form 2106 Instructions.

| FROM: <br> Diedrich Wolff <br> SE:W:CAR:MP:T:I:P | EMAIL: <br> Deidrich.wolf@irs.gov | PHONE: <br> $202-622-$ <br> 4077 | FAX: <br> $202-622-$ <br> 5002 | ROOM: <br> 6138 | DATE: <br> April 18, <br> 2005 |
| :--- | :--- | :--- | :--- | :--- | :--- |


|  | Unreimbursed Employee Business Expenses | OMB No. |
| :---: | :---: | :---: |
| Form |  | (U) |
| Department of the Treasury Internal Revenue Service (99) | - Attach to Form 1040. | Attachment <br> Sequence No. 54A |
| Your name | Occupation in which you incurred expenses | Social security number |
| You May Use This Form Only if All of the Following Apply. <br> - You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary. |  |  |
|  |  |  |  |
| - You do not get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose). |  |  |
| - If you are claiming vehicle expense, you are using the standard mileage rate for 2005. |  |  |
| Caution: You can use the standard mileage rate for 2005 only if: (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997. |  |  |

## Part I Figure Your Expenses

1 Vehicle expense using the standard mileage rate. Complete Part II and multiply line 8 a by 40.56 (.405)

2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work

3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment

4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment

5 Meals and entertainment expenses: \$ $\qquad$ $\times 50 \%$ (.50) (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by $70 \%$ (.70) instead of $50 \%$. For details, see instructions.)

6 Total expenses. Add lines 1 through 5. Enter here and on Schedule A (Form 1040), line 20. (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.)

| 1 |  |  |
| :--- | :--- | :--- |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
|  |  |  |
| 5 |  |  |
|  |  |  |
|  |  |  |

Part II Information on Your Vehicle. Complete this part only if you are claiming vehicle expense on line 1.

7 When did you place your vehicle in service for business use? (month, day, year) $\square$
$\qquad$ / $\qquad$ /

8 Of the total number of miles you drove your vehicle during 2005, enter the number of miles you used your vehicle for:
a Business
b Commuting (see instructions)
c Other

9 Do you (or your spouse) have another vehicle available for personal use? $\square$ YesNo

10 Was your vehicle available for personal use during off-duty hours? . . . . . . . . . . . . . $\square$ Yes $\square$ No
11a Do you have evidence to support your deduction?. $\square$ YesNo
b If "Yes," is the evidence written?.

## Instructions for

Form 2106-EZ
Section references are to the Internal Revenue Code.

## What's New

Standard mileage rate. The standard mileage rate is 40.5 cents for each mile of business use in 2005.

## Purpose of Form

You may use Form 2106-EZ instead of Form 2106 to claim your unreimbursed employee business expenses if you meet all the requirements listed above Part 1.

## Recordkeeping

You cannot deduct expenses for travel (including meals, unless you used the standard meal allowance), entertainment, gifts, or use of a car or other listed property, unless you keep records to prove the time, place, business purpose, business relationship (for entertainment and gifts), and amounts of these expenses. Generally, you must also have receipts for all lodging expenses (regardless of the amount) and any other expense of $\$ 75$ or more.

## Additional Information

For more details about employee business expenses, see:
Pub. 463, Travel, Entertainment, Gift, and Car Expenses
Pub. 529, Miscellaneous Deductions
Pub. 587, Business Use of Your Home (Including Use by Daycare Providers)
Pub. 946, How To Depreciate Property

## Specific Instructions

Part I-Figure Your Expenses
Line 2. See the line 8b instructions for the definition of commuting.
Line 3. Enter lodging and transportation expenses connected with overnight travel away from your tax home (defined on this page). You cannot deduct expenses for travel away from your tax home for any period of temporary employment of more than 1 year. Do not include expenses for meals and entertainment. For more details, including limits, see Pub. 463.

Instead of keeping records of your actual incidental expenses, you can use an optional method for deducting incidental expenses only if you did not pay or incur meal expenses on a day you were traveling away from your tax home. The amount of the deduction is \$3 a day. Incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards
or stewardesses and others on ships, and hotel servants in foreign countries. They do not include expenses for laundry, cleaning and pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls. You cannot use this method on any day that you use the standard meal allowance (as explained in the instructions for line 5).

Tax home. Generally, your tax home is your main place of business or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit in either of these categories, you are considered an itinerant and your tax home is wherever you work. As an itinerant, you are never away from home and cannot claim a travel expense deduction. For more details on your tax home, see Pub. 463. Line 4. Enter other job-related expenses not listed on any other line of this form. Include expenses for business gifts, education (tuition and books), home office, trade publications, etc. For details, including limits, see Pub. 463 and Pub. 529. Do not include on line 4 any educator expenses you deducted on Form 1040, line 23 , or any tuition and fees you deducted on Form 1040, line 34.

If you are deducting home office expenses, see Pub. 587 for special instructions on how to report these expenses.

If you are deducting depreciation or claiming a section 179 deduction on a cellular telephone or other similar telecommunications equipment, a home computer, etc., see Form 4562, Depreciation and Amortization, to figure the depreciation and section 179 deduction to enter on line 4.
 You may be able to take a credit for your educational expenses instead of a deduction. See Form 8863, Education Credits, for details.
Do not include expenses for meals and entertainment, taxes, or interest on line 4. Deductible taxes are entered on Schedule A (Form 1040), lines 5 through 9. Employees cannot deduct car loan interest.
Note. If line 4 is your only entry, do not complete Form 2106-EZ unless you are claiming:

- Expenses for performing your job as a fee-basis state or local government official,
- Performing-arts-related business expenses as a qualified performing artist, or
- Impairment-related work expenses as an individual with a disability.

See the line 6 instructions for definitions. If you are not required to file Form 2106-EZ, enter your expenses directly on Schedule A (Form 1040), line 20.
Line 5. Generally, you can deduct only $50 \%$ of your business meal and entertainment expenses, including meals incurred while away from home on business. If you were an employee subject to the Department of Transportation (DOT) hours of service limits, that percentage is $70 \%$ for business meals consumed during, or incident to, any period of duty for which those limits are in effect.

Employees subject to the DOT hours of service limits include certain air transportation employees, such as pilots, crew, dispatchers, mechanics, and control tower operators; interstate truck operators and interstate bus drivers; certain railroad employees, such as engineers, conductors, train crews, dispatchers, and control operations personnel; and certain merchant mariners.

Instead of actual cost, you may be able to claim the standard meal allowance for your daily meals and incidental expenses (M\&IE) while away from your tax home overnight. Under this method, you deduct a specified amount, depending on where you travel, instead of keeping records of your actual meal expenses. However, you must still keep records to prove the time, place, and business purpose of your travel.

The standard meal allowance is the federal M\&IE rate. For most small localities in the United States, this rate is \$31 a day. Most major cities and many other localities in the United States qualify for higher rates. You can find these rates on the Internet at www.gsa.gov.

For locations outside the continental United States, the applicable rates are published each month. You can find these rates on the Internet at www.state.gov.
See Pub. 463 for details on how to figure your deduction using the standard meal allowance, including special rules for partial days of travel and for transportation workers.
Line 6. If you are one of the individuals discussed below, special rules apply to deducting your employee business expenses. Any part of the line 6 total that is not deducted according to the special rules should be entered on Schedule A (Form 1040), line 20.

## Armed Forces reservist (member of a reserve component). You are a

 member of a reserve component of the Armed Forces of the United States if you are in the Army, Naval, Marine Corps, AirForce, or Coast Guard Reserve, the Army National Guard of the United States, the Air National Guard of the United States, or the Reserve Corps of the Public Health Service.

If you qualify, include the part of the line 6 amount attributable to the expenses for travel more than 100 miles away from home in connection with your performance of services as a member of the reserves on Form 1040, line 24, and attach Form 2106-EZ to your return. These reservist-related travel expenses are deductible whether or not you itemize deductions. See Pub. 463 for more information.

Fee-basis state or local government official. You are a qualifying fee-basis official if you are employed by a state or political subdivision of a state and are compensated, in whole or part, on a fee basis.

If you qualify, include the part of the line 6 amount attributable to expenses you incurred for services performed in that job in the total on Form 1040, line 24, and attach Form 2106-EZ to your return. These employee business expenses are deductible whether or not you itemize deductions.

Qualified performing artist. You are a qualified performing artist if you:

1. Performed services in the performing arts as an employee for at least two employers during the tax year,
2. Received at least $\$ 200$ each from any two of these employers,
3. Had allowable business expenses attributable to the performing arts of more than $10 \%$ of gross income from the performing arts, and
4. Had adjusted gross income of $\$ 16,000$ or less before deducting expenses as a performing artist.

In addition, if you are married, you must file a joint return unless you lived apart from your spouse for all of 2005. If you file a joint return, you must figure requirements (1), (2), and (3) separately for both you and your spouse. However, requirement (4) applies to the combined adjusted gross income of both you and your spouse.

If you meet all of the above requirements, include the part of the line 6 amount attributable to
performing-arts-related expenses in the
total on Form 1040, line 24, and attach Form 2106-EZ to your return. These performing-arts-related business expenses are deductible whether or not you itemize deductions.

## Disabled employee with

 impairment-related work expenses.Impairment-related work expenses are the allowable expenses of an individual with physical or mental disabilities for attendant care at his or her place of employment. They also include other expenses in connection with the place of employment that enable the employee to work. See Pub. 463 for details,

If you qualify, enter the part of the line 6 amount attributable to impairment-related work expenses on Schedule A (Form 1040), line 27. These expenses are not subject to the $2 \%$ limit that applies to most other employee business expenses.

## Part II-Information on Your Vehicle

If you claim vehicle expense, you must provide certain information on the use of your vehicle by completing Part II. Include an attachment listing the information requested in Part II for any additional vehicles you used for business during the year.
Line 7. Date placed in service is generally the date you first start using your vehicle. However, if you first start using your vehicle for personal use and later convert it to business use, the vehicle is treated as placed in service on the date you started using it for business.
Line 8a. Do not include commuting miles on this line; commuting miles are not considered business miles. See below for the definition of commuting.
Line $\mathbf{8 b}$. If you do not know the total actual miles you used your vehicle for commuting during the year, figure the amount to enter on line 8b by multiplying the number of days during the year that you used your vehicle for commuting by the average daily roundtrip commuting distance in miles. However, if you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business.

Generally, commuting is travel between your home and a work location. However, travel that meets any of the following conditions is not commuting.

- You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See Pub. 463 for details.
- The travel is to a temporary work location outside the metropolitan area where you live and normally work.
- Your home is your principal place of business under section 280A(c)(1)(A) (for purposes of deducting expenses for business use of your home) and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103 .

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 39 min.; Learning about the law or the form, 12 min .; Preparing the form, 24 min.; Copying, assembling, and sending the form to the IRS, 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

# Form 2120 (Rev. December 2005) Multiple Support Declaration 

Purpose: $\quad$ This is the first circulated draft of the Form 2120 (Rev. December 2005) for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.

Prior Revisions: The Form 2120 (Rev. December 2002) can be viewed by clicking on the following link:
http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11712L02.PDF

Other Products: Circulations of draft tax forms, instructions, notices and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, call, mail, or fax any comments by May 16, 2005.

Anita C. Carter

Tax Law Specialist
SE:CAR:MP:T:I:P
Phone: 202-927-9541
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## Major Changes to Form 2120

Revised form and instructions to reflect changes pertaining to the definition of a dependent per P.L. 108311. As a result, this form only applies to a dependent who is a qualifying relative. It is does not apply to a qualifying child.

I have a signed statement from each eligible person waiving his or her right to claim this qualifying relative as a dependent for any tax year that began in the above calendar year.


Address (number, street, apt. no., city, state, and ZIP code)

Eligible person's name
Social security number

Address (number, street, apt. no., city, state, and ZIP code)

## Instructions

## What's New

The rules for multiple support agreements still apply to claiming an exemption for a qualifying relative, but they no longer apply to claiming an exemption for a qualifying child. For the definitions of "qualifying relative" and "qualifying child," see Pub. 501, Exemptions, Standard Deduction, and Filing Information.

## Purpose of Form

Use Form 2120 to:

- Identify each other eligible person (see below) who paid over 10\% of the support of a qualifying relative whom you are claiming as a dependent, and
- Indicate that you have a signed statement from each other eligible person waiving his or her right to claim that qualifying relative as a dependent.

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

If there are more than four other eligible persons, attach a statement to your return with the required information.

## Who Can Claim the Qualifying Relative

Generally, to claim a qualifying relative as a dependent, you must pay over half of that person's support. However, even if you did not meet this support test, you may 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 above) together paid over half of that person's support.
2. You paid over $10 \%$ of the support.
3. No one alone paid over half of that person's support.
4. The other dependency tests are met. See Step 4, Qualifying Relative Dependent in the Form 1040 or Form 1040A instructions.
5. Each other eligible person who paid over $10 \%$ of the support agrees not to claim that person as a dependent by giving you a signed statement. See Signed Statement on this page.

Note. To find out what is included in support, see Pub. 501.

## Signed Statement

You must have received, from each other eligible person listed above, a signed statement waiving his or her right to claim the qualifying relative as a dependent for the calendar year indicated on this form. The statement must include:

- The calendar year the waiver applies to,
- The name of the qualifying relative the eligible person helped to support, and
- The eligible person's name, address, and social security number.

Do not file the signed statement with your return. But you must keep it for your records and be prepared to furnish it and any other information necessary to show that you qualify to claim the qualifying relative as your dependent.

## Additional Information

See Pub. 501 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 minutes; Learning about the law or the form, 4 minutes; Preparing the form, 7 minutes; and Copying, assembling, and sending the form to the IRS, 13 minutes.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040 or Form 1040A.

## 2005 Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts

| Purpose: | This is the first circulated draft of the 2005 Form 2210, Underpayment <br> of Estimated Tax by Individuals, Estates, and Trusts, for your review <br> and comments. An explanation of the major changes is on the next two <br> pages. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. | | Prior Revisions: | The 2004 Form 2210 can be accessed at: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11744Y04.PDF |
| :--- | :--- |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by August 17, 2005. |

2005 Form 2210
Underpayment of Estimated Tax by Individuals, Estates, and Trusts
Major Changes

## Page 1

- On line 1 of Part I, we revised the line references to Form 1040 to reflect the changes to that form. SE:W:CAR:MP:T:I:F
- Text added to line 4. SE:W:CAR:MP:T:I:F


## Page 2

- The interest rate for the first quarter of 2006 will not be available until late November 2005. At that time we will update lines 15 and 16 and circulate the revised figures. SE:W:CAR:MP:T:I
- $\quad$ The bold text under line 17 has been moved above line 10 and reinserted as a TIP. SE:W:CAR:MP:T:I:F
- On line 17 of Part III, we revised the references to Forms 1040 and 1040NR to reflect the changes to those forms.


## Page 3

- Under Part IV, Section B - Figure the Penalty, we incorporated the 2005 interest rates for the $2^{\text {nd }}$, and $3^{\text {rd }}$ quarters, as published in the IRB (RR 2005-15, 2005-35). The interest rates are 6\% for both quarters and the rate periods have been reduced from 4 to 3 . SE:W:CAR:MP:T:I
- We do not know, at this time, how many rate periods will be needed. When the rates for the $4^{\text {th }}$ quarter and $1^{\text {st }}$ quarter of 2006 are known, further adjustments will be made as needed. SE:W:CAR:MP:T:I:F
- We have removed lines 33 and 34 for the existing Rate Period 4 and we renumbered the subsequent line accordingly. SE:CAR:MP:T:I:F
- Line references to other forms have been updated as appropriate for line 33. SE:CAR:MP:T:I:F


## Page 4

- The inflationary adjustments and exemption amount for lines 6 and 10 have been updated. Rev. Proc. 2004-71
- Line references to other forms have been updated as appropriate for line 7. SE:CAR:MP:T:I:F
- The social security tax limit on line 27 will be updated when the new amount is released by the Social Security Administration.


## Do You Have To File Form 2210?

| Complete lines 1 through 7 below. Is line 7 less than \$1,000? | $\xrightarrow{\text { Yes }}$ Do not file Form 2210. You do not owe a penalty. |
| :---: | :---: |
| ${ }^{\text {No }}$ |  |
| Complete lines 8 and 9 below. Is line 6 equal to or more than line 9 ? | You do not owe a penalty. Do not file Form 2210 (but if box $\mathbf{E}$ below applies, you must file page 1 of Form 2210 below). |
| No |  |
| You may owe a penalty. Does any box in Part II below appl | st file Form 2210. Does box B, C, or D apply? |
| No |  |
| Do not file Form 2210. You are not required to figure your penalty because the IRS will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return (see page 2 of the instructions), but do not file Form 2210. | You are not required to figure your penalty because the IRS will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return (see page 2 of the instructions), but file only page 1 of Form 2210. |

## Part I Required Annual Payment (see page 2 of the instructions)

1 Enter your 2005 tax after credits from Form 1040, line 57 (or comparable line of your return)
2 Other taxes, including self-employment tax (see page 2 of the instructions)
3 Refundable credits. Enter the total of your earned income credit, additional child tax credit, credit for federal tax paid on fuels, and health coverage tax credit for eligible individuals
4 Current year tax. Combine lines 1, 2, and 3. If less than $\$ 1,000$, see page 2 of the instructions
5 Multiply line 4 by $90 \%$ (.90) . . . . . . . . . . . . . . 5
6 Withholding taxes. Do not include estimated tax payments. See page 2 of the instructions .
7 Subtract line 6 from line 4. If less than \$1,000, you do not owe a penalty; do not file Form 2210
8 Maximum required annual payment based on prior year's tax (see page 2 of the instructions)
9 Required annual payment. Enter the smaller of line 5 or line 8

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Next: Is line 9 more than line 6 ?
$\square$ No. You do not owe a penalty. Do not file Form 2210 unless box E below applies.
$\square$ Yes. You may owe a penalty, but do not file Form 2210 unless one or more boxes in Part II below applies.

- If box B, C, or D applies, you must figure your penalty and file Form 2210.
- If only box $\mathbf{A}$ or $\mathbf{E}$ (or both) applies, file only page 1 of Form 2210. You are not required to figure your penalty; the IRS will figure it and send you a bill for any unpaid amount. If you want to figure your penalty, you may use Part III or IV as a worksheet and enter your penalty on your tax return (see page 2 of the instructions), but file only page 1 of Form 2210.
Part II Reasons for Filing. Check applicable boxes. If none apply, do not file Form 2210.
A $\square$ You request a waiver (see page 1 of the instructions) of your entire penalty. You must check this box and file page 1 of Form 2210, but you are not required to figure your penalty.
B $\square$ You request a waiver (see page 1 of the instructions) of part of your penalty. You must figure your penalty and waiver amount and file Form 2210.
C $\square$ Your income varied during the year and your penalty is reduced or eliminated when figured using the annualized income installment method. You must figure the penalty using Schedule AI and file Form 2210.
D $\square$ Your penalty is lower when figured by treating the federal income tax withheld from your wages as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. You must figure your penalty and file Form 2210.
E $\square$ You filed or are filing a joint return for either 2004 or 2005 , but not for both years, and line 8 above is smaller than line 5 above. You must file page 1 of Form 2210, but you are not required to figure your penalty (unless box B, C, or D applies).


## Part III Short Method

You may use the short method if:

- You made no estimated tax payments (or your only payments were withheld federal income tax), or
- You paid estimated tax in equal amounts on your due dates.

You must use the regular method (Part IV) instead of the short method if:

You do not need to file Form 2210 unless you checked a box in Part II on page 1.

- You made any estimated tax payments late,
- You checked box C or D in Part II, or
- You are filing Form 1040NR or 1040NR-EZ and you did not receive wages as an employee subject to U.S. income tax withholding.
Note: If any payment was made earlier than the due date, you may use the short method, but using it may cause you to pay a larger penalty than the regular method. If the payment was only a few days early, the difference is likely to be small.

10 Enter the amount from Form 2210, line 9
11 Enter the amount, if any, from Form 2210, line 6

Enter the total amount, if any, of estimated tax payments you made

| 11 |  |  |  |
| :---: | :---: | :---: | :---: |
| 12 |  |  |  |

13 Add lines 11 and 12.
14 Total underpayment for year. Subtract line 13 from line 10. If zero or less, stop here; you do not owe the penalty. Do not file Form 2210 unless you checked box E on page 1 . . . .

15 Multiply line 14 by . XXXXX
16 - If the amount on line 14 was paid on or after 4/15/06, enter -0 -.

- If the amount on line 14 was paid before $4 / 15 / 06$, make the following computation to find the amount to enter on line 16.
Amount on $\quad \times \quad$ Number of days paid before 4/15/06

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Part IV $\quad$ Regular Method (See page 2 of the instructions if you are filing Form 1040NR or 1040NR-EZ.)

| Section A-Figure Your Underpayment |  | Payment Due Dates |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{gathered} \text { (a) } \\ 4 / 15 / 05 \\ \hline \end{gathered}$ | $\begin{gathered} \text { (b) } \\ 6 / 15 / 05 \\ \hline \end{gathered}$ | $\begin{gathered} \text { (c) } \\ 9 / 15 / 05 \end{gathered}$ | $\begin{gathered} \text { (d) } \\ 1 / 15 / 06 \\ \hline \end{gathered}$ |
| 18 Required installments. If box C in Part II applies, enter the amounts from Schedule AI, line 25. Otherwise, enter $25 \%$ (.25) of line 9, Form 2210, in each column | 18 |  |  |  |  |
| 19 Estimated tax paid and tax withheld (see page 2 of the instructions). For column (a) only, also enter the amount from line 19 on line 23 . If line 19 is equal to or more than line 18 for all payment periods, stop here; you do not owe a penalty. Do not file Form 2210 unless you checked a box in Part II | 19 |  |  |  |  |
| Complete lines 20 through 26 of one column before going to the next column. <br> 20 Enter the amount, if any, from line 26 in previous column | 20 |  |  |  |  |
| 21 Add lines 19 and 20. | 21 |  |  |  |  |
| 22 Add the amounts on lines 24 and 25 in previous column | 22 |  |  |  |  |
| 23 Subtract line 22 from line 21. If zero or less, enter -0-. For column (a) only, enter the amount from line 19. | 23 |  |  |  |  |
| 24 If line 23 is zero, subtract line 21 from line 22. Otherwise, enter -0- | 24 |  |  |  |  |
| 25 Underpayment. If line 18 is equal to or more than line 23, subtract line 23 from line 18 . Then go to line 20 of the next column. Otherwise, go to line 26. | 25 |  |  |  |  |
| 26 Overpayment. If line 23 is more than line 18 , subtract line 18 from line 23. Then go to line 20 of the next column. | 26 |  |  |  |  |

Section B-Figure the Penalty (Complete lines 27 through 32 of one column before going to the next column.)
April 16, 2005-September 30, 2005
27 Number of days from the date shown above line 27 to the date the amount on line 25 was paid or 9/30/05, whichever is earlier.
28 Underpayment on line 25
(see page 4 of
the instructions) $\times \frac{0}{365} \times .06$

29 Number of days from the date shown above line 29 to the date the amount on line 25 was paid or 12/31/05, whichever is earlier Underpayment on line 25
(see page 4 of
the instructions)
January 1, 2006—April 15, 2006
31 Number of days from the date shown above line 31 to the date the amount on line 25 was paid or 4/15/06, whichever is earlier.
32 Underpayment on line 25
$\begin{aligned} & \begin{array}{c}\text { erpayment on line } 25 \\ \text { (see page } 5 \text { of } \\ \text { the instructions) }\end{array}\end{aligned} \times \frac{\begin{array}{c}\text { Number of } \\ \text { days on line } 31\end{array}}{365} \times .05$
Penalty. Add all amounts on lines 28, 30, and 32 in all columns. Enter the total here and on Form 1040, line 76; Form 1040A, line 48; Form 1040NR, line 74; Form 1040NR-EZ, line 26; or Form 1041, line 26, but do not file Form 2210 unless you checked a box in Part II.

Schedule Al—Annualized Income Installment Method (See pages 5 and 6 of the instructions.)
Estates and trusts, do not use the period ending dates shown to the right. Instead, use the following: 2/28/05, 4/30/05, 7/31/05, and 11/30/05.

## Part I Annualized Income Installments

1 Enter your adjusted gross income for each period (see instructions). (Estates and trusts, enter your taxable income without your exemption for each period.)
2 Annualization amounts. (Estates and trusts, see instructions.)
3 Annualized income. Multiply line 1 by line 2
4 Enter your itemized deductions for the period shown in each column. If you do not itemize, enter -0 - and skip to line 7. (Estates and trusts, enter $-0-$, skip to line 9 , and enter the amount from line 3 on line 9.)
5 Annualization amounts
6 Multiply line 4 by line 5 (see instructions if line 3 is more than $\$ 72,975$ )
7 In each column, enter the full amount of your standard deduction from Form 1040, line 40, or Form 1040A, line 24 (Form 1040NR or 1040NR-EZ filers, enter -0-. Exception: Indian students and business apprentices, enter standard deduction from Form 1040NR, line 37, or Form 1040NR-EZ, line 11.)
8 Enter the larger of line 6 or line 7
9 Subtract line 8 from line 3
10 In each column, multiply $\$ 3,200$ by the total number of exemptions claimed (see instructions if line 3 is more than $\$ 109,475$ ). (Estates and trusts and Form 1040NR or 1040NR-EZ filers, enter the exemption amount shown on your tax return.)
11 Subtract line 10 from line 9
12 Figure your tax on the amount on line 11 (see instructions).
13 Self-employment tax from line 34 below (complete Part II)
14 Enter other taxes for each payment period (see instructions)
15 Total tax. Add lines 12, 13, and 14
16 For each period, enter the same type of credits as allowed on Form 2210, lines 1 and 3 (see instructions)
17 Subtract line 16 from line 15. If zero or less, enter -0-
18 Applicable percentage
19 Multiply line 17 by line 18
Complete lines 20-25 of one column before going to the next column.
20 Enter the total of the amounts in all previous columns of line 25
21 Subtract line 20 from line 19. If zero or less, enter -0-
22 Enter 25\% (.25) of line 9 on page 1 of Form 2210 in each column
23 Subtract line 25 of the previous column from line 24 of that column
24 Add lines 22 and 23
25 Enter the smaller of line 21 or line 24 here and on Form 2210, line 18

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| $\mathbf{1}$ |  |  |  |  |
| $\mathbf{2}$ | 4 | 2.4 | 1.5 | 1 |
| $\mathbf{3}$ |  |  |  |  |
|  |  |  |  |  |
| $\mathbf{4}$ |  |  |  |  |
| $\mathbf{5}$ | 4 | 2.4 | 1.5 | 1 |
| $\mathbf{6}$ |  |  |  |  |

Part II Annualized Self-Employment Tax (Form 1040 filers only)
26 Net earnings from self-employment for the period (see instructions)
27 Prorated social security tax limit
28 Enter actual wages for the period subject to social security tax or the $6.2 \%$ portion of the $7.65 \%$ railroad retirement (tier 1) tax
29 Subtract line 28 from line 27. If zero or less, enter -0-.
30 Annualization amounts
31 Multiply line 30 by the smaller of line 26 or line 29
32 Annualization amounts
33 Multiply line 26 by line 32
34
Add lines 31 and 33. Enter here and on line 13 above . . .

## 2005 Form 2210-F, Underpayment of Estimated Tax by Farmers and Fishermen

| Purpose: | This is the first circulated draft of the 2005 Form 2210-F, <br> Underpayment of Estimated Tax by Farmers and Fishermen, for your <br> review and comments. An explanation of the major changes is at the <br> bottom of this page. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The 2004 Form 2210-F can be accessed at: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11745Y04.PDF |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by August 17, 2005. |

## Major Changes

- Text added to line 4. SE:W:CAR:MP:T:I:F
- The last bullet of the Line 3 instructions has been rewritten and line instructions for lines 4 and 10 have been added. SE:W:CAR:MP:T:I:F

Underpayment of Estimated Tax by
Farmers and Fishermen
Department of the Treasury Internal Revenue Service

- Attach to Form 1040, Form 1040NR, or Form 1041. - See instructions on back.

In most cases, you do not need to file Form 2210-F. The IRS will figure any penalty you owe and send you a bill. File Form 2210-F only if one or both of the boxes in Part I apply to you. If you do not need to file Form 2210-F, you still can use it to figure your penalty. Enter the amount from line 20 on the penalty line of your return but do not attach Form 2210-F.
Part I Reasons for Filing-If box 1a below applies to you, you may be able to lower or eliminate your penalty. But you must check that box and file Form 2210-F with your tax return. If box 1 b below applies to you, check that box and file Form 2210-F with your tax return.
1 Check whichever boxes apply (if neither applies, see the text above Part I and do not file Form 2210-F):
a You request a waiver. In certain circumstances, the IRS will waive all or part of the penalty. See the instructions for Waiver of Penalty.
b $\square$ Your required annual payment (line 15 below) is based on your 2004 tax and you filed, or are filing, a joint return for either 2004 or 2005 but not for both years.

## Part II Figure Your Underpayment

2 Enter your 2004 tax after credits from Form 1040, line 57; Form 1040NR, line 52; or Form 1041, Schedule G, line 4

3 Other taxes (see instructions)

4 Add lines 2 and 3 . If less than $\$ 1,000$, see instructions
5 Earned income credit
6 Additional child tax credit
7 Credit for Federal tax paid on fuels
8 Health coverage tax credit

9 Add lines 5, 6, 7, and 8
10 Current year tax. Subtract line 9 from line 4
11 Multiply line 10 by $662 / 3 \%$
12 Withholding taxes. Do not include any estimated tax payments on this line (see instructions)
13 Subtract line 12 from line 10. If less than $\$ 1,000$, stop here; you do not owe the penalty. Do not file Form 2210-F .
14 Enter the tax shown on your 2004 tax return. Caution: See instructions
15 Required annual payment. Enter the smaller of line 11 or line 14
Note: If line 12 is equal to or more than line 15, stop here; you do not owe the penalty. Do not file Form 2210-F unless you checked box 1b above.
16 Enter the estimated tax payments you made by January 17, 2006, and any Federal income tax and excess social security or tier 1 railroad retirement tax withheld during 2005
17 Underpayment. Subtract line 16 from line 15. If the result is zero or less, stop here; you do not owe the penalty. Do not file Form 2210-F unless you checked box 1b above

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## Part III Figure the Penalty

18 Enter the date the amount on line 17 was paid or April 15, 2006, whichever is earlier
19 Number of days from January 15, 2006, to the date on line 18
20 Penalty. $\begin{gathered}\text { Underpayment } \\ \text { on line } 17\end{gathered} \times \frac{\text { Number of days on line } 19}{365} \times .05$

| 18 | $/$ | $/ 06$ |
| :---: | :---: | :---: |
| 19 |  |  |
| 20 |  |  |

## General Instructions

Section references are to the Internal
Revenue Code.

## Purpose of Form

If you are an individual or a fiduciary for an estate or trust and at least two-thirds of your 2004 or 2005 gross income is from farming or fishing, use Form 2210-F to see if you owe a penalty for underpaying your estimated tax.

For a definition of gross income from farming and fishing and more details, see Pub. 505, Tax Withholding and Estimated Tax.

## The IRS Will Figure the Penalty for You

In most cases, the IRS will figure the penalty for you. Complete your return as usual, leave the penalty line on your return blank, and do not attach Form 2210-F. If you owe the penalty, we will send you a bill. And as long as you file your return by April 17, 2006, we will not charge you interest on the penalty if you pay by the date specified on the bill.


If you checked either of the boxes in Part I of the form, you must figure the penalty yourself and attach the completed form to your return.

## Who Must Pay the Underpayment Penalty

You may owe the penalty for 2005 if you did not pay at least the smaller of (a) two-thirds of the tax shown on your 2005 return or (b) the tax shown on your 2004 return.

Return. In these instructions, "return" refers to your original income tax return. However, an amended return is considered the original return if it is filed by the due date (including extensions) of the original return. Also, a joint return that replaces previously filed separate returns is considered the original return.

## Exceptions to the Penalty

You will not have to pay the penalty or file this form if any of the following applies.

- You file your return and pay the tax due by March 1, 2006.
- You had no tax liability for 2004, you were a U.S. citizen or resident for all of 2004, and your 2004 return was, or would have been had you been required to file, for a full 12 months.
- The total tax shown on your 2005 return minus the amount of tax you paid through withholding is less than $\$ 1,000$. To determine whether the total tax is less than $\$ 1,000$, complete lines 2 through 13.


## Waiver of Penalty

If you have an underpayment on line 17, all or part of the penalty for that underpayment will be waived if the IRS determines that:

- The underpayment was due to a casualty, disaster, or other unusual circumstance, and it would be inequitable to impose the penalty, or
- In 2004 or 2005 , you retired after age 62 or became disabled, and your underpayment was due to reasonable cause.

To request either of the above waivers, do the following:

- Check the box on line 1a.
- Complete Form 2210-F up to line 20 without regard to the waiver. Enter the amount you want waived in parentheses on the dotted line to the left of line 20. Subtract this amount from the total penalty you figured without regard to the waiver and enter the result on line 20.
- Attach Form 2210-F and a statement to your return explaining the reasons you were unable to meet the estimated tax requirements.
- If you are requesting a penalty waiver due to a casualty, disaster, or other unusual circumstance, attach documentation such as police and insurance company reports.
- If you are requesting a penalty waiver due to retirement or disability, attach
documentation that shows your retirement date (and your age on that date) or the date you became disabled.

The IRS will review the information you provide and will decide whether to grant your request for a waiver.

## Specific Instructions

If you file an amended return by the due date of your original return, use the amounts shown on your amended return to figure your underpayment. If you file an amended return after the due date of your original return, use the amounts shown on the original return.
Exception. If you and your spouse file a joint return after the due date to replace previously filed separate returns, use the amounts shown on the joint return to figure your underpayment.

## Line 3

Enter the total of the following amounts on line 3.

- Self-employment tax.
- Tax from recapture of investment, low-income housing, qualified electric vehicle, Indian employment, new markets, or employer-provided childcare facilities credits.
- Tax on early distributions from (a) an IRA or other qualified retirement plan, (b) an annuity, or (c) a modified endowment contract entered into after June 20, 1988.
- Tax on distributions from a Coverdell education savings account or a qualified tuition plan that are not used for qualified education expenses.
- Tax on Archer MSA or health savings account distributions not used for qualified medical expenses.
- Section 72(m)(5) penalty tax.
- Advance EIC payments.
- Interest due under sections 453(I)(3) and 453 A (c) on certain installment sales of property.
- Tax on income not effectively connected with a U.S. trade or business from Form 1040NR, lines 53 and 56.
- An increase or decrease in tax as a shareholder in a qualified electing fund.
- Tax on accumulation distribution of trusts.
- Tax on electing small business trusts included on Form 1041, Schedule G, line 7.
- Household employment taxes, including any advance EIC payments. Do not include this amount if you entered -0- on Form 2210-F, line 12, and the amount on line 10 (excluding household employment taxes), is less than $\$ 1,000$.


## Line 4

If Form $2210-$ F, line 4 is less than $\$ 1,000$, you do not owe the estimated tax penalty. Do not file Form 2210-F.

## Line 10

If Form 2210-F, line 10 is less than $\$ 1,000$, you do not owe the estimated tax penalty. Do not file Form 2210-F.

## Line 12

Enter the taxes withheld shown on Form 1040, lines 64 and 67; Form 1040NR, lines 59, 61, 66, 67, and 68; or Form 1041, line 24 e .

## Line 14

Figure your 2004 tax by using the taxes and credits shown on your 2004 tax return. Use the same taxes and credits shown on lines 2 , $3,5,6,7$, and 8 of this form.

If you are filing a joint return for 2005 but you did not file a joint return for 2004, add the tax shown on your 2004 return to the tax shown on your spouse's 2004 return and enter the total on line 14 (figured as explained above). If you filed a joint return for 2004 but you are not filing a joint return for 2005, see Pub. 505 to figure your share of the 2004 tax to enter on line 14.

If you did not file a return for 2004 or if your 2004 tax year was less than 12 months, do not complete line 14. Instead, enter the amount from line 11 on line 15. However, see Exceptions to the Penalty on this page.

## Line 16

If you are a household employer and made advance EIC payments, include those payments as of the date you paid the wages to your employee(s).

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 39 min .; Learning about the law or the form, 9 min.; Preparing the form, 35 min.; Copying, assembling, and sending the form to the IRS, 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Printed on recycled paper

## 2005 Form 2350 <br> Application for Extension of Time To File U.S. Income Tax Return

| Purpose: | This is the first circulated draft of the 2005 Form 2350 for your review and comments. Major changes are discussed below. |
| :---: | :---: |
| TPCC Meeting: | There is no TPCC meeting scheduled, but you may request one. |
| Prior Revisions: | The 2004 Form 2350 can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11780Y04.PDF. |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are posted at http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by April 28, 2005. |

## Major Changes to 2005 Form 2350

1. We removed the What's New on page 3 because it is no longer applicable.
2. We updated the address for the distribution center under Additional Information on page 3. (SE:W:CAR:MP)

| FROM: |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Ellen Fingerman <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| Ellen.Fingerman@irs.gov | 202-622-3544 | $202-927-6234$ | $6423-03$ | $03 / 15 / 2005$ |  |



## Please fill in the Return Label at the bottom of this page.

1 I request an extension of time until
o fil my income tax return for the calendar year 2005,
 for special tax treatment by meeting the "br a. e $r$ side $r$ st" or the "physical presence test" (see instructions).
2 Were you previously granted an exten o im to $f$ e fc. this tax year?.


3 Will you need additional time to al' $\boldsymbol{x}$ e n vins ev rises? . . . . . . . . . . . . . . . . $\square$ Yes $\square$ No
4a Date you first arrived in the foreign country $\qquad$
b Date qualifying period begins
ends
c Your foreign home address
d Date you expect to return to the United States
Note. This is not an extension of time to pay tax. Full payment is required to avoid interest and late payment charges.
5 Enter the amount of income tax paid with this form . . . . . . . . . . . . . . . . 5

## Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete; and, if prepared by someone other than the taxpayer, that I am authorized to prepare this form.


Please fill in the Return Label below with your name, address, and social security number. The IRS will complete the Notice to Applicant and return it to you. If you want it sent to another address or to an agent acting for you, enter the other address and add the agent's name.

Notice to
Applicant
To Be Completed by the IRS


We have approved your application.
We have not approved your application.
However, we have granted a 45-day grace period to
This grace period is considered a valid extension of time for elections otherwise required to be made on a timely return.
$\square \quad$ We have not approved your application. After considering the above information, we cannot grant your request for an extension of time to file. We are not granting a 45-day grace period.
$\square \quad$ We cannot consider your application because it was filed after the due date of your return.
Other
(Do not detach)
$\square$ Other

|  | Director | Date |
| :---: | :---: | :---: |
|  | Taxpayer's name (and agent's name, if applicable). If a joint return, also give spouse's name. | Taxpayer's social security number |
|  | Number and street (include suite, room, or apt. no.) or P.O. box number | Spouse's social security number |
|  | City or town, province or state, and country (including postal or ZIP code) | Agents: <br> Always include taxpayer's name on Return Label. |

## erilo <br> It's Convenient, Safe, and Secure

IRS e-file is the IRS's electronic filing program. You can get an extension of time to file your tax return by filing Form 2350 electronically. You will receive an electronic acknowledgment once you complete the transaction. Keep it with your records. Do not send in Form 2350 if you file electronically.

If you think you may owe tax and wish to make a payment, you may pay by electronic funds withdrawal. For details, see Paying by Electronic Funds Withdrawal on page 4.

## General Instructions

## Purpose of Form

Use Form 2350 to ask for an extension of time to file your tax return if you need the time to meet either the bona fide residence test or the physical presence test to qualify for the foreign earned income exclusion and/or the foreign housing exclusion or deduction.

A
Form 2350 does not extend the time to pay taxes. If you do not pay the amount due by the regular due date (April 17, 2006, for a calendar year return) you will owe interest and may be charged penalties. For details, see Filing Your Tax Return that begins on this page.
Note. If you file your return after the regular due date, you cannot have the IRS figure your tax.

If you need more time to file but do not expect to meet the bona fide residence or the physical presence test, file Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

If we give you more time to file and later find that the statements on this form are false or misleading, the extension is null and void. You will owe the late filing penalty explained on page 4.

## Who Should File

You should file Form 2350 if all three of the following apply:

1. You are a U.S. citizen or resident alien.
2. You expect to qualify for the foreign earned income exclusion and/or the foreign housing exclusion or deduction by meeting either the bona fide residence test or the physical presence test but not until after your tax return is due.
3. Your tax home is in a foreign country (or countries) throughout your period of bona fide residence or physical presence, whichever applies.

## Additional Information

Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, has a detailed discussion of the foreign earned income exclusion, the foreign housing exclusion and deduction, the bona fide residence test, and the physical presence test. You can get Pub. 54 from most U.S. embassies and consulates or by writing to: National Distribution Center, P.O. Box 8903, Bloomington, IL 61702-8903. You can also download Pub. 54 (and other forms and publications) from the IRS website at www.irs.gov.

## When To File

File Form 2350 on or before the due date of your Form 1040. For a 2005 calendar year return, this is April 17, 2006. However, if you have 2 extra months to file your return because you were "out of the country" (defined below), file Form 2350 on or before June 15, 2006. You should file Form 2350 early enough so that if it is not approved, you can still file your return on time.

Out of the country means that on the regular due date of your return, either (a) you live outside the United States and Puerto Rico and your main place of work is outside the United States and Puerto Rico, or (b) you are in military or naval service outside the United States and Puerto Rico. If you qualify as being "out of the country," you will still be eligible for the extension, even if you are physically present in the United States or Puerto Rico on the regular due date of the return. You do not have to file a form to get the 2-month extension because you were out of the country. But you will have to attach a statement to your tax return explaining how you qualified.

## Where To File

File Form 2350 with either the Internal Revenue Service Center, Philadelphia, PA 19255-0002, or a local IRS representative or other IRS employee.

## Period of Extension

If you are given an extension, it will generally be to a date 30 days after the date on which you expect to meet either the bona fide residence test or the physical presence test. But if you must allocate moving expenses (see Pub. 54), you may be given an extension to 90 days after the end of the year following the year you moved to the foreign country.
Gift or generation-skipping transfer (GST) tax return (Form 709). An extension of time to file your 2005 calendar year income tax return also extends the time to file Form 709 for 2005. However, it does not extend the time to pay any gift or GST tax you may owe for 2005. To make a payment of gift or GST tax, see Form 8892. If you do not pay the amount due by the regular due date for Form 709, you will owe interest and may also be charged penalties. If the donor died during 2005, see the instructions for Forms 709 and 8892.

## Filing Your Tax Return

You may file Form 1040 any time before the extension expires. But remember, Form 2350 does not extend the time to pay taxes. If you do not pay the amount due by the regular due date, you will owe interest. You may also be charged penalties.
Interest. You will owe interest on any tax not paid by the regular due date of your return. This is April 17, 2006, for a 2005 calendar year return even if you qualify for the 2-month extension because you were out of the country. The interest runs until you pay the tax. Even if you had a good reason for not paying on time, you will still owe interest.
Late payment penalty. The penalty is usually $1 / 2$ of $1 \%$ of any tax (other than estimated tax) not paid by the due date (including the 2-month extension for taxpayers who are out of the country). It is charged for each month or part of a month the tax is unpaid. The maximum penalty is $25 \%$. You might not owe this penalty if you have a good reason for not paying on time. Attach a statement to your return, not Form 2350, explaining the reason.

Late filing penalty. A penalty is usually charged if your return is filed after the due date (including extensions). It is usually $5 \%$ of the tax not paid by the regular due date for each month or part of a month your return is late. Generally, the maximum penalty is $25 \%$. If your return is more than 60 days late, the minimum penalty is $\$ 100$ or the balance of tax due on your return, whichever is smaller. You might
not owe the penalty if you have a good reason for filing late. Attach a statement to your return, not Form 2350, explaining the reason.
How to claim credit for payment made with this form. When you file Form 1040, enter any income tax payment (line 5) sent with Form 2350 on Form 1040, line 69.

## Specific Instructions

## Name, Address, and Social Security Number (SSN)

Enter your name, address, and SSN. If you plan to file a joint return include your spouse's name and SSN in the same order they will appear on your return. Do not abbreviate the country name. Line 1. If you plan to qualify for the bona fide residence test, enter the date that is one year and 30 days ( 90 days if allocating moving expenses) from the 1st day of your next full tax year (from January 2006, for a calendar year return). If you plan to qualify under the physical presence test, enter the date that is twelve months and 30 days ( 90 days if allocating moving expenses) from your first full (24 hour) day in the foreign country.
Line 4a. Enter the day, month, and year of your arrival in the foreign country.
Line 4b. The beginning date of the qualifying period is the first full ( 24 hour) day in the foreign country, usually the day after arrival. The ending date usually corresponds with the entry on line 1.
Note. The ending date is the date you will qualify for special tax treatment by meeting the physical presence or bona fide residence test.
Line 4c. Enter the physical address where you are currently living in the foreign country.
Line 4d. Date you expect to return to the United States. If you have no planned date, leave this line blank.
Bona fide residence test. To meet this test, you must be a U.S. citizen who is a bona fide resident of a foreign country (or countries) for an uninterrupted period that includes an entire tax year. A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect also may meet this test.

Physical presence test. To meet this test, you must be a U.S. citizen or resident alien who is physically present in a foreign country (or countries) for at least 330 full days during any 12-month period.
Tax home. Generally, your tax home is your regular or main place of business or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live.
Foreign country. A foreign country is a country other than the United States or any of its possessions or territories.

## Signature and Verification

This form must be signed. If you plan to file a joint return, both of you should sign. If there is a good reason why one of you cannot, the other spouse may sign for both. Attach a statement explaining why the other spouse cannot sign.
Others who can sign for you. Anyone with a power of attorney can sign. But the following can sign for you without a power of attorney.

- Attorneys, CPAs, and enrolled agents.
- A person in a close personal or business relationship to you who is signing because you cannot. There must be a good reason why you cannot sign, such as illness or absence. Attach an explanation.


## Notice to Applicant and Return Label

You must complete the Return Label to receive the Notice to Applicant. We will use it to tell you if your application is approved. Do not attach the notice to your return-keep it for your records.
If the post office does not deliver mail to your street address, enter your P.O. box number instead.

## How To Make a Payment With Your Extension

## Paying by Electronic Funds Withdrawal

You can e-file Form 2350 and make a payment by authorizing an electronic funds withdrawal from your checking or savings account. Check with your financial institution to make sure that an electronic funds withdrawal is allowed and to get the correct routing and account numbers.

If you owe tax and wish to have the money electronically withdrawn from your account, you will be asked to make the following declaration:

I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated for payment of my federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent
at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
Note. This is your written copy of the electronic funds withdrawal authorization you made to have the amount you owe withdrawn. Keep it for your records.

## Paying by Check or Money Order

- When paying by check or money order with Form 2350, see Where To File on page 3.
- Make your check or money order payable to the "United States Treasury." Do not send cash.
- Write your social security number, daytime phone number, and "2005 Form 2350" on your check or money order.
- Do not staple or attach your payment to the form.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 13 min.; Learning about the law or the form, 12 min .; Preparing the form, 18 min .; and Copying, assembling, and sending the form to the IRS, 13 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to us at the following address: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File on page 3.

## 2005 Instructions for Form 2441, Child and Dependent Care Expenses

| Purpose: | This is the first circulated draft of the 2005 Instructions for Form 2441, <br> Child and Dependent Care Expenses, for your review and comments. <br> See below for a discussion of the major changes. |
| :--- | :--- |
| TPCC Meeting: | There is no TPCC meeting scheduled, but you may request one. |
| Prior Revisions: | The 2004 Instructions for Form 2441 can be viewed by clicking on the <br> following link: http://publish.no.irs.gov/INSTRS/PDF/10842Y04.PDF. |
| Form: | The 2005 Form 2441 was circulated earlier at: <br> http://taxforms.web.irs.gov/Products/Drafts/05f2441 d1.pdf. |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by June 3, 2005. |

## Major Changes to the 2005 Instructions for Form 2441

What's New, page 1. We revised What's New to reflect the elimination of the support test to claim a qualifying person per the Working Families Tax Relief Act of 2004 (WFTR).

## Qualifying Person(s), page 1

- We revised the personal exemption amount based on Rev. Proc. 2004-71.
- We revised the Caution to reflect elimination of the need to maintain a home to claim a qualifying person per WFTR. IRC sec. 21(b)(1), IRC sec. 152(c)(1)(B)

Exception for children of divorced or separated parents, page 1. We rewrote and shortened this section at the advice of Chief Counsel. WFTR

Who Can Take the Credit or Exclude Dependent Care Benefits?, page 2. We removed old number 3, about paying over half the cost of keeping up your home, because it no longer applies and renumbered the remaining listed items. IRC 21(a)(1) as amended by WFTR

Line 17, page 3. We added text under item 4, on page 4 that the election to include nontaxable combat pay in earned income is a separate election if both spouses are in the military and receive such pay.

| FROM: <br> Ellen Fingerman <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Ellen.Fingerman@irs.gov | $202-622-3544$ | $202-927-6234$ | $6423-03$ | $05 / 11 / 2005$ |  |

Department of the Treasury
Internal Revenue Service

## Instructions for Form 2441

## Child and Dependent Care Expenses

## What's New

Generally, you no longer need to pay over half the cost of keeping up a home for a qualifying person. However, the qualifying person must live with you for more than half of 2005. See Definitions below and Who Can Take the Credit or Exclude Dependent Care Benefits? on page 2 for more information.

## Purpose of Form

If you paid someone to care for your child or other qualifying person so you (and your spouse if filing a joint return) could work or look for work in 2005, you may be able to take the credit for child and dependent care expenses. But you must have had earned income to do so. If you can take the credit, use Form 2441 to figure the amount of your credit.

If you (or your spouse if filing a joint return) received any dependent care benefits for 2005 , you must use Form 2441 to figure the amount, if any, of the benefits you may exclude from your income on Form 1040, line 7. You must complete Part III of Form 2441 before you can figure the credit, if any, in Part II.

## Definitions

## Dependent Care Benefits

These include amounts your employer paid directly to either you or your care provider for the care of your qualifying person(s) while you worked. These benefits also include the fair market value of care in a daycare facility provided or sponsored by your employer. Your salary may have been reduced to pay for these benefits. If you received dependent care benefits as an employee, they should be shown in box 10 of your 2005 Form(s) W-2. Benefits you received as a partner should be shown in box 13 of your Schedule K-1 (Form 1065) with code N.

## Qualifying Person(s)

A qualifying person is:

- A qualifying child under age 13 whom you can claim as a dependent (but see Exception for children of divorced or separated parents below). If the child turned 13 during the year, the child is a qualifying person for the part of the year he or she was under age 13.
- Your disabled spouse who is not able to care for himself or herself.
- Any disabled person not able to care for himself or herself whom you can claim as a dependent (or could claim as a dependent except that the person had gross income of $\$ 3,200$ or more or filed a joint return). But if this person is your child, see Exception for children of divorced or separated parents below.

To find out who is a qualifying child and who is a dependent, see Pub. 501, Exemptions, Standard Deduction, and Filing Information.
 To be a qualifying person, the person must have lived with you in the same home for more than half of 2005.
Exception for children of divorced or separated parents. If your child was under age 13 , or was disabled and could not care for himself or herself, and you lived in the same home with the child for more than half of 2005 (except for temporary absences, such as school), the child is treated as your qualifying person. The child is not treated as the qualifying person of the other parent, even if the other parent is entitled to the dependency exemption for the child under the special rules for a child of divorced or separated parents.

To find out when a noncustodial parent is entitled to claim the dependency exemption for a child, see Pub. 501.

## Qualified Expenses

These include amounts paid for household services and care of the qualifying person while you worked or
looked for work. Child support payments are not qualified expenses. Also, expenses reimbursed by a state social service agency are not qualified expenses unless you included the reimbursement in your income.

## Household Services

These are services needed to care for the qualifying person as well as to run the home. They include, for example, the services of a cook, maid, babysitter, housekeeper, or cleaning person if the services were partly for the care of the qualifying person. Do not include services of a chauffeur or gardener.

You can also include your share of the employment taxes paid on wages for qualifying child and dependent care services.

## Care of the Qualifying Person

Care includes the cost of services for the qualifying person's well-being and protection. It does not include the cost of clothing or entertainment.

You can include the cost of care provided outside your home for your dependent under age 13 or any other qualifying person who regularly spends at least 8 hours a day in your home. If the care was provided by a dependent care center, the center must meet all applicable state and local regulations. A dependent care center is a place that provides care for more than six persons (other than persons who live there) and receives a fee, payment, or grant for providing services for any of those persons, even if the center is not run for profit.

You can include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and cannot be separated from the total cost. But do not include the cost of schooling for a child in the first grade or above. Also, do not include any expenses for sending your child to an overnight camp.

## Medical Expenses

Some disabled spouse and dependent care expenses may qualify as medical expenses if you itemize deductions on Schedule A (Form 1040). See Pub. 503, Child and Dependent Care Expenses, and Pub. 502, Medical and Dental Expenses, for details.

## Who Can Take the Credit or Exclude Dependent Care Benefits?

You can take the credit or the exclusion if all five of the following apply.

1. Your filing status is single, head of household, qualifying widow(er), or married filing jointly. But see Married Persons Filing Separate Returns below.
2. The care was provided so you (and your spouse if you were married) could work or look for work. However, if you did not find a job and have no earned income for the year, you cannot take the credit or the exclusion. But if your spouse was a student or disabled, see the instructions for line 5.
3. You and the qualifying person(s) lived in the same home for more than half of 2005.
4. The person who provided the care was not your spouse or a person whom you can claim as a dependent. If your child provided the care, he or she must have been age 19 or older by the end of 2005.
5. You report the required information about the care provider on line 1 and, if taking the credit, the information about the qualifying person on line 2.

## Married Persons Filing Separate Returns

If your filing status is married filing separately and all of the following apply, you are considered unmarried for purposes of figuring the credit and the exclusion on Form 2441.

- You lived apart from your spouse during the last 6 months of 2005,
- The qualifying person lived in your home more than half of 2005, and - You provided over half the cost of keeping up your home.

If you meet all the requirements to be treated as unmarried and meet items 2 through 5 listed earlier, you can take the credit or the exclusion. If you do not meet all the requirements
to be treated as unmarried, you cannot take the credit. However, you can take the exclusion if you meet items 2 through 5.

## Line Instructions

## Line 1

Complete columns (a) through (d) for each person or organization that provided the care. You can use Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in its instructions to get the information from the care provider. If you do not give correct or complete information, your credit (and exclusion, if applicable) may be disallowed unless you can show you used due diligence in trying to get the required information.

## Due Diligence

You can show a serious and earnest effort (due diligence) to get the information by keeping in your records a Form W-10 completed by the care provider. Or you may keep one of the other sources of information listed in the instructions for Form $\mathrm{W}-10$. If the provider does not give you the information, complete the entries you can on line 1. For example, enter the provider's name and address. Enter "See Page 2" in the columns for which you do not have the information. Then, on the bottom of page 2, explain that the provider did not give you the information you requested.

## Columns (a) and (b)

Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a). Next, enter "See W-2" in column (b). Then, leave columns (c) and (d) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (d).

## Column (c)

If the care provider is an individual, enter his or her social security number (SSN). Otherwise, enter the provider's employer identification number (EIN). If the provider is a tax-exempt organization, enter "Tax-Exempt" in column (c).

## Column (d)

Enter the total amount you actually paid in 2005 to the care provider. Also, include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

## Line 2

Complete columns (a) through (c) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information. Be sure to put your name and social security number (SSN) on the statement. Also, enter "See Attached" on the dotted line next to line 3.

## Column (a)

Enter each qualifying person's name.

## Column (b)

You must enter the qualifying person's SSN. Be sure the name and SSN entered agree with the person's social security card. Otherwise, at the time we process your return, we may reduce or disallow your credit. If the person was born and died in 2005 and did not have an SSN, enter "Died" in column (b) and attach a copy of the person's birth certificate.

To find out how to get an SSN, see Social Security Number (SSN) on page 16 of the Form 1040 instructions. If the name or SSN on the person's social security card is not correct, call the Social Security Administration at 1-800-772-1213.

## Column (c)

Enter the qualified expenses you incurred and paid in 2005 for the person listed in column (a). Prepaid expenses are treated as paid in the year the care is provided. Do not include in column (c) qualified expenses:

- You incurred in 2005 but did not pay until 2006. You may be able to use these expenses to increase your 2006 credit.
- You incurred in 2004 but did not pay until 2005. Instead, see the instructions for line 9 on page 3. - You prepaid in 2005 for care to be provided in 2006. These expenses can only be used to figure your 2006 credit.


If you paid qualified expenses for the care of two or more qualifying persons, the \$6,000 limit does not need to be divided
equally. For example, if you paid and incurred $\$ 2,500$ of qualified expenses for the care of one qualifying person and $\$ 3,500$ for the care of another qualifying person, you can use the total, $\$ 6,000$, to figure the credit.

## Line 4

Earned income for figuring the credit includes the following amounts. If filing a joint return, figure your and your spouse's earned income separately.

1. The amount shown on Form 1040, line 7, minus (a) any amount included for a scholarship or fellowship grant that was not reported to you on a Form W-2, (b) any amount also reported on Schedule SE (Form 1040) because you were a member of the clergy or you received $\$ 108.28$ or more of church employee income, and (c) any amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457(b) plan. This amount may be shown in Form W-2, box 11, or in Form W-2, box 12 , with code Z. If you received such an amount but it is not reported on Form W-2, contact your employer for the amount received as a pension or annuity.
2. The amount shown on Schedule SE, line 3, minus any deduction you claim on Form 1040, line 27. If you use either optional method to figure self-employment tax, subtract any deduction you claim on Form 1040, line 27, from the total of the amounts shown on Schedule SE, Section B, lines 3 and 4b. If you received church employee income of $\$ 108.28$ or more, subtract any deduction you claim on Form 1040, line 27, from the total of the amounts shown on Schedule SE, Section B, lines 3, 4b, and 5 a
3. If you are filing Schedule C or C-EZ (Form 1040) as a statutory employee, the amount shown on line 1 of the schedule.
4. Certain nontaxable earned income such as meals and lodging provided for the convenience of your employer and nontaxable combat pay. See Pub. 503 for details.

You must reduce your earned income by any loss from self-employment.

## Special Situations

If you are filing a joint return, disregard community property laws. If your spouse died in 2005, see Pub.
503. If your spouse was a student or disabled in 2005, see the instructions for line 5.

## Line 5

## Spouse Who Was a Student or Disabled

Your spouse was a student if he or she was enrolled as a full-time student at a school during any 5 months of 2005. A school does not include a night school or
correspondence school. Your spouse was disabled if he or she was not capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month or part of a month your spouse was a student or was disabled, he or she is considered to have worked and earned income. His or her earned income for each month is considered to be at least $\$ 250$ (\$500 if more than one qualifying person was cared for in 2005). If your spouse also worked during that month, use the higher of \$250 (or $\$ 500$ ) or his or her actual earned income for that month. If, in the same month, both you and your spouse were either students or disabled, only one of you can be treated as having earned income in that month.

For any month that your spouse was not a student or disabled, use your spouse's actual earned income if he or she worked during the month.

## Line 9

## Credit for Prior Year's Expenses

If you had qualified expenses for 2004 that you did not pay until 2005, you may be able to increase the amount of credit you can take in 2005. To figure the credit, see the worksheet under Amount of Credit in Pub. 503. If you can take a credit for your 2004 expenses, enter the amount of the credit and "CPYE" on the dotted line next to line 9. Also, enter the name and social security number of the person for whom you paid the prior year's expenses to the right of this amount. Then, add the credit to the amount on line 9 and replace the amount on line 9 with that total. Also, attach a statement showing how you figured the credit.

## Line 13

If you had a flexible spending account, any amount included on line 12 that you did not receive because
you did not incur the expense is considered forfeited. Enter the forfeited amount on line 13. Do not include amounts you expect to receive at a future date.
Example. Under your employer's dependent care plan, you chose to have your employer set aside \$5,000 to cover your 2005 dependent care expenses. The $\$ 5,000$ is shown in box 10 of your Form W-2. In 2005, you incurred and were reimbursed for $\$ 4,950$ of qualified expenses. You would enter \$5,000 on line 12 and $\$ 50$, the amount forfeited, on line 13.

## Line 15

Enter the total of all qualified expenses incurred in 2005 for the care of your qualifying person(s). It does not matter when the expenses were paid.
Example. You received \$2,000 in cash under your employer's dependent care plan for 2005. The $\$ 2,000$ is shown in box 10 of your Form W-2. Only $\$ 900$ of qualified expenses were incurred in 2005 for the care of your 5-year-old dependent child. You would enter \$2,000 on line 12 and $\$ 900$ on line 15.

## Line 17

Earned income for figuring the amount of dependent care benefits you are able to exclude or deduct from your income includes the following amounts. If filing a joint return, figure your and your spouse's earned income separately.

1. The amount shown on Form 1040, line 7, minus (a) any amount included for a scholarship or fellowship grant that was not reported to you on a Form W-2, (b) any amount also reported on Schedule SE (Form 1040) because you were a member of the clergy or you received $\$ 108.28$ or more of church employee income, and (c) any amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457(b) plan. This amount may be shown in Form W-2, box 11, or in Form W-2, box 12, with code Z. If you received such an amount but it is not reported on Form W-2, contact your employer for the amount received as a pension or annuity.
2. The amount shown on Schedule SE, line 3, minus any deduction you claim on Form 1040, line 27. If you use either optional method to figure self-employment tax, subtract any deduction you claim on

Form 1040, line 27, from the total of the amounts shown on Schedule SE, Section B, lines 3 and 4b. If you received church employee income of $\$ 108.28$ or more, subtract any deduction you claim on Form 1040, line 27, from the total of the amounts shown on Schedule SE, Section B, lines 3, 4b, and 5a.
3. If you are filing Schedule $C$ or C-EZ (Form 1040) as a statutory employee, the amount shown on line 1 of the schedule.
4. Nontaxable combat pay, if you elect to include it in earned income. However, including this income will only give you a larger exclusion or deduction if your (or your spouse's) other earned income is less than the amount entered on line 16. To make the election, include all of your nontaxable combat pay in the amount you enter on line 17 (line 18 for your spouse if filing jointly). If you are filing a joint return and both you and your spouse received nontaxable combat pay, you can each make your own election. The amount of your nontaxable combat pay should be shown in box 12 of Form(s) W-2 with code Q.


For purposes of line 17, earned income does not include any dependent care benefits shown on line 12.


You must reduce your earned income by any loss from self-employment.

## Special Situations

If you are filing a joint return, disregard community property laws. If your spouse died in 2005, see Pub. 503. If your spouse was a student or disabled in 2005, see the instructions for line 5.

## Line 18

If your filing status is married filing separately, see Married Persons Filing Separate Returns on page 2. Are you considered unmarried under that rule?

- Yes. Enter your earned income (from line 17) on line 18. On line 22, enter \$5,000.
- No. Enter your spouse's earned income on line 18. If your spouse was a student or disabled in 2005, see the instructions for line 5 . On line 22, enter \$2,500.


## Line 23

Include your deductible benefits in the total entered on Schedule C, line 14; Schedule E, line 18 or line 28; or Schedule F, line 17; whichever applies.

Paperwork Reduction Act Notice.
We ask for the information on this form to carry out the Internal
Revenue laws of the United States.

You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping, 33 min.; Learning about the law or the form, 22 min .; Preparing the form, 52 min.; and Copying, assembling, and sending the form to the IRS, 31 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

## 2005 Form 2441, Child and Dependent Care Expenses

| Purpose: | This is the first circulated draft of the 2005 Form 2441, Child and <br> Dependent Care Expenses, for your review and comments. Major <br> changes are discussed below. |
| :--- | :--- |

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.
Instructions: The 2005 Instructions for Form 2441 will be circulated at a later date.
Prior Revisions: The 2004 Form 2441 can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/11862Y04.PDF.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by March 28, 2005.

## Major Changes to the 2005 Form 2441

Line references have been changed to reflect the changes to the lines on Form 1040.

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Ellen Fingerman <br> SE:W:CAR:MP:T:I:F | Ellen.Fingerman@irs.gov | $202-622-3544$ | $202-927-6234$ | $6423-03$ | $2 / 25 / 2004$ |

- Attach to Form 1040.

See separate instructions.

Before you begin: You need to understand the following terms. See Definitions on page 1 of the instructions.

- Dependent Care Benefits
- Qualifying Person(s)
- Qualified Expenses

Part I Persons or Organizations Who Provided the Care-You must complete this part.
(If you need more space, use the bottom of page 2.)

| 1 <br> (a) Care provider's name | (b) Address <br> (c) Identifying number (number, street, apt. no., city, state, and ZIP code) (SSN or EIN) | (d) Amount paid (see instructions) |
| :---: | :---: | :---: |
|  | $\cdots$ |  |
|  |  |  |



Caution. If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 62.

## Part II Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). If you have more than two qualifying persons, see the instructions.

|  | (a) Qualifying person's name <br> First <br> Last |  |  | (b) Qualifying person's social security number |  | (c) Qualified expenses you incurred and paid in 2005 for the person listed in column (a) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 345 | Add the amounts in column (c) of line 2. Do not enter more than $\$ 3,000$ for one qualifying person or $\$ 6,000$ for two or more persons. If you completed Part III, enter the amount from line 32 |  |  |  | 3 |  |  |
|  | Enter your earned income. See instructions . . . . . . . . . . . . . . . |  |  |  | 4 |  |  |
|  | If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); all others, enter the amount from line 4 |  |  |  | 5 |  |  |
|  |  |  |  |  | 6 |  |  |
|  | Enter the amount from Form 1040, line 38. |  |  |  |  |  |  |
|  | Enter on line 8 the decimal amount shown below that applies to the amount on line 7 <br> If line $\mathbf{7}$ is: <br> If line $\mathbf{7}$ is: |  |  |  |  |  |  |
|  | OverBut not <br> over | Decimal amount is | OverBut not <br> over | Decimal amount is |  |  |  |
|  | \$0-15,000 | . 35 | \$29,000-31,000 | . 27 |  |  |  |
|  | 15,000-17,000 | . 34 | 31,000-33,000 | . 26 |  |  |  |
|  | 17,000-19,000 | . 33 | 33,000-35,000 | . 25 | 8 |  | . |
|  | 19,000-21,000 | . 32 | 35,000-37,000 | . 24 |  |  |  |
|  | 21,000-23,000 | . 31 | 37,000-39,000 | . 23 |  |  |  |
|  | 23,000-25,000 | . 30 | 39,000-41,000 | . 22 |  |  |  |
|  | 25,000-27,000 | . 29 | 41,000-43,000 | . 21 |  |  |  |
|  | 27,000-29,000 | . 28 | 43,000-No limit | . 20 |  |  |  |
| 91011 | Multiply line 6 by the decimal amount on line 8 . If you paid 2004 expenses in 2005, see the instructions |  |  |  | 9 |  |  |
|  | Enter the amount from Form 1040, line 46, minus any amount on Form 1040, line 47 . . |  |  |  | 10 |  |  |
|  | Credit for child and dependent care expenses. Enter the smaller of line 9 or line 10 here and on Form 1040, line 48 |  |  |  | 11 |  |  |

## Part III Dependent Care Benefits

12 Enter the total amount of dependent care benefits you received in 2005. Amounts you received as an employee should be shown in box 10 of your Form(s) W-2. Do not include amounts reported as wages in box 1 of Form(s) W-2. If you were self-employed or a partner, include amounts you received under a dependent care assistance program from your sole proprietorship or partnership .
13 Enter the amount forfeited, if any (see the instructions)
14 Subtract line 13 from line 12 .
15 Enter the total amount of qualified expenses incurred in 2005 for the care of the qualifying person(s)
16 Enter the smaller of line 14 or 15
17 Enter your earned income. See instructions
18 Enter the amount shown below that to you.

- If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5).
- If married filing separately, see the instructions for the amount to enter.
- All others, enter the amount from line 17 .

19 Enter the smallest of line 16,17 , or 18


20 Enter the amount from line 12 that you received from your sole proprietorship or partnership. If you did not receive any such amounts, enter -0-
21 Subtract line 20 from line 14
22 Enter \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18)
23 Deductible benefits. Enter the smallest of line 19, 20, or 22 . Also, include this amount on the appropriate line(s) of your return (see the instructions)
24 Enter the smaller of line 19 or 22
25 Enter the amount from line 23


26 Excluded benefits. Subtract line 25 from line 24. If zero or less, enter -0-
27 Taxable benefits. Subtract line 26 from line 21. If zero or less, enter -0-. Also, include this amount on Form 1040, line 7. On the dotted line next to line 7, enter "DCB"


To claim the child and dependent care credit, complete lines 28-32 below.
28 Enter \$3,000 (\$6,000 if two or more qualifying persons)
29 Add lines 23 and 26
30 Subtract line 29 from line 28. If zero or less, stop. You cannot take the credit. Exception. If you paid 2004 expenses in 2005, see the instructions for line 9
31 Complete line 2 on the front of this form. Do not include in column (c) any benefits shown on line 29 above. Then, add the amounts in column (c) and enter the total here .
32 Enter the smaller of line 30 or 31 . Also, enter this amount on line 3 on the front of this form and complete lines 4-11

| 28 |  |  |
| :--- | :--- | :--- |
| 29 |  |  |
| 30 |  |  |
| 31 |  |  |
| 32 |  |  |

Investment Credit

- Attach to your tax return.


## Name(s) shown on return

## Part I Current Year Credit

1 Rehabilitation credit (see instructions for requirements that must be met):
a Check this box if you are electing under section $47(\mathrm{~d})(5)$ to take your qualified rehabilitation expenditures into account for the tax year in which paid (or, for self-rehabilitated property, when capitalized). See instructions. Note: This election applies to the current tax year and to all later tax years. You may not revoke this election without IRS consent
Enter the amount of qualified rehabilitation expenditures and multiply by the percentage shown:
b Pre-1936 buildings
$\$$
10\% (.10)
c Certified historic structures
\$
$\times 20 \%(.20)$
(1) Enter the assigned NPS project number or the pass-through entity's employer identification number (see instructions).
(2) Enter the date that the NPS approved the Request for Certification of Completed Work (see instructions).
d (1) Enter the date on which the 24- or 60-month measuring period begins ........................... and ends
(2) Enter the adjusted basis of the building as of the beginning date above (or the first day of your holding period, if later)
(3) Enter the amount of the qualified rehabilitation expenditures incurred, or treated as incurred, during the period on line $1 \mathrm{~d}(1)$ above
$\qquad$ er treated as incurred, during the period on kne 1a(1) above
e Rehabilitation credit from an electing large partnership (Schedule K-1 (Form 1065-B), box 9)
2 Energy credit. Enter the basis of energy property placed in service during the tax year (see instructions)
\$ $\qquad$ $\times 10 \%$ (.10)
3 Credit from cooperatives. Enter the unused investment credit from cooperatives
4 Current year credit. Add lines 1b through 3

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| $1 b$ |  |  |
| $1 c$ |  |  |
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| $1 e$ |  |  |
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## Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
6 Alternative minimum tax: Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.
- Individuals: Form 6251, line 35
- Corporations: Form 4626, line 14
- Estates and trusts: Form 1041, Schedule I, line 56

7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54.
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8a through 8e
9 Net income tax. Subtract line 8 from line 5. If zero, skip lines 10 through 13 and enter -0-on line 14
10 Net regular tax. Subtract line $8 f$ from line 5. If zero or less, enter -0-
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions)
13 Enter the greater of line 11 or line 12

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| :--- | :--- | :--- |
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| 12 |  |  |

14 Subtract line 13 from line 9. If zero or less, enter -0- .
15 Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions.

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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

The reforestation credit was repealed by the American Jobs Creation Act of 2004 with respect to expenditures paid or incurred after October 22, 2004.

## Purpose of Form

Use Form 3468 to claim the investment credit. The investment credit consists of the rehabilitation and energy credits. Also, use Form 3468 to claim a regular investment credit for transition property.

## Investment Credit Property

Investment credit property is any depreciable or amortizable property that qualifies for the rehabilitation or energy credit. For details on the rehabilitation credit, see the instructions for lines 1a through 1e. For details on the energy credit, see the instructions for line 2.

You cannot claim a credit for property that is:

- Used mainly outside the United States (except for property described in section 168(g)(4));
- Used by a governmental unit or foreign person or entity (except for a qualified rehabilitated building leased to that unit, person, or entity; and property used under a lease with a term of less than 6 months);
- Used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in an unrelated trade or business or is a qualified rehabilitated building leased by the organization;
- Used for lodging or in the furnishing of lodging (see section 50(b)(2) for
exceptions); or
- That is energy property used in a facility that qualifies for a credit under section 45.


## Election for Certain Leased Property

If you lease property to someone else, you may elect to treat all or part of your investment in new property as if it were made by the person who is leasing it from you. Lessors and lessees should see section 48(d) (as in effect on November 4, 1990) and related regulations for rules on making this election. For limitations, see sections 46(e)(3) and 48(d) (as in effect on November 4, 1990).

## At-Risk Limit for Individuals and Closely Held Corporations

The cost or basis of property for investment credit purposes may be limited if you borrowed against the property and are protected against loss, or if you borrowed money from a person who is related or who has other than a creditor interest in the business activity. The cost or basis must be reduced by the amount of this "nonqualified nonrecourse" financing related to the property as of the close of the tax year in which the property is placed in service. If, at the close of a tax year following the year property was placed in service, the nonqualified nonrecourse financing for any property has increased or decreased, then the credit base for the property changes accordingly. The changes may result in an increased credit or a recapture of the credit in the year of the change. See sections 49 and 465 for details.

## Recapture of Credit

You may have to refigure the investment credit and recapture all or a portion of it if:

- You dispose of investment credit property before the end of 5 full years after the property was placed in service (recapture period);
- You change the use of the property before the end of the recapture period so that it no longer qualifies as investment credit property;
- The business use of the property decreases before the end of the recapture period so that it no longer qualifies (in whole or in part) as investment credit property;
- Any building to which section 47(d) applies will no longer be a qualified rehabilitated building when placed in service;
- Any property to which section 48(a)(5) applies will no longer qualify as investment credit property when placed in service; - Before the end of the recapture period, your proportionate interest is reduced by more than one-third in an S corporation, partnership (other than an electing large partnership), estate, or trust that allocated the cost or basis of property to you for which you claimed a credit;
- You return leased property (on which you claimed a credit) to the lessor before the end of the recapture period; or
- A net increase in the amount of nonqualified nonrecourse financing occurs for any property to which section 49(a)(1) applied.

Exceptions to recapture. Recapture of the investment credit does not apply to any of the following.

- A transfer due to the death of the taxpayer.
- A transfer between spouses or incident to divorce under section 1041. However, a later disposition by the transferee is subject to recapture to the same extent as if the transferor had disposed of the property at the later date.
- A transaction to which section 381(a) applies (relating to certain acquisitions of the assets of one corporation by another corporation).
- A mere change in the form of conducting a trade or business if:

1. The property is retained as investment credit property in that trade or business and
2. The taxpayer retains a substantial interest in that trade or business.

A mere change in the form of conducting a trade or business includes a corporation that elects to be an S corporation and a corporation whose $S$ election is revoked or terminated.

!
See section 46(g)(4) (as in effect on November 4, 1990) if you made a withdrawal from a CAUTION capital construction fund set up under the Merchant Marine Act of 1936 to pay the principal of any debt incurred in connection with a vessel on which you claimed investment credit.

For details, see Form 4255, Recapture of Investment Credit.

## Specific Instructions

## S Corporations, Partnerships (Other Than Electing Large Partnerships), Estates, and Trusts

To figure the cost or basis of property to pass through to the individual shareholders, partners, or beneficiaries, complete only the following.

- The information requested on lines 1b, 1c, and 1d (or the attached statement for line 4).
- The basis of energy property on line 2.
- The qualified investment for transitional regular investment credit property on the attached statement for line 4.

Attach the form (with applicable lines of Part I completed) to the S corporation, partnership, estate, or trust income tax return to show the total cost or basis (or unused credit from a cooperative) that is passed through.

## Regulated Investment Companies and Real Estate Investment Trusts

For regulated investment companies and real estate investment trusts, the following amounts are limited to a percentage of the amounts otherwise determined.

- The qualified rehabilitation expenditures on lines 1b and 1c (or the attached statement for line 4).
- The basis of energy property on line 2.
- The qualified investment for transitional regular investment credit property on the attached statement for line 4.
- The $\$ 25,000$ amount used to figure the tax limitation on line 11.

Figure this percentage by dividing taxable income for the year by taxable income figured without regard to the deduction for dividends paid. For details, see Regulations section 1.46-4(b).

## Part I—Current Year Credit

## Lines 1a through 1e-Rehabilitation Credit

You are allowed a credit for qualified rehabilitation expenditures made for any qualified rehabilitated building. The credit is $10 \%$ of the expenditures for any qualified rehabilitated building other than a certified historic structure and $20 \%$ of the expenditures for a certified historic structure. You must reduce your depreciable basis by the amount of the credit.

If the adjusted basis of the building is determined in whole or in part by reference to the adjusted basis of a person other than the taxpayer, see Regulations section 1.48-12(b)(2)(viii) for additional information that must be attached.

To be a qualified rehabilitated building, your building must meet all four of the following requirements.

1. The building was originally placed in service before 1936 or it is a certified historic structure. A certified historic structure is any building (a) listed in the National Register of Historic Places or
(b) located in a registered historic district (as defined in section 47(c)(3)(B)) and certified by the Secretary of the Interior as being of historic significance to the district. Certification requests are made through your State Historic Preservation Officer on National Park Service (NPS) Form 10-168a, Historic Preservation Certification Application.
2. The building must be substantially rehabilitated. A building is considered substantially rehabilitated if your qualified rehabilitation expenditures during a self-selected 24-month period that ends with or within your tax year are more than the greater of $\$ 5,000$ or your adjusted basis in the building and its structural
components. Figure adjusted basis on the first day of the 24-month period or the first day of your holding period, whichever is later. If you are rehabilitating the building in phases under a written architectural plan and specifications that were completed before the rehabilitation began, substitute "60-month period" for "24-month period."
3. The building must have been placed in service before the beginning of rehabilitation. This requirement is met if the building was placed in service by any person at any time before the rehabilitation began.
4. For a building other than a certified historic structure (a) at least $75 \%$ of the external walls must be retained with $50 \%$ or more kept in place as external walls and (b) at least $75 \%$ of the existing internal structural framework of the building must be retained in place.
To be qualified rehabilitation expenditures, your expenditures must meet all six of the following requirements.
5. The expenditures must be for (a) nonresidential rental property, (b) residential rental property (but only if a certified historic structure-see Regulations section 1.48-1(h)), or (c) real property that has a class life of more than 12 years.
6. The expenditures must be incurred in connection with the rehabilitation of a qualified rehabilitated building.
7. The expenditures must be capitalized and depreciated using the straight line method.
8. The expenditures cannot include the costs of acquiring or enlarging any building.
9. If the expenditures are in connection with the rehabilitation of a certified historic structure or a building in a registered historic district, the rehabilitation must be certified by the Secretary of the Interior as being consistent with the historic character of the property or district in which the property is located. This requirement does not apply to a building in a registered historic district if (a) the building is not a certified historic structure, (b) the Secretary of the Interior certifies that the building is not of historic significance to the district, and (c) if the certification in (b) occurs after the rehabilitation began, the taxpayer certifies in good faith that he or she was not aware of that certification requirement at the time the rehabilitation began.
10. The expenditures cannot include any costs allocable to the part of the property that is (or may reasonably expect to be) tax-exempt use property (as defined in section 168(h)).
For credit purposes, the expenditures are generally taken into account for the tax year in which the qualified rehabilitated building is placed in service. However, with certain exceptions, you may elect to take the expenditures into account for the tax year in which they were paid (or, for a self-rehabilitated building, when capitalized) if (a) the normal rehabilitation period for the building is at least 2 years and (b) it is
reasonable to expect that the building will be a qualified rehabilitated building when placed in service. For details, see section 47(d). To make this election, check the box on line 1 a .

If you are claiming a credit for a certified historic structure on line 1c, enter the assigned NPS project number on line 1c(1). If the qualified rehabilitation expenditures are from an $S$ corporation, partnership, estate, or trust, enter on line 1c(1) the employer identification number of the pass-through entity instead of the assigned NPS project number, and skip lines 1c(2) and 1 d and the instructions below.
Enter the date of the final certification of completed work received from the Secretary of the Interior on line 1c(2). If the final certification has not been received by the time the tax return is filed for a year in which the credit is claimed, attach a copy of the first page of NPS Form 10-168a, Historic Preservation Certification Application (Part 2-Description of Rehabilitation), with an indication that it was received by the Department of the Interior or the State Historic Preservation Officer, together with proof that the building is a certified historic structure (or that such status has been requested). After the final certification of completed work has been received, file Form 3468 with the first income tax return filed after receipt of the certification and enter the assigned NPS project number and the date of the final certification of completed work on the appropriate lines on the form. Also attach an explanation, and indicate the amount of credit claimed in prior years.

You must retain a copy of the final certification of completed work as long as its contents may be needed for the administration of any provision of the Internal Revenue Code.

If the final certification is denied by the Department of Interior, the credit is disallowed for any tax year in which it was claimed, and you must file an amended return if necessary. See Regulations section 1.48-12(d)(7)(ii) for details.

## Line 2—Energy Credit

Enter the basis of energy property placed in service during the tax year. Energy property is:

1. Equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat or
2. Equipment used to produce, distribute, or use energy derived from a geothermal deposit (within the meaning of section 613(e)(2)). For electricity produced by geothermal power, equipment qualifies only up to, but not including, the electrical transmission stage.

To qualify, the property must be constructed, reconstructed, or erected by the taxpayer. If acquired by the taxpayer, the original use of such property must begin with the taxpayer. The property must meet the performance and quality standards, if any, that have been
prescribed by regulations and are in effect at the time the property is acquired. Energy property does not include any property that is public utility property as defined by section 46(f)(5) (as in effect on November 4, 1990).

If energy property is financed in whole or in part by subsidized energy financing or by tax-exempt private activity bonds, the amount that you can claim as basis is the basis that would otherwise be allowed multiplied by a fraction that is 1 reduced by a second fraction, the numerator of which is that portion of the basis allocable to such financing or proceeds, and the denominator of which is the basis of the property. For example, if the basis of the property is $\$ 100,000$ and the portion allocable to such financing or proceeds is $\$ 20,000$, the fraction of the basis that you may claim the credit on is $4 / 5$ (that is, 1 minus $\$ 20,000 / \$ 100,000)$. Subsidized energy financing means financing provided under a federal, state, or local program, a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy.

You must reduce the depreciable basis by $50 \%$ of the energy credit determined.

## Line 3-Credit From Cooperatives

Section 1381(a) cooperative organizations may claim the investment credit. If the cooperative cannot use any of the credit because of the tax liability limit, the unused credit must be allocated to the patrons of the cooperative. The recapture provisions of section 50 apply as if the cooperative had kept the credit and not allocated it. Patrons should enter their unused investment credit from cooperatives.

## Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- An investment credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.
See the instructions for Form 3800 to find out which credits are included in the general business credit.
C corporations that are required to file Form 4626, Alternative Minimum TaxCorporations, may also use Schedule A of Form 3800 to determine if they are entitled to an additional general business credit for any regular investment credit carryforward to 2005 for property placed in service before January 1, 1991, under section 38(c)(2) (as in effect on November 4, 1990).


## Line 11

If a husband and wife file separate returns, each must use $\$ 12,500$ instead of $\$ 25,000$. But if one of them has no general business credits (and no carryforwards or carrybacks to the current year), then the other may use the entire $\$ 25,000$.
A member of a controlled group must use only its apportioned share of the \$25,000.

A regulated investment company or a real estate investment trust should see Regulated Investment Companies and Real Estate Investment Trusts on page 3.

For estates and trusts, the $\$ 25,000$ amount is reduced by the same proportionate share of income that was allocated to the beneficiaries.

## Line 12-Tentative Minimum Tax

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit.

For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule. Enter on line 12 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I , line 54.


## Line 15-Current Year Credit

If you cannot use all of the credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, $11 \mathrm{hr} ., 14 \mathrm{~min} . ;$
Learning about the law or the form, 3 hr ., $34 \mathrm{~min} . ;$ Preparing and sending the form to the IRS, 3 hr ., 55 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

Note: All information must be in English. Show all amounts in U.S. dollars. File a separate Form 3520 for each foreign trust.

| For calendar year 2005, or tax year beginning |  | , 2005, ending | , 20 |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| A Check appropriate boxes: | $\square$ Initial return | $\square$ | Final return | $\square$ Amended return |  |  |
| B Check box that applies to U.S. person filing return: $\square$ | $\square$ Individual | $\square$ | Partnership | $\square$ Corporation | $\square$ Trust | $\square$ Executor |

## Check all applicable boxes:

(a) You are a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust, or (b) You held an outstanding obligation of a related foreign trust (or a person related to the trust) issued during the current tax year, that you reported as a "qualified obligation" (defined in the instructions) during the current tax year. See the instructions for Part I.You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. See the instructions for Part II.
(a) You are a U.S. person who, during the current tax year, received a distribution from a foreign trust, or (b) A related foreign trust held an outstanding obligation issued by you (or a person related to you) during the current tax year that you reported as a "qualified obligation" (defined in the instructions) during the current tax year. See the instructions for Part III.You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. See the instructions for Part IV.

| Service Center where U.S. person filing this return files its income tax return |
| :--- |
| 1a Name of U.S. person(s) filing return (see instructions) |
| c Number, street, and room or suite no. (if a P.O. box, see instructions) |
| e City or town |
| 2a Name of foreign trust (if applicable) |
| c Number, street, and room or suite no. (if a P.O. box, see instructions) |
| d City or town |

3 Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? .YesNo If "Yes," complete lines 3a through 3g.

| 3a Name of U.S. agent | b Identification number (if any) |
| :--- | :--- |

c Number, street, and room or suite no. (if a P.O. box, see instructions)

| d City or town | e State or province | f ZIP or postal code | g Country |
| :--- | :--- | :--- | :--- |
| 4a Name of U.S. decedent (see instr.) | b Address | c TIN of decedent |  |
| d Date of death |  | e EIN of estate |  |

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.



| (i) <br> Date of transfer giving rise to obligation | (ii) <br> Maximum term | (iii) <br> Yield to maturity | (iv) <br> FMV of obligation |
| :---: | :---: | :---: | :---: |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

12 With respect to each qualified obligation you reported on line 11 b : Do you agree to extend the period of assessment of any income or transfer tax attributable to the transfer, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation?
Note: Generally, you must answer "Yes," if you checked "Yes" to the question on line 11b.

## Schedule B-Gratuitous Transfers (see instructions)

13 During the current tax year, did you make any transfers (directly or indirectly) to the trust and receive less than FMV, or no consideration at all, for the property transferred?
If "Yes," complete columns (a) through (i) below and the rest of Schedule B, as applicable. If "No," go to Schedule C.

| (a) Date of transfer | (b) <br> Description of property transferred | (c) <br> FMV of property transferred | (d) <br> U.S. adjusted basis of property transferred | (e) <br> Gain recognized at time of transfer | (f) <br> Excess, if any, of column (c) over the sum of columns (d) and (e) | (g) <br> Description of property received, if any | (h) <br> FMV of property received | (i) Excess of column (c) over column (h) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Totals $>$ |  |  |  |  | \$ |  |  | \$ |

14 You are required to attach a copy of each sale or loan document entered into in connection with a transfer reported on line 13. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.


## Part I Schedule B-Gratuitous Transfers (Continued)

Note: Complete lines 15 through 18 only if you answered "No" to line 3.


18 If you checked "No" on line 3 (or did not complete lines 3 a through 3 g ) you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of: | Yes | No | Attached <br> Previously | Year Attached |
| :---: | :---: | :---: | :---: | :---: |
| Summary of all written and oral agreements and understandings relating to the trust? |  | $\square$ | $\square$ |  |
| The trust instrument? |  | $\square$ | $\square$ |  |
| Memoranda or letters of wishes? |  |  | $\square$ |  |
| Subsequent variances to original trust documents? |  |  | $\square$ |  |
| Trust financial statements?. |  |  |  |  |
| Other trust documents? | $\square$ | $\square$ | $\square$ |  |
| Schedule C-Qualified Obligations Outstanding in the Current Tax Year (see instructions) |  |  |  |  |
| Did you, at any time during the tax year, hold an outstanding obligation of a related for related to the trust) that you reported as a "qualified obligation" in the current tax year? If "Yes," complete columns (a) through (e) below. |  |  | $\square$ Yes | $\square$ No |

(a)

Date of original obligation
(b)

Tax year qualified obligation first reported
(c)

Amount of principal payments made during the tax year
(d)

Amount of interest payments made during the tax year
(e)

Does the obligation still meet the still meet the
criteria for a qualified obligation?

|  | Yes |
| :---: | :---: |
|  |  |
|  |  |



## Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year (see instructions)

24 Cash amounts or FMV of property received, directly or indirectly, during the current tax year, from the foreign trust (exclude loans included on line 25).

| (a) Date of distribution | (b) Description of property received | (c) <br> FMV of property received (determined on date of distribution) | (d) <br> Description of property transferred, if any | (e) <br> FMV of property transferred | $\begin{aligned} & \text { Excess of column (c) } \\ & \text { over column (e) } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\checkmark$ |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Totals. |  | . . . . . | - . | $\checkmark$ | \$ |

25 During the current tax year, did you (or a person related to you) receive a loan from a related foreign trust (including an extension of credit upon the purchase of property from the trust)?
 No If "Yes," complete columns (a) through ( g ) below for each such loan. Note: The FMV of an obligation (column (f)) is -0 - unless it is a "qualified obligation."


26 With respect to each obligation you reported as a "qualified obligation" on line 25: Do you agree to extend the period of assessment of any income or transfer tax attributable to the transaction, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation?No Note: Generally, you must answer "Yes" if you checked "Yes" in column (e) of line 25.
27 Total distributions received during the current tax year. Add line 24, column (f), and line 25, column (g).
28 Did the trust, at any time during the tax year, hold an outstanding obligation of yours (or a person related to you) that you reported as a "qualified obligation" in the current tax year? $\$$ If "Yes," complete columns (a) through (e) below for each obligation.

| (a) <br> Date of original loan transaction | (b) <br> Tax year qualified obligation first reported | (c) <br> Amount of principal payments made during the tax year | (d) <br> Amount of interest payments made during the tax year | (e) <br> Does the loan still meet the criteria of a qualified obligation? |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Yes | No |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year (Continued)29 Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution?
$\square$ YesNo If "Yes," attach the statement and do not complete the remainder of Part III with respect to that distribution. If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.
30 Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution?YesNo If "Yes," attach the statement and complete either Schedule A or Schedule B below (see instructions). Also complete Schedule C if you enter an amount greater than zero on line 37 or line 41.
If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.

## Schedule A-Default Calculation of Trust Distributions (see instructions)

31 Enter amount from line 27.
32 Number of years the trust has been a foreign trust (see instructions).
33 Enter total distributions received from the foreign trust during the 3 preceding tax years (or the number of years the trust has been a foreign trust, if fewer than 3)
34 Multiply line 33 by 1.25 .
35 Average distribution. Divide line 34 by 3 (or the number of years the trust has been a foreign trust, if fewer than 3) and enter the result

36 Amount treated as ordinary income earned in the current year. Enter the smaller of line 31 or line 35
37 Amount treated as accumulation distribution. Subtract line 36 from line 31 . If $-0-$ - do not complete the rest of Part III Applicable number of years of trust. Divide line 32 by 2 and enter the result here

## Schedule B-Actual Calculation of Trust Distributions (see instructions)

## 39 Enter amount from line 27.

44 Enter any other distributed amount received from the foreign trust not included on lines $40,41,42$, and 43 (attach explanation)
45 Amount of foreign trust's aggregate undistributed net income
46 Amount of foreign trust's weighted undistributed net income
47 Applicable number of years of trust. Divide line 46 by line 45 and enter the result here

## Schedule C-Calculation of Interest Charge (see instructions)


$\square$

Enter accumulation distribution from line 37 or 41, as applicable Enter tax on total accumulation distribution from line 28 of Form 4970 Enter applicable number of years of foreign trust from line 38 or 47 , as applicable (round to nearest half-year). Combined interest rate imposed on the total accumulation distribution (see instructions) Interest charge. Multiply the amount on line 49 by the combined interest rate on line 51 $\qquad$ Tax attributable to accumulation distributions. Add lines 49 and 52. Enter here and as "additional tax" on your income tax return

## Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons (see instructions)

54 During the current tax year, did you receive more than $\$ 100,000$ during the tax year that you treated as gifts or bequests from a nonresident alien or a foreign estate? See instructions regarding related donors If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of $\$ 5,000$. If more space is needed, attach schedule.


55 During the current tax year, did you receive more than $\$ 12,097$ that you treated as gifts from a foreign corporation or a foreign partnership? See instructions regarding related donorsYes No If "Yes," complete columns (a) through ( g ) with respect to each such gift. If more space is needed, attach schedule.

| (a) <br> Date of gift | Name of donor |
| :--- | :--- | :--- | :--- |



Department of the Treasury
Internal Revenue Service

## Instructions for Form 2555

## Foreign Earned Income

Section references are to the Internal Revenue Code.

## General Instructions

$\Delta$Do not include on Form 1040, line 64 (federal income tax withheld), any taxes a foreign employer withheld from your pay and paid to the foreign country's tax authority instead of to the U.S. Treasury.

## Purpose of Form

If you are a U.S. citizen or a U.S. resident alien living in a foreign country, you are subject to the same U.S. income tax laws that apply to citizens and resident aliens living in the United States. But if you qualify, use Form 2555 to exclude a limited amount of your foreign earned income. Also, use it to claim the housing exclusion or deduction. You cannot exclude or deduct more than your foreign earned income for the tax year.

You may be able to use Form 2555-EZ, Foreign Earned Income Exclusion, if none of your foreign earned income was from self-employment, your total foreign earned income did not exceed \$80,000, you do not have any business or moving expenses, and you do not claim the housing exclusion or deduction. For more details, see Form 2555-EZ and its separate instructions.
Foreign country. A foreign country is any territory (including the air space, territorial waters, seabed, and subsoil) under the sovereignty of a government other than the United States. It does not include U.S. possessions or territories.
Note. Specific rules apply to determine if you are a resident or nonresident alien of the United States. See Pub. 519, U.S. Tax Guide for Aliens, for details.

## Who Qualifies

You qualify for the tax benefits available to taxpayers who have foreign earned income if both 1 and 2 apply.

1. You meet the tax home test (see below).
2. You meet either the bona fide residence test (see page 2) or the physical presence test (see page 2).

Note. If your only earned income from work abroad is pay you received from the U.S. Government as its employee, you do not qualify for either of the exclusions or the housing deduction. Do not file Form 2555.

Tax home test. To meet this test, your tax home must be in a foreign country, or countries, throughout your period of bona fide residence or physical presence, whichever applies. For this purpose, your period of physical presence is the 330 full days during which you were present in a foreign country, not the 12 consecutive months during which those days occurred.

Your tax home is your regular or principal place of business, employment, or post of duty, regardless of where you maintain your family residence. If you do not have a regular or principal place of business because of the nature of your trade or business, your tax home is your regular place of abode (the place where you regularly live).

You are not considered to have a tax home in a foreign country for any period during which your abode is in the United States. However, if you are temporarily present in the United States, or you maintain a dwelling in the United States (whether or not that dwelling is used by your spouse and dependents), it does not necessarily mean that your abode is in the United States during that time.

Example. You are employed on an offshore oil rig in the territorial waters of a foreign country and work a 28-day on/ 28 -day off schedule. You return to your family residence in the United States during your off periods. You are considered to have an abode in the

List of Countries To Which Travel Restrictions Applied in 2004 and 2005

| Country | Starting Date | Ending Date |
| :--- | :---: | :---: |
| Cuba | January 1, 1987 | Still in effect |
| Iraq* $^{*}$ | January 1, 1987 | July 29, 2004 |
| Libya $^{*}$ | August 2, 1990 | September 20, 2004 |

*Individuals whose activities in Iraq and Libya are or were permitted by a specific or general license issued by the Department of the Treasury's Office of Foreign Assets Control (OFAC) were not in violation of U.S. law. Accordingly, the restrictions did not apply to such individuals with respect to the activities permitted by the license.

United States and do not meet the tax home test. You cannot claim either of the exclusions or the housing deduction.

## Violation of Travel Restrictions

Generally, if you were in a foreign country in violation of U.S. travel restrictions, the following rules applied:

1. Any time spent in that country cannot be counted in determining if you qualify under the bona fide residence or physical presence test,
2. Any income earned in that country is not considered foreign earned income, and
3. Any housing expenses in that country (or housing expenses for your spouse or dependents in another country while you were in that country) are not considered qualified housing expenses.

See the list on this page for countries to which U.S. travel restrictions applied.

## Additional Information

Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, has more information about the bona fide residence test, the physical presence test, the foreign earned income exclusion, and the housing exclusion and deduction. You can get this publication from most U.S. embassies and consulates or by writing to: National Distribution Center, P.O. Box 8903, Bloomington, IL 61702-8903. You can also download this publication (as well as other forms and publications) from the IRS website at www.irs.gov.

## Waiver of Time Requirements

If your tax home was in a foreign country and you were a bona fide resident of, or physically present in, a foreign country and had to leave because of war, civil unrest, or similar adverse conditions, the minimum time requirements specified under the bona fide residence and physical presence tests may be waived. You must be able to show that you reasonably could have expected to meet the minimum time requirements if you had not been required to leave. Each year the IRS will publish in the Internal Revenue Bulletin a list of countries and the dates they qualify for the waiver. If you left one of the countries during the period indicated, you can claim the tax benefits on Form 2555, but only for the number of days you were a bona fide resident of, or physically present in, the foreign country.

If you can claim either of the exclusions or the housing deduction
because of the waiver of time
requirements, attach a statement to your return explaining that you expected to meet the applicable time requirement, but the conditions in the foreign country prevented you from the normal conduct of business. Also, enter "Claiming Waiver" in the top margin on page 1 of your 2005 Form 2555.

## When To File

A 2005 calendar year Form 1040 is generally due April 17, 2006.

However, you are automatically granted a 2-month extension of time to file (to June 15, 2006, for a 2005 calendar year return) if, on the due date of your return, you live outside the United States and Puerto Rico and your tax home (defined on page 1) is outside the United States and Puerto Rico. If you take this extension, you must attach a statement to your return explaining that you meet these two conditions.

The automatic 2-month extension also applies to paying the tax. However, interest is charged on the unpaid tax from the regular due date (April 15, 2006, for a 2005 calendar year return) until it is paid.
Special extension of time. The first year you plan to take the foreign earned income exclusion and/or the housing exclusion or deduction, you may not expect to qualify until after the automatic 2-month extension period described earlier. If this occurs, you can apply for an extension to a date after you expect to qualify.

To apply for this extension, complete and file Form 2350, Application for Extension of Time To File U.S. Income Tax Return, with the Internal Revenue Service Center, Philadelphia, PA 19255, before the due date of your return. Interest is charged on the tax not paid by the regular due date as explained earlier.

## Choosing the Exclusion(s)

To choose either of the exclusions, complete the appropriate parts of Form 2555 and file it with your Form 1040 or Form 1040X, Amended U.S. Individual Income Tax Return. Your initial choice to claim the exclusion must usually be made on a timely filed return (including extensions) or on a return amending a timely filed return. However, there are exceptions. See Pub. 54 for details.

Once you choose to claim an exclusion, that choice remains in effect for that year and all future years unless it is revoked. To revoke your choice, you must attach a statement to your return for the first year you do not wish to claim the exclusion(s). If you revoke your choice, you cannot claim the exclusion(s) for your next 5 tax years without the approval of the Internal Revenue Service. See Pub. 54 for more information.
Earned income credit. You cannot take the earned income credit if you claim either of the exclusions or the housing deduction.

## Specific Instructions

## Part II

## Bona Fide Residence Test

To meet this test, you must be one of the following:

- A U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes an entire tax year (January 1-December 31 , if you file a calendar year return), or - A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes an entire tax year (January 1-December 31, if you file a calendar year return). See Pub. 901, U.S. Tax Treaties, for a list of countries with which the United States has an income tax treaty in effect.

No specific rule determines if you are a bona fide resident of a foreign country because the determination involves your intention about the length and nature of your stay. Evidence of your intention may be your words and acts. If these conflict, your acts carry more weight than your words. Generally, if you go to a foreign country for a definite, temporary purpose and return to the United States after you accomplish it, you are not a bona fide resident of the foreign country. If accomplishing the purpose requires an extended, indefinite stay, and you make your home in the foreign country, you may be a bona fide resident. See Pub. 54 for more information and examples.
Lines 13a and 13b. If you submitted a statement of nonresidence to the authorities of a foreign country in which you earned income and the authorities hold that you are not subject to their income tax laws by reason of nonresidency in the foreign country, you are not considered a bona fide resident of that country.

If you submitted such a statement and the authorities have not made an adverse determination of your nonresident status, you are not considered a bona fide resident of that country.

## Part III

## Physical Presence Test

To meet this test, you must be a U.S. citizen or resident alien who is physically present in a foreign country, or countries, for at least 330 full days during any period of 12 months in a row. A full day means the 24 -hour period that starts at midnight.

To figure the minimum of 330 full days' presence, add all separate periods you were present in a foreign country during the 12-month period shown on line 16. The 330 full days can be interrupted by periods when you are traveling over international waters or are otherwise not
in a foreign country. See Pub. 54 for more information and examples.
Note. A nonresident alien who, with a U.S. citizen or U.S. resident alien spouse, chooses to be taxed as a resident of the United States can qualify under this test if the time requirements are met. See Pub. 54 for details on how to make this choice.

## Part IV

Enter in this part the total foreign earned income you earned and received (including income constructively received) during the tax year. If you are a cash basis taxpayer, report on Form 1040 all income you received during the tax year regardless of when you earned it.

Income is earned in the tax year you perform the services for which you receive the pay. But if you are a cash basis taxpayer and, because of your employer's payroll periods, you received your last salary payment for 2004 in 2005, that income may be treated as earned in 2005. If you cannot treat that salary payment as income earned in 2005, the rules explained under Income earned in prior year on page 3 apply. See Pub. 54 for more details.

Foreign earned income for this purpose means wages, salaries, professional fees, and other compensation received for personal services you performed in a foreign country during the period for which you meet the tax home test and either the bona fide residence test or the physical presence test. It also includes noncash income (such as a home or car) and allowances or reimbursements.

Foreign earned income does not include amounts that are actually a distribution of corporate earnings or profits rather than a reasonable allowance as compensation for your personal services. It also does not include the following types of income.

- Pension and annuity income (including social security and railroad retirement benefits treated as social security).
- Interest, ordinary dividends, capital gains, alimony, etc.
- Portion of 2004 moving expense deduction allocable to 2005 that is included in your 2005 gross income. For details, see Moving Expense Attributable to Foreign Earnings in 2 Years under Moving Expenses in Pub. 54.
- Amounts paid to you by the U.S. Government or any of its agencies if you were an employee of the U.S.
Government or any of its agencies.
- Amounts received after the end of the tax year following the tax year in which you performed the services.
- Amounts you must include in gross income because of your employer's contributions to a nonexempt employees' trust or to a nonqualified annuity contract.
Income received in prior year. Foreign earned income received in 2004 for services you performed in 2005 can be excluded from your 2004 gross income if,
and to the extent, the income would have been excludable if you had received it in 2005. To claim the additional exclusion, you must amend your 2004 tax return. To do this, file Form 1040X.
Income earned in prior year. Foreign earned income received in 2005 for services you performed in 2004 can be excluded from your 2005 gross income if, and to the extent, the income would have been excludable if you had received it in 2004.

If you are excluding income under this rule, do not include this income in Part IV. Instead, attach a statement to Form 2555 showing how you figured the exclusion. Enter the amount that would have been excludable in 2004 on Form 2555 to the left of line 43. Next to the amount enter "Exclusion of Income Earned in 2004." Include it in the total reported on line 43.
Note. If you claimed any deduction, credit, or exclusion on your 2004 return that is definitely related to the 2004 foreign earned income you are excluding under this rule, you may have to amend your 2004 income tax return to adjust the amount you claimed. To do this, file Form 1040X.
Line 20. If you engaged in an unincorporated trade or business in which both personal services and capital were material income-producing factors, a reasonable amount of compensation for your personal services will be considered earned income. The amount treated as earned income, however, cannot be more than 30\% of your share of the net profits from the trade or business after subtracting the deduction for one-half of self-employment tax.

If capital is not an income-producing factor and personal services produced the business income, the $30 \%$ rule does not apply. Your entire gross income is earned income.
Line 25. Enter the value of meals and/or lodging provided by, or on behalf of, your employer that is excludable from your income under section 119. To be excludable, the meals and lodging must have been provided for your employer's convenience and on your employer's business premises. In addition, you must have been required to accept the lodging as a condition of your employment. If you lived in a camp provided by, or on behalf of, your employer, the camp may be considered part of your employer's business premises. See Exclusion of Meals and Lodging in Pub. 54 for details.

## Part VI

Line 28. Enter the total reasonable expenses paid or incurred during the tax year by you, or on your behalf, for your foreign housing and the housing of your spouse and dependents if they lived with you. You can also include the reasonable expenses of a second foreign household (defined below). Housing expenses are considered reasonable to the extent they
are not lavish or extravagant under the circumstances.

Housing expenses include rent, utilities (other than telephone charges), real and personal property insurance,
nonrefundable fees paid to obtain a lease, rental of furniture and accessories, residential parking, and household repairs. You can also include the fair rental value of housing provided by, or on behalf of, your employer if you have not excluded it on line 25.

Do not include deductible interest and taxes, any amount deductible by a tenant-stockholder in connection with cooperative housing, the cost of buying or improving a house, principal payments on a mortgage, or depreciation on the house. Also, do not include the cost of domestic labor, pay television, or the cost of buying furniture or accessories.

Include expenses for housing only during periods for which:

- The value of your housing is not excluded from gross income under section 119 (unless you maintained a second foreign household as defined below), and
- You meet the tax home test and either the bona fide residence or physical presence test.
Second foreign household. If you maintained a separate foreign household for your spouse and dependents at a place other than your tax home because the living conditions at your tax home were dangerous, unhealthful, or otherwise adverse, you can include the expenses of the second household on line 28.
Married couples. The following rules apply if both you and your spouse qualify for the tax benefits of Form 2555:

If you and your spouse lived in the same foreign household and file a joint return, you can figure your housing amounts (line 31) either separately or jointly. If you file separate returns, you must figure your housing amounts separately. In figuring your housing amounts separately, you can allocate your qualified housing expenses (line 28) between yourselves in any proportion you wish, but each spouse claiming a housing amount must use his or her full base amount housing amount (line 30). In figuring your housing amount jointly, either spouse (but not both) can claim the housing exclusion or housing deduction. However, if you and your spouse have different periods of residence or presence and the one with the shorter period of residence or presence claims the exclusion or deduction, you can claim as housing expenses only the expenses for that shorter period. The spouse claiming the exclusion or deduction can aggregate the housing expenses of both spouses and subtract his or her base housing amount.

If you and your spouse lived in separate foreign households, you each can claim qualified expenses for your own household only if:

1. Your tax homes were not within a reasonable commuting distance of each other, and
2. Each spouse's household was not within a reasonable commuting distance of the other spouse's tax home.

Otherwise, only one spouse can claim his or her housing exclusion or deduction. This is true even if you and your spouse file separate returns.

See Pub. 54 for additional information.
Line 29. Enter the number of days in your qualifying period that fall within your 2005 tax year. Your qualifying period is the period during which you meet the tax home test and either the bona fide residence or the physical presence test.

Example. You establish a tax home and bona fide residence in a foreign country on August 14, 2005. You maintain the tax home and residence until January 31, 2007. You are a calendar year taxpayer. The number of days in your qualifying period that fall within your 2005 tax year is 140 (August 14 through December 31, 2005).

## Nontaxable U.S. Government

allowances. If you or your spouse received a nontaxable housing allowance as a military or civilian employee of the U.S. Government, see Pub. 54 for information on how that allowance may affect your housing exclusion or deduction.
Line 32. Enter any amount your employer paid or incurred on your behalf that is foreign earned income included in your gross income for the tax year (without regard to section 911).

Examples of employer-provided amounts are:

- Wages and salaries received from your employer.
- The fair market value of compensation provided in kind (such as the fair rental value of lodging provided by your employer as long as it is not excluded on line 25).
- Rent paid by your employer directly to your landlord.
- Amounts paid by your employer to reimburse you for housing expenses, educational expenses of your dependents, or as part of a tax equalization plan.
Self-employed individuals. If all of your foreign earned income (Part IV) is self-employment income, skip lines 32 and 33 and enter -0 - on line 34. If you qualify, be sure to complete Part IX.


## Part VII

Married couples. If both you and your spouse qualify for, and choose to claim, the foreign earned income exclusion, the amount of the exclusion is figured separately for each of you. You each must complete Part VII of your separate Forms 2555.
Community income. The amount of the exclusion is not affected by the
income-splitting provisions of community
property laws. The sum of the amounts figured separately for each of you is the total amount excluded on a joint return.

## Part VIII

If you claim either of the exclusions, you cannot claim any deduction (including moving expenses), credit, or exclusion that is definitely related to the excluded income. If only part of your foreign earned income is excluded, you must prorate such items based on the ratio that your excludable earned income bears to your total foreign earned income. See Pub. 54 for details on how to figure the amount allocable to the excluded income.

The exclusion under section 119 and the housing deduction are not considered definitely related to the excluded income.
Line 42. Report in full on Form 1040 and related forms and schedules all deductions allowed in figuring your adjusted gross income (Form 1040, line 37). Enter on line 42 the total amount of those deductions (such as the deduction for moving expenses, the deduction for one-half of self-employment tax, and the expenses claimed on Schedule C or C-EZ (Form 1040)) that are not allowed

## Housing Deduction Carryover Worksheet—Line 47 <br> Keep for Your Records

Housing Deduction Carryover Worksheet—Line 47
because they are allocable to the excluded income. This applies only to deductions definitely related to the excluded earned income. See Pub. 54 for details on how to report your itemized deductions (such as unreimbursed employee business expenses) that are allocable to the excluded income.
IRA deduction. The IRA deduction is not definitely related to the excluded income. However, special rules apply in figuring the amount of your IRA deduction. For details, see Pub. 590, Individual Retirement Arrangements (IRAs).
Foreign taxes. You cannot take a credit or deduction for foreign income taxes paid or accrued on income that is excluded under either of the exclusions.

If all of your foreign earned income is excluded, you cannot claim a credit or deduction for the foreign taxes paid or accrued on that income.

If only part of your income is excluded, you cannot claim a credit or deduction for the foreign taxes allocable to the excluded income. See Pub. 514, Foreign Tax Credit for Individuals, for details on
how to figure the amount allocable to the excluded income.

## Part IX

If line 31 is more than line 34 and line 27 is more than line 41 , complete this part to figure your housing deduction. Also, complete this part to figure your housing deduction carryover from 2004.
One-year carryover. If the amount on line 44 is more than the amount on line 45 , you may carry the difference over to your 2006 tax year. If you cannot deduct the excess in 2006 because of the 2006 limit, you may not carry it over to any future tax year.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.


Next, complete either Part II or Part III. If an item does not apply, enter "NA." If you do not give the information asked for, any exclusion or deduction you claim may be disallowed.

Part II Taxpayers Qualifying Under Bona Fide Residence Test (See page 2 of the instructions.)
 If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.
14 If you were present in the United States or its possessions during the tax year, complete columns (a)-(d) below. Do not include the income from column (d) in Part IV, but report it on Form 1040.

| (a) Date <br> arrived in U.S. | (b) Date left <br> U.S. | (c) Number of <br> days in U.S. <br> on business | (d) Income earned in <br> U.S.on business <br> (attach computation) | (a) Date <br> arrived in U.S. | (b) Date left <br> U.S. | (c) Number of <br> days in U.S. <br> on business | (d) Income earned in <br> U.S. on business <br> (attach computation) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
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15a List any contractual terms or other conditions relating to the length of your employment abroad.
b Enter the type of visa under which you entered the foreign country.
c Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation $\square$ Yes $\square$ No
d Did you maintain a home in the United States while living abroad?No
e If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you.

## Part III Taxpayers Qualifying Under Physical Presence Test (See page 2 of the instructions.)


17 Enter your principal country of employment during your tax year.
18 If you traveled abroad during the 12-month period entered on line 16, complete columns (a)-(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." Do not include the income from column (f) below in Part IV, but report it on Form 1040.

| (a) Name of country <br> (including U.S.) | (b) Date arrived | (c) Date left | (d) Full days <br> present in <br> country | (e) Number of <br> days in U.S. <br> on business | (f) Income earned in U.S. <br> on business (attach <br> computation) |
| :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

## Part IV All Taxpayers

Note: Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 2005 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. Do not include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on Form 1040 all income you received in 2005, no matter when you performed the service.


## Part V All Taxpayers

27 Enter the amount from line 26


Are you claiming the housing exclusion or housing deduction?
$\square$ Yes. Complete Part VI.
No. Go to Part VII.

## Part VI Taxpayers Claiming the Housing Exclusion and/or Deduction

28 Qualified housing expenses for the tax year (see instructions).
29 Number of days in your qualifying period that fall within your 2005 tax year (see instructions)


30 Multiply $\$ 32.59$ by the number of days on line 29. If 365 is entered on line 29, enter $\$ 11,894.00$ here
31 Subtract line 30 from line 28. If the result is zero or less, do not complete the rest of this part or any of Part IX
32 Enter employer-provided amounts (see instructions)
. . . . . . 42

33 Divide line 32 by line 27. Enter the result as a decimal (rounded to at least three places), but do not enter more than "1.000"
34 Housing exclusion. Multiply line 31 by line 33. Enter the result but do not enter more than the amount on line 32. Also, complete Part VIII
Note: The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

## Part VII Taxpayers Claiming the Foreign Earned Income Exclusion

| 35 | Maximum foreign earned income exclusion | 35 | \$80,000 | 00 |
| :---: | :---: | :---: | :---: | :---: |
| 36 | $\left.\begin{array}{l}\text { - If you completed Part VI, enter the number from line } 29 . \\ \text { - All others, enter the number of days in your qualifying period that }\end{array}\right\}$ fall within your 2005 tax year (see the instructions for line 29). |  |  |  |
| 37 | - If line 36 and the number of days in your 2005 tax year (usually 365) are the same, enter "1.000." <br> - Otherwise divide line 36 by the number of days in your 2005 tax year and enter the result | 37 |  |  |
| 38 | as a decimal (rounded to at least three places). <br> Multiply line 35 by line 37 | 38 |  |  |
| 39 | Subtract line 34 from line 27 | 39 |  |  |
| 40 | Foreign earned income exclusion. Enter the smaller of line 38 or line 39. Also, complete Part VIII | 40 |  |  |

## Part VIII Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both

41 Add lines 34 and 40
42 Deductions allowed in figuring your adjusted gross income (Form 1040, line 37) that are allocable to the excluded income. See instructions and attach computation
43 Subtract line 42 from line 41. Enter the result here and in parentheses on Form 1040, line 21. Next to the amount enter "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22.

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| :--- | :--- | :--- |
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| 43 |  |  |

## Part IX

 Taxpayers Claiming the Housing Deduction-Complete this part only if (a) line 31 is more than line 34 and (b) line 27 is more than line 41.44 Subtract line 34 from line 31

45 Subtract line 41 from line 27

46 Enter the smaller of line 44 or line 45
Note: If line 45 is more than line 46 and you could not deduct all of your 2004 housing deduction because of the 2004 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 47. Otherwise, go to line 48.
47 Housing deduction carryover from 2004 (from worksheet on page 4 of the instructions) .
48 Housing deduction. Add lines 46 and 47. Enter the total here and on Form 1040 to the left of line 36. Next to the amount on Form 1040, enter "Form 2555." Add it to the total adjustments reported on that line

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| :--- | :--- | :--- |
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# Instructions for Form <br> 2555-EZ 

## Foreign Earned Income Exclusion

## General Instructions

$\Delta$Do not include on Form 1040, line 64 (federal income tax withheld), any taxes a foreign employer withheld from your pay and paid to the foreign country's tax authority instead of to the U.S. Treasury.

## Purpose of Form

If you qualify, you can use Form 2555-EZ instead of Form 2555, Foreign Earned Income, to exclude a limited amount of your foreign earned income. You cannot exclude more than your foreign earned income for the year.

Remember, U.S. citizens and U.S. resident aliens living in a foreign country are subject to the same U.S. income tax laws that apply to citizens and resident aliens living in the United States.
Foreign country. A foreign country is any territory (including the air space, territorial waters, seabed, and subsoil) under the sovereignty of a government other than the United States. It does not include U.S. possessions or territories.
Note. Specific rules apply to determine if you are a resident or nonresident alien of the United States. See Pub. 519, U.S. Tax Guide for Aliens, for details.

## Who Qualifies

You can use Form 2555-EZ to claim the foreign earned income exclusion if all five of the following apply.

1. You meet the seven conditions listed at the top of Form 2555-EZ.
2. Your total foreign earned income received in 2005 is reported on Form 1040, line 7.
3. You do not have a housing deduction carryover from 2004.
4. You meet either the bona fide residence test (see the instructions for
lines 1 a and 1 b on page 2 ) or the physical presence test (see the instructions for lines 2 a and 2 b on page 2).
5. You meet the tax home test (see the instructions for line 3 on page 2).

Note. If your only earned income from work abroad is pay you received from the U.S. Government as its employee, you do not qualify for the foreign earned income exclusion. Do not file Form 2555-EZ.

## Married Couples

If both you and your spouse qualify for, and choose to claim, the foreign earned income exclusion, figure the amount of the exclusion separately for each of you. You must each complete separate Forms 2555-EZ.
Community income. The amount of the exclusion is not affected by the income-splitting provisions of community property laws. The sum of the amounts figured separately for each of you is the total amount excluded on a joint return.

## Violation of Travel Restrictions

Generally, if you were in a foreign country in violation of U.S. travel restrictions, the following rules applied.

1. Any time spent in that country cannot be counted in determining if you qualify under the bona fide residence or physical presence test, and
2. Any income earned in that country is not considered foreign earned income. See the list below for countries to which U.S. travel restrictions applied.

## Additional Information

Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, has more information about the bona fide residence test, the physical presence test, and the

List of Countries To Which Travel Restrictions Applied in 2004 and 2005

| Country | Starting Date | Ending Date |
| :--- | :---: | :---: |
| Cuba | January 1, 1987 | Still in effect |
| lraq* $^{*}$ | January 1, 1987 | July 29, 2004 |
| Libya* $^{*}$ | August 2,1990 | September 20, 2004 |

*Individuals whose activities in Iraq and Libya are or were permitted by a specific or general license issued by the Department of the Treasury's Office of Foreign Assets Control (OFAC) were not in violation of U.S. law. Accordingly, the restrictions did not apply to such individuals with respect to the activities permitted by the license.
foreign earned income exclusion. You can get this publication from most U.S. embassies and consulates or by writing to: National Distribution Center, P.O. Box 8903, Bloomington, IL, 61702-8903. You can also download this publication (as well as other forms and publications) from the IRS website at www.irs.gov.

## Waiver of Time <br> Requirements

If your tax home was in a foreign country and you were a bona fide resident of, or physically present in, a foreign country and had to leave because of war, civil unrest, or similar adverse conditions, the minimum time requirements specified under the bona fide residence and physical presence tests may be waived. You must be able to show that you reasonably could have expected to meet the minimum time requirements if you had not been required to leave. Each year the IRS will publish in the Internal Revenue Bulletin a list of countries and the dates they qualify for the waiver. If you left one of the countries during the period indicated, you can claim the foreign earned income exclusion on Form 2555-EZ, but only for the number of days you were a bona fide resident of, or physically present in, the foreign country.

If you can claim the foreign earned income exclusion because of the waiver of time requirements, attach a statement to your return explaining that you expected to meet the applicable time requirement, but the conditions in the foreign country prevented you from the normal conduct of business. Also, enter "Claiming Waiver" in the top margin on page 1 of your 2005 Form 2555-EZ.

## When To File

Form 1040 is generally due April 17, 2006.

However, you are automatically granted a 2-month extension of time to file (to June 15, 2006) if, on the due date of your return, you live outside the United States and Puerto Rico and your tax home (defined later) is outside the United States and Puerto Rico. If you take this extension, you must attach a statement to your return explaining that you meet these two conditions.

The automatic 2-month extension also applies to paying the tax. However,
interest is charged on the unpaid tax from the regular due date until it is paid.
Special extension of time. The first year you plan to take the foreign earned income exclusion, you may not expect to qualify until after the automatic 2-month extension period described above. If this occurs, you can apply for an extension to a date after you expect to qualify.

To apply for this extension, complete and file Form 2350, Application for Extension of Time To File U.S. Income Tax Return, with the Internal Revenue Service Center, Philadelphia, PA 19255, before the due date of your return. Interest is charged on the tax not paid by the regular due date as explained earlier.

## Choosing the Exclusion

To choose the foreign earned income exclusion, complete the appropriate parts of Form $2555-E Z$ and file it with your Form 1040 or Form 1040X, Amended U.S. Individual Income Tax Return. Your initial choice to claim the exclusion must usually be made on a timely filed return (including extensions) or on a return amending a timely filed return. However, there are exceptions. See Pub. 54 for more information.

Once you choose to claim the exclusion, that choice remains in effect for that year and all future years unless it is revoked. To revoke your choice, you must attach a statement to your return for the first year you do not wish to claim the exclusion. If you revoke your choice, you cannot claim the exclusion for your next 5 tax years without the approval of the Internal Revenue Service. See Pub. 54 for details.
Earned income credit. You cannot take the earned income credit if you claim the exclusion.
Foreign tax credit or deduction. You cannot claim a credit or deduction for foreign income taxes paid on income you exclude. If all of your foreign earned income is excluded, you cannot claim a credit or deduction for the foreign taxes paid on that income. If only part of your income is excluded, you cannot claim a credit or deduction for the foreign taxes allocable to the excluded income. For details on how to figure the amount allocable to the excluded income, see Pub. 514, Foreign Tax Credit for Individuals.
IRA deduction. If you claim the exclusion, special rules apply in figuring the amount of your IRA deduction. For details, see Pub. 590, Individual Retirement Arrangements (IRAs).

## Specific Instructions

## Lines 1a and 1b

## Bona Fide Residence Test

To meet this test, you must be one of the following:

- A U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes an entire tax year (January 1-December 31), or
- A U.S. resident alien who is a citizen or national of a country with which the United States has an income tax treaty in effect and who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes an entire tax year (January 1-December 31). See Pub. 901, U.S. Tax Treaties, for a list of countries with which the United States has an income tax treaty in effect.

No specific rule determines if you are a bona fide resident of a foreign country because the determination involves your intention about the length and nature of your stay. Evidence of your intention may be your words and acts. If these conflict, your acts carry more weight than your words. Generally, if you go to a foreign country for a definite, temporary purpose and return to the United States after you accomplish it, you are not a bona fide resident of the foreign country. If accomplishing the purpose requires an extended, indefinite stay, and you make your home in the foreign country, you may be a bona fide resident. See Pub. 54 for more information and examples.

If you submitted a statement of nonresidence to the authorities of a foreign country in which you earned income and the authorities hold that you are not subject to their income tax laws by reason of nonresidency in the foreign country, you are not considered a bona fide resident of that country.

If you submitted such a statement and the authorities have not made an adverse determination of your nonresident status, you are not considered a bona fide resident of that country.
Line $\mathbf{1 b}$. If you answered "Yes" on line 1 a , enter the dates your bona fide residence began and ended. If you are still a bona fide resident, enter "Continues" in the space for the date your bona fide residence ended.

## Lines 2a and 2b

## Physical Presence Test

To meet this test, you must be a U.S. citizen or resident alien who is physically present in a foreign country, or countries, for at least 330 full days during any period of 12 months in a row. A full day means the 24 -hour period that starts at midnight.

To figure the minimum of 330 full days' presence, add all separate periods you were present in a foreign country during the 12-month period in which those days occurred. The 330 full days can be interrupted by periods when you are traveling over international waters or are otherwise not in a foreign country. See Pub. 54 for more information and examples.
Note. A nonresident alien who, with a U.S. citizen or U.S. resident alien spouse,
chooses to be taxed as a resident of the United States can qualify under this test if the time requirements are met. See Pub. 54 for details on how to make this choice.

## Line 3

## Tax Home Test

To meet this test, your tax home must be in a foreign country, or countries, throughout your period of bona fide residence or physical presence, whichever applies. For this purpose, your period of physical presence is the 330 full days during which you were present in a foreign country, not the 12 consecutive months during which those days occurred.

Your tax home is your regular or principal place of business, employment, or post of duty, regardless of where you maintain your family residence. If you do not have a regular or principal place of business because of the nature of your trade or business, your tax home is your regular place of abode (the place where you regularly live).

You are not considered to have a tax home in a foreign country for any period during which your abode is in the United States. However, if you are temporarily present in the United States, or you maintain a dwelling in the United States (whether or not that dwelling is used by your spouse and dependents), it does not necessarily mean that your abode is in the United States during that time.
Example. You are employed on an offshore oil rig in the territorial waters of a foreign country and work a 28-day on/ 28 -day off schedule. You return to your family residence in the United States during your off periods. You are considered to have an abode in the United States and do not meet the tax home test. You cannot claim the foreign earned income exclusion.

## Line 12

Complete columns (a) through (d) if you were present in the United States or any of its possessions in 2005. Do not include time spent in the United States or its possessions before your period of bona fide residence or physical presence, whichever applies, began or after it ended.
Column (d). Enter, in U.S. dollars, the amount of income earned in the United States on business (such as meetings or conventions). Attach a statement showing how you determined the amount. Do not include this income on line 17. Even if you live and work in a foreign country, any income earned during the time spent in the United States on business is considered U.S. source income and cannot be excluded.

## Line 14

Enter the number of days in your qualifying period that fall within 2005. Your qualifying period is the period during
which you meet the tax home test and either the bona fide residence test or the physical presence test.
Example. You establish a tax home and bona fide residence in a foreign country on August 14, 2005. You maintain the tax home and residence until January 31, 2007. The number of days in your qualifying period that fall within 2005 is 140 (August 14 through December 31, 2005).

## Line 17

Enter the total foreign earned income you earned and received in 2005. Report the amount in U.S. dollars using the exchange rates in effect when you actually received the income. Be sure to report on Form 1040 all income you received in 2005 regardless of when you earned it.

Income is earned in the year you performed the services for which you received the pay. But if you received your last wage or salary payment for 2004 in 2005 because of your employer's payroll period, that income may be treated as earned in 2005. If you cannot treat that wage or salary payment as earned in 2005, the rules explained on this page under Income earned in prior year apply. See Pub. 54 for more details.
Foreign earned income. For purposes of this form, foreign earned income means only the following types of income received for personal services you performed in a foreign country during the period for which you meet the tax home test and either the bona fide residence test or the physical presence test.

- Wages, salaries, tips, and bonuses.
- Noncash income (such as a home or car) if reported as income on Form 1040, line 7.
- Allowances or reimbursements if reported as income on Form 1040, line 7.

Foreign earned income does not include-

- Amounts from line 12, column (d),
- Amounts paid to you by the U.S.

Government or any of its agencies if you were an employee of the U.S.
Government or any of its agencies,

- Amounts that are actually a distribution of corporate earnings or profits rather than a reasonable allowance as compensation for your personal services, or
- Amounts received after the end of the tax year following the tax year in which you performed the services.
Income earned in prior year. Foreign earned income received in 2005 for services you performed in 2004 can be excluded from your 2005 gross income if, and to the extent, the income would have been excludable if you had received it in 2004.

If you are excluding income under this rule, do not include this income on line 17. Instead, attach a statement to Form 2555-EZ showing how you figured the exclusion. Enter the amount that would have been excludable in 2004 on Form 2555-EZ to the left of line 18. Next to the amount enter "Exclusion of Income Earned in 2004." Include it in the total reported on line 18.
Note. If you claimed any deduction, credit, or exclusion on your 2004 return
that is definitely related to the 2004 foreign earned income you are excluding under this rule, you may have to amend your 2004 income tax return to adjust the amount claimed. To do this, file Form 1040X.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.


## Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

## 1 Bona Fide Residence Test

a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see page 2 of the instructions)? $\square$ No - If you answered "Yes," you meet this test. Fill in line 1b and then go to line 3.

- If you answered "No," you do not meet this test. Go to line 2 to see if you meet the Physical Presence Test.
b Enter the date your bona fide residence began $\qquad$ , and ended (see instructions) $\qquad$


## 2 Physical Presence Test

a Were you physically present in a foreign country or countries for at least 330 full days during$\left\{\begin{array}{l}2005 \text { or } \\ \text { any other period of } 12 \text { months in a row starting or ending in } 2005 \text { ? }\} \text {. . . . . . . . . . . . } \square \text { Yes } \square \text { No }\end{array}\right.$

- If you answered "Yes," you meet this test. Fill in line $2 b$ and then go to line 3.
- If you answered "No," you do not meet this test. You cannot take the exclusion unless you meet the Bona Fide Residence Test above.
b The physical presence test is based on the 12-month period from through

3 Tax Home Test. Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies?Yes No

- If you answered "Yes," you can take the exclusion. Complete Part II below and then go to page 2.
- If you answered "No," you cannot take the exclusion. Do not file this form.


## Part II General Information

4 Your foreign address (including country)
5 Your occupation

6 Employer's name

7 Employer's U.S. address (including ZIP code)

8 Employer's foreign address

9 Employer is (check any that apply):
a A U.S. business
b A foreign business
c Other (specify)


10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form.
b If you did not file Form 2555 or $2555-E Z$ after 1981, check here $\square$ and go to line 11a now.
c Have you ever revoked the foreign earned income exclusion?.No
d If you answered "Yes," enter the tax year for which the revocation was effective.
11a List your tax home(s) during 2005 and date(s) established.
b Of what country are you a citizen/national?

## Part III Days Present in the United States-Complete this part if you were in the

 United States or its possessions during 2005.| 12 (a) Date arrived in U.S. | (b) Date left U.S. | (c) Number of days <br> in U.S. on business | (d) Income earned in U.S. <br> on business (attach computation) |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
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## Part IV Figure Your Foreign Earned Income Exclusion

13 Maximum foreign earned income exclusion


18 Foreign earned income exclusion. Enter the smaller of line 16 or line 17 here and in parentheses on Form 1040, line 21. Next to the amount enter "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22


## Schedule A-Additional General Business Credit Allowed by Internal Revenue Code Section 38(c)(2) (Before Repeal by the Revenue Reconciliation Act of 1990)—Only Applicable to C Corporations

A corporation (other than an S corporation) may be entitled to a larger general business credit or additional credit against the AMT if: (a) it is claiming a regular investment credit carryforward on line 6 attributable, in whole or in part, to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990), (b) some of that investment credit cannot be used because line 18 is smaller than line 8, and (c) it is required to file Form 4626, Alternative Minimum Tax-Corporations. Complete Schedule A to see if the corporation is entitled to an additional credit.

20 Enter the portion of the credit shown on line 6 that is attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990)

21 Tentative minimum tax (from line 16)
22 Multiply line 21 by 25\% (.25)


23 Enter the amount from line 18
24 Enter the portion of the credit shown on line 8 that is not attributable to the regular investment credit under section 46 (before amendment by the Revenue Reconciliation Act of 1990)

25 Subtract line 24 from line 23. If zero or less, enter -0-
26 Subtract line 25 from line 20. If zero or less, enter -0-
27 For purposes of this line only, refigure the amount on Form 4626, line 10, by using zero on Form 4626, line 6, and enter the result here

28 Multiply line 27 by 10\% (.10) .

29 Net income tax (from line 13).

30 Enter the amount from line 19

31 Subtract line 30 from line 29

32 Subtract line 28 from line 31

33 Enter the smallest of line 22, line 26, or line 32.

34 Subtract line 33 from line 21

35 Enter the greater of line 15 or line 34
36 Subtract line 35 from line 29. Also enter this amount on line 19 instead of the amount previously figured on that line. Write "Sec. 38(c)(2)" next to your entry on line 19


Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping
.16 hr., 15 min. Learning about the law or the form .

## Preparing and sending

 the form to the IRS . . $1 \mathrm{hr} ., 42 \mathrm{~min}$.If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Section references are to the Internal Revenue Code.

## General Instructions What's New

The American Jobs Creation Act of 2004 (AJCA) created the following general business credits that are effective for tax years beginning after December 31, 2004.

1. The qualified railroad track
maintenance credit (section 45G). See new Form 8900 for information on how to claim the credit.
2. The qualified marginal well oil and gas production credit (section 45l).
Note. This credit is not available for tax years beginning in 2005.

## Who Must File

You must file Form 3800 if any of the following apply

1. You have more than one of the credits listed on lines 1a through 1u.
2. Any of those credits (other than the low-income housing credit) is from a passive activity, or you have a carryback or carryforward of any of those credits.
3. You are claiming the trans-Alaska pipeline liability fund credit or general credits from an electing large partnership.

If you are not required to file Form 3800, file only the applicable credit form listed on lines 1a through 1 u .
The general business credit includes the following:

1. The credits listed on lines 1 a through $1 u$,
2. The empowerment zone and renewal community employment credit (Form 8844),
3. The alcohol fuel credit (Form 6478), and
4. The portion of the renewable electricity and refined coal production credit figured in Section B of Form 8835.
The credits associated with items 2-4 have special tax liability limits and are not reported on Form 3800. Any carryback, carryforward, and passive activity limitation of these credits is computed separately on the forms on which they are claimed, and not on Form 3800.

## Carryback and Carryforward of Unused Credit

If you cannot use part or all of the credit because of the tax liability limit (line 19 is less than line 8), carry the unused credit back one tax year. To carry back an unused credit, file an amended return (Form 1040X, 1120X, or other amended return) for the prior tax year or an application for tentative refund (Form 1045, Application for Tentative Refund, or Form 1139, Corporation Application for Tentative Refund). Generally, if you file an application for a tentative refund, it must be filed by the end of the tax year following the tax year in which the credit arose.

If you have an unused credit after carrying it back, carry it forward to each of the 20 tax years after the year of the credit. Any qualified business credits (as defined in
section 196(c)) that are unused after the last tax year of the 20-year carryforward period (or at the time an individual taxpayer dies or other taxpayer, such as a corporation or partnership, ceases to exist) may be taken as a deduction in the earlier of:

- The tax year following the last tax year of the 20-year carryforward period or
- The tax year in which the individual taxpayer dies or other taxpayer ceases to exist.
For purposes of this special deduction, only half of the following credits may be taken into account: (a) unused investment credit (other than a credit to which section 48(q)(3) applies as in effect prior to repeal by the Revenue Reconciliation Act of 1990) and (b) unused credit for increasing research activities.


## Change in Filing or Marital Status

Your general business credit is limited to your tax liability. Therefore, if you filed a joint return in a carryback or carryforward year and your marital status or filing status has changed, you may need to figure your separate tax liability in that carryback or carryforward year. This would apply if:

- You filed as single in the credit year, but filed a joint return in the carryback or carryforward year;
- You filed a joint return in the credit year, but filed a joint return with a different spouse in the carryback or carryforward year; or
- You were married and filed a separate return in the credit year, but filed a joint return with the same or a different spouse in the carryback or carryforward year.
Determine your separate tax liability in the carryback or carryforward year as follows.

1. Figure your tax for the carryback or carryforward year as though you were married filing a separate return.
2. Figure your spouse's tax in that year as though he or she was married filing a separate return.
3. Add the amounts in steps 1 and 2.
4. Divide the amount in step 1 by the amount in step 3 . The result should be rounded to at least three decimal places.
5. Multiply the decimal in step 4 by the total tax shown on your joint return for the carryback or carryforward year. The result is your separate tax liability and a carryback or carryforward credit is applied against this amount only.
Although your carryback or carryforward of the credit is limited to your separate tax liability, the amount of your refund resulting from the carryback or carryforward is further limited to your share of the joint overpayment. This is found by subtracting your separate tax liability (as determined above) from your contribution toward the payment.
Unless you have an agreement or clear evidence of each spouse's contribution toward the payment of the joint liability, your contribution includes the tax withheld on your wages and your share of the joint
estimated tax or tax paid with the return. Your share of these payments is found by using the same formula used in determining your separate tax liability. Substitute the joint estimated tax, or tax paid with the return, for the tax in step 5. If the original return for the carryback year resulted in an overpayment, reduce your contribution by your share of the refund.

Attach a copy of the computation to your amended return or application for tentative refund.

## Credit Ordering Rule

General business credits reported on Form 3800 are treated as used on a first-in, first-out basis by offsetting the earliest-earned credits first. Therefore, the order in which the credits are used in any tax year is:

- Carryforwards to that year, the earliest ones first,
- The general business credit earned in that year, and
- The carryback to that year.

When relevant, the components of the general business credit reported on Form 3800 arising in a single tax year are used in the following order.

- Regular investment credit.
- Rehabilitation investment credit.
- Energy investment credit.
- Work opportunity credit (including any jobs credit carryforward).
- Welfare-to-work credit.
- Credit for increasing research activities.
- Low-income housing credit.
- Enhanced oil recovery credit.
- Disabled access credit.
- Renewable electricity production credit.
- Indian employment credit.
- Credit for employer social security and

Medicare taxes paid on certain employee tips.

- Orphan drug credit.
- New markets credit.
- Credit for small employer pension plan startup costs.
- Credit for employer-provided child care facilities and services.
- Qualified railroad track maintenance credit.
- Biodiesel fuels credit.
- Low sulfur diesel fuel production credit.
- Qualified marginal well oil and gas production credit.
- Credit for contributions to selected community development corporations.
- Trans-Alaska pipeline liability fund credit.
- General credits from an electing large partnership.

Although these credits are aggregated on Form 3800, keep a separate record of each credit to ensure that no credits or deductions are squandered or duplicated.

## Specific Instructions Part I-Current Year Credit

## Lines 1a-1s

Complete only Part I of the appropriate credit forms to figure your current year credits. Enter the current year credit on the applicable entry spaces and attach the credit forms to your return.
Line 1t
Attach a statement showing how you figured the section 4612(e) credit.

## Line 1 u

Enter the total of the amounts shown in box 7 of the Schedules K-1 (Form 1065-B) you received from electing large partnerships.
Line 3
Enter the credits included on line 2 that are from passive activities. Generally, a passive activity is a trade or business in which you did not materially participate. Generally, rental activities are passive activities, whether or not you materially participate.
See Form 8582-CR, Passive Activity Credit Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, for details.

## Line 5

Enter the passive activity credit allowed from Form 8582-CR or Form 8810. See the instructions for the applicable form for details.

## Line 6

Add all carryforwards to 2005 of unused credits that are reported on Form 3800.
For each credit, attach a detailed computation showing (a) the tax year the credit originated, the amount of the credit, and the amount allowed for that year; (b) for each carryback year, the year and the amount of the credit allowed after you applied the carryback; and (c) for each carryforward year, the year and the amount of the credit allowed after you applied the carryforward.

You must reduce by $35 \%$ the portion of the business credit carryforward attributable to sections 46(a)(1) regular investment credit and 46(b)(2)(C) and (D) business energy investment credit (as in effect prior to the repeal of these three sections by the Revenue Reconciliation Act of 1990). Include the reduced credit on line 6. Do not reduce any portion of the credit attributable to qualified timber property. If you cannot use all of the reduced credit
because line 18 is less than line 8 , carry forward to your next tax year in the carryforward period the unused portion of the credit and a corresponding portion of the $35 \%$ reduction. For example, if you are able to use only half of the credit in 2005, carry forward the other half of the credit and half of the $35 \%$ reduction.

## Line 7

Use line 7 only when you amend your 2005 return to carry back unused credits from 2006.

## Line 8

If this line is zero, skip Part II.

## Part II-Allowable Credit

Line 9
Enter the regular tax before credits from the appropriate form or schedule.

- Individuals: Form 1040, line 44.
- Corporations: Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your tax return.
- Estates and trusts: The sum of the amounts from Form 1041, Schedule G, lines $1 a$ and 1 b , or the amount from the applicable line of your tax return.
Corporations filing Form 8895, Section 965(f) Election for Corporations That Are U.S. Shareholders of a Controlled Foreign Corporation, must reduce the amount otherwise reported as regular tax before credits on line 9 (or on the comparable line of any other general business credit form) by the tax attributable to nondeductible controlled foreign corporation (CFC) dividends.


## Line 10

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals: Form 6251, line 35.
- Corporations: Form 4626, line 14.
- Estates and trusts: Form 1041, Schedule I, line 56.


## Line 15

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 16

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the
appropriate AMT form or schedule and enter on line 16 the TMT from the following line of that form or schedule.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule

I , line 54.

## Line 19

If line 19 is smaller than line 8 , see Carryback and Carryforward of Unused Credit.
Individuals, estates, and trusts. The amount of the research credit that may be included on line 19 is limited to the amount of tax attributable to your taxable income from the sole proprietorship or your interest in the partnership, S corporation, estate, or trust (pass-through entity) generating the credit. Figure the research credit limitation separately for each business enterprise by using the following formula:

$$
\text { (Line 13-line 15) } \times \frac{\begin{array}{l}
\text { Taxable income attributable } \\
\text { to the sole proprietorship or } \\
\text { your interest in the } \\
\text { pass-through entity }
\end{array}}{\begin{array}{l}
\text { Your taxable income for the } \\
\text { year }
\end{array}}
$$

The result figured above is limited to the excess of line 13 over line 15. If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business.

If your research credit is limited by the above formula, refigure the amount to enter on line 19 using only the total of the amount calculated above for the research credit plus the general business credit from other sources. If necessary, follow the Credit Ordering Rule on page 3, and take into account any passive activity credit limitations. Write "Sec. 41(g)" on the dotted line next to your entry on line 19.

Corporations. If the corporation has undergone a post-1986 "ownership change" (as defined in section 382(g)), section 383 may limit the amount of tax that may be offset by pre-change general business credits. Also, if a corporation acquires control of another corporation (or acquires its assets in a reorganization), section 384 may limit the amount of tax attributable to recognized built-in gains that may be offset by pre-acquisition general business credits. If either of these limitations apply, attach a computation of the allowable general business credit, enter the amount on line 19, and write "Sec. 383 " or "Sec. 384 " in the margin next to your entry on line 19.

## Tax Year 2005 RIS Notification Form 4136, [Credit for Federal Tax Paid on Fuels]

| To: | Symbols: | Initials: | Date: |
| :---: | :---: | :---: | :---: |
| 1. Section Chlef: Rebecca Bish | SE:W:CAR:MP:T:T:SB | $G Q / \sim R B$ | $9 / 1 / 05$ |
| 2. Reviewer: Margaret Salow | SE:W:CAR:MP:T:T:R | PMASL | $8 / 26 / 05$ |
| 3. Review Chief: Carole Barnette | SE:W:CAR:MP:T:T: R | C/FFr CB | Yloulos |
| 4. Branch Chief: Frances Royal | SE:W:CAR:MP:T:T | 12 | 9/1/05 |
| 5. Senior Technical Advisor: Bob Erickson | SE:W:CAR:MP:T | FR for BE | 9/2/6 |
| 6. Designated Person: Diane Creed | SE:W:CAR:MP:T:T:SB | DKC | $9 / 2105$ |
| 7. \&W\&I M\&P TFP RIS Distribution List |  |  |  |
| 8. Initiator (TLS): Robert Coar | SE:W:CAR:MP:T:T :SB |  | 8-2605 |

Attached is a marked up draft that can be used to develop any necessary RIS(s) for the 2006 processing year. The major changes are as follows:

Sec attached memo. This is the second RIS memo for Form 4136.
Caution: All references to the income tax returns in line 15 may change, an additional refund line may have to be added for tax year 2005.
$\square$ We do not anticipate the need for any futher changes that would affect a RIS.
Q We may need to make further changes that would affect this RIS.
$\square$ This transmittal can be used to create a Placeholder RIS. We expect to make further changes.
If you have any questions, please contact the tax law specialist shown below, or the reviewer on line 2 (above).


## Major Changes, 2005 Form 4136, $2^{\text {nd }}$ RIS memo

Changes are based on the Safe, Accountable, Flexible, \& Efficient Transportation Equity Act of 2005, unless otherwise noted.

1. Line 3. Nontaxable Use of Undyed Diesel Fuel. New line $3 e$ has been added for taxpayers to make claims for diesel fuel used on a farm for farming purposes; effective for claims after September 30, 2005. The caution above line 3 a has been revised to reflect this.
2. Line 4. Nontaxable Use of Undyed Kerosene (Other Than Aviation-Grade Kerosene). New line 4c has been added for taxpayers to make claims for kerosene used on the farm for farming purposes; effective for claims after September 30, 2005. The caution above line 4 a has been revised to reflect this.
3. Line 5. Nontaxable Use of Aviation-Grade Kerosene. The checkbox for the dyed kerosene exception has been added. The dual rates on lines 4b and 4c have been deleted. All claims for kerosene for use in aviation after September 30, 2005, will be made on new line 14.
4. Line 6. Sales by Registered Ultimate Vendors of Undyed Diesel Fuel. A caution has been added above line 6 a on the elimination of ultimate vendor claims for diesel fuel used on a farm for farming purposes, effective after Sept. 30, 2005.
5. Line 7. Sales by Registered Ultimate Vendors of Undyed Kerosene. A caution has been added above line 7a on the elimination of ultimate vendor claims for kerosene used on a farm for farming purposes, effective after Sept. 30, 2005.
6. Lines 8. Sales by Registered Ultimate Vendors of Aviation-Grade Kerosene. The dual rates on lines $8 \mathrm{~b}, 8 \mathrm{c}$, and 8 d have been deleted. All ultimate vendor claims for kerosene for use in aviation after Sept. 30, 2005, will be made on new line 14.
7. Line 13. Biodiesel Mixture Credit. The certificate from the producer of the biodiesel must be attached to Form 4136 in certain situations. The instructions will explain this.

## 8. New Line 14. Kerosene For Use in Aviation, After Sept. 30, 2005.

The taxation of kerosene for use in aviation is completely revised, effective after September 30, 2005. Lines 5 and 8 are not applicable after this date. There is not enough space to properly include the lines required for claiming the credit for kerosene for use in aviation from Oct. 1 - Dec. 31. Lines 14a and 14b will be used to report the totals from worksheets in the instructions.
9. The Total line is now 15. The Form 1120 and 1120A references have changed.
10. Cautions. The first and second cautions have been completely revised. The third caution has been updated to rate change date after September 30, 2005.
11. LUST tax. The Leaking Underground Storage Tax (LUST) has been extended through Sept. 30, 2011. However, the Energy Policy Act of 2005 changed how the credits and refunds of the LUST tax are made. Generally, we will no longer refund the LUST tax, unless the fuel is exported. This change is effective after September 30,2005 . The two rates that were shown on the previous Form 4136 will apply, the lower rate effective after September 30, 2005. Taxpayers who want the claim the higher rate for exported fuel after 9/30/05 will have to provide an explanation and attach it to Form 4136.
rem 4136
Depactinent of the Treasury internal Reverue Service
$>$ See the Instructions on page 3.

- Attach this form to your income tax return.

Taxpayer identification number

|  | Caution: - Claims for diesel fuel and kerosene used on a farm for farming purposes are made only by the ultimate purchaser after September 30, 2005, on new lines 3e and 4c. <br> - Claims on lines 5 and 8 for aviation-grade kerosene can be made only for uses or sales before October 1, 2005. See line 14 and the worksheets in the instructions for claims for kerosene used in aviation after September 30, 2005. <br> - There are two credit rates in effect for most fuels during 2005. The second rate is applicable after Sept. 30, 2005. |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | Nontaxable Use of GasolineOff-highway business use of gasoline | 1 |  |  |  |  | (e) CRN |
|  |  | (a) Type of use | $\begin{array}{\|c\|} \hline \text { (b) Rate } \\ \hline \$ .184 / .183 \\ \hline \end{array}$ | (c) Gallons | (d) Amount of credit |  |  |
| a |  |  |  |  | S |  |  |
| $b$ | Use of gasoline on a farm for farming purposes |  | .184/.183 |  |  |  | 362 |
| c | Other nontaxable use of gasoline |  | .184/.183 |  |  |  |  |
|  | Nontaxable Use of Aviation Gasoline |  |  |  |  |  |  |
|  |  | (a) Type of use | (b) Rate | (c) Gallons |  | Amount of credit | (e) CRN |
|  | Use in commercial aviation (other than foreign |  | S. 15 |  | S |  | 354 |
| $b$ | Other nontaxable usea |  | .194/.193 |  |  |  | 324 |
| 3 | Nontaxable Use of Undyed Diesel Fuel |  |  |  |  |  |  |
|  | Claimant certifies that the diesel fuel did not contain visible evidence of dye. Exception. If any of the diesel fuel included in this claim did contain visible |  |  |  |  |  |  |
|  | Caution: Claims for diesel fuel used on a farm for farming purposes are made only by the ultimate purchaser on lime 3e after September 30, 2005. <br> Nontaxable use | (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit |  | (e) CRN |
| a |  |  | \$.244/.243 |  | \$ |  | 360 |
| b | Use in trains, January 1, 2005 - June 30, 2005 |  | . 21 |  |  |  |  |
| c | Use in trains, July 1, 2005 - December 31, 2005 |  | .22/.219 |  |  |  | 353 |
| d | Use in certain intercity and local buses |  | .17/.169 |  |  |  | 350 |
| e | Use on a farm for farming purposes, after Sept. 30, 2005 |  | . 243 |  |  |  | 360 |

4 Nontaxable Use of Undyed Kerosene (Other Than Aviation-Grade Kerosene)
Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation; check here . $\square$ Caution: Claims for kerosene used on a farm for farming purposes are made by the ultimate purchaser on line 4c after September 30, 2005. See the instructions for an exception for kerosene used in aviation on a farm.
a Nontaxable use
b Use in certain intercity and local buses
c Use on a farm for farming purposes, after Sept. 30, 2005


5 Nontaxable Use of Aviation-Grade Kerosene
Claimant certifies that the aviation-grade kerosene did not contain visible evidence of dye.
Exception. If any of the aviation-grade kerosene included in this claim did contain visible evidence of dye, attach a detailed explanation and check here

1. 2005. See line 14 and the worksheets in the instructions

| (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |  |
| :---: | :--- | :--- | :--- | :--- |
| $\$ .175$ |  | $\$$ |  |  |
| .219 |  |  |  |  |
| .044 |  |  |  |  |

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel
Registration No.
Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to take the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach a detailed explanation and check here $\square$
Caution. Registered ultimate vendors cannot make claims for diesel fuel sold for use on a farm for farming purposes after Sept. $30,2005$.

| (a) Type of use | (b) Rate | (c) Gallons | (d) Amount of credit | (e) CRN |  |
| ---: | ---: | ---: | :--- | :--- | :--- |
|  | $\$ .244 / .243$ |  | $\$$ |  |  |
|  | $.244 / .243$ |  |  | 360 |  |
|  | $.17 / .169$ |  |  |  | 350 |

For Paperwork Reduction Act Notice, see the instructions.

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Aviation-Grade Kerosene)

## Registration No.

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.
Exception. If any of the kerosene included in this claim did contain yisible evidence of dye, attach a detailed explanation and check here vendors cannot make claims for kerosene, sold for use on a farm for farming purposes after September 30, 2005.
(a) Type of use

Use on a farm for farming purposes

Sales by Registered Ultimate Vendors of Aviation-Grade Kerosene
Claimant sold the aviation-grade kerosene at a tax-excluded-price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to make the claim. Caution: Line 8 applies to claims for aviation-grade kerosene before October 1, 2005. See line kerosene for use in aviation after September30, 2005 . (a) Type of use
Use in commercial aviation (other than foreign trade)
Other nontaxable use

Sales by Registered Ultimate Vendors of Gasoline
Claimant sold the gasoline at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer. or has obtained written consent of the buyer to take the claim; and obtained an unexpired certificate trom the buyer and has no reason to believe any information in the certificate is false. See the instructions for additional information to be submitted.

|  | (b) Rate | (c) Gallons | (d) Amount of refund |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
|  | $\$ .184 / .183$ |  |  |  |
|  | $.184 / .183$ |  |  |  |

## 10 Sales by Registered Ultimate Vendors of Aviation Gasoline

Registration No.
Claimant sold the aviation gasoline at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to take the claim; and obtained an unexpired certificate from the buyer and has no reason to believe any information in the certificate is false. See the instructions for additional information to be submitted.

| Use by a nonprofit educational organization |  |  | (b) Rate | (c) Gallons | (d) Amount of refund |  | (e) CRN |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | \$.194/.193 |  | \$ |  | 324 |
| b |  |  | .194/.193 |  |  |  |  |
| 11 Nontaxable Use of Liquefied Petroleum Gas (LPG) |  |  |  |  |  |  |  |
|  |  |  |  | (a) Type of use | (b) Rate | (c) Gallons |  | d) Amount of credit | (e) CRN |
| a | Use in certain intercity and local buses |  | \$. 062 |  | \$ |  | 352 |
| b | Use in qualified local buses or school buses |  | . 136 |  |  |  | 361 |
| c | Other nontaxable use |  | . 136 |  |  |  | 395 |

12 Alcohol Fuel Mixture Credit
Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

|  | (b) Rate | (c) Gallons | (d) Amount of credit |  |
| :---: | :---: | :---: | :---: | :---: |
| a Alcohol fuel mixtures containing ethanol | \$.51 |  | \$ |  |
| b Alcohol fuel mixtures containing alcohol (other than ethanol) | . 60 |  |  | 394 |

b Alcohol fuel mixtures containing alcohol (other than ethanol)
13 Biodiesel Mixture Credit
Registration No.
-
Claimant produced a biodiesel mixture by mixing diesel fuel with biodiesel. The biodiesel mixture was sold by the claimant to any person for use as fuel or was used as a fuel by the claimant. Claimant has a certificate from the producer or importer of the biodiesel which identifies the percentage of biodiesel and agri-biodiesel in the product, and has no reason to believe the information is false. See the instructions for line 13 to see if you must attach the certificate.
Biodiesel (other than agri-biodiesel) mixtures

14 Kerosene For Use in Aviation, After September 30, 2005. See the instructions for worksheets to figure the amount of credit.


## 2005 Form 4137 Social Security and Medicare Tax on Unreported Tip Income

Purpose: This is the first circulated proof of the 2005 Form 4137, Social Security and Medicare Tax on Unreported Tip Income, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Form 4137 may be accessed at http://www.irs.gov/pub/irspdf/f4137.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by May 1, 2005.

## Major Changes to the Form and Instructions

- We changed Line 6 to reflect the increase in the maximum amount of wages (including tips) subject to social security tax to \$90,000 for taxable years beginning in 2005 based on SSA Notice 69 FR 62497 dated October 26, 2004. 2004-46 I.R.B. 841; Notice 200473.
- On line 12 we revised the line reference to Form 1040 to reflect the changes made to that form.
- What's New was updated to reflect the increase in the maximum amount of wages (including tips) subject to social security tax to $\$ 90,000$ for taxable years beginning in 2005 based on SSA Notice 69 FR 62497 dated October 26, 2004. 2004-46 I.R.B. 841; Notice 2004-73.
- We revised the line reference to Form 1040 to reflect the changes made to that form.

| FROM: | PHONE: | EMAIL: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Mary Jane Dowling | (202) 927-9894 | Mary.J.Dowling@irs.gov | $(202)$ 927- | 6423 | 3/31/05 |
| SE:W:CAR:MP:T:I:F |  |  | 6234 |  |  |



## Do Not Detach

SCHEDULE U (Form 1040)
Department of the Treasury
Internal Revenue Service

## U.S. Schedule of Unreported Tip Income

For crediting to your social security record

Note: The amounts you report below are for your social security record. This record is used to figure any benefits, based on your earnings, payable to you and your dependents or your survivors. Fill in each item accurately and completely.


Please do not write in this space

## General Instructions

What's New. For 2005, the maximum amount of wages and tips subject to social security tax is $\$ 90,000$.
Purpose of form. Use Form 4137 to figure the social security and Medicare tax owed on tips you did not report to your employer, including any allocated tips shown on your Form(s) W-2 that you must report as income. Also, use Form 4137 to figure the social security and Medicare tips to be credited to your social security record.
Who must file. You must file Form 4137 if you received cash and charge tips of $\$ 20$ or more in a calendar month and did not report all of those tips to your employer. You must also file Form 4137 if box 8 of your Form(s) W-2 shows allocated tips that you must report as income.
Allocated tips you must report as income. You must report as income on Form 1040, line 7, at least the amount of allocated tips shown in box 8 of your Form(s) W-2 unless you can prove a smaller amount with adequate records. If you have records that show the actual amount of tips you received, report that amount even if it is more or less than the allocated tips. Although allocated tips are shown on your Form W-2, they are not included in the wages, tips, and other compensation box (box 1) on that form and no income tax, social security tax, or Medicare tax has been withheld from these tips.
Tips you must report to your employer. You must give your employer a written report of cash and charge tips if you received $\$ 20$ or more in tips during a month. If, in any month, you worked for two or more employers and received tips while working for each, the $\$ 20$ rule applies separately to the tips you received while working for each employer and not to the total you received. You must report your tips to your employers by the 10th day of the month following the month you received them. If the 10th day of the month falls on a Saturday, Sunday, or legal holiday, give your employer the report by the next business day.
Employees subject to the Railroad Retirement Tax Act. Do not use Form 4137 to report tips received for work covered by the Railroad Retirement Tax Act. In order to get railroad retirement credit, you must report these tips to your employer.
Payment of tax. Tips you reported to your employer are subject to social security and Medicare tax (or railroad retirement tax) and income tax withholding. Your employer collects these taxes from wages (excluding tips) or other funds of yours available to cover them. If your wages were not enough to cover these taxes, you may have given your employer the additional amounts needed. Your Form W-2 will include the tips you reported to your employer and the taxes withheld. If there was not enough money to cover the social security and Medicare tax (or railroad retirement tax), your Form W-2 will also show the tax due in box 12 under codes A and B. See the instructions for line 63 of Form 1040 to find out how to report the tax due.
Penalty for not reporting tips. If you did not report tips to your employer as required, you may be charged a penalty equal to $50 \%$ of the social security and Medicare tax due on those tips. You can avoid this penalty if you can show reasonable cause for not reporting these tips to your employer. To do so, attach a statement to your return explaining why you did not report them.
Additional information. See Pub. 531, Reporting Tip Income.

## Specific Instructions

Line 1. Include all cash and charge tips received. This includes the following:

- Total tips that you reported to your employer. Tips you reported, as required, by the 10th day of the month following the month you received them are considered income in the month you reported them. For example, tips you received in December 2004 that you reported to your employer after December 31, 2004, and before January 11, 2005, are considered income in 2005 and should be included on your 2005 Form W-2 and reported on line 1 of Form 4137. However, tips you received in December 2005 that you reported to your employer after December 31, 2005, and before January 11, 2006, are considered income in 2006. Do not include these tips on line 1.
- Tips you did not report to your employer on time or did not report at all. These tips are considered income to you in the month you actually received them. For example, tips you received in December 2005 that you reported to your employer after January 10, 2006, are considered income in 2005 because you did not report them to your employer on time.
- Tips you received that you were not required to report to your employer because they totaled less than $\$ 20$ during the month.
- Allocated tips that you must report as income.

Line 4. Enter only the tips you were not required to report to your employer because the total received was less than \$20 in a calendar month. These tips are not subject to social security and Medicare tax.
Line 9. If line 5 includes tips you received for work you did as a federal, state, or local government employee and your pay was subject only to the $1.45 \%$ Medicare tax, subtract the amount of those tips from the line 5 amount only for the purpose of comparing lines 5 and 8 . Do not reduce the actual entry on line 5. Enter "1.45\% tips" and the amount you subtracted on the dotted line next to line 9.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . . . 26 min.
Learning about the law or the form 6 min.
Preparing the form . . . . . . . . . . . 26 min.
Copying, assembling, and
sending the form to the IRS 20 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.
(Rev. November 2005)
Department of the Treasury
Internal Revenue Service
Name(s) as shown on return

Attachment
Sequence No. 65


Recapture Tax
7 Recapture percentage (see instructions)
8 Tentative recapture tax. Multiply line 3 by the percentage on line 7

| $\mathbf{7}$ |
| :--- |

## General Instructions

Section references are to the Internal
Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 4255 to figure the increase in tax for the recapture of investment credit claimed.

## Who Must Refigure the Investment Credit

Generally, you must refigure the investment credit and may have to recapture all or part of it if any of the following apply.

- You disposed of investment credit property before the end of 5 full years after the property was placed in service (recapture period).
- You changed the use of the property before the end of the recapture period so that it no longer qualifies as investment credit property.
- The business use of the property decreased before the end of the recapture period so that it no longer qualifies (in whole or in part) as investment credit property.
- Any building to which section 47(d) applies will no longer be a qualified rehabilitated building when placed in service.
- Any property to which section 48(a)(5) applies will no longer qualify as investment credit property when placed in service.
- Before the end of the recapture period, your proportionate interest was reduced by more than one-third in a partnership, S corporation, estate, or trust that allocated
the cost or other basis of property to you for which you claimed a credit.
- You returned leased property (on which you claimed a credit) to the lessor before the end of the recapture period.
- A net increase in the amount of nonqualified nonrecourse financing occurred for any property to which section 49(a)(1) applied. For more details, see the instructions for line 10.
Exceptions to recapture. Recapture of the investment credit does not apply to the following.
- A transfer because of the death of the taxpayer.
- A transfer between spouses or incident to divorce under section 1041. However, a later disposition by the transferee is subject to recapture to the same extent as
if the transferor had disposed of the property at the later date.
- A transfer of an interest in an electing large partnership.
- A transaction to which section 381(a) applies (relating to certain acquisitions of the assets of one corporation by another corporation).
- A mere change in the form of
conducting a trade or business if:

1. The property is retained as investment credit property in that trade or business and
2. The taxpayer retains a substantial interest in that trade or business.

A mere change in the form of conducting a trade or business includes a corporation that elects to be an S corporation and a corporation whose S election is revoked or terminated.

For more details on the recapture rules, see section 50(a).
Caution: See section 46(g)(4) (as in effect on November 4, 1990) to figure the recapture tax if you made a withdrawal from a capital construction fund set up under the Merchant Marine Act of 1936 to pay the principal of any debt incurred in connection with a vessel on which you claimed investment credit.

## Basis Adjustment on Recapture

For property subject to investment credit recapture, increase the property's basis as follows.

- For qualified rehabilitation expenditures, increase the basis by 100\% of the recapture tax (or adjustment to carrybacks and carryovers).
- For energy property or qualified timber property, increase the basis by $50 \%$ of the recapture tax (or adjustment to carrybacks and carryovers).

If you are a partner or $S$ corporation shareholder, the adjusted basis of your interest in the partnership or stock in the S corporation is adjusted to take into account the adjustment made to the basis of property held by the partnership or S corporation.

## Specific Instructions

Note: Do not figure the recapture tax on lines 1 through 9 if there is an increase in nonqualified nonrecourse financing related to certain at-risk property. Figure the recapture tax for these properties on separate schedules and enter the recapture tax on line 10. Include any unused credit for these properties on line 12.
Partnerships, S corporations, estates, and trusts. For a partnership (other than an electing large partnership),
S corporation, estate, or trust that
allocated any or all of the investment credit to its partners, shareholders, or
beneficiaries, provide the information they need to refigure the credit. See Regulations sections 1.47-4, 1.47-5, and 1.47-6. For an electing large partnership, the recapture tax is paid by the partnership.
Partners, shareholders, and
beneficiaries. If your Schedule K-1 shows recapture of investment credit claimed in an earlier year, you will need your copy of the original Form 3468 to complete lines 1 through 6 of this Form 4255.
Lines A through D. Describe the property for which you must refigure the credit.

Complete lines 1 through 8 for each property on which you are refiguring the credit. Use a separate column for each item. If you need more columns, use additional Forms 4255 or other schedules that include all the information shown on Form 4255. Enter the total from all the separate sheets on line 9
Line 1. Enter the rate you used to figure the original credit from the Form 3468 that you filed.
Line 2. Enter the cost or other basis that you used to figure the original credit.
Line 4. Enter the month, day, and year that the property was available for service.
Line 5. Generally, this will be the date you disposed of the property. For more details, see Regulations section 1.47-1(c).
Line 6. Do not enter partial years. If the property was held less than 12 months, enter zero.
Line 7. Enter the recapture percentage from the following table.

| IF the number of full <br> years on line 6 of <br> Form 4255 is $\ldots$ | THEN the recapture <br> percentage is $\ldots$ |
| :---: | :---: |
| 0 | 100 |
| 1 | 80 |
| 2 | 60 |
| 3 | 40 |
| 4 | 20 |
| 5 or more | 0 |

Line 9. If you have used more than one Form 4255, or separate sheets to list additional items on which you figured an increase in tax, write to the left of the entry space "Tax from attached" and the total tax from the separate sheets. Include the amount in the total for line 9.
Line 10. For certain taxpayers, the basis or cost of property is limited to the amount the taxpayer is at risk for the property at year end. The basis or cost must be reduced by the amount of any "nonqualified nonrecourse financing" related to the property at year end. If there is an increase in nonqualified nonrecourse financing, recapture may be required. See section 49(b) for details. Attach a separate schedule to figure the recapture tax and enter the total tax on line 10.
Line 12. If you did not use all the credit you originally figured, either in the year you
figured it or in a carryback or carryforward year, you do not have to recapture the amount of the credit you did not use. In refiguring the credit for the original credit year, be sure to include any carryforwards from previous years, plus any carrybacks arising within the 3 (or 1) tax years after the original credit year that are now allowed because the recapture and recomputation of the original credit made available some additional tax liability in that year. See Regulations section 1.47-1(d) and Rev. Rul. 72-221, 1972-1 C.B. 15, for details.

## Special rule for electing large

partnerships. Enter zero on line 12. An electing large partnership is treated as having used all prior year credits.
Figure the unused portion on a separate sheet and enter it on this line. Do not enter more than the recapture tax on line 11.
Note: Be sure to adjust your current unused credit to reflect any unused portion of the original credit that was entered on line 12 of this form.

Line 13. Special rule for electing large partnerships. Subtract the current year credit, if any, shown on Form 3468, line 4, from the amount on line 11. Enter the result (but not less than zero) on line 13 and on the tax line of Form 1065-B.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . 6 hr., 28 min.

## Learning about the

law or the form. 1 hr., 35 min.
Preparing, copying,
assembling, and sending
the form to the IRS . . . $1 \mathrm{hr} ., 46 \mathrm{~min}$.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## November 2005 Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners

Purpose: This is the first circulated draft of the November 2005 Form 4361 for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Versions: The December 2003 Form 4361 may be accessed at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/41586L03.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://www.taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by June 18, 2005.
Gerald J. Shields
Tax Forms and Publications
SE:W:CAR:MP:T:I:S
Email: Gerald.j.shields@irs.gov
Phone: 202-622-9759
Fax: 202-622-5022

## Major Changes to the 2005 Form 4361

The major changes are:
On line 6, the request for an attachment has been changed due to a CC:TEGE:EOEG:ET1 comment dated July 21, 2004.

On page 2, the Tax Products Coordinating Committee address has been changed.

Form
(Rev. November 2005)
Department of the Treasury Internal Revenue Service

## Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners

File Original and Two Copies

File original and two copies and attach supporting documents. This exemption is granted only if the IRS returns a copy to you marked "approved."
Check one box: $\square$ Christian Science practitioner
$\square$ Member of religious order not under a vow of poverty $\quad \square$ Ordained minister, priest, rabbi

4 Legal name of ordaining, licensing, or commissioning body or religious order
3 Date ordained, licensed, etc. (Attach supporting document. See instructions.) Number, street, and room or suite no.

City or town, state, and ZIP code

5 Enter the first 2 years, after the date shown on line 3, that you had net self-employment earnings of $\$ 400$ or more, any of which came from services as a minister, priest, rabbi, etc.; member of a religious order; or Christian Science practitioner

6 If you apply for the exemption as a licensed or commissioned minister, and your denomination also ordains ministers, please indicate how your ecclesiastical powers differ from those of an ordained minister of your denomination. Attach a copy of your denomination's bylaws relating to the powers of ordained, commissioned, and licensed ministers.

[^24]Signature -
Date
Caution: Form 4361 is not proof of the right to an exemption from Federal income tax withholding or social security tax, the right to a parsonage allowance exclusion (section 107 of the Internal Revenue Code), assignment by your religious superiors to a particular job, or the exemption or church status of the ordaining, licensing, or commissioning body, or religious order.

## For Internal Revenue Service Use

Approved for exemption from self-employment tax on ministerial earnings
Disapproved for exemption from self-employment tax on ministerial earnings
By

## General Instructions

Section references are to the Internal Revenue Code.
Purpose of form. File Form 4361 to apply for an exemption from self-employment tax if you are:

- An ordained, commissioned, or licensed minister of a church;
- A member of a religious order who has not taken a vow of poverty;
- A Christian Science practitioner; or
- A commissioned or licensed minister of a church or church denomination that ordains ministers, if you have authority to perform substantially all religious duties of your church or denomination.
This application must be based on your religious or conscientious opposition to the acceptance (for services performed as a minister, member of a religious order not under a vow of poverty, or Christian Science practitioner) of any public insurance that makes payments for death, disability, old age, or retirement; or that makes payments for the
cost of, or provides services for, medical care, including any insurance benefits established by the Social Security Act.

If you are a duly ordained, commissioned, or licensed minister of a church or a member of a religious order not under a vow of poverty, prior to filing this form you must inform the ordaining, commissioning, or licensing body of your church or order that you are opposed to the acceptance of public insurance benefits based on ministerial service on religious or conscientious grounds.

Do not file Form 4361 if:

- You ever filed Form 2031, Revocation of Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders, and Christian Science Practitioners; or
- You belong to a religious order and took a vow of poverty. You are automatically exempt from self-employment tax on earnings for services you perform for your church or its agencies. No tax exemption applies to earnings for services you perform for any other organization.
Additional information. See Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.
When to file. File Form 4361 by the due date, including extensions, of your tax return for the 2nd tax year in which you had at least \$400 of net earnings from self-employment, any of which came from services performed as a minister, member of a religious order, or Christian Science practitioner.
Effective date of exemption. An exemption from self-employment tax is effective for all tax years ending after 1967 in which you have net self-employment earnings of $\$ 400$ or more, if you receive any of it from ministerial services. For example, if you had qualified net earnings of $\$ 400$ or more in 2003 and not again until 2005, a valid Form 4361 filed by April 15, 2006, would apply to 2003 and all later years. See Pub. 517 to find out if you are entitled to a refund of self-employment tax paid in earlier years.
Where to file. Mail the original and two copies of this form to: Internal Revenue Service, Drop Point S-849, Philadelphia, PA 19255.
Approval of application. Before your application can be approved, the IRS must verify that you are aware of the grounds for exemption and that you want the exemption on that basis. When your completed Form 4361 is received, the IRS will mail you a statement that describes the grounds for receiving an exemption under section 1402(e). You must certify that you have read the statement and seek exemption on the grounds listed on the statement. The certification must be made by signing a copy of the statement under penalties of perjury and mailing it to the IRS not later than 90 days after the date the statement was mailed to you. If it is not mailed by that time, your exemption will not be effective until the date the signed copy is received by the IRS.

If your application is approved, a copy of Form 4361 will be returned to you marked "approved." Keep this copy of Form 4361 for your permanent records. Once the exemption is approved, you cannot revoke it.
Exempt earnings. Only earnings from ministerial services are exempt from self-employment tax.

Conducting religious worship services or ministering sacerdotal functions are ministerial services whether or not performed for a religious organization.

Ministerial services also include those performed under the authority of a church or church denomination. Examples are controlling, conducting, and maintaining religious organizations, including religious boards, societies, and other agencies integral to these organizations.

If your church assigns or designates you to perform services for an organization that is neither a religious organization nor an integral agency of a religious organization, you are performing ministerial services even though they may not involve conducting religious worship or ministering sacerdotal functions. Your services are ordinarily not considered assigned or designated by your church if any of the following is true.

- The organization for which you perform the services did not arrange with your church for your services.
- You perform the same services for the organization as other employees not designated as you were.
- You perform the same services before and after the designation.
Nonexempt earnings. Exemption from self-employment tax does not apply to earnings from services that are not ministerial

Earnings from the following entities are not exempt even if religious services are conducted or sacerdotal functions are ministered: the United States; a state, territory, or possession of the United States; the District of Columbia; a foreign government; or a subdivision of any of these bodies. For example, chaplains in the U.S. Armed Forces are considered commissioned officers, not ministers. Similarly, chaplains in state prisons or universities are considered civil servants.
Indicating exemption on Form 1040. If the IRS returns your application marked "approved" and your only self-employment income was from ministerial services, write "Exempt-Form 4361" on the self-employment tax line in the Other Taxes section of Form 1040. If you had other self-employment income, see Schedule SE (Form 1040).

## Specific Instructions

Line 3. Enter the date you were ordained, commissioned, or licensed as a minister of a church; became a member of a religious order; or began practice as a Christian Science practitioner. Do not file Form 4361 before this date. Attach a copy of the certificate (or, if you did not receive one, a letter from the governing body of your church) that establishes your status as an ordained, commissioned, or licensed minister; a member of a religious order; or a Christian Science practitioner.
Line 4. If you are a minister or belong to a religious order, enter the legal name, address, and employer identification number of the denomination that ordained, commissioned, or licensed you, or the order to which you belong. Get the employer identification number from your church or order.

You must be able to show that the body that ordained, commissioned, or licensed you, or your religious order, is exempt from Federal income tax under section 501(a) as a religious organization described in section 501(c)(3). You must also be able to show that the body is a church (or convention or association of churches) described in section 170(b)(1)(A)(i). To assist the IRS in processing your application, you can attach a copy of the exemption letter issued to the organization by the IRS. If that is not available, you can attach a letter signed by an individual
authorized to act for the organization stating that the organization meets both of the above requirements.

Privacy Act and Paperwork Reduction Act
Notice. The Privacy Act of 1974 and the
Paperwork Reduction Act of 1980 require 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
Our authority to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a), which require you to file a return or statement with us for any tax for which you are liable. Your response is mandatory under these sections. Section 6109 requires that you provide 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. If you fail to provide all or part of the information requested on Form 4361, your application may be denied.

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 stated in section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, to cities, states, the District of Columbia, and U.S. commonwealths or possessions. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 min.; Learning about the law or the form, 19 min.; Preparing the form, 16 min .; Copying, assembling, and sending the form to the IRS, 16 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Avenue, NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where to file on this page.

## Instructions for Form 4562

## Depreciation and Amortization (Including Information on Listed Property)

Section references are to the Internal Revenue Code unless otherwise noted.
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## What's New

- For tax years beginning in 2005, the maximum section 179 expense deduction is $\$ 105,000$ ( $\$ 140,000$ for qualified enterprise zone, renewal community, and New York Liberty Zone (Liberty Zone) property). This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds $\$ 420,000$. See page 3 of the instructions.
- The special depreciation allowance and the increased limits on depreciation for passenger automobiles do not apply to most property placed in service in 2005. You can only claim the special allowance for certain aircraft, certain property with a long production period, and qualified Liberty Zone property placed in service during 2005. See the instructions for line 14 on page 4 (for

Liberty Zone listed property, see the instructions for line 25 on page 9).

- Certain natural gas gathering lines placed in service after April 11, 2005, are treated as 7-year property under the Modified Accelerated Cost Recovery System (MACRS). See the instructions for line 19, column (a).
- Certain electric transmission property and natural gas distribution lines placed in service after April 11, 2005, are treated as 15-year property under MACRS. See the instructions for line 19, column (a).
- Qualified leasehold improvement property and qualified restaurant property placed in service after December 31, 2005, will not be treated as 15 -year property under MACRS. See the instructions for line 19, column (a).
- The accelerated depreciation of property on an Indian Reservation will not apply to property placed in service after December 31, 2005. See the instructions for line 19, column (d). - You can elect to amortize certain atmospheric pollution control facilities placed in service after April 11, 2005, over an 84-month period. See the instructions for line 42 on page 12.
- For tax years beginning after August 8,2005 , you can elect to amortize certain geological and geophysical expenses over a 24 -month period. See page 13 of the instructions.


## General Instructions

## Purpose of Form

Use Form 4562 to:

- Claim your deduction for depreciation and amortization,
- Make the election under section 179
to expense certain property, and
- Provide information on the business/ investment use of automobiles and other listed property.


## Who Must File

Except as otherwise noted, complete and file Form 4562 if you are claiming any of the following.

- Depreciation for property placed in service during the 2005 tax year.
- A section 179 expense deduction (which may include a carryover from a previous year).
- Depreciation on any vehicle or other listed property (regardless of when it was placed in service).
- A deduction for any vehicle reported on a form other than Schedule C (Form 1040), Profit or Loss From Business, or Schedule C-EZ (Form 1040), Net Profit From Business.
- Any depreciation on a corporate income tax return (other than Form 1120S).
- Amortization of costs that begins during the 2005 tax year.

If you are an employee deducting job-related vehicle expenses using either the standard mileage rate or actual expenses, use Form 2106, Employee Business Expenses, or Form 2106-EZ, Unreimbursed Employee Business Expenses, for this purpose.

File a separate Form 4562 for each business or activity on your return for which Form 4562 is required. If you need more space, attach additional sheets. However, complete only one Part I in its entirety when computing your section 179 expense deduction. See the instructions for line 12.

## Additional Information

For more information about depreciation and amortization (including information on listed property) see the following.

- Pub. 463, Travel, Entertainment, Gift, and Car Expenses.
- Pub. 534, Depreciating Property

Placed in Service Before 1987.

- Pub. 535, Business Expenses.
- Pub. 551, Basis of Assets.
- Pub. 946, How To Depreciate

Property.

## Definitions

## Depreciation

Depreciation is the annual deduction that allows you to recover the cost or other basis of your business or investment property over a certain number of years. Depreciation starts when you first use the property in your business or for the production of income. It ends when you either take
the property out of service, deduct all your depreciable cost or basis, or no longer use the property in your business or for the production of income.

Generally, you can depreciate:

- Tangible property such as buildings, machinery, vehicles, furniture, and equipment; and
- Intangible property such as patents, copyrights, and computer software.
Exception. You cannot depreciate land.


## Section 179 Property

Section 179 property is property that you acquire by purchase for use in the active conduct of your trade or business, and is one of the following.

- Tangible personal property.
- Other tangible property (except buildings and their structural components) used as:

1. An integral part of manufacturing, production, or extraction or of furnishing transportation, communications, electricity, gas, water, or sewage disposal services;
2. A research facility used in connection with any of the activities in (1) above; or
3. A facility used in connection with any of the activities in (1) above for the bulk storage of fungible commodities.

- Single purpose agricultural (livestock) or horticultural structures.
- Storage facilities (except buildings and their structural components) used in connection with distributing petroleum or any primary product of petroleum.
- Off-the-shelf computer software.

Section 179 property does not include the following.

- Property held for investment (section 212 property).
- Property used mainly outside the United States (except for property described in section 168(g)(4)).
- Property used mainly to furnish lodging or in connection with the furnishing of lodging (except as provided in section 50 (b)(2)).
- Property used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in a taxable unrelated trade or business.
- Property used by a governmental unit or foreign person or entity (except for property used under a lease with a term of less than 6 months).
- Air conditioning or heating units.

See the instructions for Part I and Pub. 946.

## Amortization

Amortization is similar to the straight line method of depreciation in that an annual deduction is allowed to recover
certain costs over a fixed time period. You can elect to amortize such items as the costs of starting a business, goodwill, and certain other intangibles. See the instructions for Part VI beginning on page 12.

## Listed Property

Listed property generally includes the following.

- Passenger automobiles weighing 6,000 pounds or less. See Limits for passenger automobiles on page 10.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pick-up trucks, sport utility vehicles, 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.

Exception. Listed property does not include:

1. Photographic, phonographic, communication, or video equipment used exclusively in a taxpayer's trade or business or at the taxpayer's regular business establishment;
2. Any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment; or
3. An ambulance, hearse, or vehicle used for transporting persons or property for hire.

For purposes of the exceptions above, a portion of the taxpayer's home is treated as a regular business establishment only if that portion meets the requirements for deducting expenses attributable to the business use of a home. However, for any property listed in (1) above, the regular business establishment of an employee is his or her employer's regular business establishment.

## Commuting

Generally, commuting is travel between your home and a work location. However, travel that meets any of the following conditions is not commuting. - You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See Pub. 463 for details. - The travel is to a temporary work location outside the metropolitan area where you live and normally work.

- Your home is your principal place of business for purposes of deducting expenses for business use of your home and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.


## Alternative Minimum Tax (AMT)

Depreciation may be an adjustment for the AMT. However, no adjustment applies for qualified property for which you claim a special depreciation allowance (if the depreciable basis of the qualified property for the AMT is the same as for the regular tax). See Form 4626, Alternative Minimum TaxCorporations; Form 6251, Alternative Minimum Tax-Individuals; or Schedule I of Form 1041, U.S. Income Tax Return for Estates and Trusts.

## Recordkeeping

Except for Part V (relating to listed property), the IRS does not require you to submit detailed information with your return on the depreciation of assets placed in service in previous tax years. However, the information needed to compute your depreciation deduction (basis, method, etc.) must be part of your permanent records.

0.You may use the depreciation worksheet on page 16 to assist you in maintaining depreciation records. However, the worksheet is designed only for federal income tax purposes. You may need to keep additional records for accounting and state income tax purposes.

## Specific Instructions

## Part I. Election To Expense Certain Property Under Section 179

Note. An estate or trust cannot make this election.

You can elect to expense part or all of the cost of section 179 property that you placed in service during the tax year and used predominantly (more than $50 \%$ ) in your trade or business.

However, for taxpayers other than a corporation, this election does not apply to any section 179 property you purchased and leased to others unless: - You manufactured or produced the property or

- The term of the lease is less than $50 \%$ of the property's class life and, for
the first 12 months after the property is transferred to the lessee, the deductions related to the property allowed to you as trade or business expenses (except rents and reimbursed amounts) are more than $15 \%$ of the rental income from the property.
Election. You must make the election on Form 4562 filed with either:
- The original return you file for the tax year the property was placed in service (whether or not you file your return on time) or
- An amended return filed within the time prescribed by law for the applicable tax year. The election made on an amended return must specify the item of section 179 property to which the election applies and the part of the cost of each such item to be taken into account. The amended return must also include any resulting adjustments to taxable income.
Revocation. The election (and the selection of the property you elected to expense) can be revoked without IRS approval by filing an amended return. The amended return must be filed within the time prescribed by law for the applicable tax year. The amended return must include any resulting adjustments to taxable income or to the tax liability (for example, allowable depreciation in that tax year for the item of section 179 property which the revocation pertains). For more information and examples, see Regulations section 1.179-5.

Once made, the revocation is irrevocable.
Limitations. The amount of section 179 property for which you can make the election is limited to the maximum dollar amount on line 1. In most cases, this amount is reduced if the cost of all section 179 property placed in service during the year is more than $\$ 420,000$. Your total section 179 expense deduction cannot exceed your business income (line 11).

For a partnership (other than an electing large partnership) these limitations apply to the partnership and each partner. For an electing large partnership, the limitations apply only to the partnership. For an S corporation, these limitations apply to the S corporation and each shareholder. For a controlled group, all component members are treated as one taxpayer.

$\triangle$If you elect to expense section 179 property, you must reduce the amount on which you figure your depreciation or amortization deduction (including any special depreciation allowance) by the section 179 expense deduction.

## Line 1

For an enterprise zone business or a renewal community business, the maximum section 179 expense deduction of $\$ 105,000$ is increased by the smaller of:

- \$35,000 or
- The cost of section 179 property that is also qualified zone property or qualified renewal property (including such property placed in service by your spouse, even if you are filing a separate return).

For qualified Liberty Zone property, the maximum section 179 expense deduction is increased by the smaller of:

- \$35,000 or
- The cost of section 179 property that is also qualified Liberty Zone property (including such property placed in service by your spouse, even if you are filing a separate return).

If applicable, cross out the preprinted entry on line 1 and enter in the right margin the larger amount. For more information, including definitions of qualified zone property, qualified renewal property, and qualified Liberty Zone property, see Pub. 954, Tax Incentives for Distressed Communities.
Recapture rule. If any qualified zone property (or qualified renewal property) placed in service during the current year ceases to be used in an empowerment zone (or a renewal community) by an enterprise zone business (or a renewal community business) in a later year, the benefit of the increased section 179 expense deduction must be reported as "other income" on your return. Similar rules apply to qualified Liberty Zone property that ceases to be used in the Liberty Zone.

## Line 2

Enter the cost of all section 179 property placed in service during the tax year. Also include the cost of the following.

- Any listed property from Part V.
- Any property placed in service by your spouse, even if you are filing a separate return.
- $50 \%$ of the cost of section 179 property that is also qualified zone property, qualified renewal property, or qualified Liberty Zone property.


## Line 5

If line 5 is zero, you cannot elect to expense any section 179 property. In this case, skip lines 6 through 11, enter zero on line 12, and enter the carryover of any disallowed deduction from 2004 on line 13.

If you are married filing separately, you and your spouse must allocate the
dollar limitation for the tax year. To do so, multiply the total limitation that you would otherwise enter on line 5 by $50 \%$, unless you both elect a different allocation. If you both elect a different allocation, multiply the total limitation by the percentage elected. The sum of the percentages you and your spouse elect must equal 100\%.

Do not enter on line 5 more than your share of the total dollar limitation.

## Line 6

Do not include any listed property on line 6. Enter the elected section 179 cost of listed property in column (i) of line 26.

## Column (a) - Description of

property. Enter a brief description of the property you elect to expense (e.g., truck, office furniture, etc.).

## Column (b) — Cost (business use

only). Enter the cost of the property. If you acquired the property through a trade-in, do not include any carryover basis of the property traded in. Include only the excess of the cost of the property over the value of the property traded in.
Column (c) - Elected cost. Enter the amount you elect to expense. You do not have to expense the entire cost of the property. You can depreciate the amount you do not expense. See the line 19 and line 20 instructions.

To report your share of a section 179 expense deduction from a partnership or an S corporation, write "from Schedule K-1 (Form 1065)" or "from Schedule K-1 (Form 1120S)" across columns (a) and (b).

## Line 10

The carryover of disallowed deduction from 2004 is the amount of section 179 property, if any, you elected to expense in previous years that was not allowed as a deduction because of the business income limitation. If you filed Form 4562 for 2004, enter the amount from line 13 of your 2004 Form 4562.

## Line 11

The total cost you can deduct is limited to your taxable income from the active conduct of a trade or business during the year. You are considered to actively conduct a trade or business only if you meaningfully participate in its management or operations. A mere passive investor is not considered to actively conduct a trade or business.
Note. If you have to apply another Code section that has a limitation based on taxable income, see Pub. 946 for rules on how to apply the business income limitation for the section 179 expense deduction.

Individuals. Enter the smaller of line 5 or the total taxable income from any trade or business you actively conducted, computed without regard to any section 179 expense deduction, the deduction for one-half of
self-employment taxes under section 164(f), or any net operating loss deduction. Also include all wages, salaries, tips, and other compensation you earned as an employee (from Form 1040, line 7). Do not reduce this amount by unreimbursed employee business expenses. If you are married filing a joint return, combine the total taxable incomes for you and your spouse.

Partnerships. Enter the smaller of line 5 or the partnership's total items of income and expense described in section 702(a) from any trade or business the partnership actively conducted (other than credits, tax-exempt income, the section 179 expense deduction, and guaranteed payments under section 707(c)).

S corporations. Enter the smaller of line 5 or the corporation's total items of income and expense described in section 1366(a) from any trade or business the corporation actively conducted (other than credits, tax-exempt income, the section 179 expense deduction, and the deduction for compensation paid to the corporation's shareholder-employees).

## Corporations other than S

corporations. Enter the smaller of line 5 or the corporation's taxable income before the section 179 expense deduction, net operating loss deduction, and special deductions (excluding items not derived from a trade or business actively conducted by the corporation).

## Line 12

The limitations on lines 5 and 11 apply to the taxpayer, and not to each separate business or activity.
Therefore, if you have more than one business or activity, you may allocate your allowable section 179 expense deduction among them.

To do so, write "Summary" at the top of Part I of the separate Form 4562 you are completing for the total amounts from all businesses or activities. Do not complete the rest of that form. On line 12 of the Form 4562 you prepare for each separate business or activity, enter the amount allocated to the business or activity from the "Summary." No other entry is required in Part I of the separate Form 4562 prepared for each business or activity.

## Part II. Special Depreciation Allowance and Other Depreciation

## Line 14

For qualified property (defined below) placed in service during the tax year, you may be able to take an additional $50 \%$ (or $30 \%$, if applicable) special depreciation allowance. The special allowance applies only to the first year the property is placed in service. The allowance is an additional deduction you can take after any section 179 expense deduction and before you figure regular depreciation under MACRS.

To qualify for the $50 \%$ special allowance, you must have acquired the property after May 5, 2003, and before January 1, 2005. If a binding contract to acquire the property existed before May 6,2003 , the property does not qualify.

The 30\% special allowance applies to qualified property for which the 50\% allowance does not apply (or for property for which you have elected to claim the 30\% allowance for property that would otherwise qualify for the $50 \%$ allowance). You must have acquired the property after September 10, 2001, and before January 1, 2005. If a binding contract to acquire the property existed before September 11, 2001, the property does not qualify.
Qualified property. Qualified property is:

- Property with a long production period that meets the requirements of section $168(\mathrm{k})(2)(B)$ (but only to the extent of the property's pre-January 1, 2005 basis),
- Noncommercial aircraft that meets the requirements of section
168(k)(2)(C), or
- Qualified Liberty Zone property that meets the requirements of section $1400 \mathrm{~L}(\mathrm{~b})(2)$ (other than qualified Liberty Zone leasehold improvement property), not otherwise treated as qualified property under section 168(k).

Qualified property also must meet the following rules.

- The property must be placed in service before January 1, 2006, unless it is qualified Liberty Zone property. - The original use of the property (except for qualified Liberty Zone property) must begin with you. For qualified Liberty Zone property, only the original use of the property within the Liberty Zone must begin with you. - For property you sold and leased back or for self-constructed property, special rules apply. See Temporary Regulations section $1.168(\mathrm{k})-1 \mathrm{~T}(\mathrm{~b})$.

Qualified property does not include:

- Listed property used $50 \%$ or less in a qualified business use (as defined in the instructions for lines 26 and 27).
- Any property required to be depreciated under the alternative depreciation system (ADS) (that is, not property for which you elected to use ADS).
- Qualified Liberty Zone leasehold improvement property.
- Property placed in service and disposed of in the same year.
- Property converted from business or income-producing use to personal use in the same year it is acquired.
- Property for which you elected not to claim any special allowance.
How to figure the allowance. Figure the special allowance by multiplying the depreciable basis of the property by $50 \%$ (or $30 \%$, if applicable). To figure the depreciable basis, subtract from the business/investment portion of the cost or other basis of the property the total of the following amounts allocable to the property.
- Section 179 expense deduction.
- Deduction for removal of barriers to the disabled and the elderly.
- Disabled access credit.
- Enhanced oil recovery credit.
- Credit for employer-provided
childcare facilities and services.
- Basis adjustment to investment credit property under section 50(c).
Note. If you acquired qualified property through a trade-in, the carryover basis and any excess basis of the acquired property is eligible for the special allowance. See Temporary Regulations section $1.168(\mathrm{k})-1 \mathrm{~T}(\mathrm{f})(5)$.

AIf you take the $30 \%$ or $50 \%$ special allowance, you must reduce the amount on which you figure your regular depreciation or amortization deduction by the amount deducted. Also, you will not have any AMT adjustment for the property if the depreciable basis of the property for the AMT is the same as for the regular tax.
Election out. You can elect, for any class of property, to either deduct the $30 \%$ special allowance, instead of the $50 \%$ special allowance, for all such property in such class placed in service during the tax year or not to claim any special allowance for all such property in such class placed in service during the tax year. If you elect not to have any special allowance apply, the property may be subject to an AMT adjustment for depreciation.

To make an election, attach a statement to your timely filed return (including extensions) indicating the class of property for which you are making the election and that, for such class you are either electing to claim the $30 \%$ special allowance instead of
the 50\% special allowance or you are electing not to claim any special allowance.

The election must be made separately by each person owning qualified property (for example, by the partnership, by the $S$ corporation, or by the common parent of a consolidated group).

If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Write "Filed pursuant to section 301.9100-2 on the amended return."

Once made, the election cannot be revoked without IRS consent.

## Line 15

Report on this line depreciation for property that you elect to depreciate under the unit-of-production method or any other method not based on a term of years (other than the retirement-replacement-betterment method).

Attach a separate sheet showing:

- A description of the property and the depreciation method you elect that excludes the property from MACRS or the Accelerated Cost Recovery System (ACRS) and
- The depreciable basis (cost or other basis reduced, if applicable, by salvage value, any section 179 expense deduction, deduction for removal of barriers to the disabled and the elderly, disabled access credit, enhanced oil recovery credit, credit for employer-provided childcare facilities and services, and any special depreciation allowance).

See section 50(c) to determine the basis adjustment for investment credit property.

## Line 16

Enter the total depreciation you are claiming for the following types of property (except listed property and property subject to a section 168(f)(1) election).

- ACRS property (pre-1987 rules). See

Pub. 534.

- Property placed in service before 1981.
- Certain public utility property which
does not meet certain normalization requirements.
- Certain property acquired from related persons.
- Property acquired in certain
nonrecognition transactions.
- Certain sound recordings, movies, and videotapes.
- Property depreciated under the income forecast method. The use of the income forecast method is limited to motion picture films, videotapes, sound recordings, copyrights, books, and
patents. You can either include certain participations and residuals in the adjusted basis of the property in the year the property is placed in service or deduct these amounts when paid. See section $167(\mathrm{~g})(7)$. You cannot use this method to depreciate any amortizable section 197 intangible. See the instructions beginning on page 12 for more details on section 197 intangibles.

If you use the income forecast method for any property placed in service after September 13, 1995, you may owe interest or be entitled to a refund for the 3rd and 10th tax years beginning after the tax year the property was placed in service. For details, see Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method.

- Intangible property, other than section 197 intangibles, including:

1. Computer software. Use the straight line method over 36 months. A longer period may apply to software leased under a lease agreement entered into after March 12, 2004, to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership). See section 167(f)(1)(C).

$\Delta$If you elect the section 179 expense deduction or take the special depreciation allowance for computer software, you must reduce the amount on which you figure your regular depreciation deduction by the amount deducted.
2. Any right to receive tangible property or services under a contract or granted by a governmental unit (not acquired as part of a business).
3. Any interest in a patent or copyright not acquired as part of a business.
4. Residential mortgage servicing rights. Use the straight line method over 108 months.
5. Other intangible assets with a limited useful life that cannot be estimated with reasonable accuracy. Generally, use the straight line method over 15 years. See Regulations section 1.167(a)-3(b) for details and exceptions.
See section 167(f) for more details.
Prior years' depreciation, plus current year's depreciation, can never exceed the depreciable basis of the property.

## Part III. MACRS Depreciation

The term "Modified Accelerated Cost Recovery System" (MACRS) includes the General Depreciation System and the Alternative Depreciation System.

Generally, MACRS is used to depreciate any tangible property placed in service after 1986. However, MACRS does not apply to films, videotapes, and sound recordings. For more details and exceptions, see Pub. 946.

## Section A

## Line 17

For tangible property placed in service in tax years beginning before 2005 and depreciated under MACRS, enter the deductions for the current year. To figure the deductions, see the instructions for line 19, column (g).

## Line 18

To simplify the computation of MACRS depreciation, you can elect to group assets into one or more general asset accounts. The assets in each general asset account are depreciated as a single asset.

Each general asset account must include only assets that were placed in service during the same tax year with the same asset class (if any), depreciation method, recovery period, and convention. However, an asset cannot be included in a general asset account if the asset is used both for personal purposes and business/ investment purposes.

When an asset in an account is disposed of, the amount realized generally must be recognized as ordinary income. The unadjusted depreciable basis and depreciation reserve of the general asset account are not affected as a result of a disposition.

Special rules apply to passenger automobiles, assets generating foreign source income, assets converted to personal use, certain asset dispositions, and like-kind exchanges or involuntary conversions of property in a general asset account. For more details, see Regulations section 1.168(i)-1 and Temporary Regulations section $1.168(\mathrm{i})-1 \mathrm{~T}$. For more information on depreciating property in a general asset account, see Pub. 946.

To make the election, check the box on line 18. You must make the election on your return filed no later than the due date (including extensions) for the tax year in which the assets included in the general asset account were placed in service. Once made, the election is irrevocable and applies to the tax year for which the election is made and all later tax years.

## Section B

## Property acquired in a like-kind exchange or involuntary conversion. <br> You generally must depreciate the

carryover basis of property you acquire in a like-kind exchange or involuntary conversion during the current year over the remaining recovery period of the property exchanged or involuntarily converted. Use the same depreciation method and convention that was used for the exchanged or involuntarily converted property. Treat any excess basis as newly placed in service property. Figure depreciation separately for the carryover basis and the excess basis, if any.

These rules apply only to acquired property with the same or a shorter recovery period or the same or a more accelerated depreciation method than the property exchanged or involuntarily converted. See Temporary Regulations section 1.168(i)-6T(c) and Pub. 946.

Election out. Instead of using the above rules, you can elect, for depreciation purposes, to treat the adjusted basis of the exchanged property as if it was disposed of at the time of the exchange or involuntary conversion. Treat the carryover basis and excess basis, if any, for the acquired property as if placed in service on the date you acquired it. The depreciable basis of the new property is the adjusted basis of the exchanged or involuntarily converted property plus any additional amount paid for it.

To make the election, figure the depreciation deduction for the new property in Part III. For listed property, use Part V. Attach a statement indicating "Election made under section 1.168(i)-6T(i)" for each property involved in the exchange or involuntary conversion. The election must be made separately by each person acquiring replacement property (for example, by the partnership, by the S corporation, or by the common parent of a
consolidated group). The election must be made on your timely filed return (including extensions). Once made, the election cannot be revoked without IRS consent.

$\Delta$If you trade in a vehicle used for employee business use, complete Form 2106, Part II, Section D, instead of Form 4562, to "elect out" of Temporary Regulations section 1.168(i)-6T. If you do not "elect out," you must use Form 4562 instead of Form 2106. See the Instructions for Form 2106.

## Lines 19a Through 19i

Use lines 19a through 19i only for assets placed in service during the tax year beginning in 2005 and depreciated under the General Depreciation System (GDS), except for automobiles and other listed property (which are reported in Part V).

Column (a) - Classification of property. Determine which property you acquired and placed in service during the tax year beginning in 2005. Then, sort that property according to its classification (3-year property, 5-year property, etc.) as shown in column (a) of lines 19a through 19i. The classifications for some property are shown below. For property not shown, see Determining the classification below.

3-year property includes:

- A race horse that is more than 2 years old at the time it is placed in service.
- Any horse (other than a race horse) that is more than 12 years old at the time it is placed in service.
- Any qualified rent-to-own property (as defined in section 168(i)(14)).

5-year property includes:

- Automobiles.
- Light general purpose trucks.
- Typewriters, calculators, copiers, and duplicating equipment.
- Any semi-conductor manufacturing equipment.
- Any computer or peripheral equipment.
- Any section 1245 property used in connection with research and experimentation.
- Certain energy property specified in section 168(e)(3)(B)(vi).
- Appliances, carpets, furniture, etc., used in a rental real estate activity.
- Any qualified Liberty Zone leasehold improvement property. However, you can elect not to treat the property as 5 -year property. If you make this election, depreciate the property under the rules of qualified leasehold improvement property.

To make this election, attach a statement to your return indicating that you are making an election under section $1400 \mathrm{~L}(\mathrm{c})(5)$. This election applies to all qualified Liberty Zone leasehold improvement property placed in service during the same year.

The election must be made separately by each person owning qualified property (for example, by the partnership, by the S corporation, or by the common parent of a consolidated group).

If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Write "Filed pursuant to section 301.9100-2 on the amended return."

Once made, the election cannot be revoked without IRS consent.

7-year property includes:

- Office furniture and equipment.
- Railroad track.
- Any property that does not have a class life and is not otherwise classified.
- Any motorsports entertainment complex (as defined in section
168(i)(15)) placed in service after October 22, 2004.
- Any natural gas gathering line (as defined in section 168(i)(17)) placed in service after April 11, 2005, the original use of which begins with you after April 11,2005 , and is not subject to a binding contract in existence before
April 12, 2005. Also, no AMT
adjustment is required.
10-year property includes:
- Vessels, barges, tugs, and similar water transportation equipment.
- Any single purpose agricultural or horticultural structure (see section 168(i)(13)).
- Any tree or vine bearing fruit or nuts.

15-year property includes:

- Any municipal wastewater treatment plant.
- Any telephone distribution plant and comparable equipment used for 2-way exchange of voice and data communications.
- Any section 1250 property that is a retail motor fuels outlet (whether or not food or other convenience items are sold there).
- Any qualified leasehold improvement property placed in service before January 1, 2006.
- Any qualified restaurant property placed in service before January 1, 2006.
- Initial clearing and grading land improvements for gas utility property.
- Certain electric transmission property specified in section 168(e)(3)(E)(vii) placed in service after April 11, 2005, the original use of which begins with you after April 11, 2005, and is not subject to a binding contract in existence or under self-construction before April 12, 2005.
- Any natural gas distribution line placed in service after April 11, 2005, the original use of which begins with you after April 11, 2005, and is not subject to a binding contract in existence before April 12, 2005.

20-year property includes:

- Farm buildings (other than single purpose agricultural or horticultural structures).
- Municipal sewers not classified as 25-year property.
- Initial clearing and grading land improvements for electric utility transmission and distribution plants.

25-year property is water utility property, which is:

- Property that is an integral part of the gathering, treatment, or commercial distribution of water that, without regard to this classification, would be 20-year property.
- Municipal sewers. This classification does not apply to property placed in service under a binding contract in effect at all times since June 9, 1996.

Residential rental property is a building in which $80 \%$ or more of the total rent is from dwelling units.

Nonresidential real property is any real property that is neither residential rental property nor property with a class life of less than 27.5 years.

50-year property includes any improvements necessary to construct or improve a roadbed or right-of-way for railroad track that qualifies as a railroad grading or tunnel bore under section 168(e)(4).

There is no separate line to report 50 -year property. Therefore, attach a statement showing the same information as required in columns (a) through (g). Include the deduction in the line 22 "Total" and write "See attachment" in the bottom margin of the form.
Determining the classification. If your depreciable property is not listed above, determine the classification as follows.

1. Find the property's class life. See the Table of Class Lives and Recovery Periods in Pub. 946.
2. Use the following table to find the classification in column (b) that corresponds to the class life of the property in column (a).

| (a) <br> Class life (in years) <br> (See Pub. 946) | (b) <br> Classification |
| :---: | ---: |
| 4 or less . . . . . . . . . . . . | 3-year property |
| More than 4 but less than 10 | 5-year property |
| 10 or more but less than 16 | 7-year property |
| 16 or more but less than 20 | 10-year property |
| 20 or more but less than 25 | 15-year property |
| 25 or more . . . . . . . . . . | 20-year property |

Column (b) - Month and year
placed in service. For lines 19h and 19i, enter the month and year you placed the property in service. If you converted property held for personal use to use in a trade or business or for the production of income, treat the property as being placed in service on the conversion date.
Column (c) - Basis for depreciation (business/investment use only). To find the basis for depreciation, multiply the cost or other basis of the property by the percentage of business/ investment use. From that result, subtract any section 179 expense deduction, deduction for removal of barriers to the disabled and the elderly, disabled access credit, enhanced oil recovery credit, credit for employer-provided childcare facilities and services, and any special
depreciation allowance included on line 14. See section 50(c) to determine the basis adjustment for investment credit property.

## Column (d) - Recovery period.

Determine the recovery period from the table below, unless you acquired qualified Indian reservation property placed in service before January 1, 2006. Qualified Indian reservation property does not include property placed in service to conduct class I, II, or III gaming activities. See Pub. 946 for more information, including the table for qualified Indian reservation property.

Recovery Period for Most Property

| Classification | Recovery period |
| :---: | :---: |
| 3-year property | $3 \mathrm{yrs}$. |
| 5-year property | 5 yrs . |
| 7-year property | 7 yrs . |
| 10-year property | 10 yrs . |
| 15-year property | 15 yrs . |
| 20-year property | 20 yrs . |
| 25-year property | 25 yrs . |
| Residential rental property | 27.5 yrs. |
| Nonresidential real property | 39 yrs . |
| Railroad gradings and tunnel bores | 50 yrs . |

Column (e) - Convention. The applicable convention determines the portion of the tax year for which depreciation is allowable during a year property is either placed in service or disposed of. There are three types of conventions. To select the correct convention, you must know the type of property and when you placed the property in service.

Half-year convention. This convention applies to all property reported on lines 19a through 19g, unless the mid-quarter convention applies. It does not apply to residential rental property, nonresidential real property, and railroad gradings and tunnel bores. It treats all property placed in service (or disposed of) during any tax year as placed in service (or disposed of) on the midpoint of that tax year. Enter "HY" in column (e).

Mid-quarter convention. If the total depreciable bases (before any special depreciation allowance) of MACRS property placed in service during the last 3 months of your tax year exceed $40 \%$ of the total depreciable bases of MACRS property placed in service during the entire tax year, the mid-quarter, instead of the half-year, convention generally applies.

In determining whether the mid-quarter convention applies, do not take into account the following. - Property that is being depreciated under a method other than MACRS.

- Any residential rental property, nonresidential real property, or railroad gradings and tunnel bores.
- Property that is placed in service and disposed of within the same tax year.

The mid-quarter convention treats all property placed in service (or disposed of) during any quarter as placed in service (or disposed of) on the midpoint of that quarter. However, no depreciation is allowed under this convention for property that is placed in service and disposed of within the same tax year. Enter "MQ" in column (e).

Mid-month convention. This convention applies only to residential rental property (line 19h), nonresidential real property (line 19i), and railroad gradings and tunnel bores. It treats all property placed in service (or disposed of) during any month as placed in service (or disposed of) on the midpoint of that month. Enter "MM" in column (e).

Column (f) — Method. Applicable depreciation methods are prescribed for each classification of property as follows. However, you can make an irrevocable election to use the straight line method for all property within a classification that is placed in service during the tax year. Enter "200 DB" for 200\% declining balance, "150 DB" for $150 \%$ declining balance, or "S/L" for straight line.

- 3-, 5-, 7-, and 10-year property. Generally, the applicable method is the $200 \%$ declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate.
Note. The straight line method is the only applicable method for trees and vines bearing fruit or nuts and qualified Liberty Zone leasehold improvement property.

For 3-, 5-, 7-, or 10-year property eligible for the $200 \%$ declining balance method, you can make an irrevocable election to use the $150 \%$ declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate. The election applies to all property within the classification for which it is made and that was placed in service during the tax year. You will not have an AMT adjustment for any property included under this election.

## - 15- and 20-year property and property used in a farming business.

 The applicable method is the $150 \%$ declining balance method, switching to the straight line method in the first tax year that the straight line rate exceeds the declining balance rate.- Water utility property, residential rental property, nonresidential real
property, any railroad grading or tunnel bore, or any qualified leasehold improvement or qualified restaurant property. The only applicable method is the straight line method.

Column (g) - Depreciation deduction. To figure the depreciation deduction you may use optional Tables A through E, which begin on page 14. Multiply column (c) by the applicable rate from the appropriate table. See Pub. 946 for complete tables. If you disposed of the property during the current tax year, multiply the result by the applicable decimal amount from the tables in Step 3 below. Or, you may compute the deduction yourself by completing the following steps.

Step 1. Determine the depreciation rate as follows.

- If you are using the $200 \%$ or $150 \%$ declining balance method in column (f), divide the declining balance rate (use 2.00 for 200 DB or 1.50 for 150 DB) by the number of years in the recovery period in column (d). For example, for property depreciated using the 200 DB method over a recovery period of 5 years, divide 2.00 by 5 for a rate of $40 \%$. You must switch to the straight line rate in the first year that the straight line rate exceeds the declining balance rate.
- If you are using the straight line method, divide 1.00 by the remaining number of years in the recovery period as of the beginning of the tax year (but not less than one). For example, if there are $61 / 2$ years remaining in the recovery period as of the beginning of the year, divide 1.00 by 6.5 for a rate of $15.38 \%$.

Step 2. Multiply the percentage rate determined in Step 1 by the property's unrecovered basis (basis for depreciation (as defined in column (c)) reduced by all prior years' depreciation).

Step 3. For property placed in service or disposed of during the current tax year, multiply the result from Step 2 by the applicable decimal amount from the tables below (based on the convention shown in column (e)).

| Half-year (HY) convention . . . . . . . . . | 0.5 |  |
| :--- | :---: | :---: |
| Mid-quarter (MQ) convention |  |  |
| Placed in service <br> (or disposed of) <br> during the: | Placed | Disposed |
| 1st quarter . . . . . . | 0.875 | of |
| 2nd quarter . . . . . | 0.625 | 0.125 |
| 3rd quarter . . . . . | 0.375 | 0.375 |
| 4th quarter . . . . . | 0.125 | 0.625 |


| Mid-month (MM) convention <br> Placed in service <br> (or disposed of) | Placed <br> in service | Disposed <br> of <br> during the: |
| :--- | :---: | :---: |
| 1st month . . . . . . | 0.9583 | 0.0417 |
| 2nd month . . . . . | 0.8750 | 0.1250 |
| 3rd month . . . . . | 0.7917 | 0.2083 |
| 4th month . . . . . . | 0.7083 | 0.2917 |
| 5th month . . . . . | 0.6250 | 0.3750 |
| 6th month . . . . . | 0.5417 | 0.4583 |
| 7th month . . . . . . | 0.4583 | 0.5417 |
| 8th month . . . . . . | 0.3750 | 0.6250 |
| 9th month . . . . . | 0.2917 | 0.7083 |
| 10th month . . . . | 0.2083 | 0.7917 |
| 11th month . . . . | 0.1250 | 0.8750 |
| 12th month . . . . | 0.0417 | 0.9583 |

Short tax years. See Pub. 946 for rules on how to compute the depreciation deduction for property placed in service in a short tax year.

## Section C

## Lines 20a Through 20c

Complete lines 20a through 20c for assets, other than automobiles and other listed property, placed in service only during the tax year beginning in 2005 and depreciated under the Alternative Depreciation System (ADS). Report on line 17 MACRS depreciation on assets placed in service in prior years.

Under ADS, use the applicable depreciation method, the applicable recovery period, and the applicable convention to compute depreciation.

The following types of property must be depreciated under ADS.

- Tangible property used predominantly outside the United States.
- Tax-exempt use property.
- Tax-exempt bond financed property.
- Imported property covered by an executive order of the President of the United States.
- Property used predominantly in a farming business and placed in service during any tax year in which you made an election under section 263A(d)(3) not to have the uniform capitalization rules of section 263A apply.

Instead of depreciating property under GDS (line 19), you can make an irrevocable election with respect to any classification of property for any tax year to use ADS. For residential rental and nonresidential real property, you can make this election separately for each property.
Column (a) - Classification of property. Use the following rules to determine the classification of the property under ADS.

Under ADS, the depreciation deduction for most property is based on the property's class life. See section

168(g)(3) for special rules for determining the class life for certain property. See Pub. 946 for information on recovery periods for ADS and the Table of Class Lives and Recovery Periods.

Use line 20a for all property depreciated under ADS, except property that does not have a class life, residential rental and nonresidential real property, water utility property, and railroad gradings and tunnel bores. Use line 20b for property that does not have a class life. Use line 20c for residential rental and nonresidential real property.

## Water utility property and railroad

 gradings and tunnel bores. These assets are 50-year property under ADS. There is no separate line to report 50 -year property. Therefore, attach a statement showing the same information required in columns (a) through (g). Include the deduction in the line 22 "Total" and write "See attachment" in the bottom margin of the form.
## Column (b) - Month and year

placed in service. For 40-year
property, enter the month and year placed in service or converted to use in a trade or business or for the production of income.
Column (c) - Basis for depreciation (business/investment use only). See the instructions for line 19, column (c).
Column (d) - Recovery period. On line 20a, enter the property's class life.
Column (e) - Convention. Under ADS, the applicable conventions are the same as those used under GDS. See the instructions for line 19, column (e).

## Column (g) - Depreciation

deduction. Figure the depreciation deduction in the same manner as under GDS, except use the straight line method over the ADS recovery period and use the applicable convention.
Recapture. When you dispose of property you depreciated using MACRS, any gain on the disposition is generally recaptured (included in income) as ordinary income up to the amount of the depreciation previously allowed or allowable for the property. Depreciation, for this purpose, includes any section 179 expense deduction claimed on the property, any special depreciation allowance available for the property (unless you elected not to claim it), and any deduction claimed for clean-fuel vehicles and clean-fuel vehicle refueling property placed in service before January 1, 2006. There is no recapture for residential rental and nonresidential real property, unless that property is qualified property for which you claimed a special depreciation allowance (discussed earlier). For more
information on depreciation recapture, see Pub. 946.

## Part IV. Summary

## Line 22

A partnership (other than an electing large partnership) or $S$ corporation does not include any section 179 expense deduction (line 12) on this line. Instead, any section 179 expense deduction is passed through separately to the partners and shareholders on the appropriate line of their Schedules K-1.

## Line 23

If you are subject to the uniform capitalization rules of section 263A, enter the increase in basis from costs you must capitalize. For a detailed discussion of who is subject to these rules, which costs must be capitalized, and allocation of costs among activities, see Regulations section 1.263A-1.

## Part V. Listed Property

If you claim the standard mileage rate, actual vehicle expenses (including depreciation), or depreciation on other listed property, you must provide the information requested in Part V, regardless of the tax year the property was placed in service. However, if you file Form 2106, 2106-EZ, or Schedule C-EZ (Form 1040), report this information on that form and not in Part V . Also, if you file Schedule C (Form 1040) and are claiming the standard mileage rate or actual vehicle expenses (except depreciation), and you are not required to file Form 4562 for any other reason, report vehicle information in Part IV of Schedule C and not on Form 4562.

## Section A

$\Delta$The section 179 expense deduction should be computed before calculating any special depreciation allowance and/or regular depreciation deduction. See the instructions for line 26, column (i) on page 11.

Listed property used $50 \%$ or less in a qualified business use (as defined in the instructions for lines 26 and 27) does not qualify for the section 179 expense deduction or special depreciation allowance.

## Line 25

If you acquired and placed qualified Liberty Zone listed property in service during the tax year, you may be able to deduct an additional 30\% special depreciation allowance. See the instructions for line 14 to figure the deduction. This special depreciation allowance is included in the overall limit
on depreciation and section 179 expense deduction for passenger automobiles. Enter on line 25 your total special depreciation allowance for all listed property.

## Lines 26 and 27

Use line 26 to figure depreciation for property used more than $50 \%$ in a qualified business use. Use line 27 to figure the depreciation for property used $50 \%$ or less in a qualified business use. Also see Limits for passenger automobiles on page10.

$A$If you acquired the property through a trade-in, special rules apply for determining the basis, recovery period, depreciation method, and convention. For more details, see Property acquired in a like-kind exchange or involuntary conversion, beginning on page 5. Also, see Temporary Regulations section 1.168(i)-6T(d)(3).

Qualified business use. To determine whether to use line 26 or line 27 to report your listed property, you must first determine the percentage of qualified business use for each property. Generally, a qualified business use is any use in your trade or business. However, it does not include any of the following.

- Investment use.
- Leasing the property to a $5 \%$ owner or related person.
- The use of the property as compensation for services performed by a $5 \%$ owner or related person.
- The use of the property as compensation for services performed by any person (who is not a $5 \%$ owner or related person), unless an amount is included in that person's income for the use of the property and, if required, income tax was withheld on that amount.

Determine your percentage of qualified business use similar to the method used to figure the business/ investment use percentage in column (c). Your percentage of qualified business use may be smaller than the business/investment use percentage.

For more information, including the definition of $5 \%$ owner and related person and exceptions, see Pub. 946.
Recapture. If you used listed property more than $50 \%$ in a qualified business use in the year you placed the property in service, and used it $50 \%$ or less in a later year, you may have to include part of the depreciation deducted as income. Use Form 4797, Sales of Business Property, to figure the recapture amount.
Column (a) - Type of property. List on a property-by-property basis all your listed property in the following order.

1. Automobiles and other vehicles.
2. Other listed property (computers and peripheral equipment, etc.).

In column (a), list the make and model of automobiles, and give a general description of other listed property.

If you have more than five vehicles used $100 \%$ for business/investment purposes, you may group them by tax year. Otherwise, list each vehicle separately.
Column (b) - Date placed in service. Enter the date the property was placed in service. If property held for personal use is converted to business/investment use, treat the property as placed in service on the date of conversion.

## Column (c) - Business/investment

 use percentage. Enter the percentage of business/investment use. For automobiles and other vehicles, determine this percentage by dividing the number of miles the vehicle is driven for trade or business purposes or for the production of income during the year (not to include any commuting mileage) by the total number of miles the vehicle is driven for all purposes. Treat vehicles used by employees as being used $100 \%$ for business/ investment purposes if the value of personal use is included in the employees' gross income, or the employees reimburse the employer for the personal use.Employers who report the amount of personal use of the vehicle in the employee's gross income, and withhold the appropriate taxes, should enter " $100 \%$ " for the percentage of business/ investment use. For more information, see Pub. 463.

For other listed property (such as computers or video equipment), allocate the use based on the most appropriate unit of time the property is actually used (rather than merely being available for use).

If during the tax year you convert property used solely for personal purposes to business/investment use (or vice versa), figure the percentage of business/investment use only for the number of months you use the property in your business or for the production of income. Multiply that percentage by the number of months you use the property in your business or for the production of income, and divide the result by 12.
Column (d) - Cost or other basis. Enter the property's actual cost (including sales tax) or other basis (unadjusted for prior years' depreciation). If you traded in old property, see Property acquired in a like-kind exchange or involuntary conversion beginning on page 5.

For a vehicle, reduce your basis by any qualified electric vehicle credit you claimed. Also, reduce your basis by the amount of any deduction for clean-fuel vehicles placed in service before January 1, 2006, or for vehicles placed in service after December 31, 2005, by any alternative motor vehicle credit or alternative fuel vehicle refueling property credit you claimed.

If you converted the property from personal use to business/investment use, your basis for depreciation is the smaller of the property's adjusted basis or its fair market value on the date of conversion.
Column (e) - Basis for depreciation (business/investment use only).
Multiply column (d) by the percentage in column (c). From that result, subtract any section 179 expense deduction, any special depreciation allowance, any credit for employer-provided childcare facilities and services, and half of any investment credit taken before 1986 (unless you took the reduced credit). For automobiles and other listed property placed in service after 1985 (i.e., transition property), reduce the depreciable basis by the entire investment credit.
Column (f) - Recovery period. Enter the recovery period. For property placed in service after 1986 and used more than $50 \%$ in a qualified business use, use the table in the instructions for line 19, column (d). For property placed in service after 1986 and used $50 \%$ or less in a qualified business use, depreciate the property using the straight line method over its ADS recovery period. The ADS recovery period is 5 years for automobiles and computers.

## Column (g) - Method/convention.

Enter the method and convention used to figure your depreciation deduction. See the instructions for line 19, columns (e) and (f). Write "200 DB," "150 DB," or "S/L," for the depreciation method, and "HY," "MM," or "MQ," for half-year, mid-month, or mid-quarter conventions, respectively. For property placed in service before 1987, write "PRE" if you used the prescribed percentages under ACRS. If you elected an alternate percentage, enter "S/L."

## Column (h) - Depreciation

deduction. See Limits for passenger automobiles, below, before entering an amount in column (h).

For property used more than $50 \%$ in a qualified business use (line 26) and placed in service after 1986, figure column (h) by following the instructions for line 19, column (g). If placed in service before 1987, multiply column
(e) by the applicable percentage given in Pub. 534 for ACRS property. If the recovery period for an automobile ended before your tax year beginning in 2005, enter your unrecovered basis, if any, in column (h).

For property used 50\% or less in a qualified business use (line 27) and placed in service after 1986, figure column (h) by dividing the amount in column (e) by the amount in column (f). Use the same conventions as discussed in the instructions for line 19, column (e). The amount in column (h) cannot exceed the property's unrecovered basis. If the recovery period for an automobile ended before your tax year beginning in 2005, enter your unrecovered basis, if any, in column (h).

For property placed in service before 1987 that was disposed of during the year, enter zero.

## Limits for passenger automobiles.

The depreciation deduction, including section 179 expense deduction, for passenger automobiles is limited for any tax year.

For any passenger automobile (including an electric passenger automobile) you list on line 26 or line 27, the total of columns (h) and (i) on line 26 or 27 and column (h) on line 25 for that automobile cannot exceed the applicable limit shown in Table 1, 2, 3, or 4. If the business/investment use percentage in column (c) for the automobile is less than $100 \%$, you must reduce the applicable limit to an amount equal to the limit multiplied by that percentage. For example, for an automobile (other than a truck or van or an electric automobile) placed in service in 2005 that is used $60 \%$ for business/investment, the limit is $\$ 1,776$ ( $\$ 2,960 \times 60 \%$ ).

Definitions. For purposes of the limits for passenger automobiles, the following apply.

- Passenger automobiles are 4-wheeled vehicles manufactured primarily for use on public roads that are rated at 6,000 pounds unloaded gross vehicle weight or less (for a truck or van, gross vehicle weight is substituted for unloaded gross vehicle weight).
- Trucks and vans placed in service after 2002 that are not qualified nonpersonal use vehicles (see Exception below) are passenger automobiles built on a truck chassis, including minivans and sport utility vehicles built on a truck chassis.
- Electric passenger automobiles are vehicles produced by an original equipment manufacturer and designed to run primarily on electricity.

Exception. The following vehicles are not considered passenger automobiles.

- An ambulance, hearse, or combination ambulance-hearse used in your trade or business.
- A vehicle used in your trade or business of transporting persons or property for compensation or hire.
- Any truck or van placed in service after July 6, 2003, that is a qualified nonpersonal use vehicle. A truck or van is a qualified nonpersonal use vehicle only if it has been specially modified with the result that it is not likely to be used more than a de minimis amount for personal purposes. For example, a van that has only a front bench for seating, in which permanent shelving has been installed, that constantly carries merchandise or equipment, and that has been specially painted with advertising or the company's name, is a vehicle not likely to be used more than a de minimis amount for personal purposes.


## Exception for clean-fuel

 modifications. The limits for passenger automobiles placed in service after August 5, 1997 and before January 1, 2006, do not apply to the cost of any qualified clean fuel property (such as retrofit parts and components) installed on a vehicle to permit that vehicle to run on a clean-burning fuel.
## Exception for leasehold property.

The business use requirement and the limits for passenger automobiles generally do not apply to passenger automobiles leased or held by anyone regularly engaged in the business of leasing passenger automobiles.

For a detailed discussion on passenger automobiles, including leased automobiles, see Pub. 463.

## Table 1-Limits for Passenger

 Automobiles Placed in Service Before 2003 (excluding electric passenger automobiles placed in service after August 5, 1997)| IF you placed your <br> automobile in service: | THEN the <br> limit on your <br> depreciation <br> and section 179 <br> expense <br> deduction is: |
| :--- | :---: |
| June 19—Dec. 31, 1984 | $\$ 6,000$ |
| Jan. 1-Apr. 2, 1985 | $\$ 6,200$ |
| Apr. 3, 1985—Dec. 31, 1986 | $\$ 4,800$ |
| Jan. 1, 1987—Dec. 31, 1990 | $\$ 1,475$ |
| Jan. 1, 1991—Dec. 31, 1992 | $\$ 1,575$ |
| Jan. 1, 1993—Dec. 31, 1994 | $\$ 1,675$ |
| Jan. 1, 1995—Dec. 31, 2002 | $\$ 1,775$ |

Table 2-Limits for Passenger Automobiles Placed in Service After 2002 (excluding trucks and vans placed in service after 2002 and electric passenger automobiles)

| IF you placed <br> your automobile <br> in service: | AND the <br> number of <br> tax years in <br> which this <br> automobile <br> has been in <br> service is: | THEN the <br> limit on your <br> depreciation <br> and section <br> 179 expense <br> deduction is: |
| :--- | :---: | :---: |
| Jan. 1 - Dec. 31, <br> 2003 | 3 | $\$ 2,950$ |
|  | 4 | $\$ 1,775$ |
| Jan. 1 - Dec. 31, <br> 2004 | 2 | $\$ 4,800$ |
| Jan. 1 - Dec. 31, <br> 2005 | 3 | $\$ 2,850$ |

Table 3-Limits for Trucks and Vans Placed in Service After 2002

| IF you placed <br> your truck or van <br> in service: | AND the <br> number of <br> tax years in <br> which this <br> truck or van <br> has been in <br> service is: | THEN the <br> limit on your <br> depreciation <br> and section <br> 179 expense <br> deduction is: |
| :--- | :---: | :---: |
| Jan. 1 - Dec. 31, <br> 2003 | 3 | $\$ 3,250$ |
|  | 4 | $\$ 1,975$ |
| Jan. 1 - Dec.31, <br> 2004 | 2 | $\$ 5,300$ |
| Jan. 1 - Dec.31, <br> 2005 | 3 | $\$ 3,150$ |

Table 4-Limits for Electric Passenger Automobiles Placed in Service After August 5, 1997

|  | AND the <br> IF you placed <br> your electric <br> automobile in <br> service: | number of <br> tax years in <br> which this <br> automobile <br> has been in <br> service is: |
| :--- | :---: | :---: |
| THEN the <br> limit on your <br> depreciation <br> and section <br> 179 expense <br> deduction is: |  |  |
| Aug. 6, 1997 - <br> Dec. 31, 1998 | 4 or more | $\$ 5,425$ |
| Jan. 1, 1999 - <br> Dec. 31, 2002 | 4 or more | $\$ 5,325$ |
| Jan. 1 - Dec. 31, <br> 2003 | 3 | $\$ 8,750$ |
| Jan. 1 - Dec. 31, <br> 2004 | 4 | $\$ 5,225$ |
|  | 3 | $\$ 14,300$ |
| Jan. 1 - Dec. 31, <br> 2005 | 1 | $\$ 8,550$ |
|  | 2 | $\$ 8,880$ |

Note. The limit for automobiles (including trucks and vans and electric passenger automobiles) placed in service after December 31, 2005, will be published in the Internal Revenue Bulletin. These amounts were not
available at the time these instructions were printed.

## Column (i) - Elected section 179

cost. Enter the amount you elect to expense for section 179 property used more than $50 \%$ in a qualified business use (subject to the limits for passenger automobiles). Refer to the Part I
instructions to determine if the property qualifies under section 179.

You cannot elect to expense more than $\$ 25,000$ of the cost of any sport utility vehicle (SUV) and certain other vehicles placed in service during the tax year. This rule applies to any 4 -wheeled vehicle primarily designed or used to carry passengers over public streets, roads, or highways, that is not subject to the passenger automobile limits, and is rated at more than 6,000 pounds gross vehicle weight and 14,000 pounds gross vehicle weight. However, the $\$ 25,000$ limit does not apply to any vehicle:

- Designed to seat more than nine persons behind the driver's seat, or
- Equipped with an open cargo area of at least six feet in interior length or a covered box not readily accessible directly from the passenger
compartment, or
- That has a fully enclosed driver compartment and load carrying device, does not have seating rearward of the driver's seat, and has no body section protruding more than 30 inches ahead of the leading edge of the windshield.


## Recapture of section 179 expense

 deduction. If you used listed property more than $50 \%$ in a qualified business use in the year you placed the property in service and used it $50 \%$ or less in a later year, you may have to recapture in the later year part of the section 179 expense deduction. Use Form 4797, Sales of Business Property, to figure the recapture amount.
## Section B

Except as noted below, you must complete lines 30 through 36 for each vehicle identified in Section A. Employees must provide their employers with the information requested on lines 30 through 36 for each automobile or vehicle provided for their use.

Exception. Employers are not required to complete lines 30 through 36 for vehicles used by employees who are not more than $5 \%$ owners or related persons and for which the question on line $37,38,39,40$, or 41 is answered "Yes."

## Section C

Employers providing vehicles to their employees satisfy the employer's substantiation requirements under
section 274(d) by maintaining a written
policy statement that:

- Prohibits personal use including commuting or
- Prohibits personal use except for commuting.

An employee does not need to keep a separate set of records for any vehicle that satisfies these written policy statement rules.

For both written policy statements, there must be evidence that would enable the IRS to determine whether use of the vehicle meets the conditions stated below.

## Line 37

A policy statement that prohibits personal use (including commuting) must meet all of the following conditions.

- The employer owns or leases the vehicle and provides it to one or more employees for use in the employer's trade or business.
- When the vehicle is not used in the employer's trade or business, it is kept on the employer's business premises, unless it is temporarily located elsewhere (e.g., for maintenance or because of a mechanical failure).
- No employee using the vehicle lives at the employer's business premises.
- No employee may use the vehicle for personal purposes, other than de minimis personal use (e.g., a stop for lunch between two business deliveries).
- Except for de minimis use, the employer reasonably believes that no employee uses the vehicle for any personal purpose.


## Line 38

A policy statement that prohibits personal use (except for commuting) is not available if the commuting employee is an officer, director, or $1 \%$ or more owner. This policy must meet all of the following conditions.

- The employer owns or leases the vehicle and provides it to one or more employees for use in the employer's trade or business, and it is used in the employer's trade or business.
- For bona fide noncompensatory business reasons, the employer requires the employee to commute to and/or from work in the vehicle.
- The employer establishes a written policy under which the employee may not use the vehicle for personal purposes, other than commuting or de minimis personal use (e.g., a stop for a personal errand between a business delivery and the employee's home).
- Except for de minimis use, the employer reasonably believes that the employee does not use the vehicle for any personal purpose other than commuting.
- The employer accounts for the commuting use by including an appropriate amount in the employee's gross income.


## Line 40

An employer that provides more than five vehicles to its employees who are not 5\% owners or related persons need not complete Section B for such vehicles. Instead, the employer must obtain the information from its employees and retain the information received.

## Line 41

An automobile meets the requirements for qualified demonstration use if the employer maintains a written policy statement that:

- Prohibits its use by individuals other than full-time automobile salespersons,
- Prohibits its use for personal vacation trips,
- Prohibits storage of personal
possessions in the automobile, and
- Limits the total mileage outside the salesperson's normal working hours.


## Part VI. Amortization

Each year you can elect to deduct part of certain capital costs over a fixed period.

$\Delta$If you amortize property, the part you amortize does not qualify for the section 179 expense deduction or for depreciation.

Attach any information the Code and regulations may require to make a valid election. See the applicable Code section, regulations, and Pub. 535 for more information.

## Line 42

Complete line 42 only for those costs you elect to amortize for which the amortization period begins during your tax year beginning in 2005.
Column (a) - Description of costs. Describe the costs you are amortizing. You can elect to amortize the following.

Pollution control facilities (section 169). You can elect to amortize the cost of a certified pollution control facility over a 60-month period (84 months for certain atmospheric pollution control facilities placed in service after April 11, 2005). See section 169 and the related regulations for details and information required in making the election. Also see Pub. 535.

$\Delta$You can deduct a special depreciation allowance on a certified pollution control facility that is qualified property. However, you must reduce the amount on which you figure your amortization deduction by any special allowance that you claim.

Also, a corporation must reduce its amortizable basis of a pollution control facility by $20 \%$ before figuring the amortization deduction.

## Certain bond premiums (section

 171). For individuals reporting amortization of bond premium for bonds acquired before October 23, 1986, do not report the deduction here. See the instructions for Schedule A (Form 1040), line 27.For taxpayers (other than corporations) claiming a deduction for amortization of bond premium for bonds acquired after October 22, 1986, but before January 1, 1988, the deduction is treated as interest expense and is subject to the investment interest limitations. Use Form 4952, Investment Interest Expense Deduction, to compute the allowable deduction.

For taxable bonds acquired after 1987, you can elect to amortize the bond premium over the life of the bond by reporting the amortization deduction on line 42 each year the election applies. The amortization deduction offsets the interest income from the bond. See Pub. 550, Investment Income and Expenses.

## Research and experimental

 expenditures (section 174). You can elect to either amortize your research and experimental costs, deduct them as current business expenses, or write them off over a 10-year period. If you elect to amortize these costs, deduct them in equal amounts over 60 months or more. For more information, see Pub. 535.The cost of acquiring a lease (section 178). Amortize these costs over the term of the lease. For more information, see Pub. 535.

## Qualified forestation and

 reforestation costs (section 194).You can elect to deduct a limited amount of reforestation costs paid or incurred in your tax year beginning in 2005. You can elect to amortize the qualifying costs that are not deducted currently over an 84 -month period. There is no limit on the amount of your amortization deduction for reforestation costs paid or incurred in 2005.

See Pub. 535 for more information on amortizing reforestation costs. Partnerships and Scorporations, see the instructions for line 44.

## Qualified revitalization

 expenditures (section 14001). These amounts are certain capital expenditures that relate to a qualified revitalization building located in an area designated as a renewal community. The amount of qualified revitalization expenditures cannot exceed the commercial revitalization expenditure amount allocated to the qualifiedrevitalization building by the commercial revitalization agency for the state in which the building is located.

You can elect to either (a) deduct one-half of the expenditures for the year the building is placed in service or (b) amortize all such expenditures ratably over the 120-month period beginning with the month the building is placed in service. Report any amortization on line 42. Report any deductions on the applicable "Other Deductions" or "Other Expenses" line of your return. This deduction is treated as depreciation for purposes of basis adjustments and ordinary income recapture upon disposition.

## Optional write-off of certain tax

 preferences over the period specified in section 59(e). You can elect to amortize certain tax preference items over an optional period. If you make this election, there is no AMT adjustment. The applicable expenditures and the optional recovery periods are as follows:- Circulation expenditures (section 173) - 3 years,
- Intangible drilling and development costs (section 263(c)) - 60 months, and
- Research and experimental expenditures (section 174(a)), mining exploration and development costs (section 616(a) and 617(a)) - 10 years.


## Certain section 197 intangibles.

The following costs must be amortized over 15 years ( 180 months) starting with the later of (a) the month the intangibles were acquired or (b) the month the trade or business or activity engaged in for the production of income begins:

- Goodwill;
- Going concern value;
- Workforce in place;
- Business books and records, operating systems, or any other information base;
- A patent, copyright, formula, process, design, pattern, know-how, format, or similar item;
- A customer-based intangible (e.g., composition of market or market share);
- A supplier-based intangible;
- A license, permit, or other right granted by a governmental unit; - A covenant not to compete entered into in connection with the acquisition of a business; and
- A franchise, trademark, or trade name (including renewals).

A longer period may apply to section 197 intangibles leased under a lease agreement entered into after March 12, 2004, to a tax-exempt organization, governmental unit, or foreign person or entity (other than a partnership). See section 197(f)(10).

1A section 197 intangible is treated as depreciable property used in your trade or business.
When you dispose of a section 197
intangible any gain on the disposition, up to the amount of allowable amortization, is recaptured as ordinary income. If multiple section 197 intangibles are disposed of in a single transaction or a series of related transactions, you must calculate the recapture as if all of the section 197 intangibles were a single asset.

For more details on section 197 intangibles, see Pub. 535.

Start-up and organizational costs. You can elect to amortize the following costs for setting up your business. - Business start-up costs (section 195).

- Organizational costs for a corporation (section 248).
- Organizational costs for a partnership (section 709).

For costs paid or incurred before October 23, 2004, you can elect an amortization period of 60 months or more. For costs paid or incurred after October 22, 2004, you can elect to deduct a limited amount of start-up or organizational costs. The costs that are not deducted currently can be amortized ratably over a 180-month period. The amortization period starts with the month you begin business operations.

Attach the statement required by the appropriate Code section and related regulations. If you have both start-up and organizational costs, attach a separate statement for each type of cost. See Pub. 535 for more details.

The statements required to make the elections must be attached to Form 4562 and filed by the due date, including extensions, of your return for the year in which the active trade or business begins. If you timely filed that return without making the election, you can still make the election on an amended return filed within 6 months of the due date, excluding extensions, of that return. Write "Filed pursuant to section 301.9100-2" on the amended return.

Creative property costs. These are costs paid or incurred to acquire and develop screenplays, scripts, story outlines, motion picture production rights to books and plays, and other similar properties for purposes of
potential future film development, production, and exploitation. You may be able to amortize creative property costs for properties not set for production within 3 years of the first capitalized transaction. These costs are amortized ratably over a 15-year period under the rules of Rev. Proc. 2004-36, 2004-24 I.R.B. 1063.

Geological and geophysical expenditures. For tax years beginning after August 8, 2005, any geological and geophysical expenses paid or incurred in connection with the exploration or development of oil and gas within the U.S. can be amortized ratably over a 24 -month period beginning on the date the expenses were paid or incurred. See section 167(h).
Column (b) - Date amortization begins. Enter the date the amortization period begins under the applicable Code section.
Column (c) - Amortizable amount. Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.
Column (d) - Code section. Enter the Code section under which you amortize the costs. For examples, see the Code sections referenced in the instructions for line 42, column (a), above.
Column (f) - Amortization for this year. Compute the amortization deduction by:

1. Dividing the amount in column (c) by the number of months over which the costs are to be amortized and multiplying the result by the number of months in the amortization period included in your tax year beginning in 2005 or
2. Multiplying the amount in column (c) by the percentage in column (e).

## Line 43

If you are reporting the amortization of costs that began before your 2005 tax year and you are not required to file Form 4562 for any other reason, do not file Form 4562. Report the amortization directly on the "Other Deductions" or "Other Expenses" line of your return.

## Line 44

Report the total amortization, including the allowable portion of forestation or
reforestation amortization, on the applicable "Other Deductions" or "Other Expenses" line of your return. For more details, including limitations that apply, see Pub. 535. Partnerships (other than electing large partnerships) and S corporations, report the amortizable basis of any forestation or reforestation expenses for which amortization is elected and the year in which the amortization begins as a separately stated item on Schedules K and K-1 (Form 1065 or 1120S). See the instructions for Schedule K (Form 1065 or 1120S) for more details on how to report.

## Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.
Recordkeeping, $38 \mathrm{hr} ., 29 \mathrm{~min}$.; Learning about the law or the form, 4 hr., 16 min .; Preparing and sending the form to the IRS, 5 hr ., 5 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Table A-General Depreciation System

Method: 200\% declining balance switching to straight line

## Convention: Half-year

| If the recovery period is: |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Year | 3 years | 5 years | 7 years | 10 years |
| 1 | 33.33\% | 20.00\% | 14.29\% | 10.00\% |
| 2 | 44.45\% | 32.00\% | 24.49\% | 18.00\% |
| 3 | 14.81\% | 19.20\% | 17.49\% | 14.40\% |
| 4 | 7.41\% | 11.52\% | 12.49\% | 11.52\% |
| 5 |  | 11.52\% | 8.93\% | 9.22\% |
| 6 |  | 5.76\% | 8.92\% | 7.37\% |
| 7 |  |  | 8.93\% | 6.55\% |
| 8 |  |  | 4.46\% | 6.55\% |
| 9 |  |  |  | 6.56\% |
| 10 |  |  |  | 6.55\% |
| 11 |  |  |  | 3.28\% |

## Table B-General and Alternative Depreciation System

Method: $150 \%$ declining balance switching to straight line
Convention: Half-year

| If the recovery period is: |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | 5 years | 7 years | 10 years | 12 years | 15 years | 20 years |
| 1 | 15.00\% | 10.71\% | 7.50\% | 6.25\% | 5.00\% | 3.750\% |
| 2 | 25.50\% | 19.13\% | 13.88\% | 11.72\% | 9.50\% | 7.219\% |
| 3 | 17.85\% | 15.03\% | 11.79\% | 10.25\% | 8.55\% | 6.677\% |
| 4 | 16.66\% | 12.25\% | 10.02\% | 8.97\% | 7.70\% | 6.177\% |
| 5 | 16.66\% | 12.25\% | 8.74\% | 7.85\% | 6.93\% | 5.713\% |
| 6 | 8.33\% | 12.25\% | 8.74\% | 7.33\% | 6.23\% | 5.285\% |
| 7 |  | 12.25\% | 8.74\% | 7.33\% | 5.90\% | 4.888\% |
| 8 |  | 6.13\% | 8.74\% | 7.33\% | 5.90\% | 4.522\% |
| 9 |  |  | 8.74\% | 7.33\% | 5.91\% | 4.462\% |
| 10 |  |  | 8.74\% | 7.33\% | 5.90\% | 4.461\% |
| 11 |  |  | 4.37\% | 7.32\% | 5.91\% | 4.462\% |
| 12 |  |  |  | 7.33\% | 5.90\% | 4.461\% |
| 13 |  |  |  | 3.66\% | 5.91\% | 4.462\% |
| 14 |  |  |  |  | 5.90\% | 4.461\% |
| 15 |  |  |  |  | 5.91\% | 4.462\% |
| 16 |  |  |  |  | 2.95\% | 4.461\% |
| 17 |  |  |  |  |  | 4.462\% |
| 18 |  |  |  |  |  | 4.461\% |
| 19 |  |  |  |  |  | 4.462\% |
| 20 |  |  |  |  |  | 4.461\% |

Table C—General Depreciation System
Method: Straight line
Convention: Mid-month
Recovery period: 27.5 years

| The month in the 1st recovery year the property is placed in service: |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | 3.485\% | 3.182\% | 2.879\% | 2.576\% | 2.273\% | 1.970\% | 1.667\% | 1.364\% | 1.061\% | 0.758\% | 0.455\% | 0.152\% |
| 2-9 | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% |
| 10,12,14,16,18,20 | 3.637\% | 3.637\% | 3.637\% | 3.637\% | 3.637\% | 3.637\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% |
| 11,13,15,17,19 | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.636\% | 3.637\% | 3.637\% | 3.637\% | 3.637\% | 3.637\% | 3.637\% |

Table D—General Depreciation System
Method: Straight line
Convention: Mid-month
Recovery period: 31.5 years

| The month in the 1st recovery year the property is placed in service: |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13,15,17,19 | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% |
| 12,14,16,18 | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% | 3.175\% | 3.174\% |

Table E-General Depreciation System
Method: Straight line
Convention: Mid-month
Recovery period: 39 years

| The month in the 1st recovery year the property is placed in service: |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | 2.461\% | 2.247\% | 2.033\% | 1.819\% | 1.605\% | 1.391\% | 1.177\% | 0.963\% | 0.749\% | 0.535\% | 0.321\% | 0.107\% |
| 2-39 | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% | 2.564\% |

Depreciation Worksheet (Keep for your records.)



## Part I Election To Expense Certain Property Under Section 179

 Note: If you have any listed property, complete Part V before you complete Part I.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)
14 Special allowance for certain aircraft, certain property with a longer production period, and qualified New York Liberty Zone property (other than listed property) placed in service during the tax year
15 Property subject to section $168(\mathrm{f})(1)$ election . . . . . . . . . . . . . . . . . 15 14

16 Other depreciation (including ACRS)
Part III MACRS Depreciation (Do not include listed property.) (See instructions.)
Section A
17 MACRS deductions for assets placed in service in tax years beginning before 2005
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here

Section B—Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only-see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 19a 3-year property |  |  |  |  |  |  |
| b 5-year property |  |  |  |  |  |  |
| c 7-year property |  |  |  |  |  |  |
| d 10-year property |  |  |  |  |  |  |
| e 15-year property |  |  |  |  |  |  |
| f 20-year property |  |  |  |  |  |  |
| g 25-year property |  |  | $25 \mathrm{yrs}$. |  | S/L |  |
| h Residential rental |  |  | 27.5 yrs. | MM | S/L |  |
| property |  |  | 27.5 yrs. | MM | S/L |  |
| i Nonresidential real |  |  | $39 \mathrm{yrs}$. | MM | S/L |  |
| property |  |  |  | MM | S/L |  |

## Section C—Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

| 20a Class life |  |  |  | $\mathrm{S} / \mathrm{L}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | 12 yrs. |  | $\mathrm{S} / \mathrm{L}$ |  |
|  |  |  | 40 yrs. | MM | $\mathrm{S} / \mathrm{L}$ |  |

## Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.

21
$\qquad$
22

23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.
Section A-Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)
24a Do you have evidence to support the business/investment use claimed? $\square$ Yes $\square$ No 24 b If "Yes," is the evidence written? $\square$ Yes $\square$ No

| (a) <br> Type of property (list vehicles first) | (b) Date placed in service | (c) Busetme investment use percentage | (d) <br> Cost or other basis |  | $\begin{gathered} \text { (f) } \\ \text { Recovery } \\ \text { period } \end{gathered}$ | (g) <br> Method/ Convention |  | (h) Depreciation deduction | Elected section 179 cost |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Special allowance for qualified New York Liberty Zone listed property placed in service during the tax year and used more than $50 \%$ in a qualified business use (see instructions) |  |  |  |  |  |  | 25 |  |  |

26 Property used more than $50 \%$ in a qualified business use:


27 Property used 50\% or less in a qualified business use:


## Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5\% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.
 during the year (do not include commuting miles
31 Total commuting miles driven during the year
32 Total other personal (noncommuting) miles driven
33 Total miles driven during the year. Add lines 30 through 32
34 Was the vehicle available for personal use during off-duty hours?.
35 Was the vehicle used primarily by a more than 5\% owner or related person?
36 Is another vehicle available for personal use?

## Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5\% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or $1 \%$ or more owners
39 Do you treat all use of vehicles by employees as personal use?
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

## Part VI Amortization

(a)

Description of costs
Description or cosis
(b)

Date amortization begins
(c)

Amortizable Amount
(d)
Code Code
section

| Yes | No |
| :--- | :--- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |


(f)

Amortization for this year

42 Amortization of costs that begins during your 2005 tax year (see instructions):


# Instructions for Form 4797 

Sales of Business Property<br>(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

Use Form 4797 to report:

- The sale or exchange of:

1. Property used in your trade or business;
2. Depreciable and amortizable property;
3. Oil, gas, geothermal, or other mineral properties; and
4. Section 126 property.

- The involuntary conversion (from other than casualty or theft) of property used in your trade or business and capital assets held in connection with a trade or business or a transaction entered into for 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).
- The disposition of capital assets not reported on Schedule D.
- The gain or loss (including any related recapture) for partners and $S$ corporation shareholders from certain section 179 property dispositions by partnerships (other than electing large partnerships) and S corporations.
- The computation of recapture amounts under sections 179 and 280F(b)(2) when the business use of section 179 or listed property decreases to $50 \%$ or less.


## Other Forms To Use

- Use Form 4684, Casualties and Thefts, to report involuntary conversions from casualties and thefts.
- Use Form 6252, Installment Sale Income, to report the sale of property under the installment method.
- Use Form 8824, Like-Kind Exchanges, to report exchanges of qualifying business or investment property for property of a like kind. For exchanges of property used in a
trade or business (and other noncapital assets), enter the gain or (loss) from Form 8824, if any, on line 5 or 16.
- If you sold property on which you claimed investment credit, see Form 4255, Recapture of Investment Credit, to find out if you must recapture some or all of the credit.


## Special Rules

## At-Risk Rules

If you report a loss on an asset used in an activity for which you are not at risk, in whole or in part, see the instructions for Form 6198, At-Risk Limitations. Also, see Pub. 925, Passive Activity and At-Risk Rules.

Losses from passive activities are subject first to the at-risk rules and then to the passive activity rules.

## Depreciable Property and Other Property Disposed of in the Same Transaction

If you disposed of both depreciable property and other property (for example, a building and land) in the same transaction and realized a gain, you must allocate the amount realized between the two types of property based on their respective fair market values (FMVs) to figure the part of the gain to be recaptured as ordinary income because of depreciation. The disposition of each type of property is reported

Where To Make First Entry for Certain Items Reported on This Form

| (a) <br> Type of property | (b) Held 1 year or less | (c) Held more than 1 year |
| :---: | :---: | :---: |
| 1 Depreciable trade or business property <br> a Sold or exchanged at a gain. | Part II | $\begin{aligned} & \text { Part III (1245, } \\ & \text { 1250) } \end{aligned}$ |
| Sold or exchanged at a loss | Part II | Part I |
| a Sold or exchanged at a gain | Part II | Part III (1250) |
| b Sold or exchanged at a loss | Part II | Part I |
| 3 Farmland held less than 10 years upon which soil, water, or land clearing expenses were deducted: |  |  |
| a Sold at a gain | Part II | Part III (1252) |
| b Sold at a loss | Part II | Part I |
| 4 All other farmland | Part II | Part I |
| 5 Disposition of cost-sharing payment property described in section 126 | Part II | Part III (1255) |
| 6 Cattle and horses used in a trade or business for draft, breeding, dairy, or sporting purposes: | Held less than 24 months | Held 24 months or more |
| a Sold at a gain | Part II | Part III (1245) |
| b Sold at a loss | Part II | Part I |
| c Raised cattle and horses sold at a gain | Part II | Part I |
| 7 Livestock other than cattle and horses used in a trade or business for draft, breeding, dairy, or sporting purposes: | Held less than 12 months | Held 12 months or more |
| a Sold at a gain | Part II | Part III (1245) |
| b Sold at a loss | Part II | Part I |
| c Raised livestock sold at a gain | Part II | Part I |

separately in the appropriate part of Form 4797 (for example, for property held more than 1 year, report the sale of a building in Part III and land in Part I).

## Disposition of Assets That Constitute a Trade or Business

If you sell a group of assets that makes up a trade or business, both you and the buyer generally must allocate the total sales price to the assets transferred and file Form 8594, Asset Acquisition Statement. Pub. 544, Sales and Other Dispositions of Assets, discusses the sale of business assets in chapter 2 under Other Dispositions.

## Installment Sales

If you sold property at a gain and you will receive a payment in a tax year after the year of sale, you generally must report the sale on the installment method unless you elect not to do so.

Use Form 6252 to report the sale on the installment method. Also use Form 6252 to report any payment received during your 2005 tax year 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 a timely filed return (including extensions). If you timely filed your tax return without making the election, you can still make the election by filing an amended return within 6 months of the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" at the top of the amended return.

See Pub. 537, Installment Sales, for more details.

## Traders Who Made a Mark-To-Market Election

A trader in securities or commodities may elect under section 475(f) to use the mark-to-market method to account for securities or commodities held in connection with a trading business. Under this method of accounting, any security or commodity held at the end of the tax year is treated as sold (and reacquired) at its FMV on the last business day of that year.

Unless you are a new taxpayer, the election must be made by the due date (not including extensions) of the
tax return for the year prior to the year for which the election becomes effective.

If you are a trader in securities or commodities with a mark-to-market election under section 475(f) in effect for the tax year, the following special rules apply.

- Gains and losses from all securities or commodities held in connection with your trading business (including those marked to market) are treated as ordinary income and losses, instead of capital gains and losses. As a result, the lower capital gain tax rates and the limitation on capital losses do not apply.
- The gain or loss from each security or commodity held in connection with your trading business (including those marked to market) is reported on Form 4797, line 10 (see the instructions for line 10 on page 6).
- The wash sale rule does not apply to securities or commodities held in connection with your trading business.

For details on the mark-to-market election and how to make it, see Pub. 550, Investment Income and Expenses; sections 475(e) and 475(f); and Rev. Proc. 99-17, 1999-1 C.B. 503. You can find Rev. Proc. 99-17 on page 52 of Internal Revenue Bulletin 1999-7 at www.irs.gov/pub/irs-irbs/irb99-07.pdf

## Involuntary Conversion of Property

You may not have to pay tax on a gain from an involuntary or compulsory conversion of property. See Pub. 544 for details.

## Exclusion of Gain on Sale of a Home Used for Business

If the property sold was used for business or to produce rental income and was also owned and used as your home during the 5 -year period ending on the date of the sale, you may be able to exclude part or all of the gain figured on Form 4797. For details on the exclusion (including how to figure the amount of the exclusion), see Pub. 523, Selling Your Home.

If the property was held more than 1 year, complete Part III to figure the amount of the gain. Do not take the exclusion into account when figuring the gain on line 24. If line 22 includes depreciation for periods after May 6, 1997, you cannot exclude gain to the extent of that depreciation. On line 2
of Form 4797, write "Section 121 exclusion," and enter the amount of the exclusion as a (loss) in column (g).

If the property was held for 1 year or less, report the sale and the amount of the exclusion, if any, in a similar manner on line 10 of Form 4797.

## Passive Loss Limitations

If you have an overall loss from passive activities and you report a loss on an asset used in a passive activity, use Form 8582, Passive Activity Loss Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, to see how much loss is allowed before entering it on Form 4797.

You cannot claim unused passive activity credits when you dispose of your interest in an activity. However, if you dispose of your entire interest in an activity, you may elect to increase the basis of the credit property by the original basis reduction of the property to the extent that the credit has not been allowed because of the passive activity rules. Make the election on Form 8582-CR, Passive Activity Credit Limitations, or Form 8810. No basis adjustment may be elected on a partial disposition of your interest in an activity.

## Recapture of Preproductive Expenses

If you elected out of the uniform capitalization rules of section 263A, any plant that you produce is treated as section 1245 property. For dispositions of plants reportable on Form 4797, enter the recapture amount taxed as ordinary income on line 22 of Form 4797. See Pub. 225, Farmer's Tax Guide, for details.

## Section 197(f)(9)(B)(ii) Election

If you elected under section 197(f)(9)(B)(ii) to recognize gain on the disposition of a section 197 intangible and to pay a tax on that gain at the highest tax rate, include the additional tax on Form 1040, line 44 (or the appropriate line of other income tax returns). On the dotted line next to that line, enter "197" and the amount. The additional tax is the amount that, when added to any other income tax on the gain, equals the gain multiplied by the highest tax rate.

## Rollover of Gain From Sale of Empowerment Zone Assets

If you sold a qualified empowerment zone asset that you held for more than 1 year, you may be able to elect to postpone part or all of the gain that you would otherwise include on Form 4797, Part I. If you make the election, the gain on the sale generally is recognized only to the extent, if any, that the amount realized on the sale exceeds the cost of qualified empowerment zone assets (replacement property) you purchased during the 60-day period beginning on the date of the sale.
The following rules apply.

- No portion of the cost of the replacement property may be taken into account to the extent the cost is taken into account to exclude gain on a different empowerment zone asset.
- The replacement property must qualify as an empowerment zone asset with respect to the same empowerment zone as the asset sold.
- You must reduce the basis of the replacement property by the amount of postponed gain.
- This election does not apply to any gain (a) treated as ordinary income or (b) attributable to real property, or an intangible asset, which is not an integral part of an enterprise zone business.
- The District of Columbia enterprise zone is not treated as an
empowerment zone for this purpose.
- The election is irrevocable without IRS consent.

See Pub. 954, Tax Incentives for Distressed Communities, for the definition of empowerment zone and enterprise zone business. You can find out if your business is located within an empowerment zone by using the RC/EZ/EC Address Locator at www.hud.gov/crlocator.

Qualified empowerment zone assets are:

- Tangible property, if:

1. You acquired the property after December 21, 2000,
2. The original use of the property in the empowerment zone began with you, and
3. Substantially all of the use of the property, during substantially all of the time that you held it, was in your enterprise zone business; and - Stock in a domestic corporation or a capital or profits interest in a domestic partnership, if:
4. You acquired the stock or partnership interest after December 21, 2000, solely in exchange for cash, from the corporation at its original issue (directly or through an underwriter) or from the partnership;
5. The business was an enterprise zone business (or a new business being organized as an enterprise zone business) as of the time you acquired the stock or partnership interest; and
6. The business qualified as an enterprise zone business during substantially all of the time during which you held the stock or partnership interest.
How to report. Report the entire gain realized from the sale as you otherwise would without regard to the election. On Form 4797, line 2, enter "Section 1397B Rollover" in column (a) and enter as a (loss) in column (g) the amount of gain included on Form 4797 that you are electing to postpone. If you are reporting the sale directly on Form 4797, line 2, use the line directly below the line on which you reported the sale.

See section 1397B for more details.

## Exclusion of Gain From Sale of DC Zone Assets

If you sold or exchanged a District of Columbia Enterprise Zone (DC Zone) asset that you held for more than 5 years, you may be able to exclude the "qualified capital gain." The qualified gain is, generally, any gain recognized in a trade or business that you would otherwise include on Form 4797, Part I. This exclusion also applies to an interest in, or property of, certain businesses operating in the District of Columbia.
DC Zone asset. A DC Zone asset is any of the following:

- DC Zone business stock.
- DC Zone partnership interest.
- DC Zone business property.

Qualified capital gain. The qualified capital gain is any gain recognized on the sale or exchange of a DC Zone asset that is a capital asset or property used in a trade or business. It does not include any of the following gains.

- Gain treated as ordinary income under section 1245;
- Gain treated as unrecaptured section 1250 gain. The section 1250 gain must be figured as if it applied to all depreciation rather than the additional depreciation;
- Gain attributable to real property, or an intangible asset, which is not an
integral part of a DC Zone business; and
- Gain from a related-party transaction. See Sales and Exchanges Between Related Persons in chapter 2 of Pub. 544.

See Pub. 954, Tax Incentives for Distressed Communities, and section 1400B for more details on DC Zone assets and special rules.
How to report. Report the entire gain realized from the sale or exchange as you otherwise would without regard to the exclusion. To report the exclusion, enter "DC Zone Asset Exclusion" on Form 4797, line 2, column (a) and enter as a (loss) in column (g) the amount of the exclusion that offsets the gain reported in Part I, line 6.

$\Delta$Any unrecaptured section 1250 gain is not qualified capital gain. Identify the amount of gain that is unrecaptured section 1250 gain and report it on the Schedule $D$ for the form you are filing.

## Election To Defer Gain From Qualifying Electric Transmission Transactions

If you sold or exchanged qualifying electric transmission property in 2005, you may elect to defer part of the realized gain. The sale or disposition must be made to an independent transmission company. If you make the election, part or all of the realized gain is recognized ratably over the 8-year period that begins with the tax year that includes the date of the disposition. The amount of gain that is not eligible to be recognized over the 8-year period is the excess, if any, of the amount realized from the disposition over the cost of the exempt utility property purchased during the 4-year period beginning on the date of the disposition.

To make the election, you must attach a statement to your timely filed return (including extensions) for the tax year in which the qualifying electric transmission transaction occurred (members of an affiliated group of corporations filing a consolidated return, attach the election to the consolidated tax return). The statement must provide all of the following details regarding the qualifying electric transmission transaction, including:

1. A description of the items of property sold;
2. The date of the qualifying electric transmission transaction;
3. The amount of proceeds realized and the amount of gain realized;
4. A description of any exempt utility property purchased, its cost, the date of purchase, and the identity of the purchaser (taxpayer or other member of the taxpayer ${ }^{1}$ s affiliated group); and
5. A representation indicating the total cost of exempt utility property the taxpayer intends to purchase.

Once made, the election is irrevocable.
How to report. Report the sale or disposition of the qualifying electric transmission property in Part III of the Form 4797 without regard to any deferred gain. Enter the amounts from lines 31 and 32 on lines 13 and 6 , respectively, of Form 4797.

Figure the gain eligible for deferral and enter it as a loss in column (g) of line 2, but only to the extent of the gain from the transaction included on line 6. Enter "Deferred gain under section 451 (i)" in column (a) of line 2. Enter any remaining gain eligible for deferral as a loss in column (g) of line 10. Enter "Deferred gain under section 451 (i)" in column (a) of line 10. The recognized gain for the tax year of the disposition must equal the gain, if any, not eligible for deferral plus $1 / 8$ of the deferred gain.

## Specific Instructions

To show losses, enclose figures in (parentheses).

If you disposed of property you acquired by inheritance, enter "INHERITED" in column (b) instead of the date you acquired the property.

## Disposition by a Partnership or S Corporation of Section 179 Property

Partnerships (other than electing large partnerships) and S corporations that sell or otherwise dispose of property for which the section 179 expense deduction was previously claimed and passed through to the partners or shareholders must follow these instructions to report the transaction. Partners and shareholders who receive a Schedule K-1 showing such a disposition must also follow these instructions to report the transaction.
Partnerships and S corporations. Partnerships and S corporations do not report these transactions on Form

4797, 4684, 6252, or 8824. Instead, all details of the sale or other disposition must be separately reported on Schedule K-1, including: - Description of the property.

- Date the property was acquired and placed in service.
- Date of the sale or other disposition of the property.
- The partner's or shareholder's share of the gross sales price or amount realized.
- The partner's or shareholder's share of the cost or other basis plus the expense of sale (reduced as explained in the instructions for Form 4797, line 21).
- The partner's or shareholder's share of the depreciation allowed or allowable, determined as described in the instructions for Form 4797, line 22, but excluding the section 179 expense deduction.
- The partner's or shareholder's share of the section 179 expense deduction (if any) passed through for the property and the partnership's tax year(s) in which the amount was passed through.
- If the disposition is due to a casualty or theft, a statement indicating so, and any additional information needed by the partner or shareholder to complete Form 4684. - If the disposition was an installment sale made during the partnership's or S corporation's tax year reported using the installment method, any information needed by the partner or shareholder to complete Form 6252. The partnership or S corporation also must separately report the partner's or shareholder's share of all payments received for the property in the following tax years. (Installment payments received for sales made in prior tax years should be reported in the same manner used in the prior tax years.) See the instructions for Form 6252 for details.
- If the disposition was a disposition of property given up in an exchange involving like-kind property made during the partnership's or S corporations's tax year, any information needed by the partner or shareholder to complete Form 8824.

See the instructions for Schedule K (Form 1065 or 1120S) for more details.

## Partners and S corporation

shareholders. If you receive a Schedule K-1 reporting such a transaction, you must report your share of the transaction on Form 4797, 4684, 6252, or 8824 (whether or not you were a partner or
shareholder at the time the section 179 expense deduction was claimed). If you have a carryforward of unused section 179 expense deduction that includes section 179 expense deduction previously passed through to you for the disposed asset, you must reduce your carryforward by your share of the section 179 expense deduction shown on Schedule K-1 (or the amount attributable to that property included in your carryforward amount). See the worksheet on the next page to figure the amounts to report on Form 4797, 4684,6252 , or 8824 , and to figure any reduction in your carryforward of unused section 179 expense deduction.

## Line 1

Enter on line 1 the total gross proceeds from:

- Sales or exchanges of real estate reported to you for 2005 on Form(s) 1099-S (or substitute statement) that you are including on line 2, 10, or 20 and
- Sales of securities or commodities reported to you for 2005 on Forms 1099-B (or substitute statements) that you are including on line 10 because you are a trader with a mark-to-market election under section $475(f)$ in effect for the tax year. See Traders Who Made a Mark-To-Market Election on page 2 and the instructions for line 10 on page 6.


## Part I

Use Part I to report section 1231 transactions that are not required to be reported in Part III.
Section 1231 transactions. The following are section 1231 transactions.

- Sales or exchanges of real or depreciable property used in a trade or business and held for more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.
- Cutting of timber that the taxpayer elects to treat as a sale or exchange under section 631(a).
- Disposal of timber with a retained economic interest that is treated as a sale, or an outright sale of timber, under section 631(b).
- Disposal of coal (including lignite) or domestic iron ore with a retained economic interest that is treated as a sale under section 631(c).
- Sales or exchanges of cattle and horses, regardless of age, used in a trade or business for draft, breeding,


## Worksheet for Partners and S Corporation Shareholders to Figure Gain

 or Loss on Dispositions of Property for Which a Section 179 Deduction Was Claimed(Keep for Your Records)
Caution: See the instructions after line 5 before starting this worksheet.


Lines 1, 2, 3a, and 3b. Enter these amounts from Schedule K-1 (Form 1065 or 1120S).
Line 3c. If you were unable to claim all of the section 179 expense deduction previously passed through to you for the property (if any), enter the smaller of line 3b or the portion of your unused carryover of section 179 expense deduction attributable to the property. Make sure you reduce your carryover of disallowed section 179 expense deduction shown on Form 4562 by the amount on line 3c.

## Where To Report Amounts From Worksheet

Generally, the information from the above worksheet is reported on the lines specified below for Form 4797, Part III. However, for a disposition under the installment method, complete the lines shown below for Form 6252. For dispositions of property given up in an exchange involving like-kind property, complete the lines shown below for Form 8824.

If line 5 is a gain and the property was held more than 1 year, report the disposition as follows.

- Complete Form 4797, line 19, columns (a), (b), and (c); Form 6252, lines 1 through 4; or Form 8824, Parts I and II.
- Report the amount from line 1 above on Form 4797, line 20; Form 6252, line 5; or Form 8824, line 12 or 16.
- Report the amount from line 2 above on Form 4797, line 21; or Form 6252, line 8.
- Report the amount from line 3e above on Form 4797, line 22; or Form 6252, line 9.
- Report the amount from line 4 above on Form 4797, line 23; Form 6252, line 10; or Form 8824, line 13 or 18.
- Complete the rest of the applicable form.

If line 5 is zero or a loss and the property was held more than 1 year, report the disposition as follows. Do not report a loss on Form 6252; instead, report the disposition on the lines shown for Form 4797.

- Complete Form 4797, line 2, columns (a), (b), and (c); or Form 8824, Parts I and II.
- Report the amount from line 1 above on Form 4797, line 2, column (d); or Form 8824, line 12 or 16.
- Report the amount from line 2 above on Form 4797, line 2, column (f).
- Report the amount from line 3e above on Form 4797, line 2, column (e).
- Report the amount from line 4 above on Form 8824, line 13 or 18.
- Complete the rest of the applicable form.
- If the property was held one year or less, report the gain or loss on the disposition as shown below. Do not report a loss on Form 6252; instead, report the disposition on the lines shown for Form 4797.
- Complete Form 4797, line 10, columns (a), (b), and (c); Form 6252, lines 1 through 4; or Form 8824, Parts I and II.
- Report the amount from line 1 above on Form 4797, line 10, column (d); Form 6252, line 5; or Form 8824, line 12 or 16.
- Report the amount from line 2 above on Form 4797, line 10, column (f); or Form 6252, line 8.
- Report the amount from line 3e above on Form 4797, line 10, column (e); or Form 6252, line 9.
- Report the amount from line 4 above on Form 6252, line 10; or Form 8824, line 13 or 18.
- Complete the rest of the applicable form.
dairy, or sporting purposes and held for 24 months or more from acquisition date.
- Sales or exchanges of livestock other than cattle and horses, regardless of age, used in a trade or
business for draft, breeding, dairy, or sporting purposes and held for 12 months or more from acquisition date. Note. Livestock does not include poultry, chickens, turkeys, pigeons,
geese, other birds, fish, frogs, reptiles, etc.
- Sales or exchanges of unharvested crops. See section 1231 (b)(4).
- Involuntary conversions of trade or business property or capital assets
held more than 1 year in connection with a trade or business or a transaction entered into for profit. These conversions may result from (a) part or total destruction, (b) theft or seizure, or (c) requisition or condemnation (whether threatened or carried out). If any recognized losses were from involuntary conversions from fire, storm, shipwreck, or other casualty or from theft and the losses exceed the recognized gains from the conversions, do not include any gains or losses from such conversions when figuring your net section 1231 losses.


## Transactions to which section

 1231 does not apply. Section 1231 transactions do not include sales or exchanges of:- Inventory or property held primarily for sale to customers;
- 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) received from someone who created them or for whom they were created, as mentioned in (a) or (b), in a way that entitled you to the basis of the previous owner (such as by gift); or - 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.


## Line 7

Partners and S corporation shareholders receive a Schedule K-1 (Form 1065 or 1120S), which includes amounts that must be reported on the Form 4797. Following the instructions for Schedule K-1, enter any amounts from your Schedule K-1 (Schedule K-1 (Form 1120S), box 9, or Schedule K-1 (Form 1065), box 10) in Part I of the Form 4797.

If the amount from line 7 is a gain and you do not have unrecaptured section 1231 losses from prior years (see instructions for line 8), enter the gain from line 7 as a long-term capital gain on the Schedule D for the return you are filing.

## Line 8

Your net section 1231 gain on line 7 is treated as ordinary income to the
extent of your "nonrecaptured section 1231 losses." Your nonrecaptured section 1231 losses are your net section 1231 losses deducted during the 5 preceding tax years that have not yet been applied against any net section 1231 gain to determine how much net section 1231 gain is treated as ordinary income under this rule.

Example. You had net section 1231 losses of \$4,000 and \$6,000 in 2000 and 2001, respectively, and net section 1231 gains of $\$ 3,000$ and \$2,000 in 2004 and 2005, respectively. The 2005 net section 1231 gain of $\$ 2,000$ is entered on line 7 and the nonrecaptured net section 1231 losses of \$7,000 (\$10,000 net section 1231 losses minus the $\$ 3,000$ that was applied against the 2004 net section 1231 gain) are entered on line 8. The entire $\$ 2,000$ net section 1231 gain on line 7 is treated as ordinary income and is entered on line 12 of Form 4797. For recordkeeping purposes, the \$4,000 loss from 2000 is all recaptured ( $\$ 3,000$ in 2004 and $\$ 1,000$ in 2005), and you have $\$ 5,000$ of section 1231 losses from 2001 left to recapture ( $\$ 6,000$ minus the $\$ 1,000$ recaptured this year).

## Figuring the Prior Year Losses

You had a net section 1231 loss if section 1231 losses exceeded section 1231 gains. Gains are included only to the extent taken into account in figuring gross income. Losses are included only to the extent taken into account in figuring taxable income except that the limitation on capital losses does not apply.

## Line 9

For recordkeeping purposes, if line 9 is zero, the amount on line 7 is the amount of net section 1231 loss recaptured in 2005. If line 9 is more than zero, you have recaptured all of your net section 1231 losses from prior years.

Enter the gain from line 9 as a long-term capital gain on the Schedule D for the return you are filing.

## Part II

If a transaction is not reportable in Part I or Part III and the property is not a capital asset reportable on Schedule D, report the transaction in Part II.

If you received ordinary income from a sale or other disposition of your interest in a partnership, see Pub. 541, Partnerships.

## Line 10

Report other ordinary gains and losses, including gains and losses from property held 1 year or less, on this line.

Deduct the loss from a qualifying abandonment of business or investment property on line 10. See Abandonments in Pub. 544 for more information.

## Securities or Commodities Held by a Trader Who Made a Mark-To-Market Election

Report on line 10 all gains and losses from sales and dispositions of securities or commodities held in connection with your trading business, including gains and losses from marking to market securities and commodities held at the end of the tax year (see Traders Who Made a Mark-To-Market Election on page 2). Attach to your tax return a statement, using the same format as line 10, showing the details of each transaction. Separately show and identify securities or commodities held and marked to market at the end of the year. On line 10, enter "Trader-see attached" in column (a) and the totals from the statement in columns (d), (f), and (g). Also, see the instructions for line 1 on page 4.

## Small Business Investment Company Stock

Report on line 10 ordinary losses from the sale or exchange (including worthlessness) of stock in a small business investment company operating under the Small Business Investment Act of 1958. See section 1242.

Also attach a statement that includes the name and address of the small business investment company and, if applicable, the reason the stock is worthless and the approximate date it became worthless.

## Section 1244 (Small Business) Stock

Individuals report ordinary losses from the sale or exchange (including worthlessness) of section 1244 (small business) stock on line 10.

To qualify as section 1244 stock, all six of the following requirements must be met.

1. You acquired the stock after June 30, 1958, upon original issuance of the shares from a domestic corporation (or the stock was acquired by a partnership in which you were a partner
continuously from the date the stock was issued until the time of the loss).
2. If the stock was issued before November 7, 1978, it was issued under a written plan that met the requirements of Regulations section 1.1244(c)-1(f), and when that plan was adopted, the corporation was treated as a small business corporation under Regulations section 1.1244 (c)-2(c).
3. If the stock was issued after November 6, 1978, the corporation was treated as a small business corporation at the time the stock was issued under Regulations section 1.1244(c)-2(b). To be treated as a small business corporation, the total amount of money and other property received by the corporation for its stock as a contribution to capital and paid-in surplus generally may not exceed $\$ 1$ million.
4. The stock was issued for money or other property (excluding stock or securities).
5. The corporation, for its 5 most recent tax years ending before the date of the loss, derived more than $50 \%$ of its gross receipts from sources other than royalties, rents, dividends, interest, annuities, and gains from sales and exchanges of stocks or securities. (If the corporation was in existence for at least 1 tax year but fewer than 5 tax years ending before the date of the loss, the $50 \%$ test applies for the tax years ending before that date. If the corporation was not in existence for at least 1 tax year ending before the date of the loss, the $50 \%$ test applies for the entire period ending before that date.) The $50 \%$ test does not apply if the corporation's deductions (other than the net operating loss and dividends-received deductions) exceeded its gross income during the applicable period. But this exception to the $50 \%$ test applies only if the corporation was largely an operating company within the 5 most recent tax years ending before the date of the loss (or, if less, the entire period the corporation was in existence).
6. If the stock was issued before July 19, 1984, it must have been common stock.

The maximum amount that may be treated as an ordinary loss is $\$ 50,000$ ( $\$ 100,000$ if married filing jointly). Special rules may limit the amount of your ordinary loss if (a) you received section 1244 stock in exchange for property with a basis in excess of its FMV or (b) your stock basis increased because of contributions to
capital or otherwise. See Pub. 550 for more details. Report on Schedule D losses in excess of the maximum amount that may be treated as an ordinary loss (and all gains) from the sale or exchange of section 1244 stock.

Keep adequate records to distinguish section 1244 stock from any other stock owned in the same corporation.

## Line 18a

You must complete this line if there is a gain on Form 4797, line 3 ; a loss on Form 4797, line 11; and a loss on Form 4684, line 35, column (b)(ii). Enter on this line the smaller of the loss on Form 4797, line 11, or the loss on Form 4684, line 35, column (b)(ii). To figure which loss is smaller, treat both losses as positive numbers. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22.

## Part III

(1)Partnerships and $S$ corporations, see Partnerships and S corporations at the beginning of the Specific Instructions. Partners and shareholders reporting a disposition of section 179 property which was separately reported to you on Schedule K-1 (Form 1065 or 1120S), see Partners and S corporation shareholders at the beginning of the Specific Instructions.

Generally, for property held 1 year or less, do not complete Part III; instead use Part II. For exceptions, see the chart on page 1.

Use Part III to figure recapture of depreciation and certain other items that must be reported as ordinary income on the disposition of property. Fill out lines 19 through 24 to determine the gain on the disposition of the property. If you have more than four properties to report, use additional forms. For more details on depreciation recapture, see Pub. 544.
Note. If the property was sold on the installment sale basis, see the Instructions for Form 6252 before completing Part III. Also, if you have both installment sales and noninstallment sales, you may want to use separate Forms 4797, Part III, for the installment sales and the noninstallment sales.

## Line 20

The gross sales price includes money, the FMV of other property received, and any existing mortgage or other debt the buyer assumes or takes the property subject to. For casualty or theft gains, include insurance or other reimbursement you received or expect to receive for each item. Include on this line your insurance coverage, whether or not you are submitting a claim for reimbursement.

For section 1255 property disposed of in a sale, exchange, or involuntary conversion, enter the amount realized. For section 1255 property disposed of in any other way, enter the FMV.

## Line 21

Reduce the cost or other basis of the property by the amount of any diesel-powered highway vehicle credit, enhanced oil recovery credit, or disabled access credit. However, do not adjust the cost or other basis for any of the items taken into account on line 22 .

## Line 22

Complete the following steps to figure the amount to enter on line 22.
Step 1. Add the following amounts. - Deductions allowed or allowable for depreciation (including any special depreciation allowance (see the Form 4562 Instructions)), amortization, depletion, or preproductive expenses.

- The section 179 expense deduction.
- The commercial revitalization deduction.
- The downward basis adjustment under section 50(c) (or the corresponding provision of prior law).
- The deduction for qualified clean-fuel vehicle property or refueling property.
- Deductions claimed under section 190,193 , or 1253 (d)(2) or (3) (as in effect before the enactment of P.L. 103-66).
- The basis reduction for the qualified electric vehicle credit.
- The basis reduction for the employer-provided childcare facility credit.
Step 2. From the Step 1 total, subtract the following amounts.
- Any investment credit recapture amount if the basis of the property was reduced in the tax year the property was placed in service under section 50(c)(1) (or the corresponding provision of prior law). See section

50(c)(2) (or the corresponding provision of prior law).

- Any section 179 or $280 \mathrm{~F}(\mathrm{~b})(2)$ recapture amount included in gross income in a prior tax year because the business use of the property decreased to $50 \%$ or less.
- Any qualified clean-fuel vehicle property or refueling property deduction you were required to recapture because the property ceased to be eligible for the deduction.
- Any basis increase for qualified electric vehicle credit recapture.
- Any basis increase for recapture of the employer-provided childcare facility credit.

You may have to include depreciation allowed or allowable on another asset (and refigure the basis amount for line 21) if you use its adjusted basis in determining the adjusted basis of the property described on line 19. An example is property acquired by a trade-in. See Regulations section 1.1245-2(a)(4). Also, see Like-Kind Exchanges under Nontaxable Exchanges in chapter 1 of Pub. 544.

## Line 23

For section 1255 property, enter the adjusted basis of the section 126 property disposed of.

## Line 25

Section 1245 property is property that is depreciable (or amortizable under section 185 (repealed), 197, or 1253(d)(2) or (3) (as in effect before the enactment of P.L. 103-66)) and is one of the following.

- Personal property.
- Elevators and escalators placed in service before 1987.
- Real property (other than property described under tangible real property below) subject to amortization or deductions under section 169, 179, 179A, 179B, 185 (repealed), 188 (repealed), 190, 193, or 194.
- Tangible real property (except buildings and their structural components) if it is used in any of the following ways.

1. As an integral part of manufacturing, production, or extraction or of furnishing transportation, communications, or certain public utility services.
2. As a research facility in these activities.
3. For the bulk storage of fungible commodities (including commodities
in a liquid or gaseous state) used in these activities.

- A single purpose agricultural or horticultural structure (as defined in section 168(i)(13)).
- A storage facility (not including a building or its structural components) used in connection with the distribution of petroleum or any primary petroleum product.
- Any railroad grading or tunnel bore (as defined in section 168(e)(4)).
Exceptions and limits. See section 1245(b) for exceptions and limits involving the following.
- Gifts.
- Transfers at death.
- Certain tax-free transactions.
- Certain like-kind exchanges,
involuntary conversions, etc.
- Exchanges to comply with SEC orders.
- Property distributed by a partnership to a partner.
- Transfers to tax-exempt organizations where the property will be used in an unrelated business.
- Timber property.

Special rules. See the following sections for special rules.

- Section 1245(a)(4) (repealed) for player contracts and section 1056(c) (repealed) for information required from the transferor of a franchise of any sports enterprise, for sales or exchanges before October 23, 2004, involving the transfer of player contracts.
- Section 1245(a)(5) (repealed) for property placed in service before 1987, if only a portion of a building is section 1245 recovery property.
- Section 1245(a)(6) (repealed) for qualified leased property placed in service before 1987.


## Line 26

Section 1250 property is depreciable real property (other than section 1245 property). Generally, section 1250 recapture applies if you used an accelerated depreciation method or you claimed the $30 \%$ or $50 \%$ special depreciation allowance, or the commercial revitalization deduction.
 Section 1250 recapture does not apply to dispositions of the following MACRS property placed in service after 1986 (or after July 31, 1986, if elected). You are not required to calculate additional depreciation for these properties on line 26.

- 27.5-year (or 40-year, if elected) residential rental property (except for 27.5 year qualified New York Liberty

Zone property acquired after
September 10, 2001).

- 22-, 31.5-, or 39-year (or 40-year, if elected) nonresidential real property (except for 39-year qualified New York Liberty Zone property acquired after September 10, 2001, and property for which you elected to claim a commercial revitalization deduction).
ACRS property. Real property depreciable under ACRS (pre-1987 rules) is subject to recapture under section 1245, except for the following, which are treated as section 1250 property.
- 15-, 18-, or 19-year real property and low-income housing that is residential rental property.
- 15-, 18-, or 19-year real property and low-income housing that is used mostly outside the United States.
- 15-, 18-, or 19-year real property and low-income housing for which a straight line election was made.
- Low-income rental housing described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B). See the instructions for line 26b.
Exceptions and limits. See section 1250(d) for exceptions and limits involving the following.
- Gifts.
- Transfers at death.
- Certain tax-free transactions.
- Certain like-kind exchanges, involuntary conversions, etc.
- Exchanges to comply with SEC orders.
- Property distributed by a partnership to a partner.
- Disposition of qualified low-income housing.
- Transfers of property to tax-exempt organizations if the property will be used in an unrelated business.
- Dispositions of property as a result of foreclosure proceedings.
Special rules. Special rules apply in the following cases.
- For additional depreciation attributable to rehabilitation expenditures, see section 1250(b)(4). - If substantial improvements have been made, see section 1250(f).


## Line 26a

Enter the additional depreciation for the period after 1975. Additional depreciation is the excess of actual depreciation (including any 30\% or $50 \%$ special depreciation allowance, or commercial revitalization deduction) over depreciation figured using the straight line method. For this purpose, do not reduce the basis under section 50(c)(1) (or the
corresponding provision of prior law) to figure straight line depreciation. Also, if you claimed a commercial revitalization deduction, figure straight-line depreciation using the property's applicable recovery period under section 168.

## Line 26b

Generally, use $100 \%$ as the percentage for this line. However, for low-income rental housing described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B), see that section for the percentage to use.

## Line 26d

Enter the additional depreciation after 1969 and before 1976. If straight line depreciation exceeds the actual depreciation for the period after 1975, reduce line 26d by the excess. Do not enter less than zero on line 26d.

## Line $\mathbf{2 6 f}$

The amount the corporation treats as ordinary income under section 291 is $20 \%$ of the excess, if any, of the amount that would be treated as ordinary income if such property were section 1245 property, over the amount treated as ordinary income under section 1250. If the corporation used the straight line method of depreciation, the ordinary income under section 291 is $20 \%$ of the amount figured under section 1245.

## Line 27

Partnerships (other than electing large partnerships) skip this section.
Partners must enter on the applicable lines of Part III amounts subject to section 1252 according to instructions from the partnership.

You may have ordinary income on the disposition of certain farmland held more than 1 year but less than 10 years.

Refer to section 1252 to determine if there is ordinary income on the disposition of certain farmland for which deductions were allowed under sections 175 (soil and water conservation) and 182 (land clearing) (repealed). Skip line 27 if you dispose of such farmland during the 10th or later year after you acquired it.

Gain from disposition of certain farmland is subject to ordinary income rules under section 1252 before the application of section 1231 (Part I).

Enter $100 \%$ of line 27a on line 27b except as follows.

- $80 \%$ if the farmland was disposed of within the 6th year after it was acquired.
- $60 \%$ if disposed of within the 7 th
year.
- $40 \%$ if disposed of within the 8 th
year.
- $20 \%$ if disposed of within the 9th year.


## Line 28

If you had a gain on the disposition of oil, gas, or geothermal property placed in service before 1987, treat all or part of the gain as ordinary income. Include on line 22 of Form 4797 any depletion allowed (or allowable) in determining the adjusted basis of the property.

If you had a gain on the disposition of oil, gas, geothermal, or other mineral properties (section 1254 property) placed in service after 1986, you must recapture all expenses that were deducted as intangible drilling costs, depletion, mine exploration costs, and development costs under sections 263, 616, and 617.
Exception. Property placed in service after 1986 and acquired under a written contract entered into before September 26, 1985, and binding at all times thereafter is treated as placed in service before 1987.

Note. A corporation that is an integrated oil company completes line 28a by treating amounts amortized under section 291(b)(2) as deductions under section 263(c).

## Line 28a

If the property was placed in service before 1987, enter the total expenses after 1975 that:

- Were deducted by the taxpayer or any other person as intangible drilling and development costs under section 263(c) (except previously expensed mining costs that were included in income upon reaching the producing state) and
- Would have been reflected in the adjusted basis of the property if they had not been deducted.

If the property was placed in service after 1986, enter the total expenses that:

- Were deducted under section 263 , 616 , or 617 by the taxpayer or any other person; and
- But for such deduction, would have been included in the basis of the property, plus
- The deduction under section 611 that reduced the adjusted basis of such property.

If you disposed of a portion of section 1254 property or an undivided interest in it, see section 1254(a)(2).

## Line 29a

Use $100 \%$ if the property is disposed of less than 10 years after receipt of payments excluded from income. Use $100 \%$ minus $10 \%$ for each year, or part of a year, that the property was held over 10 years after receipt of the excluded payments. Use zero if 20 years or more.

## Line 29b

If any part of the gain shown on line 24 is treated as ordinary income under sections 1231 through 1254 (for example, section 1252), enter the smaller of (a) line 24 reduced by the part of the gain treated as ordinary income under the other provision or (b) line 29a.

## Part IV

## Column (a)

If you took a section 179 expense deduction for property placed in service after 1986 (other than listed property, as defined in section $280 \mathrm{~F}(\mathrm{~d})(4)$ ) and the business use of the property decreased to $50 \%$ or less this year, complete column (a) of lines 33 through 35 to figure the recapture amount.

## Column (b)

If you have listed property that you placed in service in a prior year and the business use decreased to $50 \%$ or less this year, figure the amount to be recaptured under section 280F(b)(2). Complete column (b), lines 33 through 35. See Pub. 463, Travel, Entertainment, Gift, and Car Expenses, for more details on recapture of excess depreciation.
Note. If you have more than one property subject to the recapture rules, figure the recapture amounts separately for each property. Show these calculations on a separate statement and attach it to your tax return.

## Line 33

In column (a), enter the section 179 expense deduction you claimed when the property was placed in service. In column (b), enter the depreciation allowable on the property in prior tax years (plus any section 179 expense deduction you claimed when the property was placed in service).

## Line 34

In column (a), enter the depreciation that would have been allowable on the section 179 property from the year the property was placed in
service through (and including) the current year. See Pub. 946, How To Depreciate Property.

In column (b), enter the depreciation that would have been allowable if the property had not been used more than $50 \%$ in a qualified business. Figure the depreciation from the year it was placed in service up to (but not including) the current year. See Pub. 463 and Pub. 946.

## DRAFT

## Line 35

Subtract line 34 from line 33 and enter the recapture amount as "other income" on the same form or schedule on which you took the deduction. For example, if you took the deduction on Schedule C (Form 1040), report the recapture amount as other income on Schedule C (Form 1040).
Note. If you filed Schedule C or F
(Form 1040) and the property was
used in both your trade or business and for the production of income, the portion of the recapture amount attributable to your trade or business is subject to self-employment tax. Allocate the amount on line 35 to the appropriate schedules.

Be sure to increase your basis in the property by the recapture amount.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 35 hr., 23 min.
Learning about the law or the form $8 \mathrm{hr} ., 20 \mathrm{~min}$.
Preparing, copying, assembling, and sending the form to the IRS $9 \mathrm{hr} ., 17 \mathrm{~min}$.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))
Ata

## Identifying number

1 Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

| e |  |
| :--- | :--- |

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year (see instructions)


## Part II Ordinary Gains and Losses the Schedule D filed with your return

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


## Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255



Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6

| 30 |  |
| :--- | :--- |
| 31 |  |
| 32 |  |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to $50 \%$ or Less (see instructions)

|  |  |  | (a) Section 179 | (b) Section 280F(b)(2) |
| :---: | :---: | :---: | :---: | :---: |
| 33 | Section 179 expense deduction or depreciation allowable in prior years | 33 |  |  |
| 34 | Recomputed depreciation. See instructions. | 34 |  |  |
| 35 | Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . | 35 |  |  |
|  | (4) Printed on recycled paper |  |  | orm 4797 (200) |

1 Enter the gross proceeds from sales or exchanges reported to you for 2004 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

| te |  |  |
| :--- | :--- | :--- |
| . | 1 |  |

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Most Property Held More Than 1 Year (see instructions)


## Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):


## Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: |  |  |  | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) |
| :---: | :---: | :---: | :---: | :---: | :---: |
| A |  |  |  |  |  |
| B |  |  |  |  |  |
| C |  |  |  |  |  |
| D |  |  |  |  |  |
| These columns relate to the properties on lines 19A through 19D. |  | Property A | Property B | Property C | Property D |
| 20 Gross sales price (Note: See line 1 before completing.) | 20 |  |  |  |  |
| 21 Cost or other basis plus expense of sale . . . . | 21 |  |  |  |  |
| Depreciation (or depletion) allowed or allowable Adjusted basis. Subtract line 22 from line 21 | 22 |  |  |  |  |
|  | 23 |  |  |  |  |
| Total gain. Subtract line 23 from line 20 . . . . . . | 24 |  |  |  |  |
| If section 1245 property: <br> Depreciation allowed or allowable from line 22. Enter the smaller of line 24 or 25a $\qquad$ . | 25a |  |  |  |  |
|  | 25b |  |  |  |  |
| If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | 26a |  |  |  |  |
| Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) | 26b |  |  |  |  |
| c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26 a, skip lines $26 d$ and $26 e$ | 26c |  |  |  |  |
| d Additional depreciation after 1969 and before 1976 | 26d |  |  |  |  |
| e Enter the smaller of line 26 cor $26 d$ | 26e |  |  |  |  |
| f Section 291 amount (corporations only) | 26 f |  |  |  |  |
| g Add lines 26b, 26e, and 26f . . . | 26 g |  |  |  |  |
| 27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). <br> a Soil, water, and land clearing expenses . | 27a |  |  |  |  |
| b Line 27a multiplied by applicable percentage (see instructions) | 27b |  |  |  |  |
| c Enter the smaller of line 24 or 27b | 27c |  |  |  |  |
| 28 If section 1254 property: <br> a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 28a |  |  |  |  |
| b Enter the smaller of line 24 or 28a | 28b |  |  |  |  |
| 29 If section 1255 property: <br> a Applicable percentage of payments excluded from income under section 126 (see instructions) | 29a |  |  |  |  |
| b Enter the smaller of line 24 or 29a (see instructions) | 29b |  |  |  |  |

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24.
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13
32 Subtract line 31 from line 30 . Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6

| 30 |  |
| :--- | :--- |
| 31 |  |
| 32 |  |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to $\mathbf{5 0 \%}$ or Less (see instructions)

|  |  |  | (a) Section 179 | (b) Section 280F(b)(2) |
| :---: | :---: | :---: | :---: | :---: |
| 33 | Section 179 expense deduction or depreciation allowable in prior years | 33 |  |  |
| 34 | Recomputed depreciation. See instructions. | 34 |  |  |
| 35 | Recapture amount. Subtract line 34 from line 33. See the instructions for where to report | 35 |  |  |

## 2005 Form 4835 Farm Rental Income and Expenses

Purpose: $\quad$ This is the first circulated draft of the 2005 Form 4835 for your review and comments. There are no major changes to this form.

TPCC Meeting: No meeting is scheduled but one can be set up upon request.
Prior Form: The 2004 Form 4835 can be viewed on the link below: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/13117Y04.PDF

Other Products: Circulations of other draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by May 27, 2005.

Neal Dickman

Tax Forms and Publications
SE:W:CAR:MP:T:I:F
Email: Neal.E.Dickman@irs.gov
Phone: 202-622-5013
Fax: 202-927-6234


## Part I Gross Farm Rental Income-Based on Production. Include amounts converted to cash or the equivalent.

1 Income from production of livestock, produce, grains, and other crops.
2a Cooperative distributions (Form(s) 1099-PATR)
3a Agricultural program payments (see instructions) 3a
2b Taxable amount
4 Commodity Credit Corporation (CCC) loans (see instructions):
a CCC loans reported under election.
b CCC loans forfeited
5 Crop insurance proceeds and Federal crop disaster payments (see instructions):
a Amount received in 2005 .. . . . $\lfloor\mathbf{5 a} \mid$ c If election to defer to 2006 is attached, check here $\square$ 5d Amount deferred from 2004.
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see instructions)
7 Gross farm rental income. Add amounts in the right column for lines 1 through 6. Enter the total here and on Schedule E (Form 1040), line 42.

| $\mathbf{1}$ |  |  |
| :---: | :--- | :--- |
| $\mathbf{2 b}$ |  |  |
| 3b |  |  |
|  |  |  |
| $4 a$ |  |  |
| $4 \mathbf{c}$ |  |  |
|  |  |  |
| $5 b$ |  |  |
| $5 d$ |  |  |
| 6 |  |  |
| 7 |  |  |
| 7 |  |  |

## Part II Expenses-Farm Rental Property. Do not include personal or living expenses.

8 Car and truck expenses (see Schedule F instructions). Also attach Form 4562
9 Chemicals
10 Conservation expenses (see instructions)
11 Custom hire (machine work)
12 Depreciation and section 179 expense deduction not claimed elsewhere
13 Employee benefit programs other than on line 21 (see Schedule F instructions)
14 Feed
15 Fertilizers and lime
16 Freight and trucking
17 Gasoline, fuel, and oil
18 Insurance (other than health)
19 Interest:
a Mortgage (paid to banks, etc.) .
b Other.
20 Labor hired (less employment credits) (see Schedule F instructions).

31 Total expenses. Add lines 8 through 30 g
32 Net farm rental income or (loss). Subtract line 31 from line 7. If the result is income, enter it here and on Schedule E , line 40. If the result is a loss, you must go to line 33
33 If line 32 is a loss, check the box that describes your investment in this activity (see instructions).
You may need to complete Form 8582 to determine your deductible loss, regardless of which box you checked (see instructions). If you checked box 33b, you must complete Form 6198 before going to Form 8582. In either case, enter the deductible loss here and on Schedule E, line 40

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| :---: | :--- | :--- |
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| 16 |  |  |
| 17 |  |  |
| 18 |  |  |
| $19 a$ |  |  |
| $19 b$ |  |  |
|  |  |  |
| 20 |  |  |


|  | Pension and profit-sharing plans |
| :---: | :---: |
| 22 Rent or lease: <br> a Vehicles, machinery, and equipment (see instructions) <br> b Other (land, animals, etc.). |  |
|  |  |
|  |  |
| 23 Repairs and maintenance. |  |
| 24 Seeds and plants . . . |  |
| 25 Storage and warehousing. |  |
| 26 Supplies . . . . . . |  |
| 27 Taxes |  |
| 28 Utilities |  |
| 29 Veterinary, breeding, and medicine |  |
| 30 Other expenses (specify): |  |
| a |  |
| b |  |
| C |  |
| d |  |
| e |  |
| $f$ |  |
|  | g |



## General Instructions

Purpose of form. Use Form 4835 to report farm rental income based on crops or livestock produced by the tenant if you were the landowner (or sub-lessor) and did not materially participate in the operation or management of the farm. If you were a tenant, use Schedule F (Form 1040) to report farm income and expenses.

Landowners (or sub-lessors) must not use this form to report cash rent received for pasture or farmland if the amount is based on a flat charge. Report this income directly on Schedule E (Form 1040).

Use this form only if the activity is a rental activity for purposes of the passive activity loss limitations. See the Instructions for Form 8582, Passive Activity Loss Limitations, for the definition of "rental activity."

If you have net income on line 32, your tax may be less if you figure it using Schedule J (Form 1040).
Additional information. For more
information, including the definition of material participation, see the Instructions for
Schedule F and Pub. 225, Farmer's Tax Guide.

## Specific Instructions

Employer ID number. You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4.
Line A. Generally, you are considered to actively participate if you 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 do not, however, actively participate if at any time during the year your interest (including your spouse's interest) in the activity was less than 10\% (by value) of all interests in the activity.

## Part I. Gross Farm Rental Income-Based on Production

Line 1. Report income you received from livestock, produce, grains, and other crops based on production. Under both the cash and the accrual methods of reporting, you must report livestock or crop share rentals received in the year you convert them into money or its equivalent.
Lines $\mathbf{2 a}$ and $\mathbf{2 b}$. Enter on line $2 a$ your total distributions from cooperatives as shown on Form 1099-PATR, Taxable Distributions Received From Cooperatives. On line 2b report the taxable amount. See the instructions for Schedule F, lines 5a and 5b, on page F-2.
Lines 3a and 3b. Enter on line 3a the total agricultural program payments you received. On line 3b report the taxable amount. See the instructions for Schedule F, lines 6a and 6b, that begin on page F-2.
Lines 4a through 4c. Report the full amount of CCC loans forfeited, even if you reported the loan proceeds as income. See the
instructions for Schedule F, lines 7a through 7c, on page F-3.
Lines 5a through 5d. 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 you use the cash method of accounting and 2005 was the year of damage, you can elect to include certain proceeds in income for 2006. To do this, check the box on line 5 c and attach a statement to your return. See Pub. 225.
Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including federal crop disaster payments).

For details on how to complete lines 5a through 5d, see the instructions for Schedule F, lines 8 a through 8d, on page F-3.
Line 6. Use this line to report income not shown on lines 1 through 5 d . See the instructions for Schedule F, line 10, on page F-3.

## Part II. Expenses-Farm Rental Property

Capitalizing costs of property. If you produced real or tangible personal property or acquired property for resale, certain expenses may have to 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 expenses of:

- Producing any plant that has a preproductive period of 2 years or less,
- Raising animals, or
- Replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

But you may be able to currently 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 in the Instructions for Schedule F on page F-3.

Do not reduce your expenses on lines 8 through 30f by the preproductive period expenses you must capitalize. Instead, enter the total amount capitalized in parentheses on line 30 g . Reduce your total expenses by this amount before entering an amount on line 31 . On the line to the left of the line 30 g entry space, enter "263A."
Line 10. Expenses you paid or incurred for soil and water conservation can only be deducted if they are consistent with a conservation plan approved by the Natural Resources Conservation Service of the Department of Agriculture for the area in which your land is located. If no plan exists, your expenses must be consistent with a soil conservation plan of a comparable state agency. See the Instructions for Schedule F, line 14 , on page $\mathrm{F}-4$.
Line 12. Enter your depreciation and section 179 expense deduction. For details, including whether you must file Form 4562, Depreciation and Amortization, see the Instructions for Schedule C (Form 1040), line 13 , on page $\mathrm{C}-4$.
Lines 19a and 19b. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest
and investment interest are treated differently. You must allocate (classify) your interest expense so it is deducted on the correct line of your tax return and it gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Form 4835. See the Instructions for Schedule F, lines 23a and 23b, on page F-5.
Line 22a. If you rented or leased vehicles, machinery, or equipment, enter on line 22a 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. See Leasing a Car in Pub. 463.
Lines 30a through $\mathbf{3 0 g}$. Enter expenses not listed on another line. See the Instructions for Schedule $F$, lines 34a through 34f, on page F-6.
Line 33. To determine your deductible loss, you may need to complete Form 8582. However, if you checked box 33b, you must complete Form 6198, At-Risk Limitations, before you complete Form 8582. See the Instructions for Schedule F, line 37, on page F-6.

Do not complete Form 8582 if either of the following applies.

- You meet all three of the conditions listed under Exception for Certain Rental Real Estate Activities in the Instructions for Schedule E on page E-2. Instead, enter your deductible loss on line 33c and on Schedule $E$, line 40 .
- You were a real estate professional (as defined in the Instructions for Schedule E on page E-1) and you materially participated in the operation of this activity (under the passive loss rules). See the Instructions for Form 8582 for the definition of material participation. Your loss is not subject to the passive activity loss limitations. Instead, enter your deductible loss on line 33c and on Schedule E, line 40. Also, include the loss in the total for Schedule E, line 43.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 2 hr ., 57 min .; Learning about the law or the form, 4 min .; Preparing the form, $1 \mathrm{hr} ., 1 \mathrm{~min}$.; and Copying, assembling, and sending the form to the IRS, 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

## 2005 Form 4868 <br> Application for Automatic Extension of Time To File U.S. Individual Income Tax Return

\(\left.$$
\begin{array}{ll}\text { Purpose: } & \begin{array}{l}\text { This is the first circulated draft of the } 2005 \text { Form } 4868 \text { for your review and } \\
\text { comments. Major changes are discussed below. }\end{array}
$$ <br>

TPCC Meeting: \& There is no TPCC meeting scheduled, but you may request one.\end{array}\right\}\)| Prior Revisions: | The 2004 Form 4868 can be viewed by clicking on the following link: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/13141Y04.PDF. |
| :--- | :--- |
| Other Products: | Circulations of draft tax forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html. |
| Comments: | Please call, mail, email, or fax any comments by June 22, 2005. |

Note. Form 4868 and instructions have been revised to reflect that it is to be used for an automatic 6-month extension of time to file. As a result, Form 2688, Application for Additional Extension of Time To File U.S. Income Tax Return, will become obsolete. This change is based upon expected revised regulations for IRC 6081. If these regulations are not issued, Form 4868 will continue to be used for a four-month extension and we will revise Form 2688 for taxpayers who require additional time to file. See major changes on next page.

| FROM: |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Ellen Fingerman <br> SE:W:CAR:MP:T:I:F | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| Ellen.Fingerman@irs.gov | $202-622-3544$ | $202-927-6234$ | $6423-03$ | $05 / 24 / 2005$ |  |

## Major Changes to 2005 Form 4868

## The Form

1. We added a Caution near the top of the form at the request of the Extensions Team.
2. We added line 8 at the request of the Extensions Team and Submission Processing.

## The Instructions

## Page 1

- We moved What's New to the first page to emphasize that Form 4868 can be used to obtain an automatic 6 -month extension. If the revised regulations are not issued, this will be removed.
- Under What's New, we added text about new line 8.
- We removed any reference to "E-file by Phone". This is related to the TeleFile program which is ending after processing year 2005. Announcement 2005-26
- We reversed the order of Official Payments Corporation and Link2Gov Corporation. The order is reversed every year. ETA
- We added text about and space for a confirmation number under E-file and Pay by Credit Card. ETA, M:I:PA:MF:MR
- We added text about fiscal year taxpayers under File a Paper Form 4868 at the request of the Extensions Team.


## Page 2

- We revised the text under Purpose of Form to reflect that Form 4868 applies to a 6-month extension of time to file. If revised regulations are not issued, we will change the text back to showing that Form 4868 is for an automatic 4-month extension of time to file.
- We deleted the section, If You Need Additional Time, with the reference to using Form 4868 for an automatic 4-month extension and Form 2688 for requesting additional time and inserted Total Time Allowed. If revised regulations are not issued, we will remove Total Time Allowed and reinsert the text previously there under If You Need Additional Time.
- We edited the text under Taxpayers "out of the country" for clarity.


## Page 3

- We added additional text about ITINs at the request of the Extensions Team.
- We added text about Rounding off to whole dollars at the request of the Extensions Team.
- We added instructions for new line 8.


## Page 4

- We revised Where To File a Paper Form 4868 to reflect that Memphis Service Center is no longer accepting Forms 4868.

Application for Automatic Extension of Time

## What's New

- You can now use Form 4868 to obtain an automatic 6-month extension (generally 4 months if you are "out of the country"). You no longer need to file Form 2688 for additional time. See General Instructions on page 2.
- If you are "out of the country" and are a U.S. citizen or resident, you must check the box on line 8. See When To File Form 4868 on page 2 and the instructions for line 8 on page 3.


It's Convenient, Safe, and Secure
IRS e-file is the IRS's electronic filing program. You can get an automatic extension of time to file your tax return by filing Form 4868 electronically. You will receive an electronic acknowledgment once you complete the transaction. Keep it with your records. Do not send in Form 4868 if you file electronically.

Complete Form 4868 to use as a worksheet. If you think you may owe tax when you file your return, you will heed to estimate your total tax liability and subtract how much you have already paid (lines 4, 5, and 6 below).

If you think you may owe tax and wish to make a payment, you may pay by electronic funds withdrawal using option 1 or you may pay by credit card using option 2 . See 1 and 2 on this page for details.

## 1 - <br> E-file Using Your Personal Computer or Through a Tax Professional

Refer to your tax software package or tax preparer for ways to file electronically. Be sure to have a copy of your 2004 tax return-you will be asked to provide information from the return for taxpayer verification. If you wish to make a payment, you can pay by electronic funds withdrawal (see page 4) or send your payment to the address shown in the middle column under Where To File a Paper Form 4868 on page 4.

## 2 <br> $\square$ <br> E-file and Pay by Credit Card

You can get an extension if you pay part or all of your estimate of income tax due by using a credit card (American Express ${ }^{\circledR}$ Card, Discover ${ }^{\circledR}$ Card, MasterCard ${ }^{\circledR}$ card, or Visa ${ }^{\circledR}$ card). Your payment must be at least $\$ 1$. You may pay by phone or over the Internet through one of the service providers listed below.
Each service provider will charge a convenience fee based on the amount of the tax payment you are making. Fees may vary between service providers. You will be told what the fee is during the transaction and will have the option to continue or cancel the transaction. You may also obtain the convenience fee by calling the providers' toll-free automated customer service numbers or visiting their websites. Do not add the convenience fee to your tax payment.

Confirmation number. You will receive a confirmation number when you pay by credit card. Enter the confirmation number below and keep for your records.

Link2Gov Corporation
1-888-PAY-1040 ${ }^{\text {sm }}$
(1-888-729-1040)
1-888-658-5465 (Customer Service) www.PAY1040.com

Official Payments Corporation
1-800-2PAY-TAXsm
(1-800-272-9829)
1-877-754-4413 (Customer Service) www.officialpayments.com

Enter confirmation number here

## File a Paper Form 4868

If you wish to file on paper instead of electronically, fill in the Form 4868 below and mail it to the address shown on page 4. If you are a fiscal year taxpayer, you must file a paper Form 4868.


## General Instructions

## Purpose of Form

Use Form 4868 to apply for 6 more months to file Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ.

To get the extra time you must:

- Properly estimate your 2005 tax liability using the information available to you,
- Enter your total tax liability on line 4 of Form 4868, and
- File Form 4868 by the regular due date of your return.


Although you are not required to make a payment of the tax you estimate as due, Form 4868 does not extend the time to pay taxes. If you do not pay the amount due by the regular due date, you will owe interest. You may also be charged penalties. For more details, see Interest and Late Payment Penalty on this page. Any remittance you make with your application for extension will be treated as a payment of tax.

You do not have to explain why you are asking for the extension. We will contact you only if your request is denied.

Do not file Form 4868 if you want the IRS to figure your tax or you are under a court order to file your return by the regular due date.
Gift or generation-skipping transfer (GST) tax return (Form 709). An extension of time to file your 2005 calendar year income tax return also extends the time to file Form 709 for 2005. However, it does not extend the time to pay any gift or GST tax you may owe for 2005. To make a payment of gift or GST tax, see Form 8892. If you do not pay the amount due by the regular due date for Form 709, you will owe interest and may also be charged penalties. If the donor died during 2005, see the instructions for Forms 709 and 8892.

## When To File Form 4868

File Form 4868 by April 17, 2006. Fiscal year taxpayers, file Form 4868 by the regular due date of the return.
Taxpayers "out of the country." If, on the regular due date of your return, you are "out of the country" (defined below) and a U.S. citizen or resident, you are allowed 2 extra months to file your return and pay any amount due. For a calendar year return, this is June 15, 2006. File this form and be sure to check the box on line 8 if you need an additional 4 months to file your return.

If, you are "out of the country" and are a U.S. citizen or resident, you may qualify for special tax treatment if you meet the foreign residence or presence tests. If you do not expect to meet either of those tests by the due date of your return, request an extension to a date after you expect to
qualify using Form 2350, Application for Extension of Time To File U.S. Income Tax Return. See Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.
"Out of the country" means either:

1. You live outside the United States and Puerto Rico and your main place of work is outside the United States and Puerto Rico, or
2. You are in military or naval service outside the United States and Puerto Rico.
If you qualify as being "out of the country," you will still be eligible for the extension, even if you are physically present in the United States or Puerto Rico on the regular due date of the return.

## Total Time Allowed

Generally, we cannot extend the due date of your return for more than 6 months. There may be an exception if you are living "out of the country." See the previous discussion.

## Filing Your Tax Return

You may file your tax return any time before the extension expires.

Do not attach a copy of Form 4868 to your return.

## Interest

You will owe interest on any tax not paid by the regular due date of your return. The interest runs until you pay the tax. Even if you had a good reason for not paying on time, you will still owe interest.

## Late Payment Penalty

The penalty is usually $1 / 2$ of $1 \%$ of any tax (other than estimated tax) not paid by the regular due date. It is charged for each month or part of a month the tax is unpaid. The maximum penalty is $25 \%$.

The late payment penalty will not be charged if you can show reasonable cause for not paying on time. Attach a statement to your return fully explaining the reason. Do not attach the statement to Form 4868.

You are considered to have "reasonable cause" for the period covered by this automatic extension if at least $90 \%$ of your actual 2005 tax liability is paid before the regular due date of your return through withholding, estimated tax payments, or with Form 4868.

## Late Filing Penalty

A penalty is usually charged if your return is filed after 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. Generally, the maximum penalty is $25 \%$. If your return is more than 60 days late, the minimum penalty is $\$ 100$ or the balance of the tax due on your return, whichever is smaller. You might not owe the penalty if you have a good reason for filing late. Attach a statement to your return fully explaining the reason. Do not attach the statement to Form 4868.

## How To Claim Credit for Payment Made With This Form

 When you file your 2005 return, include the amount of any payment you made with Form 4868 on the appropriate line of your tax return.The instructions for the following line of your tax return will tell you how to report the payment.

- Form 1040, line 69.
- Form 1040A, line 43.
- Form 1040EZ, line 9.
- Form 1040NR, line 63.
- Form 1040 NR-EZ, line 21.

If you and your spouse each filed a separate Form 4868 but later file a joint return for 2005, enter the total paid with both Forms 4868 on the appropriate line of your joint return. If you and your spouse jointly file Form 4868 but later file separate returns for 2005 , you may enter the total amount paid with Form 4868 on either of your separate returns. Or you and your spouse may divide the payment in any agreed amounts. Be sure each separate return has the social security numbers of both spouses.

## Specific Instructions

## How To Complete Form 4868

## Part I—Identification

Enter your name(s) and address. If you plan to file a joint return, include both spouses' names in the order in which they will appear on the return.

If you want correspondence regarding this extension to be sent to you at an address other than your own or to an agent acting for you, include the agent's name, if any, and enter that address instead.

If you changed your name after you filed your last return because of marriage, divorce, etc., be sure to report this to your local Social Security Administration office before filing Form 4868. This prevents delays in processing your extension request.

If you changed your mailing address after you filed your last return, you should use Form 8822, Change of Address, to notify the IRS of the change. Showing a new address on Form 4868 will not update your record. You can get IRS forms by calling 1-800-TAX-FORM (1-800-829-3676). You can also download forms from the IRS website at www.irs.gov.

If you plan to file jointly, enter on line 2 the social security number (SSN) that you will show first on your return. Enter your spouse's SSN on line 3.
IRS individual taxpayer identification numbers (ITINs) for aliens. If you are a nonresident or resident alien and you do not have and are not eligible to get an SSN, you must apply for an ITIN. For details on how to do so, see Form W-7 and its instructions. It usually takes about 4-6 weeks to get an ITIN. If you already have an ITIN, enter it wherever your SSN is requested.


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.

## Part II—Individual Income Tax

Rounding off to whole dollars. You may round off cents to whole dollars on Form 4868. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $\$ 1.39$ becomes $\$ 1$ and $\$ 2.50$
becomes $\$ 3$. If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## Line 4—Estimate of Total Tax Liability for 2005

Enter on line 4 the total tax liability you expect to report on your 2005:

- Form 1040, line 63.
- Form 1040A, line 38.
- Form 1040EZ, line 10.
- Form 1040NR, line 58.
- Form 1040NR-EZ, line 17.

If you expect this amount to be zero, enter -0-.


Make your estimate as accurate as you can with the information you have. If we later find that the estimate was not reasonable, the extension will be null and void.

## Line 5-Total 2005 Payments

Enter on line 5 the total payments from:

- Form 1040, line 71 (excluding line 69).
- Form 1040A, line 43.
- Form 1040EZ, line 9.
- Form 1040NR, line 69 (excluding line 63).
- Form 1040NR-EZ, line 21.


For Forms 1040A, 1040EZ, and 1040NR-EZ, do not include on line 5 the amount you are paying with this Form 4868.

## Line 6-Balance Due

Subtract line 5 from line 4. If line 5 is more than line 4, enter -0-.

## Line 7-Amount You Are Paying

If you find you cannot pay the amount shown on line 6, you can still get the extension. But you should pay as much as you can to limit the amount of interest you will owe. Also, you may be charged the late payment penalty on the unpaid tax from the regular due date of your return. See Late Payment Penalty on page 2.

## Line 8-Out of the Country

If you are a taxpayer out of the country on the regular due date of your return, check the box on line 8.

## How To Make a Payment With Your Extension

## Pay by Electronic Funds Withdrawal

You can e-file Form 4868 using IRS e-file option 1 on page 1 and make a payment by authorizing an electronic funds withdrawal from your checking or savings account. Check with your financial institution to make sure that an electronic funds withdrawal is allowed and to get the correct routing and account numbers.

If you owe tax and wish to have the money electronically withdrawn from your account, you will be asked to make the following declaration:

I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated for payment of my federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

Note. This is your written copy of the electronic funds withdrawal authorization you made to have the amount you owe withdrawn. Keep it for your records. The authorization also grants you the option to request confirmation of your payment by email.

## Pay by Credit Card

You can e-file Form 4868 using IRS e-file option 2 on page 1 and pay by credit card.

## Pay by Check or Money Order

- When paying by check or money order with Form 4868, use the addresses in the middle column under Where To File a Paper Form 4868 below.
- Make your check or money order payable to the "United States Treasury." Do not send cash.
- Write your social security number, daytime phone number, and " 2005 Form 4868" on your check or money order.
Do not staple or attach your payment to the form.

| Where To File a Paper Form 4868 |  | And you are making a payment, send <br> Form 4868 with your payment to IRS: |
| :--- | :--- | :--- |
| If you live in: |  |  |$\quad$| And you are not making a <br> payment, send Form 4868 to <br> Internal Revenue Service Center: |
| ---: |
| Alabama, Florida, Georgia, Mississippi, North Carolina, Rhode Island, <br> South Carolina, West Virginia |
| P.O. Box 105050 Atlanta, GA 30348-5050 | Wisconsin

American Samoa or Puerto Rico (or if excluding income under Internal Revenue Code section 933); are a nonpermanent resident of Guam or the Virgin Islands; have an APO, FPO, or foreign address; are a
P.O. Box 80109 Cincinnati, OH 45280-0009

Philadelphia, PA 19255-0215
dual-status alien; or file Form 2555, 2555-EZ, or 4563

| Guam: <br> Permanent residents | Send Form 4868 and payments to: | Department of Revenue and Taxation Government of Guam P.O. Box 23607 GMF, GU 96921 |
| :---: | :---: | :---: |
| Virgin Islands: Permanent residents | Send Form 4868 and payments to: | V.I. Bureau of Internal Revenue 9601 Estate Thomas Charlotte Amalie, St. Thomas, VI 00802 |

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need this information so that our records will reflect your intention to file your individual income tax return within 6 months after the regular due date. If you choose to apply for an automatic extension of time to file, you are required by Internal Revenue Code section 6081 to provide the information requested on this form. Under section 6109, you must disclose your social security number (SSN) or individual taxpayer identification number (ITIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If you fail to provide this information in a timely manner or provide incomplete or false information, you may be liable for penalties and interest.

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 Internal Revenue Code section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 26 min.; Learning about the law or the form, 13 min.; Preparing the form, 11 min .; and Copying, assembling, and sending the form to the IRS, 10 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to us at the following address: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File a Paper Form 4868 above.

## 2005 Form 4952

## Investment Interest Expense Deduction

| Purpose: | This is the first circulated draft of the 2005 Form 4952 for your <br> review and comments. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. | Prior Revisions: | The 2004 Form 4952 can be viewed by clicking on the following |
| :--- |
| link: |
| http://publish.no.irs.gov/FORMS/PUBLIC/PDF/13177Y04.PDF |

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by June 15, 2005.

## Major Changes to Form 4952

- Revised years as appropriate.
- Line references to Form 1040 were revised.
- Changed line 4d instructions to include capital loss carryovers (Gorkes v. Commissioner, U.S. Tax Court \#15415-025, 10-31-03).

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Bob Black |  |  |  |  |  |
| SE:W:CAR:MP:T:I:P |  | Robert.G.Black@irs.gov | 202-622- <br> 4008 | 202-622- <br> 5002 | 6138 |

## Part I Total Investment Interest Expense

1 Investment interest expense paid or accrued in 2005 (see instructions)
2 Disallowed investment interest expense from 2004 Form 4952, line 7
3 Total investment interest expense. Add lines 1 and 2

## Part II Net Investment Income

4a Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)
b Qualified dividends included on line 4a
c Subtract line 4 b from line 4 a
d Net gain from the disposition of property held for investment
e Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment (see instructions)
f Subtract line 4 e from line 4d

| 1 |  |  |
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g Enter the amount from lines 4 b and 4 e that you elect to include in investment income (see instructions)
h Investment income. Add lines 4c, 4f, and 4 g
5 Investment expenses (see instructions)
6 Net investment income. Subtract line 5 from line 4h. If zero or less, enter -0-


## Part III Investment Interest Expense Deduction

7 Disallowed investment interest expense to be carried forward to 2006. Subtract line 6 from line 3. If zero or less, enter -0-
8 Investment interest expense deduction. Enter the smaller of line 3 or 6 . See instructions.

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Section references are to the Internal
Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

Use Form 4952 to figure the amount of investment interest expense you can deduct for 2005 and the amount you can carry forward to future years. Your investment interest expense deduction is limited to your net investment income.
For more information, see Pub. 550, Investment Income and Expenses.

## Who Must File

If you are an individual, estate, or a trust, you must file Form 4952 to claim a deduction for your investment interest expense.
Exception. You do not have to file Form 4952 if all of the following apply.

- Your investment interest expense is not more than your investment income from interest and ordinary dividends minus any qualified dividends.
- You have no other deductible investment expenses.
- You have no disallowed investment interest expense from 2004.


## Allocation of Interest Expense

If you paid or accrued interest on a loan and used the loan proceeds for more than one purpose, you may have to allocate the interest. This is necessary because different
rules apply to investment interest, personal interest, trade or business interest, home mortgage interest, and passive activity interest. See Pub. 535, Business Expenses.

## Specific Instructions

## Part I-Total Investment Interest Expense

## Line 1

Enter the investment interest expense paid or accrued during the tax year, regardless of when you incurred the indebtedness. Investment interest expense is interest paid or accrued on a loan or part of a loan that is allocable to property held for investment (as defined on this page).

Include investment interest expense reported to you on Schedule K-1 from a partnership or an S corporation. Include amortization of bond premium on taxable bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense does not include any of the following:

- Home mortgage interest.
- Interest expense that is properly allocable to a passive activity. Generally, a passive activity is any business activity in which you do not materially participate and any rental activity. See the Instructions for Form 8582, Passive Activity Loss Limitations, for details.
- Any interest expense that is capitalized, such as construction interest subject to section 263A.
- Interest expense related to tax-exempt interest income under section 265.
- Interest expense, disallowed under section 264, on indebtedness with respect to life insurance, endowment, or annuity contracts issued after June 8, 1997, even if the proceeds were used to purchase any property held for investment.
Property held for investment. Property held for investment includes property that produces income, not derived in the ordinary course of a trade or business, from interest, dividends, annuities, or royalties. It also includes property that produces gain or loss, not derived in the ordinary course of a trade or business, from the disposition of property that produces these types of income or is held for investment. However, it does not include an interest in a passive activity.
Exception. A working interest in an oil or gas property that you held directly or through an entity that did not limit your liability is property held for investment, but only if you did not materially participate in the activity.


## Part II-Net Investment Income

## Line 4a

Gross income from property held for investment includes income, unless derived in the ordinary course of a trade or business, from interest, ordinary dividends (except Alaska Permanent Fund dividends), annuities, and royalties.

Include investment income reported to you on Schedule K-1 from a partnership or an S corporation. Also include net investment income from an estate or a trust.

Also include on line 4a (or 4d, if applicable) net passive income from a passive activity of a publicly traded partnership (as defined in section $469(\mathrm{k})(2)$ ). See Notice $88-75,1988-2$ C.B. 386, for details.

Net income from certain passive activities, such as rental of substantially nondepreciable property, may have to be recharacterized and included on line 4a. For details, see Pub. 925, Passive Activity and At-Risk Rules, or Regulations section 1.469-2(f)(10).

If you are filing Form 8814, Parents' Election To Report Child's Interest and Dividends, part or all of your child's income may be included on line 4a. See the instructions for Form 8814 for details.


Do not include on line 4a any net gain from the disposition of property held for investment. Instead, enter it on line 4d.

## Line 4b

Enter the portion of ordinary dividends included on line 4 a that are qualified dividends. For the definition of qualified dividends, see the instructions for Form 1040, line 9b (or Form 1041, line 2b).

## Line 4d

Net gain from the disposition of property held for investment is the excess, if any, of your total gains over your total losses from the disposition of property held for investment. When figuring this amount, include capital gain distributions from mutual funds and capital loss carryovers.

## Line 4e

Net capital gain from the disposition of property held for investment is the excess, if any, of your net long-term capital gain over your net short-term capital loss from the disposition of property held for investment.

Capital gain distributions from mutual funds are treated as long-term capital gains.
Note. If line 4 e is more than zero and you enter an amount on line 4 g , see the Note in the line 4 g instructions.

## Line 4 g

In general, qualified dividends and net capital gain from the disposition of property held for investment are excluded from investment income. But you can elect to include part or all of these amounts in investment income.

The qualified dividends and net capital gain that you elect to include in investment income on line $4 g$ are not eligible to be taxed at the qualified dividends or capital gains tax rates. You should consider the tax effect of using the qualified dividends and capital gains tax rates before making this election. Once made, the election can be revoked only with IRS consent.

To make the election, enter on line 4 g the amount you elect to include in investment income (do not enter more than the sum of lines 4b and 4e). Also enter this amount on whichever of the following applies.

- The Qualified Dividends and Capital Gain Tax Worksheet, line 5, on page 34 of the Instructions for Form 1040.
- The Schedule D Tax Worksheet, line 3.
- Schedule D (Form 1041), line 21.
- The Qualified Dividends Tax Worksheet, line 3, in the Instructions for Form 1041.
Do not reduce the amount of qualified dividends on Form 1040, line 9b (or Form 1041, line $2 b(2)$ ), by any part of the amount on line 4 g .

Note. The amount on line 4 g is generally treated as being attributable first to net capital gain from property held for investment (line 4e), and then to qualified dividends (line 4b). This treatment results in the least tax being figured for Form 1040, line 44 (or Form 1041, Schedule G, line 1a). However, you can treat less of the amount on line 4 e as attributable to line 4 g and more to line 4b. You may want to do this if you are filing Form 1116, Foreign Tax Credit, as your tax after credits may be lower in certain cases. To do so, enter on the dotted line next to line 4 e "Elec." and the part of line 4 e that you elect to treat as being attributable to line 4 g (do not enter less than the excess of line 4 g over line 4 b ). You will use this smaller amount instead of the amount on line 4 e when figuring your tax.

You must generally make this election on a timely filed return, including extensions. However, if you timely filed your return without making the election, you can make the election on an amended return filed within 6 months of the due date of your return (excluding extensions). Write "Filed pursuant to section 301.9100-2" on the amended return and file it at the same place you filed the original return.

## Line 5

Investment expenses are your allowed deductions, other than interest expense, directly connected with the production of investment income. For example, depreciation or depletion allowed on assets that produce investment income is an investment expense.

Include investment expenses reported to you on Schedule K-1 from a partnership or an S corporation.

Investment expenses do not include any deductions used in determining your income or loss from a passive activity.

If you have investment expenses that are included as a miscellaneous itemized deduction on Schedule A (Form 1040), line 22, the $2 \%$ adjusted gross income limitation on Schedule A (Form 1040), line 25, may reduce the amount you must include on Form 4952, line 5. Include on line 5 the smaller of: (a) the investment expenses included on Schedule A (Form 1040), line 22, or (b) the total on Schedule A (Form 1040), line 26.

## Part III-Investment Interest Expense Deduction

## Line 8

Individuals. Generally, enter the amount from line 8 (excluding any amount included on Form 6198, line 4-see below) on Schedule A (Form 1040), line 13, even if all or part of it is attributable to a partnership or an S corporation. However, if any part of the interest expense is attributable to royalties, enter that part on Schedule E (Form 1040). Also, if any part of the interest is attributable to a trade or business that is not a passive activity, enter that part on the schedule where you report other expenses for that trade or business.
Estates and trusts. Enter the amount from line 8 (excluding any amount included on Form 6198, line 4-see below) on Form 1041, line 10.
Form 6198. If any of your deductible investment interest expense is attributable to an activity for which you are not at risk, you must also use Form 6198, At-Risk Limitations, to figure your deductible investment interest expense. Include the part attributable to the at-risk activity on Form 6198, line 4.
Alternative minimum tax (AMT). Deductible interest expense may be an adjustment for the AMT. For details, see Form 6251, Alternative Minimum Tax—Individuals (or Form 1041, Schedule I).

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 39 min .; Learning about the law or the form, 12 min .; Preparing the form, 22 min.; and Copying, assembling, and sending the form to the IRS, 13 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Form 4970 <br> Tax on Accumulation Distribution of Trusts

Purpose: This is the first circulated draft of the 2005 Form 4970 for your review and comments. No major changes were made to the form.

TPCC Meeting: None, but a meeting may be arranged if requested.
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html.
Comments: Please email, phone, fax, or mail any comments by Tuesday, April 12, 2005.

Chuck Frank
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Fax: 202-622-5004

Department of the Treasury

- Attach to beneficiary's tax return.
- See instructions on back.

Internal Revenue Service


## Part I| Tax Attributable to the Accumulation Distribution

14 Enter the amounts from line 13, eliminating the highest and lowest taxable income years

15 Enter amount from line 12 in each column
16 Recomputed taxable income (add lines 14 and 15)
17 Income tax on amounts on line 16
18 Income tax before credits on line 14 income

19 Additional tax before credits (subtract line 18 from line 17) .
20 Tax credit adjustment
21 Subtract line 20 from line 19.

22 Alternative minimum tax adjustments

| 14 | (a) | (b) |  | (c) |
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| line 27 from 26) (If zero or less |  |  | 24 |  |
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23 Combine lines 21 and 22

8
24 Add columns (a), (b), and (c), line 23
25 Divide the line 24 amount by 3
26 Multiply the amount on line 25 by the number of years on line 11.
27 Enter the amount from line 4
28 Partial tax attributable to the accumulation distribution (subtract line 27 from 26) (If zero or less, enter -0-)

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

A beneficiary of certain domestic trusts (see Who Must File below) uses Form 4970 to figure the partial tax on accumulation distributions under section 667. The fiduciary notifies the beneficiary of an "accumulation distribution" by completing Part IV of Schedule J (Form 1041).
Thus, if you received a distribution for this tax year from a trust that accumulated its income instead of distributing it each year (and the trust paid taxes on that income), you must complete Form 4970 to compute any additional tax liability. The trustee must give you a completed Part IV of Schedule J (Form 1041) so you can complete this form.

If you received accumulation distributions from more than one trust during the current tax year, prepare a separate Form 4970 for each trust from which you received an accumulation distribution. You can arrange the distributions in any order you want them considered to have been made.

## Who Must File

Beneficiaries who received an accumulation distribution from certain domestic trusts that were created before March 1, 1984, must file Form 4970. For details, see section 665(c).
Foreign trust beneficiaries. If you received an accumulation distribution from a foreign trust, you must report the distribution and the partial tax on a 2005 Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.
Do not file Form 4970 for distributions from any foreign trusts, except to attach it as a worksheet to Form 3520 if those instructions direct you to.
Note: If the accumulation distributions are from a domestic trust that used to be a foreign trust, see Rev. Rul. 91-6, 1991-1 С.B. 89 .

## Definitions

Undistributed net income (UNI).
Undistributed net income is the distributable net income (DNI) of the trust for any tax year less (1) the amount of income required to be distributed currently and any other amounts properly paid or credited or required to be distributed to beneficiaries in the tax year and (2) the taxes imposed on the trust attributable to such DNI.
Accumulation distribution. An accumulation distribution is the excess of amounts properly paid, credited, or required to be distributed (other than income required to be distributed currently) over the DNI of the trust reduced by income required to be distributed currently.

Generally, except for tax-exempt interest, the distribution loses its character upon distribution to the beneficiary. See section 667(d) for special rules for foreign trusts.

## Specific Instructions

Item E-Type of trust. If you received an accumulation distribution from a foreign trust, see Foreign trust beneficiaries above. Do not file this form other than as an attachment to Form 3520.
Line 1. For a nonresident alien or foreign corporation, include only the part of the accumulation distribution that is attributable
to U.S. sources or is effectively connected with a trade or business carried on in the United States.
Line 2. Enter any amount from line 1 that represents UNI of a domestic trust accumulated before you were born or reached age 21. However, if the multiple trust rule applies, see the instructions for line 4.
Line 4-Multiple trust rule. If you received accumulation distributions from two or more other trusts that were considered to have been made in any of the earlier tax years in which the current accumulation distribution is considered to have been made, do not include on line 4 the taxes attributable to the current accumulation distribution considered to have been distributed in the same earlier tax year(s).
For this special rule, only count as trusts those trusts for which the sum of this accumulation distribution and any earlier accumulation distributions from the trust, which are considered under section 666(a) to have been distributed in the same earlier tax year, is $\$ 1,000$ or more.
Foreign trust. If the trust is a foreign trust, see section 665(d)(2).
Line 8. You can determine the number of years in which the UNI is deemed to have been distributed by counting the "throwback years" for which there are entries on lines 32 through 36 of Part IV of Schedule J (Form 1041). These throwback rules apply even if you would not have been entitled to receive a distribution in the earlier tax year if the distribution had actually been made then. There can be more than 5 "throwback years." Line 11. From the number of years entered on line 8 , subtract any year in which the distribution from column (a), Part IV of Schedule $J$ (Form 1041) is less than the amount on line 10 of Form 4970. If the distribution for each throwback year is more than line 10, then enter the same number on line 11 as you entered on line 8.
Line 13. Enter your taxable incomes for years 2000-2004, even if less than 5 years of the trust had accumulated income after you became 21. Use the taxable income as reported by you or as changed by the IRS. Include in the taxable income amounts considered distributed in that year as a result of prior accumulation distributions, whether from the same or another trust, and whether made in an earlier year or the current year.
If your taxable income as adjusted is less than zero, enter zero.
Line 17. Figure the income tax (not including any alternative minimum tax (AMT)) on the income on line 16 using the tax rates in effect for your particular earlier tax year shown in each of the three columns. Use the Tax Rate Schedules, etc., as applicable. You can get the Tax Rate Schedules and prior year forms from many IRS offices or by calling
1-800-TAX-FORM (1-800-829-3676).
Line 18. Enter your income tax (not including any AMT) as originally reported, corrected, or amended, before reduction for any credits for your particular earlier year shown in each of the three columns.
Line 20. Nonrefundable credits that are limited to tax liability, such as the general business credit, may be changed because of an accumulation distribution. If the total allowable credits for any of the 3 computation years increases, enter the increase on line 20. However, do not treat as an increase the part of the credit that was allowable as a
carryback or carryforward credit in the current or any preceding year other than the computation year.

To refigure these credits, you must consider changes to the tax before credits for each of the 3 computation years due to previous accumulation distributions.
If the accumulation distribution is from a domestic trust that paid foreign income taxes, the limitation on the foreign tax credit under section 904 is applied separately to the accumulation distribution. If the distribution is from a foreign trust, see sections 667(d) and 904(f)(4) for special rules.
Attach the proper form for any credit you refigure. The amount determined for items on this line is limited to tax law provisions in effect for those years involved.
Line 22. Use and attach a separate Form 4626 , Form 6251, or the AMT schedule for Form 1041 to recompute the AMT for each earlier year and show any change in those taxes in the bottom margin of the forms or schedules. Enter the adjustments on this line.
Line 28. If estate taxes or generationskipping transfer taxes apply to the accumulation distribution, reduce the partial tax proportionately for those taxes. See section $667(\mathrm{~b})(6)$ for the computation.
Individuals. Include the amount from this line on line 63, Form 1040. Write "ADT" to the left of the line 63 entry space.
Trusts and decedents' estates. Include the amount on line 7, Schedule G, Form 1041. Write "From Form 4970" and the amount of the tax to the left of the line 7 entry space.
Other filers. Add the result to the total tax liability before the refundable credits on your income tax return for the year of the accumulation distribution. Attach this form to that return.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping. . . . $1 \mathrm{hr} ., 12 \mathrm{~min}$. |
| :--- |
| Learning about the <br> law or the form <br> Preparing the form <br> Copying, assembling, and <br> sending the form to the IRS |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Form 4972, Tax on Lump-Sum Distributions

| Purpose: | This is the first circulated draft of the 2005 Form 4972 for |
| :--- | :--- |
| your review and comments. See below for a discussion of |  |
| the major changes. |  |

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Form 4972 can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/13187Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by June 9, 2005.

Major Change to the 2005 Form 4972

Line references to Form 1040 were updated.

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Tax Forms and Publications
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Fax: 202-622-5022

## Tax on Lump-Sum Distributions

(From Qualified Plans of Participants Born Before January 2, 1936)

- Attach to Form 1040 or Form 1041.


## Part I Complete this part to see if you can use Form 4972

1 Was this a distribution of a plan participant's entire balance (excluding deductible voluntary employee contributions and certain forfeited amounts) from all of an employer's qualified plans of one kind (pension, profit-sharing, or stock bonus)? If "No," do not use this form
2 Did you roll over any part of the distribution? If "Yes," do not use this form
3 Was this distribution paid to you as a beneficiary of a plan participant who $l$ is born before January 2, 1936?
4 Were you (a) a plan participant who received this distribution, " ho be re ary 2, 1936, and (c) a participant in the plan for at least 5 years before the year of $t l$ dis ic ion If you answered "No" to both questions 3 and 4, do $n$ " $u_{i} t_{1}$ for
5a Did you use Form 4972 after 1986 for a previous dist ibutio' fron. .r own plan? If "Yes," do not use this form for a 2005 distribution from your own $F$
b If you are receiving this distribution as, bene rar, of a plan participant who died, did you use Form 4972 for a previous distribution received for that participant after 1986? If "Yes," do not use the form for this distribution

|  | Yes | No |
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| $5 a$ |  |  |
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| $5 b$ |  |  |

## Part II Complete this pal , cl oose e 20\% capital gain election (see instructions)

6 Capital gain part from Form 1099-R, box 3
7 Multiply line 6 by 20\% (.20)

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## Part III Complete this part to choose the 10-year tax option (see instructions)

8 Ordinary income from Form 1099-R, box 2a minus box 3. If you did not complete Part II, enter the taxable amount from Form 1099-R, box $2 a$.
9 Death benefit exclusion for a beneficiary of a plan participant who died before August 21, 1996
10 Total taxable amount. Subtract line 9 from line 8
11 Current actuarial value of annuity from Form 1099-R, box 8. If none, enter -0-
12 Adjusted total taxable amount. Add lines 10 and 11. If this amount is $\$ 70,000$ or more, skip lines 13 through 16, enter this amount on line 17, and go to line 18.
13 Multiply line 12 by $50 \%$ (.50), but do not enter more than $\$ 10,000$
14 Subtract $\$ 20,000$ from line 12 . If line 12 is $\$ 20,000$ or less, enter -0-
15 Multiply line 14 by 20\% (.20)


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17 Subtract line 16 from line 12 .
18 Federal estate tax attributable to lump-sum distribution
19 Subtract line 18 from line 17. If line 11 is zero, skip lines 20 through 22 and go to line 23
20 Divide line 11 by line 12 and enter the result as a decimal (rounded to at least three places).
21 Multiply line 16 by the decimal on line 20
22 Subtract line 21 from line 11
23 Multiply line 19 by $10 \%$ (.10)
24 Tax on amount on line 23. Use the Tax Rate Schedule in the instructions
25 Multiply line 24 by ten (10). If line 11 is zero, skip lines 26 through 28 , enter this amount on line 29, and go to line 30
26 Multiply line 22 by 10\% (.10)
27 Tax on amount on line 26. Use the Tax Rate Schedule in the instructions
28 Multiply line 27 by ten (10)
29 Subtract line 28 from line 25. Multiple recipients, see instructions


30 Tax on lump-sum distribution. Add lines 7 and 29. Also include this amount in the total on Form 1040, line 44, or Form 1041, Schedule G, line 1b, whichever applies

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## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Use Form 4972 to figure the tax on a qualified lump-sum distribution (defined below) you received in 2005 using the 20\% capital gain election, the 10-year tax option, or both. These are special formulas used to figure a separate tax on the distribution that may result in a smaller tax than if you reported the taxable amount of the distribution as ordinary income.

You pay the tax only once, for the year you receive the distribution, not over the next 10 years. The separate tax is added to the regular tax figured on your other income.

## Related Publications

Pub. 575, Pension and Annuity Income. Pub. 721, Tax Guide to U.S. Civil Service Retirement Benefits.
Pub. 939, General Rule for Pensions and Annuities.

## What Is a Qualified Lump-Sum Distribution?

It is the distribution or payment in 1 tax year of a plan participant's entire balance from all of an employer's qualified plans of one kind (for example, pension, profit-sharing, or stock bonus plans) in which the participant had funds. The participant's entire balance does not include deductible voluntary employee contributions or certain forfeited amounts. The participant must have been born before January 2, 1936.
Distributions upon death of the plan
participant. If you received a qualifying distribution as a beneficiary after the participant's death, the participant must have been born before January 2, 1936, for you to use this form for that distribution.
Distributions to alternate payees. If you are the spouse or former spouse of a plan participant who was born before January 2 , 1936, and you received a qualified lump-sum distribution as an alternate payee under a qualified domestic relations order, you can use Form 4972 to make the $20 \%$ capital gain election and use the 10-year tax option to figure your tax on the distribution.
See How To Report the Distribution on this page.

## Distributions That Do Not Qualify for the 20\% Capital Gain Election or the 10-Year Tax Option

The following distributions are not qualified lump-sum distributions and do not qualify for the $20 \%$ capital gain election or the 10-year tax option.

- A distribution that is partially rolled over to another qualified plan or an IRA.
- Any distribution if an earlier election to use either the 5- or 10-year tax option had been made after 1986 for the same plan participant.
- U.S. Retirement Plan Bonds distributed with the lump sum.
- A distribution made during the first 5 tax years that the participant was in the plan, unless it was paid because the participant died.
- The current actuarial value of any annuity contract included in the lump sum (Form 1099-R, box 8, should show this amount, which you use only to figure tax on the ordinary income part of the distribution).
- A distribution to a $5 \%$ owner that is subject to penalties under section $72(\mathrm{~m})(5)(A)$.
- A distribution from an IRA.
- A distribution from a tax-sheltered annuity (section 403(b) plan).
- A distribution of the redemption proceeds of bonds rolled over tax free to a qualified pension plan, etc., from a qualified bond purchase plan.
- A distribution from a qualified plan if the participant or his or her surviving spouse previously received an eligible rollover distribution from the same plan (or another plan of the employer that must be combined with that plan for the lump-sum distribution rules) and the previous distribution was rolled over tax free to another qualified plan or an IRA.
- A distribution from a qualified plan that received a rollover after 2001 from an IRA (other than a conduit IRA), a governmental section 457 plan, or a section 403(b) tax-sheltered annuity on behalf of the plan participant.
- A distribution from a qualified plan that received a rollover after 2001 from another qualified plan on behalf of that plan participant's surviving spouse.
- A corrective distribution of excess deferrals, excess contributions, excess aggregate contributions, or excess annual additions.
- A lump-sum credit or payment from the Federal Civil Service Retirement System (or the Federal Employees' Retirement System).


## How To Report the Distribution

If you can use Form 4972, attach it to
Form 1040 (individuals) or Form 1041 (estates or trusts). The payer should have given you a Form 1099-R or other statement that shows the amounts needed to complete Form 4972. The following choices are available.
$\mathbf{2 0 \%}$ capital gain election. If there is an amount in Form 1099-R, box 3, you can use Form 4972, Part II, to apply a 20\% tax rate to the capital gain portion. See Capital Gain Election on page 3.
10-year tax option. You can use Part III to figure your tax on the lump-sum
distribution using the 10-year tax option whether or not you make the $20 \%$ capital gain election.
Where to report. Report amounts from your Form 1099-R either directly on your tax return (Form 1040 or 1041) or on Form 4972.

- If you do not use Form 4972, report the entire amount from Form 1099-R, box 1 (Gross distribution), on Form 1040, line 16a, and the taxable amount on line 16b (or on Form 1041, line 8). If your pension or annuity is fully taxable, enter the amount from Form 1099-R, box 2a (Taxable amount), on Form 1040, line 16b; do not make an entry on line 16a.
- If you do not use Part III of Form 4972, but use Part II, report only the ordinary income portion of the distribution on Form 1040, lines 16a and 16b (or on Form 1041, line 8). The ordinary income portion is the amount from Form 1099-R, box 2 a, minus the amount from box 3 of that form.
- If you use Part III of Form 4972, do not include any part of the distribution on Form 1040, lines 16a and 16b (or on Form 1041, line 8).

The entries in other boxes on Form 1099-R may also apply in completing Form 4972.

- Box 6 (Net unrealized appreciation in employer's securities). See Net unrealized appreciation (NUA) on page 3.
- Box 8 (Other). Current actuarial value of an annuity.
If applicable, get the amount of federal estate tax paid attributable to the taxable part of the lump-sum distribution from the administrator of the deceased's estate.


## How Often You Can Use Form 4972

After 1986, you can use Form 4972 only once for each plan participant. If you receive more than one lump-sum distribution for the same participant in 1 tax year, you must treat all those distributions the same way. Combine them on a single Form 4972.

If you make an election as a beneficiary of a deceased participant, it does not affect any election you can make for qualified lump-sum distributions from your own plan. You can also make an election as the beneficiary of more than one qualifying person.
Example. Your mother and father died and each was born before January 2, 1936. Each had a qualified plan of which you are the beneficiary. You also received a qualified lump-sum distribution from your own plan and you were born before January 2, 1936. You can make an election for each of the distributions; one for yourself, one as your mother's beneficiary, and one as your father's. It does not matter if the distributions all occur in the same year or in different years. File a separate Form 4972 for each participant's distribution.

(e)An earlier election on Form 4972 or Form 5544 for a distribution before 1987 does not prevent you from making an election for a distribution after 1986 for the same participant, provided the participant was under age $591 / 2$ at the time of the pre-1987 distribution.

## When To File Form 4972

You can file Form 4972 with either an original or amended return. Generally, you have 3 years from the later of the due date of your tax return or the date you filed your return to choose to use any part of Form 4972.

## Capital Gain Election

If the distribution includes a capital gain, you can (a) make the $20 \%$ capital gain election in Part II of Form 4972 or (b) treat the capital gain as ordinary income.
Only the taxable amount of distributions resulting from pre-1974 participation qualifies for capital gain treatment. The capital gain amount should be shown in Form 1099-R, box 3. If there is an amount in Form 1099-R, box 6 (net unrealized appreciation (NUA)), part of it will also qualify for capital gain treatment. Use the NUA Worksheet on this page to figure the capital gain part of NUA if you make the election to include NUA in your taxable income.

You can report the ordinary income portion of the distribution on Form 1040, line 16b (or Form 1041, line 8) or you can figure the tax using the 10 -year tax option. The ordinary income portion is the amount from Form 1099-R, box 2a, minus the amount from box 3 of that form.

## Net unrealized appreciation (NUA).

Normally, NUA in employer securities received as part of a lump-sum distribution is not taxable until the securities are sold. However, you can elect to include NUA in taxable income in the year received.
The total amount to report as NUA should be shown in Form 1099-R, box 6. Part of the amount in box 6 will qualify for capital gain treatment if there is an amount in Form 1099-R, box 3. To figure the total amount subject to capital gain treatment including the NUA, complete the NUA Worksheet on this page.

## Specific Instructions

Name of recipient of distribution and identifying number. At the top of Form 4972, fill in the name and identifying number of the recipient of the distribution.
If you received more than one qualified distribution in 2005 for the same plan participant, add them and figure the tax on the total amount. If you received qualified distributions in 2005 for more than one participant, file a separate Form 4972 for the distributions of each participant.
If you and your spouse are filing a joint return and each has received a lump-sum distribution, complete and file a separate

Form 4972 for each spouse's election, combine the tax, and include the combined tax in the total on Form 1040, line 44.
If you are filing for a trust that shared the distribution only with other trusts, figure the tax on the total lump sum first. The trusts then share the tax in the same proportion that they shared the distribution.
Multiple recipients of a lump-sum distribution. If you shared in a lump-sum distribution from a qualified retirement plan when not all recipients were trusts ( a percentage will be shown in Form 1099-R, boxes 8 and/or 9a), figure your tax on Form 4972 as follows. (Box numbers used below are from Form 1099-R.)
Step 1. Complete Form 4972, Parts I and II. If you make the $20 \%$ capital gain election in Part II and also elect to include NUA in taxable income, complete the NUA Worksheet below to determine the amount of NUA that qualifies for capital gain treatment. Then, skip Step 2 and go to Step 3.

Step 2. Use this step only if you do not elect to include NUA in your taxable income or if you do not have NUA.

- If you are not making the capital gain election, divide the amount in box 2a by your percentage of distribution in box 9a. Enter this amount on Form 4972, line 8.
- If you are making the capital gain election, subtract the amount in box 3 from the amount in box 2 a . Divide the result by your percentage of distribution in box 9 a. Enter the result on Form 4972, line 8.
- Divide the amount in box 8 by the percentage in box 8 . Enter the result on Form 4972, line 11. Then, skip Step 3 and go to Step 4.

Step 3. Use this step only if you elect to include NUA in your taxable income.

- If you are not making the capital gain election, add the amount in box 2 a to the amount in box 6 . Divide the result by your percentage of distribution in box 9a. Enter the result on Form 4972, line 8.
- If you are making the capital gain election, subtract the amount in box 3 from the amount in box 2a. Add to the result the amount from line F of your NUA
Worksheet. Then, divide the total by your percentage of distribution in box 9a. Enter the result on Form 4972, line 8.
- Divide the amount in box 8 by the percentage in box 8 . Enter the result on Form 4972, line 11.
Step 4. Complete Form 4972 through line 28.

Step 5. Complete the following worksheet to figure the entry for Form 4972, line 29:
A. Subtract line 28 from line 25 .
B. Enter your percentage of the distribution from box 9a
C. Multiply line A by line B. Enter here and on Form 4972, line 29. Also, write "MRD" on the dotted line next to line 29

## NUA Worksheet (keep for your records)


A. Enter the amount from Form 1099-R, box 3
A.
B. Enter the amount from Form 1099-R, box 2a
B.
C. Divide line A by line B and enter the result as a decimal (rounded to at least three places).
C. .
D. Enter the amount from Form 1099-R, box 6 .
D.
E. Capital gain portion of NUA. Multiply line C by line D . . . . . E.
F. Ordinary income portion of NUA. Subtract line E from line D . . .
G. Total capital gain portion of distribution. Add lines A and E. Enter here and on Form 4972, line 6. On the dotted line next to line 6, write "NUA" and the amount from line E above.
F. $\qquad$
G. $\qquad$

## Death Benefit Worksheet (keep for your records)


A. Enter the amount from Form 1099-R, box 3, or, if you are including NUA in taxable income, the amount from line $G$ of the NUA Worksheet
B. Enter the amount from Form 1099-R, box 2a, plus, if you are including NUA in taxable income, the amount from Form 1099-R, box 6
C. Divide line $A$ by line $B$ and enter the result as a decimal (rounded to at least three places).
A.
B. $\qquad$
D. Enter your share of the death benefit exclusion*
C. $\qquad$
E. Multiply line D by line C .
D.
F. Subtract line E from line A. Enter here and on Form 4972, line 6.
E.
*Applies only for participants who died before August 21, 1996. If there are multiple recipients of the distribution, the allowable death benefit exclusion must be allocated among the recipients in the same proportion that they share the distribution.

## Part II

See Capital Gain Election on page 3 before completing Part II.
Line 6. Leave this line blank if your distribution does not include a captial gain amount or you are not making the 20\% capital gain election, and go to Part III.
Generally, enter on line 6 the amount from Form 1099-R, box 3. However, if you elect to include NUA in your taxable income, use the NUA Worksheet on page 3 to figure the amount to enter. If you are taking a death benefit exclusion (for a participant who died before August 21, 1996), use the Death Benefit Worksheet on page 3 to figure the amount to enter on line 6. The remaining allowable death benefit exclusion should be entered on line 9 if you choose the 10-year tax option.
If any federal estate tax was paid on the lump-sum distribution, you must decrease the capital gain amount by the amount of estate tax applicable to it. To figure this amount, you must complete line C of the Death Benefit Worksheet on page 3, even if you do not take the death benefit exclusion. Multiply the total federal estate tax paid on the lump-sum distribution by the decimal on line C of the Death Benefit Worksheet. The result is the portion of the federal estate tax applicable to the capital gain amount. Then, use that result to reduce the amount in Form 1099-R, box 3, if you do not take the death benefit exclusion, or reduce line F of the Death Benefit Worksheet if you do. Enter the remaining capital gain on line 6 . If you elected to include NUA in taxable income, subtract the portion of federal estate tax applicable to the capital gain amount from the amount on line G of the NUA
Worksheet. Enter the result on line 6. Enter the remainder of the federal estate tax on line 18.

CAUTIONIf you take the death benefit exclusion and federal estate tax was paid on the capital gain CAUTION amount, the capital gain amount must be reduced by both the procedures discussed above to figure the correct entry for line 6.

## Part III

Line 8. If Form 1099-R, box 2a, is blank, you must first figure the taxable amount. For details on how to do this, see Pub. 575.

If you made the $20 \%$ capital gain election, enter only the ordinary income portion of the distribution on this line. The
ordinary income portion is the amount from Form 1099-R, box 2a, minus the amount from box 3 of that form. Add the amount from line F of the NUA Worksheet if you included NUA capital gain in the 20\% capital gain election.
If you did not make the $20 \%$ capital gain election and did not elect to include NUA in taxable income, enter the amount from Form 1099-R, box 2a. If you did not make the $20 \%$ capital gain election but did elect to include NUA in your taxable income, add the amount from Form 1099-R, box 2 a , to the amount from Form 1099-R, box 6 . Enter the total on line 8 . On the
dotted line next to line 8 , write "NUA" and dotted line next to line 8, write "NUA" and
the amount of NUA included. the amount of NUA included.
CAUTION

> Community property laws do not apply in figuring tax on the amount you report on line 8 .

Line 9. If you received the distribution because of the plan participant's death and the participant died before August 21, 1996, you may be able to exclude up to $\$ 5,000$ of the lump sum from your gross income. If there are multiple recipients of the distribution not all of whom are trusts, enter on line 9 the full remaining allowable death benefit exclusion (after the amount taken against the capital gain portion of the distribution by all recipients-see the instructions for line 6) without allocation among the recipients. (The exclusion is in effect allocated among the recipients through the computation under Multiple recipients of a lump-sum distribution on page 3.) This exclusion applies to the beneficiaries or estates of common-law employees, self-employed individuals, and shareholder-employees who owned more than $2 \%$ of the stock of an S corporation.
Enter the allowable death benefit exclusion on line 9 . But see the instructions for line 6 if you made a capital gain election.
Line 18. A beneficiary who receives a lump-sum distribution because of a plan participant's death must reduce the taxable part of the distribution by any federal estate tax paid on the lump-sum distribution. Do this by entering on line 18 the federal estate tax attributable to the lump-sum distribution. Also see the instructions for line 6.
Lines 24 and 27. Use the following Tax Rate Schedule to complete lines 24 and 27. is:

| Tax Rate Schedule |  |  |  |
| :---: | :---: | :---: | :---: |
| If the amount on line 23 or 26 is: |  | Enter on line 24 or 27: |  |
| Over | But not over- |  | Of the amount over- |
| \$ 0 | \$1,190 | -11\% | \$ 0 |
| 1,190 | 2,270 | \$130.90 + 12\% | 1,190 |
| 2,270 | 4,530 | $260.50+14 \%$ | 2,270 |
| 4,530 | 6,690 | $576.90+15 \%$ | 4,530 |
| 6,690 | 9,170 | $900.90+16 \%$ | 6,690 |
| 9,170 | 11,440 | 1,297.70 + 18\% | 9,170 |
| 11,440 | 13,710 | 1,706.30 + 20\% | 11,440 |
| 13,710 | 17,160 | 2,160.30 + 23\% | 13,710 |
| 17,160 | 22,880 | 2,953.80 + 26\% | 17,160 |
| 22,880 | 28,600 | 4,441.00 + 30\% | 22,880 |
| 28,600 | 34,320 | 6,157.00 + 34\% | 28,600 |
| 34,320 | 42,300 | 8,101.80 + 38\% | 34,320 |
| 42,300 | 57,190 | 11,134.20 + 42\% | 42,300 |
| 57,190 | 85,790 | $17,388.00+48 \%$ | 57,190 |
| 85,790 |  | $31,116.00+50 \%$ | 85,790 |

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time

Recordkeeping . . . . . . 52 min.

## Learning about the law

or the form . . . . . . . 19 min.
Preparing the form . . . $1 \mathrm{hr} ., 11 \mathrm{~min}$.
Copying, assembling, and sending the form to the IRS . . 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.


## Part II Adjusted Gross Income From Guam or the CNMI Reported on Form 1040

| 17 | Educator expenses | 17 |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 18 | Certain business expenses of reservists, performing artists, and fee-basis government officials | 18 |  |  |  |  |
| 19 | Health savings account deduction | 19 |  |  |  |  |
| 20 | Moving expenses | 20 |  |  |  |  |
| 21 | One-half of self-employment tax | 21 |  |  |  |  |
| 22 | Self-employed SEP, SIMPLE, and qualified plans | 22 |  |  |  |  |
| 23 | Self-employed health insurance deduction | 23 |  |  |  |  |
| 24 | Penalty on early withdrawal of savings | 24 |  |  |  |  |
| 25 | Alimony paid | 25 |  |  |  |  |
| 26 | IRA deduction | 26 |  |  |  |  |
| 27 | Student loan interest deduction | 27 |  |  |  |  |
| 28 | Tuition and fees deduction | 28 |  |  |  |  |
| 29 | Add lines 17 through 28 | 29 |  |  |  |  |
| 30 | Adjusted gross income. Subtract line 29 from line 16 . . . . . | 30 |  |  |  |  |

## Part III Payments of Income Tax to Guam or the CNMI

31 Payments on estimated tax return filed with Guam or the CNMI
32 Income tax withheld from your wages while employed by the U.S. Government as a civilian in Guam or the CNMI
33 Income tax withheld from your wages while employed as a member of the U.S. Armed Forces in Guam or the CNMI
34 Income tax withheld from your wages earned in Guam or the CNMI other than amounts on lines 31 through 33
35 Total payments. Add lines 31 through 34

|  | 31 |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |
| . | 32 |  |  |  |  |
|  |  |  |  |  |  |
|  | 33 |  |  |  |  |
|  | 34 |  |  |  |  |
|  | 35 |  |  |  |  |

## Instructions

Section references are to the Internal Revenue Code.

## What's New

- For tax years ending after October 22, 2004, you generally file your income tax return with Guam or the CNMI only if you are a bona fide resident of the possession for the entire tax year. See Where to file on page 2. Also, the rules for
determining bona fide residence have changed. See Pub. 570 for information about these rules.
- The penalty for not providing the required information on Form 5074 has increased to $\$ 1,000$ for each failure.
Purpose of form. This form provides information to the United States so the IRS can figure the individual income tax that is due to Guam or the CNMI.

Who must file. Use this form if all three of the following apply.

1. You file a U.S. income tax return on Form 1040.
2. You report adjusted gross income of $\$ 50,000$ or more.
3. At least $\$ 5,000$ of the gross income on your return is from Guam or CNMI sources.
These requirements apply whether you file a single or joint return.
Where to file. Attach this form to your income tax return. Then, use this chart to see where to file.

| IF, for the entire tax <br> year, you were a... | THEN file that jurisdiction's <br> tax return with the ... |
| :--- | :--- |
| Bona fide resident of <br> Guam | Department of Revenue and Taxation <br> Government of Guam <br> P.O. Box 23607 <br> GMF, GU 96921 |
| Bona fide resident <br> of the CNMI | Division of Revenue and Taxation <br> Commonwealth of the Northern <br> Mariana Islands |
|  | P.O. Box 5234, CHRB <br> Saipan, MP 96950 |
| Resident of the <br> United States (other <br> than a bona fide <br> resident of Guam <br> or the CNMI) | Internal Revenue Service Center <br> Philadelphia, PA 19255-0215 <br> USA |

- If you are a citizen but were not a resident of one of these jurisdictions at the end of your tax year, file your income tax return with the jurisdiction where you are a citizen.
- If you are married filing jointly, file your return in the jurisdiction of the spouse with the higher adjusted gross income (without regard to community property laws) for the tax year.

Sources of income. The rules for determining the sources of income are explained in sections 861 through 865 and section 937.

Penalty for failure to provide information. If you fail to provide the required information, you may have to pay a $\$ 1,000$ penalty for each failure unless you can show the failure was due to reasonable cause and not willful neglect. This penalty is in addition to any criminal penalty provided by law.
Additional information. For more details, see Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions. To get Pub. 570, see Quick and Easy Access to Tax Help and Forms in the Instructions for Form 1040.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . 3 hr., 16 min.
Learning about the
law or the form . . . . . . . . . . . . . 10 min.
Preparing the form. . . . . . . . . . . . 53 min.
Copying, assembling, and
sending the form to the IRS
. 16 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

## This Section is for IRS Use Only

36
37
38
40 Credit for child and dependent care expenses
41 Credit for the elderly or the disabled
42 Education credits

49 Subtract line 48 from line 38. If the result is zero or less, enter -0-
50 Additional tax on IRAs, other qualified retirement plans, etc.
51 Other Chapter 1 taxes. Include any tax from Form 4970
52 Taxes to be allocated. Add lines 49 through 51
53 Divide the amount on page 1, line 30, by the adjusted gross income reported on Form 1040. Enter the result as a decimal (rounded to at least three places)
54 Tax allocated to Guam or the CNMI. Multiply line 52 by line 53
55 Enter the amount from page 1, line 35.
56 Tax due. Subtract line 55 from line 54.
Income tax reported on Form 1040. Include any recapture of education credits Alternative minimum tax
Add lines 36 and 37
Foreign tax credit

Retirement savings contributions credit
Child tax credit
Adoption credit
Credits from Forms 8396 and 8859.
Other credits
Add lines 39 through 47


## 2005 Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

Purpose: This is the first circulated draft of the 2005 Form 5329 for your review and comments. See below for a discussion of the major changes.<br>TPCC Meeting: None, but may be arranged if requested.<br>Instructions: The 2005 Instructions for Form 5329 will be circulated at a later date.<br>Prior Revisions: The 2004 Form 5329 can be viewed by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/13329Y04.PDF<br>Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html<br>Comments: Please email, fax, call, or mail any comments by April 15, 2005.

## Major Changes to the 2005 Form 5329

The major change on this form is the revision of Part VII, Additional Tax on Excess Contributions to Health Savings Accounts (HSAs). We added 6 additional lines to this section to reflect IRC section 4973(g)(2).

Rick L. Baker
Tax Forms and Publications
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Phone: 202-927-9543
Fax: 202-622-5022


If you only owe the additional 10\% tax on early distributions, you may be able to report this tax directly on Form 1040, line 60, without filing Form 5329. See the instructions for Form 1040, line 60.

## Part 1 Additional Tax on Early Distributions

Complete this part if you took a taxable distribution, before you reached age $591 / 2$, from a qualified retirement plan (including an IRA) or modified endowment contract (unless you are reporting this tax directly on Form 1040-see above). You may also have to complete this part to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions (see instructions).
1 Early distributions included in income. For Roth IRA distributions, see instructions
2 Early distributions included on line 1 that are not subject to the additional tax (see instructions).
Enter the appropriate exception number from the instructions:
3 Amount subject to additional tax. Subtract line 2 from line 1
4 Additional tax. Enter 10\% (.10) of line 3. Include this amount on Form 1040, line 60 . . . . Caution: If any part of the amount on line 3 was a distribution from a SIMPLE IRA, you may have to include 25\% of that amount on line 4 instead of $10 \%$ (see instructions).

| 1 |  |  |
| :--- | :--- | :--- |
|  |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
|  |  |  |

Part II Additional Tax on Certain Distributions From Education Accounts
Complete this part if you included an amount in income, on Form 1040, line 21, from a Coverdell education savings account (ESA) or a qualified tuition program (QTP).
5 Distributions included in income from Coverdell ESAs and QTPs
6 Distributions included on line 5 that are not subject to the additional tax (see instructions) . .
7 Amount subject to additional tax. Subtract line 6 from line 5
8 Additional tax. Enter 10\% (.10) of line 7. Include this amount on Form 1040, line 60

| 5 |  |  |
| :--- | :--- | :--- |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |

## Part III Additional Tax on Excess Contributions to Traditional IRAs

Complete this part if you contributed more to your traditional IRAs for 2005 than is allowable or you had an amount on line 17 of your 2004 Form 5329.

9 Enter your excess contributions from line 16 of your 2004 Form 5329 (see instructions). If zero, go to line 15
10 If your traditional IRA contributions for 2005 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0-
112005 traditional IRA distributions included in income (see instructions)
122005 distributions of prior year excess contributions (see instructions)
13 Add lines 10, 11, and 12
14 Prior year excess contributions. Subtract line 13 from line 9. If zero or less, enter -0-
15 Excess contributions for 2005 (see instructions)
16 Total excess contributions. Add lines 14 and 15
17 Additional tax. Enter $6 \%$ (.06) of the smaller of line 16 or the value of your traditional IRAs on December 31, 2005 (including 2005 contributions made in 2006). Include this amount on Form 1040, line 60

| 9 |  |  |
| :--- | :--- | :--- |
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| 16 |  |  |
| 17 |  |  |

## Part IV Additional Tax on Excess Contributions to Roth IRAs

Complete this part if you contributed more to your Roth IRAs for 2005 than is allowable or you had an amount on line 25 of your 2004 Form 5329.

[^25]Part V Additional Tax on Excess Contributions to Coverdell ESAs
Complete this part if the contributions to your Coverdell ESAs for 2005 were more than is allowable or you had an amount on line 33 of your 2004 Form 5329.
26 Enter the excess contributions from line 32 of your 2004 Form 5329 (see instructions). If zero, go to line 31
27 If the contributions to your Coverdell ESAs for 2005 were less than the maximum allowable contribution, see instructions. Otherwise, enter-0-
282005 distributions from your Coverdell ESAs (see instructions)
29 Add lines 27 and 28.
30 Prior year excess contributions. Subtract line 29 from line 26 . If zero or less, entar -0-
31 Excess contributions for 2005 (see instructions)
32 Total excess contributions. Add lines 30 and 31
33 Additional tax. Enter $6 \%$ (.06) of the smaller of line 32 or the $y \sim$ out or in ESAs on December 31, 2005 (including 2005 contributions made in 20(). It is th amount on Form 1040, line 60

| 26 |  |  |
| :--- | :--- | :--- |
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| 29 |  |  |
| 30 |  |  |
| 31 |  |  |
| 32 |  |  |
|  |  |  |
| 33 |  |  |

Part VI Additional Tax on Excess Contribution: I, AI he As
Complete this part if you or your employer contributed more to your Archer MSAs for 2005 than is allowable or you had an amount on line 41 of your 2004 Form 5329.
34 Enter the excess contributions from line 40 of your 2004 Form 5329 (see instructions). If zero, go to line 39
35 If the contributions to your Archer MSAs for 2005 are less than the maximum allowable contribution, see instructions. Otherwise, enter -0-
362005 distributions from your Archer MSAs from Form 8853, line 10.
37 Add lines 35 and 36
38 Prior year excess contributions. Subtract line 37 from line 34 . If zero or less, enter -0 -.
39 Excess contributions for 2005 (see instructions)
40 Total excess contributions. Add lines 38 and 39
41 Additional tax. Enter 6\% (.06) of the smaller of line 40 or the value of your Archer MSAs on December 31, 2005 (including 2005 contributions made in 2006). Include this amount on Form 1040, line 60

| 34 |  |  |
| :--- | :--- | :--- |
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| 37 |  |  |
| 38 |  |  |
| 39 |  |  |
| 40 |  |  |
|  |  |  |
| 41 |  |  |

Part VII Additional Tax on Excess Contributions to Health Savings Accounts (HSAs) Complete this part if you, someone on your behalf, or your employer contributed more to your HSAs for 2005 than is allowable or you had an amount on line 43 of your 2004 Form 5329.
42 Enter the excess contributions from line 42 of your 2004 Form 5329 (see instructions). If zero, go to line 47
43 If the contributions to your HSAs for 2005 are less than the maximum allowable contribution, see instructions. Otherwise, enter -0-
442005 distributions from your HSAs from Form 8889, line 14
45 Add lines 43 and 44
46 Prior year excess contributions. Subtract line 45 from line 42. If zero or less, enter -0-
47 Excess contributions for 2005 (see instructions)
48 Total excess contributions. Add lines 46 and 47
49 Additional tax. Enter 6\% (.06) of the smaller of line 48 or the value of your HSAs on December 31, 2005 (including 2005 contributions made in 2006). Include this amount on Form 1040, line 60

|  |  |  |
| :--- | :--- | :--- |
| 42 |  |  |
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| 45 |  |  |
| 46 |  |  |
| 47 |  |  |
| 48 |  |  |
| 49 |  |  |

Part VIII Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs) Complete this part if you did not receive the minimum required distribution from your qualified retirement plan.
50 Minimum required distribution for 2005 (see instructions)
51 Amount actually distributed to you in 2005
52 Subtract line 51 from line 50 . If zero or less, enter - 0 -
53 Additional tax. Enter $50 \%$ (.50) of line 52. Include this amount on Form 1040, line 60

| 50 |  |  |
| :---: | :--- | :--- |
| 51 |  |  |
| 52 |  |  |
| 53 |  |  |

Signature. Complete only if you are filing this form by itself and not with your tax return.

| Please | Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Sign <br> Here | Your signature |  |  |  |
|  | Preparer's signature | Date | Check if selfemployed | Preparer's SSN or PTIN |
| Preparer's <br> Use Only | Firm's name (or yours if self-employed), address, and ZIP code |  | EIN |  |
|  |  |  | Phone no. ( ) |  |



Name of foreign corporation

| Important: Enter amounts in functional currency. |  | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E\&P <br> Not Previously Taxed (pre-87 section 959(c)(3) balance) | (c) Previously Taxed E\&P (see instructions) (sections 959(c)(1) and (2) balances) |  |  | (d) Total Section 964(a) E\&P (combine columns (a), (b), and (c)) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | (i) Earnings Invested in U.S. Property |  | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income |  |
|  | Balance at beginning of year |  |  |  |  |  |  |  |
| 2a | Current year E\&P |  |  |  |  |  |  |
| b | Current year deficit in E\&P |  |  |  |  |  |  |
| 3 | Total current and accumulated E\&P not previously taxed (line 1 plus line $2 a$ or line 1 minus line $2 b$ ) |  |  |  |  |  |  |
| 4 | Amounts included under section 951(a) or reclassified under section 959(c) in current year |  |  |  |  |  |  |
|  | Actual distributions or reclassifications of previously taxed E\&P |  |  |  |  |  |  |
|  | Actual distributions of nonpreviously taxed E\&P |  |  |  |  |  |  |
|  | Balance of previously taxed E\&P at end of year (line 1 plus line 4 , minus line 5 a) |  |  |  |  |  |  |
|  | Balance of E\&P not previously taxed at end of year (line 3 minus line 4, minus line 5 b) |  |  |  |  |  |  |
| 7 | Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.) |  |  |  |  |  |  |

- Attach to Form 5471. See Instructions for Form 5471.

Name of person filing Form 5471

| Name of person filing Form 5471 | Identifying number |
| :--- | :--- |

Name of foreign corporation

Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See page 10-of the instructions.
Enter the relevant functional currency and the exchange rate used throughout this schedule

| (a) Transactions foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation or partnership controlled by U.S. person filing this return | (d) Any other foreign corporation or partnership controlled by U.S. person filing this return | (e) $10 \%$ or more U.S. shareholder of controlled foreign corporation (other than the U.S. person filing this return) | (f) $10 \%$ or more U.S. shareholder of any corporation controlling the foreign corporation |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1 Sales of stock in trade (inventory) |  |  |  |  |  |
| 2 Sales of property righ (patents, trademarks, etc.) |  |  |  |  |  |
| 3 Compensation received for technical, managerial, engineering, construction, or like services |  |  |  |  |  |
| 4 Commissions received |  |  |  |  |  |
| 5 Rents, royalties, and licens fees received |  |  |  |  |  |
| 6 Dividends received (exclude deemed distributions under subpart $F$ and distributions of previously taxed income). |  |  |  |  |  |
| 7 Interest received |  |  |  |  |  |
| 8 Premiums received for insurance or reinsurance |  |  |  |  |  |
| 9 Add lines 1 through 8. |  |  |  |  |  |
| 10 Purchases of stock in trade (inventory) |  |  |  |  |  |
| 11 Purchases of tangible property other than stock in trade . |  |  |  |  |  |
| 12 Purchases of property rights (patents, trademarks, etc.) . |  |  |  |  |  |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services. |  |  |  |  |  |
| 14 Commissions paid. |  |  |  |  |  |
| 15 Rents, royalties, and license fees paid. |  |  |  |  |  |
| 16 Dividends paid |  |  |  |  |  |
| 17 Interest paid |  |  |  |  |  |
| 18 Add lines 10 through 17 |  |  |  |  |  |
| 19 Amounts borrowed (enter the maximum loan balance during the year) - see instructions . |  |  |  |  |  |
| 20 Amounts loaned (enter the maximum loan balance during the year) - see instructions . |  |  |  |  |  |

SCHEDULE 0 (Form 5471)

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of its Stock

OMB No. 1545-0704
(Rev. December 2005)
Department of the Treasury
Attach to Form 5471. See Instructions for Form 5471.
Name of person filing Form 5471

Name of foreign corporation

Important: Complete a separate Schedule O for each foreign corporation for which information must be reported.

## Part I To Be Completed by U.S. Officers and Directors



## Part II To Be Completed by U.S. Shareholders

Note: If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

| Section A-General Shareholder Information |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| (a) | (b) <br> For shareholder's latest U.S. income tax return filed, indicate: |  |  | (c) <br> Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
| Name, address, and identifying number of shareholder(s) filing this schedule | (1) <br> Type of return (enter form number) | (2) <br> Date return filed | (3) <br> Internal Revenue Service Center where filed |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

Section B-U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) <br> Name of U.S. officer or director | (b) <br> Address | (c) <br> Social security number | (d)Check appropriatebox(es) |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | Officer | Director |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |


| Section C-Acquisition of Stock |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (a) | (b) <br> Class of stock acquired | (c) <br> Date of acquisition | (d) <br> Method of acquisition | (e) <br> Number of shares acquired |  |  |
| Name of shareholder(s) filing this schedule |  |  |  | (1) Directly | $\begin{gathered} \text { (2) } \\ \text { Indirectly } \end{gathered}$ | (3) Constructively |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| For Paperwork Reduction Act Notice, see the Instructions for Form 5471. ${ }^{\text {a }}$ ( Cat. No. $612000 \quad$ Schedule O (Form 5471) (12-2005) |  |  |  |  |  |  |



Section E—Organization or Reorganization of Foreign Corporation

| (a) <br> Name and address of transferor |  |  | (b) Identifying number (if any) | (c) <br> Date of transfer |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Assets transferred to foreign corporation |  |  | (e) <br> Description of assets transferred by, or notes or securities issued by, foreign corporation |  |
| (1) <br> Description of assets | (2) <br> Fair market value | (3) <br> Adjusted basis (if transferor was U.S. person) |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Section F—Additional Information

(a) If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).
(b) List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held $10 \%$ or more in value or vote (directly or indirectly) of the corporation's stock
(c) If the foreign corporation is a member of a group constituting a chain of ownership, attach a chart, for each unit of which a shareholder owns $10 \%$ or more in value or voting power of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see page 13 -f the instructions for an example).

- Attach to your tax return.


## Part I Current Year Credit (Members of a controlled group, see instructions.)

1 Enter the total qualified first-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who began work for you before January 1, 2006, are certified as members of a targeted group, and:
a Worked for you at least 120 hours but fewer than 400 hours
b Worked for you at least 400 hours


2 Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages
3 Work opportunity credits from pass-through entities:

| If you are $\mathrm{a}-$ | Then enter the total of the current year credits from- |
| :--- | :--- |
| a Shareholder. | Schedule K-1 (Form 1120S), box 13, code F, G, or J |
| b Partner . | Schedule K-1 (Form 1065), box 15, code F, G, or J. |
| c Beneficiary. . | Schedule K-1 (Form 1041), box 13, code D . . . |
| d Patron. | Written statement from cooperative . . . . . |$\}$

4 Current year credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)

|  |  |  |
| :---: | :---: | :---: |
| $1 a$ |  |  |
| $1 b$ |  |  |
| 2 |  |  |
|  |  |  |
| 3 |  |  |
|  |  |  |
| 4 |  |  |

## Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
6 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8a through 8 e
9 Net income tax. Subtract line $8 f$ from line 7. If zero, skip lines 10 through 13 and enter -0 - on line 14
10 Net regular tax. Subtract line $8 f$ from line 5. If zero or less, enter -0-
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions)
13 Enter the greater of line 11 or line 12

| 10 |  |  |
| :--- | :--- | :--- |
| 11 |  |  |
| 12 |  |  |

13 Enter the greater of line 11 or line 12

|  |  |  |
| :---: | :--- | :--- |
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

The credit is not allowed with respect to wages for services of employees who began work for you after December 31, 2005.

## Purpose of Form

Use Form 5884 to claim the work opportunity credit for qualified first-year wages you paid to or incurred for targeted group employees during the tax year. Your business does not have to be located in an empowerment zone, enterprise community, or renewal community to qualify for this credit.
You can claim or elect not to claim the work opportunity credit any time within 3 years from the due date of your return on either your original return or an amended return.

## How To Claim the Credit

To claim the work opportunity credit, you must request and be issued a certification for each employee from the state employment security agency (SESA). The certification proves that the employee is a member of a targeted group. You must receive the certification by the day the individual begins work or complete Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits, on or before the day you offer the individual a job.
If you complete Form 8850, it must be signed by you and the individual and submitted to the SESA by the 21st calendar day after the individual begins work. If the SESA denies the request, it will provide a written explanation of the reason for denial. If a certification is revoked because it was based on false information provided by the worker, wages paid after the date you receive the notice of revocation do not qualify for the credit.
Targeted group employee. An employee is a member of a targeted group if he or she is a:

- Qualified recipient of Temporary Assistance for Needy Families (TANF),
- Qualified veteran,
- Qualified ex-felon,
- High-risk youth,
- Vocational rehabilitation referral,
- Qualified summer youth employee,
- Qualified food stamp recipient, or
- Qualified SSI recipient.

However, if you use any wages of an employee to figure the welfare-to-work credit for any tax year, the employee is not treated as a member of a targeted group for that year.
See Form 8850 and section 51(d) for details and restrictions.

## Qualified First-Year Wages

Qualified first-year wages are wages you paid or incurred for work performed during the 1 -year period beginning on the date the certified individual begins work for you. The amount of qualified wages that may be taken into account for any
employee is limited to $\$ 6,000$ ( $\$ 3,000$ for a qualified summer youth employee). Wages qualifying for the credit generally have the same meaning as wages (excluding tips) subject to the Federal Unemployment Tax Act (FUTA). If the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes qualify. For a special rule that applies to railroad employees, see section $51(\mathrm{~h})(1)(\mathrm{B})$.

Qualified wages for any employee must be reduced by the amount of any work supplementation payments you received under the Social Security Act.
The amount of qualified wages for any employee is zero if:

- The employee did not work for you for at least 120 hours,
- The employee worked for you previously,
- The employee is your dependent,
- The employee is related to you (see section 51(i)(1)),
- $50 \%$ or less of the wages the employee received from you were for working in your trade or business, or
- You use any of the employee's wages to figure the welfare-to-work credit for the current year.

Qualified wages do not include:

- Wages paid to any employee during any period for which you received payment for the employee from a federally funded on-the-job training program;
- Wages paid or incurred to a high-risk or qualified summer youth employee for services performed while the employee lived outside an empowerment zone, enterprise community, or renewal community;
- Wages paid or incurred for services performed by a qualified summer youth employee before or after any 90-day period between May 1 and September 15; and
- Wages for services of replacement workers during a strike or lockout.


## Specific Instructions

Note. If you only have a credit allocated to you from a pass-through entity, skip lines 1 and 2 and go to line 3.

## Part I—Current Year Credit

## Lines 1a and 1b

Enter on the applicable line the total qualified first-year wages paid to employees certified as members of a targeted group. Multiply the wages you enter on each line by the percentage shown on that line.
Successor employer. For successor employers, the 1-year period begins on the date the employee first began work for the previous employer and any qualified first-year wages paid by the successor employer are reduced by the qualified first-year wages paid by the previous employer. See section 51(k)(1) and Regulations section 1.51-1(h).

A successor employer is an employer that acquires substantially all of the property used in a trade or business (or a separate unit thereof) of another employer (the previous employer) and immediately after the acquisition, the successor employs in his/her trade or business an individual who was employed immediately prior to the acquisition in the trade or business of the previous employer.

Special instructions for controlled group members. The group member proportionately contributing the most qualified first-year wages figures the group credit in Part I and skips Part II. See sections 52(a) and 1563. On separate Forms 5884, that member and every other member of the group should skip lines 1a and 1b and enter its share of the group credit on line 2. Each member then completes lines 3, 4, and 5 through 15 (or Form 3800, if required) on its separate form. Each member must attach to its Form 5884 a schedule showing how the group credit was divided among all the members. The members share the credit in the same proportion that they contributed qualifying wages.

## Line 2

In general, you must reduce your deduction for salaries and wages by the amount on line 2. This is required even if you cannot take the full credit this year and must carry part of it back or forward. However, the following exceptions apply.

- If you capitalized any salaries and wages on which you figured the credit, reduce your depreciable basis by the amount of the credit on those salaries and wages.
- You used the full absorption method of inventory costing, which required you to reduce your basis in inventory for the credit.
If either of the above exceptions applies, attach a statement explaining why the amount on line 2 differs from the amount by which you reduced your deduction.


## Line 3

Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron of a cooperative.

## Line 4

S corporations and partnerships. Allocate the credit among the shareholders or partners. Attach Form 5884 to the return and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships include this credit in "general credits."
Estates and trusts. Allocate the credit on line 4 between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line next to line 4, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in Part II (or Form 3800, if required) to figure the credit to claim on Form 1041.

Cooperatives. Most tax-exempt organizations cannot take the credit. However, a cooperative described in section 1381(a) takes the credit to the extent it has tax liability. Any excess is shared among its patrons.
Regulated investment companies and real estate investment trusts. Reduce the allowable credit to the company's or trust's ratable share of the credit. For details, see Regulations section 1.52-3(b).

## Part II-Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- A work opportunity credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

## Line 11

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.
Line 12
Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule. Enter on line 12 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I, line 54.


## Line 15

If you cannot use all of the credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . 5 hr., 58 min.
Learning about the law
or the form . . . . . . . . 1 hr., 12 min.

| Preparing and sending |
| :--- |
| the form to the IRS . . . . . . . . . 1 hr., 20 min. | .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2004 Instructions for Form 6198 At-Risk Limitations

Purpose: $\quad$ This is the first circulated draft of the 2004 Instructions for Form 6198, At-Risk Limitations, for your review and comments. The current draft is available at:

TPCC Meeting: None is anticipated, but one can be arranged if necessary.
Prior Revisions: The 2003 Instructions for Form 6198, At-Risk Limitations, is available at: http://publish.no.irs.gov/INSTRS/PDF/50013Y03.PDF

Other Products: 2004 Circulations of draft forms and instructions are posted at: http://taxforms.web.irs.gov/draft products.html.

Comments: Phone, e-mail, fax, or mail any suggestions to me by Friday, September 3, 2004.

## Thob Ix monnds

## Date: August 5, 2004

Tax Law Specialist
SE:W:CAR:MP:T:I:F
Room: 6423 - Main
Phone: 202-927-9906
Fax: 202-927-6234
Email: Robert.W.Lemonds@irs.gov

## Major Changes to the 2004 Instructions for Form 6198, At-Risk Limitations

Final Regulations have been issued which broaden the At-Risk rules and they have been incorporated in these instructions. TD 9124

To view additional text on pages 4,7 , and 8 be sure to open the "Note - pop up boxes."
$\square$ Draft

- Ok to Print

Page 1 of 8 Instructions for Form 6198
15:40-8-JUL-2004


# Instructions for Form 6198 

## At-Risk Limitations

Section references are to the
nternal Revenue Code unless otherwise noted.

## General Instructions

## What's New

The following rules apply to amounts borrowed after May 3, 2004

- You must file Form 6198 if you are engaged in an activity included in (6) under At-Risk Activities and you have borrowed amounts described in (3) under Amounts Not at Risk.
- You may be considered at risk for amounts described in (3) under Amounts Not at Risk secured by real property used in the activity of holding real property (other than mineral property) that, if nonrecourse, would be qualified nonrecourse financing.


## Purpose of Form

Use Form 6198 to figure:

- The current year profit (loss) from
an at-risk activity for 2004 (Part I).
- The amount at risk for 2004 (Part II
or Part III).
- The deductible loss for 2004
(Part IV).
The at-risk rules of section 465 limit the amount of the loss you can deduct to the amount at risk.

For more details, see Pub. 925, Passive Activity and At-Risk Rules.

## Who Must File

Form 6198 is filed by individuals (including filers of Schedules C, E, and F (Form 1040)), estates, trusts, and certain closely held $C$
corporations described in section 465(a)(1)(B), as modified by section 465(a)(3).

File Form 6198 if during the tax year you, a partnership in which you were a partner, or an S corporation in which you were a shareholder had any Amounts Not at Risk (see this page) invested in an at-risk activity (defined below) that incurred a loss.

## At-Risk Activities

The at-risk limitation rules apply to losses from the following activities carried on as a trade or business or for the production of income.

1. Holding, producing, or distributing motion picture films or video tapes.
2. Farming as defined in section 464(e)(1).
3. Leasing any section 1245 property as defined in section 1245(a)(3).


Certain equipment leasing activities by closely held C corporations are not subject to the at-risk rules. See sections 465(c)(4), (5), and (6)
4. Exploring for or exploiting oil and gas resources.
5. Exploring for or exploiting geothermal deposits as defined in section 613(e)(2)
6. Any other activity that is not included in 1 through 5 above.

Exception. Holding real property placed in service before 1987 and holding an interest acquired before 1987 in a partnership, an S corporation, or other pass-through entity already engaged in an activity of holding real property before 1987 are not affected by the at-risk rules This exception does not apply to holding mineral property.


A special exception to the at-risk rules applies to a qualifying business of a qualified C corporation. See Pub. 925 for details.

## Amounts Not at Risk

You are not considered at risk for any of the following

1. Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity (unless the nonrecourse loan is secured by your own property that is not used in the activity). However,
you are considered at risk for qualified nonrecourse financing secured by real property used in the activity of holding real property (other than mineral property). See Qualified Nonrecourse Financing on page 2.
2. Cash, property, or borrowed amounts used 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).
3. 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 section 465 (b)(3)(C) to a perso (except you) having such an interest. However, this does not apply to amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation, or amounts borrowed after May 3, 2004, and secured by real property used in the activity of holding real property (other than mineral property) that, if nonrecourse, would be qualified nonrecourse financing. See Pub. 925 for definitions.
4. Any cash or property contributed to the activity or to your interest in the activity that is:

- Financed through nonrecourse indebtedness or protected against loss through a guarantee, stop-loss agreement, or other similar arrangement or
- Borrowed from a person who has an interest in the activity other than as a creditor or who is related under section 465 (b)(3)(C) to a person (except you) having such an interest. However, this does not apply to amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation, or amounts borrowed after May 3, 2004, and secured by real property used in the activity of holding real property (other than mineral property) that, nonrecourse, would be qualified nonrecourse financing. See Pub. 925 for definitions.

You do not have to file Form 6198 f you are engaged in an activity included in 6 under At-Risk Activities and you only have amounts borrowed before May 4, 2004, that are described in 3 under Amounts Not at Risk.

## Qualified Nonrecourse

## Financing

Qualified nonrecourse financing is
financing for which no one is personally liable for repayment and s:
Borrowed by you in connection with holding real property,
Secured by real property used in
the activity,

- Not convertible debt, and

Loaned or guaranteed by any
federal, state, or local government, or borrowed by you from a qualified person (defined below).

See Regulations section 1.465-27 or details, including rules for partnership liabilities and disregarded entities. This section is effective for any financing incurred on or after August 4, 1998, but taxpayers can apply the section retroactively.

A qualified person is a person who actively and regularly engages in the business of lending money (for example, a bank or savings and loan association).
A qualified person is not:

- A person related to you unless the person would be a qualified person but for the relationship and the nonrecourse financing is commercially reasonable and on the same terms as loans to unrelated persons,
The seller of the property (or a person related to the seller), or
- A person who receives a fee as a result of your investment in the property (or a person related to that person).


## Aggregation or

## Separation of Activities

File one form if your activities are isted under the aggregation rules. File a separate form for each activity f your activities are listed under the separation rules.
Aggregation rules. All section 1245 properties that are leased or held for ease and placed in service in any tax year of a partnership or an S corporation are treated as one activity. A partner in a partnership or an S corporation shareholder can aggregate and treat as a single
activity all of the properties of that partnership or S corporation that are included within each of categories 1 , 2, 4, and 5 under At-Risk Activities on page 1.

Activities described in 6 under At-Risk Activities on page 1 that constitute a trade or business are treated as one activity if the taxpayer actively participates in the management of that trade or business or the business is carried on by a partnership or an S corporation and $65 \%$ or more of the losses for the tax year are allocable to persons who actively participate in the management of the trade or business. Similar rules apply to activities described in 1 through 5 under At-Risk Activities on page 1.
Separation rules. Your activity with respect to each film, video tape, section 1245 property that is leased or held for lease, farm, holding of real property, oil and gas property (as defined in section 614), or geothermal property (as defined in section 614) that is not aggregated with other activities under the above rules is treated as a separate activity.

Each investment that is not a part of a trade or business is treated as a separate activity.

## Specific Instructions

If you are engaged in more than one at-risk activity or in both at-risk activities and not-at-risk activities, you must allocate income, gains, losses, and deductions to each activity.

Partnerships and S corporations must give their partners and shareholders a separate statement o income, expenses, and deductions for each at-risk and not-at-risk activity.

When filling in Parts I, II, and III, enter only amounts that relate to the activity included on this form. Use accepted tax accounting methods to figure the amounts to enter

If you are a partner or an S corporation shareholder, enter any items for the activity that are from your investment in the activity or were passed through to you on Schedule K-1 or a similar statement.
Description of activity. After the description of the activity, if applicable, enter the name and identifying number of the partnership or S corporation.

## Part I—Current Year Profit (Loss) From the

 Activity, Including Prior Year Nondeductible AmountsTaxpayers other than partners or S corporation shareholders. If you have losses or deductions from an earlier tax year that you could not deduct because of the at-risk rules, include those amounts on the appropriate form or schedule of your current year tax return before starting Part I. For example, if in 2003 your Schedule C had a $\$ 1,500$ loss on line 31, but because of the at-risk rules your loss was limited to $\$ 500$, include the $\$ 1,000$ on your 2004 Schedule C in Part V, Other Expenses, and identify it as a prior year loss.
Partners and S corporation shareholders. If you have a loss or a deduction from an earlier tax year that you could not deduct because of the at-risk rules, these losses and deductions must be included in the current year amounts you enter in Part I. For example, if in 2003 your Schedule K-1 had a $\$ 1,500$ loss on line 1, but because of the at-risk rules your loss was limited to $\$ 500$, include both the $\$ 1,000$ loss from 2003 and the amount from your 2004
Schedule K-1 on line 1 of Form 6198
Closely held corporations. A closely held corporation must apply the limitation on the deduction for interest expense under section 163(j) before applying the at-risk limitations.

## Line 1

## Ordinary Income (Loss)

Taxpayers other than partners or S corporation shareholders. Enter your ordinary income or loss from the at-risk activity without regard to the at-risk limitations. This is the amount you get when you subtract your total deductions (including prior year deductions that were not allowed because of the at-risk rules) from your total income from the activity for the current year

Do not include on line 1 capital or ordinary gains and losses from the sale or other disposition of assets used in the activity or of an interest in the activity. These amounts, casualty or theft gains and losses, and investment interest expense are entered on lines $2 \mathrm{a}, 2 \mathrm{~b}, 2 \mathrm{c}$, and 4

## Partners and S corporation

 shareholders. Enter the amount from box 1 of your current year Schedule K-1 (Form 1065 or Form 1120S) (plus any prior year ordinary loss that you could not deduct because of the at-risk rules). In the case of a partner in an electing large partnership, a partner's share of at-risk activity income or loss may be reported in box 1 or 2a of Schedule K-1(Form 1065-B), Partner's Share of ncome (Loss) From an Electing Large Partnership.

## Lines 2a, 2b, and 2c

Gain (Loss)
Combine long- and short-term capital gains and losses and ordinary gains and losses from the sale or other disposition of assets used in the activity or of your interest in the activity. Enter gains and losses without regard to the at-risk imitations, the limitation on capital osses, or the passive activity loss mitations. If more than one item is included on a line, attach a statement describing each item.

Do not include amounts on ines 2 a and 2 b that are included on ine 2c. Enter the form number or schedule letter to the left of the entry space for line 2c. For example, if you file Form 4684, Casualties and Thefts, and carry amounts from that form to Form 4797, Sales of Business Property, either enter the amounts attributable to the activity from Form 4684 on line 2 c and enter "Form 4684 " on the dotted line next to the entry space, or enter the amount attributable to the activity carried from Form 4684 to Form 4797 on line 2b. If you carry a loss from Form 4684 to Schedule A (Form 1040), enter on line 2c either the loss from Schedule A or the loss from Form 4684

## Taxpayers other than partners or

 corporation shareholders. include on your current year Schedule D, Form 4797, or other forms and schedules any prior year osses that you could not deduct because of the at-risk rules.
## Partners and S corporation

shareholders. Include on lines 2a 2 b , and 2 c your current year gains and losses and prior year losses attributable to the activity that you could not deduct because of the at-risk rules.

## Line 3

Other Income and Gains From the Activity
If you were a partner or S corporation shareholder, include on line 3 other income and gains from Schedule K-1 that you did not include on lines 1 through 2c

## Line 4

Other Deductions and Losses

## From the Activity

If you were a partner or $S$ corporation shareholder, include on line 4 other deductions and losses from Schedule K-1 that you did not include on lines 1 through 2c

If you have investment interes expense from your at-risk activity, first complete Form 4952, Investment Interest Expense Deduction, to figure your allowable investment interest deduction.

If you have investment interest expense from other activities on Form 4952, determine the allowable investment interest deduction attributable to the at-risk activity included on line 8 of Form 4952, and enter that amount on line 4 of Form 6198. You must reduce the allowable investment interest deduction on Form 4952 by the amount you carry to Form 6198. If you filed Form 6198 in 2003, include on line 4 of Form 6198 any investment interest expense from 2003 that was limited because of the at-risk rules.

## Line 5

Current Year Profit (Loss)
If line 5 shows a current year profit, you may not have to complete the rest of this form. Report all of the income, gains, deductions, and losses shown on lines 1 through 4 on the forms and schedules normally used, and attach them to your tax return. Also attach Form 6198 and keep a copy for your records.

If your current year profit is from a passive activity and you have a loss from any other passive activity, see the Instructions for Form 8582 Passive Activity Loss Limitations, or the Instructions for Form 8810, Corporate Passive Activity Loss and Credit Limitations, whichever applies
Note: Even if you have a current year profit on line 5, you may have recapture income if you received a distribution or had a transaction
during the year that reduced your amount at risk in the activity to less than zero at the close of the tax year. See Pub. 925 for information on the recapture rules.

If line 5 shows a current year loss, your loss may be limited to the income or gains, if any, included on lines 1,2 , and 3 . Separate the items of income, gains, deductions, and losses on lines 1 through 4. The income and gains are fully reportable on your tax return. The deductions and losses are allowable (subject to any other limitation such as the passive activity rules) to the extent of the income and gains. To determine the allowable portion of each deduction or loss, divide each deduction or loss from the activity by the total loss from the activity on line 5. Then, multiply the total income and gains by this fraction.

Complete the rest of the form to see how much, if any, of the excess loss can be deducted.

Example. Jill has a Schedule C loss of $\$ 4,600$ on line 1 and a Schedule D gain of $\$ 3,100$ on line $2 a$ Line 5 shows a current year loss of $\$ 1,500$. Jill reports the $\$ 3,100$ gain on Schedule D and can deduct \$3,100 of the $\$ 4,600$ loss on Schedule C. Jill completes Part II or Part III of Form 6198 and determines that only $\$ 600$ of the $\$ 1.500$ excess loss on line 5 is deductible in the current year. She replaces the $\$ 4,600$ loss first entered on Schedule C with $\$ 3,700(\$ 3,100+\$ 600)$, the total loss allowed in the current year.

## Part II-Simplified Computation of Amount At Risk

Part II is a simplified method of figuring your amount at risk. It can be used only if you know your adjusted basis in the activity or in your interest in the partnership's or
S corporation's at-risk activity.
Part III is a longer method of figuring your amount at risk, which may allow a larger amount at risk. You do not need to complete Part II if you use Part III.

## Line 6

Adjusted Basis on the First Day of Tax Year

Sole proprietors. Filers of
Schedules C and F (Form 1040) must not reduce the amount on this line by
any liabilities. See Pub. 551, Basis of Assets, for rules on adjusted basis.
Partners. To figure the adjusted
basis, see Pub. 541, Partnerships.
S corporation shareholders. To
figure the adjusted basis, see the nstructions for Form 1120S.

A

## If the partnership or

S corporation is engaged in more than one at-risk activity or in both at-risk activities and not-at-risk activities, you must tigure the part of your adjusted basis that is allocable to each at-risk activity. See Aggregation or Separation of Activities on page 2 to determine each at-risk activity in which a partnership or S corporation is engaged.

## Line 7

## ncreases for the Tax Yea

Do not include the current year income or gains shown on lines 1 hrough 3.

Include changes during the current ax year in amounts that increase your amount at risk, such as the following.

1. Net fair market value (FMV) of property you own (not used in the activity) that secures nonrecourse oans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity. Include the nonrecourse loans on line 9 (if included on line 6). Generally, the net FMV is determined when the property is pledged as security for the loan

Do not enter the net FMV if (a) the nonrecourse loan was from a person who has an interest in the activity other than as a creditor or who is elated under section $465(\mathrm{~b})(3)(\mathrm{C})$ to a person (except you) having such an interest and (b) the activity is described in 1 through 5unde At-Risk Activities on page 1. However, (a) does not apply to amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation. See Pub. 925 for definitions.
2. Cash and the adjusted basis of other property (determined at the time of the contribution) contributed to the activity during the tax year. However, if you used your own assets to repay nonrecourse debt and you included an amount in 1 above, the amount included as repayments cannot be more than the amount by which the
balance of the loan at the time of repayment exceeds the net FMV of property you own (not used in the activity) that secures the debt.
3. Loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity for which you are personally liable, and qualified nonrecourse financing (defined on page 2). Do not enter amounts included in 2 above or on line
4. Percentage depletion for this year deducted in excess of the adjusted basis of depletable property for the activity.

## Line 9

## Decreases for the Tax Year

Do not include the current year deductions or losses shown on lines 1 through 4.

Include changes during the current tax year in amounts that decrease your amount at risk, such as the following.

1. Nonrecourse loans (including recourse loans changed to nonrecourse loans) other than qualified nonrecourse financing (defined on page 2) used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity. Only amounts included on line 6 can be entered on line 9.
2. Cash, property, or borrowed amounts protected against loss by a guarantee, stop-loss agreement, or other similar arrangement. Enter this amount only if it was included on line 6. Do not include items covered by casualty insurance or insurance against tort liability.
3. Amounts borrowed from a person who has an interest in the activity other than as a creditor or who is related under
section 465(b)(3)(C) to a person (except you) having such an interest. This does not apply to amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation, or amounts borrowed after May 3, 2004, and secured by real property used in the activity of holding real property (other than mineral property) that, if nonrecourse would be qualified nonrecourse financing. Enter these amounts only if they were included on line 6 and not included under 1or 2 above. This applies only to activities described in 1 through 5 under At-Risk Activities
on page 1. See Pub. 925 for definitions and more details.
4. Withdrawals and distributions during the tax year - both cash and the adjusted basis of noncash items (less nonrecourse liabilities to which the noncash items are subject) including assets used in the activity to repay certain debts.
5. Nonrecourse liabilities included on line 6 of property you contributed to the activity.

## Line 10b

## Amount At Risk

If the amount on this line is smaller than your overall loss from the activity (line 5), you may want to complete Part III to see if Part III gives you a larger amount at risk.
Note: If the amount on line 10b is zero, you may be subject to the recapture rules. See Pub. 925.

## Part III-Detailed Computation of Amount <br> At Risk

If you completed Part III of Form 6198 for this activity for 2003, skip lines 11 through 14. Then, see the instructions for lines 15 and16 that begin on page 6 , and the instructions for line 18 that begin on page 7 , to determine the amounts to enter on those lines.

If the activity began on or after one of the effective dates shown below and you did not complete
Part III of Form 6198 for this activity for 2003, skip lines 11 through 14. Enter zero on line 15 and complete the rest of Part III.

## Effective Dates

Generally, the effective date is the first day of the first tax year beginning after 1975 if the activity is described in 1 through 4 under At-Risk Activities on page 1 .

If the activity is described in 5 under At-Risk Activities on page 1, the effective date is usually October 1, 1978, for wells started after September 30, 1978. Generally, a well started before October 1, 1978 is not subject to the at-risk rules.

The activity of holding real property is subject to the at-risk rules for property placed in service after 1986, and for an interest acquired after 1986 in an S corporation, partnership or other pass-through entity engaged in an activity of holding real property. An activity of holding real property

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does not include the holding of mineral property. Holding mineral property may be subject to at-risk limitations other than the special rules that apply to activities of holding real property

In most cases, the effective date or all other at-risk activities is the first day of the first tax year beginning after 1978.

If you are a partner or an S corporation shareholder, the date you became a partner or shareholder may determine whether you are subject to the at-risk rules.

## Line 11

Investment in the Activity at the Effective Date

## axpayers other than partners o

 s corporation shareholders. Use the Line 11 Worksheet and itsinstructions on this page to figure your nvestment in the activity at the
effective date. Enter all amounts as of he effective date

Partners and S corporation
shareholders. Enter on line 11 the
oasis of your investment in the
partnership or S corporation at the effective date. If the partnership or S corporation is engaged in both at-risk and not-at-risk activities, allocate your investment between the at-risk and not-at-risk activities. Enter the part that is allocable to the at-risk activity on line 11.

## Line 12

## Increases at Effective Date

Enter your share of amounts such as the following.

1. Net FMV of your own property (not used in the activity) that secures nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity that will be included on line 14. Generally, the net FMV is determined when the property is pledged as security for a loan.

Do not enter the net FMV if (a) the nonrecourse loan was from a person who has an interest in the activity other than as a creditor or who is related under section 465(b)(3)(C) to a person (except you) having such an interest, and (b) the activity is
described in 1 through 5 under At-Risk Activities on page 1. However, (a) does not apply to amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation. See Pub. 925 for definitions. If the activity is described in 6 under At-Risk Activities on page 1, you can include these amounts.
2. Total losses from years before the effective date for which there were equal or greater amounts not at risk at year end. Use the Line 12 Worksheet and its instructions on page 6 to figure this amount.

Make all entries on a year-by-year basis. Include amounts only for years before the effective date. Do not accumulate totals of earlier losses or nonrecourse debts.

1
If you took a deduction for percentage depletion for an item of depletable property in excess of the adjusted basis of the property in a year for which you had a loss for the activity, subtract the amount of the excess from the loss for that year.

## Line 11 Worksheet-Figure Your Investment in the Activity at the Effective Date

(If the activity began on or after the effective date, do not complete this worksheet.)

| 1. | Cash on hand and in banks for the activity | 1. |
| :---: | :---: | :---: |
| 2. | Inventories for the activity | 2. |
| 3 a . | Cost or other basis of depreciable assets for the activity (see instructions below) |  |
| b. | Accumulated depreciation for the activity . . . . . . . . . . . . . . . . . . 3b. |  |
| 4. | Adjusted basis of depreciable assets for the activity. Subtract line 3b from line 3a | 4. |
| 5a. | Cost or other basis of depletable assets at the time contributed to the activity $\qquad$ |  |
| b. | Accumulated depletion taken on or after property was contributed to the activity |  |
| 6. | Adjusted basis of depletable assets for the activity. Subtract line 5b from line 5a | 6. |
| 7. | Adjusted basis of land for the activity (net of any amortization) | 7. |
| 8. | Other assets for the activity | 8. |
| 9. | Cash basis taxpayer investment in the activity at the effective date. Add lines 1, 2, 4, 6, 7, and 8 . Enter here and on Form 6198, line 11. (Accrual basis taxpayers also complete lines 10a through 14 below to figure the amount to enter on Form 6198, line 11.) | 9. |
| 10a. | Trade notes and accounts receivable for the activity . . . . . . . . . . . 10a. |  |
| b. | Reserve for bad debts for the activity (see instructions below) . . . . . 10b. |  |
| 11. | Net receivables for the activity. Subtract line 10b from line 10a | 11. |
| 12. | Add lines 9 and 11 | 12. |
| 13. | Accounts payable for the activity | 13. |
| 14. | Accrual basis taxpayer investment in the activity at the effective date. Subtract line 13 from line 12. Enter here and on Form 6198, line 11 | 14. |

[^26] subtract up to the amount you were allowed as a deduction under repealed section 166(c) for years before the effective date.

## Line 14

## Decreases at Effective Date

Enter your share of amounts such as the following.

1. Nonrecourse loans outstanding at the effective date used to finance he activity, to acquire property used in the activity, or to acquire your interest in the activity, including ecourse loans changed to nonrecourse loans. Enter this amount only if it was included on line 11
2. Cash, property, or borrowed amounts, protected against loss by a guarantee, stop-loss agreement, or other similar arrangement outstanding at the effective date. Enter this amount only if it was included on line 11. Do not include items covered by casualty insurance or insurance against tort liability.
3. Amounts outstanding at the effective date borrowed from a person who has an interest in the activity other than as a creditor or who is related under
section 465(b)(3)(C) to a person except you) having such an interest. This does not apply to amounts borrowed by a corporation from a person whose only interest in the
activity is as a shareholder of the corporation. Enter these amounts only if they were included on line 11 and not included under 1 or 2 above. This applies only to activities described in 1 through 5 unde At-Risk Activities on page 1. See Pub. 925 for definitions and more details.
4. If you are not an $S$ corporation shareholder, also include liens and encumbrances on property you contributed to the activity that are included on line 11. If you are an S corporation shareholder, do no include any loans that were assumed by the corporation or that were liens or encumbrances on property you contributed to the corporation if the corporation took the property subject to the debt.

## Line 15

## Amount At Risk

If you completed Part III of Form 6198 for 2003, check box b and enter the amount from line 19b of the 2003 form on this line.


Do not enter the amount from line 10b of the 2003 form. Also, do not include on this line any amounts that are not at risk.

## Line 16

## Increases

If you completed Part III of Form 6198 for 2003, check box $b$ and enter on this line any increases described in 1 through 9 below that occurred since the end of your 2003 tax year.

If you completed Part III of the 2003 form, "since effective date" means since the end of your 2003 tax year.

Enter your share of amounts such as the following.

1. Net FMV of property you own (not used in the activity) that secures nonrecourse loans that were acquired since the effective date and were used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity. Generally, the net FMV is determined when the property is pledged as security for the loan.

Do not enter the net FMV if (a) the nonrecourse loan was from a person

Line 12 Worksheet—Figure Your Total Losses From Years Before the Effective Date for Which There Were Equal or Greater Amounts Not At Risk at Year End (keep for your records)

| (a) <br> Year | (b) <br> Amount of loss for <br> the year | (c) <br> Amount not at risk at <br> end of year | (d) <br> Total amounts from <br> column (f) for all prior <br> years | (e) <br> Subtract (d) from (c) | (f) <br> Smaller of (b) or (e) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

## Worksheet Instructions

Use the first line of the worksheet for the first year in which you had a loss and amounts not at risk. List each subsequent year in order.
Column (d). For each year after the first year, enter the total amount in column (f) for all prior years.
Example. John had losses in 1970, 1971, and 1975. At the end of each of those years, John had outstanding amounts not at risk of $\$ 1,000$. John had losses of $\$ 500$ in 1970, $\$ 300$ in 1971, and $\$ 500$ in 1975.
For 1970, John enters $\$ 500$ in column (b), $\$ 1,000$ in column (c), $\$ 1,000$ in column (e), and $\$ 500$ in column (f).
For 1971, John enters $\$ 300$ in column (b), $\$ 1,000$ in column (c), $\$ 500$ in column (d) (the total amount from column (f) for all prior years), \$500 in column (e), and \$300 in column (f)
For 1975, John enters $\$ 500$ in column (b), $\$ 1,000$ in column (c), $\$ 800$ in column (d) (the total amount from column (f) for all prio years $(\$ 500+\$ 300)$ ), $\$ 200$ in column (e), and $\$ 200$ in column (f). Of the $\$ 500$ loss for 1975 , only $\$ 200$ is a loss for which there was an equal or greater amount not at risk at year end.
John's total loss from years before the effective date for which there were equal or greater amounts not at risk at year end is $\$ 1,000$ the total of the amounts in column (f)).

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who has an interest in the activity ther than as a creditor or who is related under section $465(b)(3)(C)$ to a person (except you) having such an interest and (b) the activity is
described in 1 through 5sunde
At-Risk Activities on page 1.
However, (a) does not apply to an
famounts borrowed by a
完
See Pub. 925 for definitions.

2. Cash and the adjusted basis of other property contributed to the activity since the effective date. Adjusted basis is the basis that would be used to figure the loss if the property was sold immediately after you contributed it to the activity. See Pub. 551 for details.

If you are an S corporation shareholder and you contributed property to the corporation subject to a liability, including a liability you are personally required to repay, then you must reduce the total of the adjusted basis of all the property you contributed by the total of all liabilities the property was subject to. This applies whether the corporation took he property subject to, or assumed, the liabilities.
3. Loans for which you are personally liable that were used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity and qualified nonrecourse financing defined on page 1). Do not enter amounts included in 2 on page 6
4. Total net income from this activity since the effective date excess of all items of income received or accrued over the allowable deductions). Do not enter
any amount less than zero. Do not include the current year income or gains.

If you are not an $S$ corporation shareholder, enter the total ne income from the activity since the effective date, taking into account only those years the activity had net income. For years since the effective date that the activity had a net loss, see the instructions for line 18, item 5 , on page 8

If you are an $S$ corporation shareholder enter your total net income from the activity for profit years since the effective date. Income from the activity includes gain recognized under section 357(c) on contributions of property to the activity. Include all distributions you received from the activity as well as your share of the activity's taxable income.
5. Gain recognized on the transfer or disposition of all or part of the activity or of your interest in the activity since the effective date
6. Amounts you included in income since the effective date because your amount at risk was less than zero.
7. All money from outside the activity used since the effective date to repay loans included on lines 14 and 18. If, however, you used your own assets to repay a nonrecourse debt and you included an amount in on page 6, the amounts included as repayments cannot exceed the amount by which the balance of the loan at the time of repayment exceeds the net FMV of property you own (not used in the activity) that secures the debt.
8. Percentage depletion deducted in excess of the adjusted basis of the depletable property for the activity
since the effective date. Use the Line 16 Worksheet below to figure this amount. Be sure to include the amount for the current year.
9. If you are an $S$ corporation shareholder, enter the loans you made to your S corporation since the effective date. Do not include notes that you have given to the activity that are still outstanding.

## Line 18

## Decreases

If you completed Part III of Form 6198 for 2003, check box b and enter on this line any decreases described in through 8 below that occurred since the end of your 2003 tax year.

If you completed Part III of the 2003 form, "since effective date" means since the end of your 2003 tax year.

Enter your share of amounts such as the following

1. Cash, property, or borrowed amounts protected against loss by a guarantee, stop-loss agreement, or other similar arrangement entered into since the effective date. Do not include items covered by casualty insurance or insurance against tort liability. Enter this amount only if it was included on line 16. See the instructions at the beginning of Part III on page 4 for information on effective dates
2. Amounts borrowed since the effective date from a person who has an interest in the activity other than as a creditor or who is related unde section 465(b)(3)(C) to a person (except you) having such an interest. However, this does not apply to: (a) amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the

Line 16 Worksheet (Item 8)—Figure Percentage Depletion Deducted in Excess of the Adjusted Basis of Depletable Property

| (a) Year | (b) <br> Percentage depletion deduction | (c) <br> Adjusted basis of depletable property before any depletion deduction for the year | (d) <br> Excess percentage depletion (column (b) minus column (c)) but not less than zero |
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corporation, (b) amounts borrowed after May 3, 2004, and secured by real property used in the activity of holding real property (other than mineral property) that, if nonrecourse, would be qualified nonrecourse financing. Enter these amounts only if hey were included on line 16 and not included under 1 above. This applies o activities described in 1 hrough 5^under At-Risk Activities on page 1 . See the instructions at the beginning of Part III on page 4 for information on effective dates.
3. Cash and the adjusted basis o other property withdrawn or distributed since the effective date. Adjusted basis is the basis that would be used to figure the loss if the property was sold by the activity a the time you withdrew it or it was distributed to you.
If you are an $S$ corporation shareholder and the property is subject to debt that would be included on line 14 (or on this line except for the fact that there are liens or encumbrances on the property in the activity), reduce the basis of the distributed property by the amount of he debt.
If you are not an $S$ corporation shareholder, reduce the adjusted basis of property withdrawn by the amount, at the time of withdrawal, of any nonrecourse liability to which the property is subject.
Do not include any money from the activity used to repay loans described in the instructions for
line 14 that begin on page 5 . Include amounts that were withdrawn and econtributed. Recontributed amounts also must be included on line 16.
Partners and S corporation shareholders who recognize gain on distributions from the partnership or S corporation must include the distributions on line 18. They also must take them into account as ncome from the activity on line 16 unless the gain is recognized in the urrent year.
4. Recourse loans (and qualified nonrecourse financing) changed to nonrecourse loans since the effective date.
5. Total losses from this activity deducted since the effective date. Take into account only those years in which you had a net loss. Do not include current year losses or deductions. Also, do not include losses or deductions you could not deduct because of the at-risk rules.

$\Delta$The 2003 line 21 deductible oss reduces your at-risk investment as of the beginning of your 2004 tax year. 6. Nonrecourse liabilities of property you contributed to the activity since the effective date
7. Any other at-risk amounts included on line 15 that changed to amounts that are not at risk since the effective date.
8. If you are an S corporation shareholder, do not include any loans that were assumed by the corporation or that were liens or encumbrances on property you contributed to the corporation since the effective date if the corporation took the property subject to the debt.

TIP
For loans, enter the amount of the loan you incurred, not the current balance of the loan.

## Line 19b

## Amount At Risk

If the amount on line 19b is zero, you may be subject to the recapture rules See Pub. 925.

## Part IV—Deductible Loss

## Line 21

## Deductible Loss

Note. When comparing lines 5 and 20, treat the loss on line 5 as a positive number only for purposes of determining the amount to enter on line 21

If the loss on line 5 is equal to or less than the amount on line 20, report the items in Part I in full on your return, subject to any other limitations such as the passive activity and capital loss limitations. Follow the instructions for your tax return.

If the loss on line 5 is more than the amount on line 20, you must limit your deductible loss to the amount on line 20, subject to any other limitations.

Examples. (a) If line 5 is a loss of $\$ 400$ and line 20 is $\$ 1,000$, enter (\$400) on line 21. (b) If line 5 is a loss of $\$ 1,600$ and line 20 is $\$ 1,200$, enter $(\$ 1,200)$ on line 21. (c) If line 5 is a loss of $\$ 800$ and line 20 is zero, enter -0 - on line 21.

If the amount on line 21 is made up of only one deduction or loss item, report on your return the amount
shown on line 21, subject to any other limitations. Follow the instructions for your tax return to determine where to report the amount on your return.

If the amount on line 21 is made up of more than one deduction or loss item in Part I (such as a Schedule C loss and a Schedule D loss), a portion of each such deduction or loss item is allowed (subject to other limitations) for the year. Determine this portion by multiplying the loss on line 21 by a fraction. Figure the fraction by dividing each item of deduction or loss from the activity by the total loss from the activity on line 5. The remaining portion of each deduction or loss item from the activity is disallowed and must be carried over to next year.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | $1 \mathrm{hr} ., 12 \mathrm{~min}$. |
| :---: | :---: |
| Learning about the law or |  |
| the form | 1 hr . |
| Preparing the form | $1 \mathrm{hr} ., 25 \mathrm{~min}$. |
| Copying, assembling, and sending the form to |  |
| the IRS . | 20 m | the IRS

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.
(4) Printed on recycled paper

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Department of the Treasury
Internal Revenue Service
At-Risk Limitations
Attach to your tax return.

- See separate instructions.


## Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts (see page 2 of the instructions).

1 Ordinary income (loss) from the activity (see page 2 of the instructions)
2 Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you are reporting on:
a Schedule D
b Form 4797
c Other form or schedule

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Part II Simplified Computation of Amount At Risk. See page 3 of the instructions before completing this part.
6 Adjusted basis (as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the tax year. Do not enter less than zero
7 Increases for the tax year (see page 3 of the instructions)
8 Add lines 6 and 7
9 Decreases for the tax year (see page 4 of the instructions)
10a Subtract line 9 from line 8.
b If line 10a is more than zero, enter that amount here and go to line 20 (or complete Part III). Otherwise, enter $-0-$ and see Pub. 925 for information on the recapture rules

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Part III Detailed Computation of Amount At Risk. If you completed Part III of Form 6198 for 2004, see page 4 of the instructions.

11 Investment in the activity (or in your interest in the activity) at the effective date. Do not enter less than zero
12 Increases at effective date
13 Add lines 11 and 12
14 Decreases at effective date
15 Amount at risk (check box that applies):
a $\square$ At effective date. Subtract line 14 from line 13. Do not enter less than zero.
b $\square$ From 2004 Form 6198, line 19b. Do not enter the amount from line 10b of the 2004 form. $\}$
16 Increases since (check box that applies):
a $\square$ Effective date $\mathbf{b} \square$ The end of your 2004 tax year
17 Add lines 15 and 16
18 Decreases since (check box that applies):
a $\square$ Effective date $\mathbf{b} \square$ The end of your 2004 tax year
19a Subtract line 18 from line 17
b If line 19a is more than zero, enter that amount here and go to line 20. Otherwise, enter $-0-$ and see Pub. 925 for information on the recapture rules

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## Part IV Deductible Loss

20 Amount at risk. Enter the larger of line 10b or line 19b
21 Deductible loss. Enter the smaller of the line 5 loss (treated as a positive number) or line 20. See page 8 of the instructions to find out how to report any deductible loss and any carryover.


Note: If the loss is from a passive activity, see the Instructions for Form 8582, Passive Activity Loss Limitations, or the Instructions for Form 8810, Corporate Passive Activity Loss and Credit Limitations, to find out if the loss is allowed under the passive activity rules. If only part of the loss is subject to the passive activity loss rules, report only that part on Form 8582 or Form 8810, whichever applies.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## 1 Description of property

2a Date acquired (month, day, year) $\downarrow / 1 /$ b Date sold (month, day, year)
3 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4.
 No
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale
$\qquad$
Part I Gross Profit and Contract Price. Complete this part for the year of sale only.
5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated
6 Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions).
7 Subtract line 6 from line 5 .
8 Cost or other basis of property sold
9 Depreciation allowed or allowable
10 Adjusted basis. Subtract line 9 from line 8
11 Commissions and other expenses of sale
12 Income recapture from Form 4797, Part III (see instructions)
13 Add lines 10, 11, and 12

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14 Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)
15 If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-
16 Gross profit. Subtract line 15 from line 14
17 Subtract line 13 from line 6. If zero or less, enter -0-
18 Contract price. Add line 7 and line 17


Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.
19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions
20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-
21 Payments received during year (see instructions). Do not include interest, whether stated or unstated
22 Add lines 20 and 21.
23 Payments received in prior years (see instructions). Do not include interest, whether stated or unstated
24 Installment sale income. Multiply line 22 by line 19
25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions).
26 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)

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Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.
27 Name, address, and taxpayer identifying number of related party
28 Did the related party resell or dispose of the property ("second disposition") during this tax year?.
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.

The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) $\qquad$ $1 /$
bThe first disposition was a sale or exchange of stock to the issuing corporation.
cThe second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.
dThe second disposition occurred after the death of the original seller or buyer. $\square$ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).
Selling price of property sold by related party (see instructions)
Enter contract price from line 18 for year of first sale .
32 Enter the smaller of line 30 or line 31
33 Total payments received by the end of your 2005 tax year (see instructions)
34 Subtract line 33 from line 32. If zero or less, enter -0-
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale
36 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions).
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)

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| Form $6252(2005)$ |  |  |

## Caution:

- See What's New on page 2 for important changes to this c dit.
- You cannot claim any amounts on Form 6478 that you claimed (or will claim) on Schedule C (Form 720), Form 8849, or Form 4136.


## Part I Current Year Credit



* Only the rate for ethanol is shown. See instructions for lines 2 and 3 for rates for alcohol other than ethanol.

Part II Allowable Credit Caution: If you have both an alcohol fuel credit and a credit from section B of Form 8835, do not complete Part II below. Instead, go to Form 8835 (see instructions).


## General Instructions

Section references are to the Internal Revenue Code.

## What's New

- The American Jobs Creation Act of 2004 requires the application of the alternative minimum tax rules to the credit so Form 6478 is no longer filed with Form 3800, General Business Credit. This means lines 6 through 9 are now made to accommodate the passive activity rules and the carryback of any unused credit allowed that previously would have been reported on Form 3800.


## Purpose of Form

Use Form 6478 to figure your credit for alcohol used as fuel. You claim the credit for the tax year in which the sale or use occurs. This credit consists of the:

- Alcohol mixture credit,
- Alcohol credit, and
- Small ethanol producer credit.

You may claim or elect not to claim the alcohol fuel credit at any time within 3 years from the due date of your return (determined without regard to extensions) on either an original or an amended return for the tax year of the sale or use.
Caution: Before claiming a credit on Form 6478, the alcohol fuel mixture credit must be taken against any section 4081 liability on Form 720. Any credit in excess of the section 4081 liability can be taken as a claim for payment on Form 8849 or an income tax credit on Form 4136.

## Definitions and Special Rules

## Qualified Ethanol Fuel Production

This is ethanol produced by an eligible small ethanol producer (defined below) which during the tax year:

1. Is sold by the producer to another person-

- For use by the buyer in the buyer's trade or business to produce a qualified mixture (other than casual off-farm production),
- For use by the buyer as a fuel in a trade or business, or
- Who sells the ethanol at retail to another person and puts the ethanol in the retail buyer's fuel tank; or

2. Is used or sold by the producer for any purpose described in 1 above.

## Eligible Small Ethanol Producer

This is a person who, at all times during the tax year, has a productive capacity for alcohol of 30 million gallons or less. This capacity includes alcohol made from petroleum, natural gas, coal, peat, and alcohol of less than 150 proof.

[^27]The alcohol must not be a mixture with gasoline or special fuel (other than as a denaturant). The credit is for alcohol which during the tax year you:

- Used as a fuel in a trade or business, or
- Sold at retail to another person and put in the fuel tank of that person's vehicle.

However, no credit is allowed for alcohol you used as a fuel in a trade or business if that alcohol was sold in a retail sale described above.

## Alcohol Fuel Mixture

The alcohol must be used to make a qualified mixture. A qualified mixture combines alcohol with gasoline or special fuel. The producer of the mixture either:

- Used it as fuel, or
- Sold it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

## Registration

All producers and importers of alcohol with a proof of at least 190 must be registered with the IRS. See Form 637, Application for Registration (For Certain Excise Tax Activities).

## Coordination With Excise Tax Credit

Only one credit may be taken with respect to any gallon of alcohol in a mixture reported on line 2. If any amount is claimed (or will be claimed) with respect to any gallon of alcohol on Form 720, Quarterly Federal Excise Tax Return, Form 8849, Claim for Refund of Excise Taxes, or Form 4136, Credit for Federal Tax Paid on Fuels, then a claim cannot be made on Form 6478 for that gallon of alcohol.

## Recapture of Credit

You must pay a tax on each gallon of alcohol (or the alcohol in the mixture) at the rate you used to figure the credit if you:

- Separate the alcohol from the mixture,
- Use the mixture other than as a fuel,
- Mix alcohol on which the credit was allowed for the retail sale,
- Use the alcohol other than as a fuel, or
- Do not use the fuel for the purposes described under Qualified Ethanol Fuel Production.

Report the tax on Form 720.

## Additional Information

See Pub. 378, Fuel Tax Credits and Refunds, and section 40.

## Specific Instructions

## Part I. Current Year Credit

Use lines 1 through 3 to figure any alcohol fuel credit from your own trade or business.
Note. We have shown in column (b) the rate for ethanol only. If you have a credit for alcohol other than ethanol, enter in column (b) the applicable rate shown in the instructions for lines 2 and 3.

Skip lines 1 through 3 if you are claiming only a credit that was allocated to you from a pass-through entity (that is, an S corporation, partnership, estate, trust, or cooperative).

## Cooperative Election to Allocate the Small Ethanol Producer Credit to Patrons

For tax years ending after October 22, 2004, a cooperative described in section 1381(a) can elect to allocate any part of the small ethanol producer credit to patrons of the cooperative. The credit is allocated among the patrons eligible to share in patronage dividends on the basis of the quantity or value of business done with or for the patrons for the tax year.
To make an election, attach a statement to your timely filed return (including extensions) indicating the amounts you would report in columns (a) and (c) on line 1 of Form 6478 without an election, the amounts you are electing to allocate to patrons, and the amounts that will not be allocated.
If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding elections). Write "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election cannot be revoked.

## S Corporations, Partnerships, Estates, and Trusts

Figure the total credit on lines 1 through 10. Then, allocate the line 10 credit to each shareholder, partner, and beneficiary in the same way that income and loss are divided. Electing large partnerships include this credit in "general credits."

If the line 10 credit includes any small ethanol producer credit (line 1), you must separately state to each shareholder, partner (except a partner in an electing large partnership), or beneficiary the number of gallons on which the credit was figured and your productive capacity (in gallons) for alcohol.

## Line 1

Enter the number of gallons of ethanol, up to 15 million gallons, that meet the conditions listed under Qualified Ethanol Fuel Production on page 2. Cooperatives enter any amount of the small ethanol producer credit not allocated to patrons. Multiply by the rate of 10 cents per gallon.
Important: The amount of the credit determined for lines 2 and 3 below with respect to alcohol in qualified mixtures must be reduced by the excise tax benefit for qualified methanol or ethanol fuel reflected on Form 720. See sections 40(c) and 4041(b)(2).

## Line 2

Enter the number of gallons of alcohol that is 190 proof or greater and alcohol that is 190 proof or greater in qualified mixtures (mixtures of alcohol and gasoline or alcohol and special fuels). For alcohol other than ethanol, the rate is 60 cents per gallon.

## Line 3

Enter the number of gallons of alcohol that is less than 190 proof but at least 150 proof and alcohol that is less than 190 proof but at least 150 proof in qualified mixtures (mixtures of alcohol and gasoline or alcohol and special fuels). For alcohol other than ethanol, the rate is 45 cents per gallon.

## Line 4

Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron.

If your credit from a pass-through entity includes the small ethanol producer credit, the pass-through entity must tell you the amount of the small producer credit included in the
pass-through credit, the number of gallons for which the entity claimed the small ethanol producer credit, and the productive capacity for alcohol. You, as a shareholder, partner, beneficiary, or patron, are subject to the 15-million-gallon limitation for line 1 and the 30-million-gallon productive capacity limitation for an eligible small ethanol producer. If you receive a small ethanol producer credit from more than one entity, your credit may be limited.

## Line 6

Enter the amount included on line 5 that is from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are generally considered passive activities, whether or not you materially participate. For details, see Form 8582-CR, Passive Activity Credit Limitations (for individuals, trusts, and estates), or Form 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations).

## Line 8

Enter the passive activity credit allowed for the 2005 credit for alcohol used as fuel from Form 8582-CR or Form 8810.

## Line 9

Use only if you amend your 2005 return to carry back an unused credit from 2006.

## Line 10

For an estate or trust, the credit on line 10 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. In the margin to the right of line 10, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in lines 10 through 23 to figure the credit to claim on Form 1041. Also, enter and identify the beneficiaries' share of the credit to the right of line 10 and attach a schedule showing how the total credit was divided.

## Part II. Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit. However, if you have a current year credit and a credit from Section B of Form 8835, Renewable Electricity and Refined Coal Production Credit, do not complete Part II. Instead, go to Form 8835 to compute the allowable combined credit.

## Line 11

Enter the regular tax before credits from the following line of the appropriate form or schedule.

- Individuals: Form 1040, line 44.
- Corporations: Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the amount from the applicable line of your return.
- Estates and trusts: The sum of the amounts from Form 1041, Schedule G, lines 1a and 1b; or the amount from the applicable line of your return.


## Line 12

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals: Form 6251, line 35.
- Corporations: Form 4626, line 14.
- Estates and trusts: Form 1041, Schedule I, line 56.


## Line 17

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 19

Enter the amount of all other allowed credits for the current year included in the general business credit. If you are filing Form 3800, enter the amount from line 19 of that form plus the following.

- Form 8844, line 24.
- The amount from the last line of any single separate general business credit form.


## Line 21

If you cannot use all of the credit because of the tax liability limit (line 20 is smaller than line 10), you cannot carry the unused credit back. You must carry the unused credit forward 20 years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . 10 hr., 31 min.
Learning about the
law or the form 18 min.

## Preparing and sending the form

to the IRS . . . . . . . . . . . . . . . 28 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Credit for Increasing Research Activities

- Attach to your tax return.

Identifying number

Part I Current Year Credit (Members of controlled rups or businesses under common control, see instructions.) Section A-Regular Credit. Skip this section and go to Sontior. 'if you are electing or previously elected the alternative incremental credit.
1 Basic research payments paid or incurred to qualified organizations (see instructions).
2 Qualified organization base period amount
3 Subtract line 2 from line 1. If zero or less, enter -0-
4 Wages for qualified services (do not include wages used in figuring the work opportunity credit)
5 Cost of supplies
6 Rental or lease costs of computers (see instructions)
7 Enter the applicable percentage of contract research expenses (see instructions)
8 Total qualified research expenses. Add lines 4 through 7
9 Enter fixed-base percentage, but not more than 16\% (see instructions)
10 Enter average annual gross receipts (see instructions)
11 Multiply line 10 by the percentage on line 9
12 Subtract line 11 from line 8. If zero or less, enter -0-
13 Multiply line 8 by $50 \%$ (.50)
14 Enter the smaller of line 12 or line 13
15 Add lines 3 and 14
16 Regular credit. If you are not electing the reduced credit under section 280C(c), multiply line 15 by $20 \%$ (.20), enter the result, and see the instructions for the schedule that must be attached. If you are electing the reduced credit, multiply line 15 by $13 \%$ (.13) and enter the result. Also, write "Sec. 280C" on the dotted line to the left of the entry space. Go to Section C

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Section B-Alternative Incremental Credit. Skip this section if you completed Section A.
17 Basic research payments paid or incurred to qualified organizations (see the line 1 instructions)
18 Qualified organization base period amount
19 Subtract line 18 from line 17. If zero or less, enter -0-
20 Multiply line 19 by 20\% (.20) .
21 Wages for qualified services (do not include wages used in figuring the work opportunity credit)
22 Cost of supplies
23 Rental or lease costs of computers (see the line 6 instructions)
24 Enter the applicable percentage of contract research expenses (see the line 7 instructions) .
25 Total qualified research expenses. Add lines 21 through 24.
26 Enter average annual gross receipts (see the line 10 instructions)
27 Multiply line 26 by 1\% (.01)
28 Subtract line 27 from line 25. If zero or less, enter -0-
29 Multiply line 26 by 1.5\% (.015)
30 Subtract line 29 from line 25. If zero or less, enter -0-
31 Subtract line 30 from line 28
32 Multiply line 26 by 2\% (.02)
33 Subtract line 32 from line 25. If zero or less, enter -0-
34 Subtract line 33 from line 30
35 Multiply line 31 by $2.65 \%$ (.0265)
36 Multiply line 34 by $3.2 \%$ (.032)
37 Multiply line 33 by $3.75 \%$ (.0375)
38 Add lines 20, 35, 36, and 37
39 Alternative incremental credit. If you are not electing the reduced credit under section 280 (c), enter the amount from line 38, and see the line 16 instructions for the schedule that must be attached. If you are electing the reduced credit, multiply line 38 by $65 \%$ (.65) and enter the result. Also, write "Sec. 280C" on the dotted line to the left of the entry space

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## Section C—Current Year Credit for Increasing Research Activities

40 Pass-through research credit(s) from a partnership, S corporation, estate, or trust
41 Current year credit. Add line 16 or line 39 to line 40, and go to Part II on the back

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## Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)

42 Regular tax:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Sr edule J, line 3; Form 1120-A, Part I, line 1; or the amount from the applicable line of ar return
- Estates and trusts. Enter the sum of the amoun+ rm rm 1041, Schedule G, lines 1a and 1b, or the applicable line of your return.
43 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35.
- Corporations. Enter the amount from Form 4626, line 14.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

44 Add lines 42 and 43
45a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 45a through 45e
46 Net income tax. Subtract line 45 from line 44 . If zero, skip lines 47 through 50 and enter $-0-$ on line 51
47 Net regular tax. Subtract line $45 f$ from line 42 . If zero or less, enter -0-
48 Enter $25 \%$ (.25) of the excess, if any, of line 47 over $\$ 25,000$ (see instructions)
49 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
50 Enter the greater of line 48 or line 49
51 Subtract line 50 from line 46. If zero or less, enter -0-
52 Credit allowed for the current year. Individuals, estates, and trusts: Enter the smallest of line 41, line 51, or the amount from the formula in the instructions for line 52 here and on Form 1040, line 55; or Form 1041, Schedule G, line 2c. Corporations: Enter the smaller of line 41 or line 51 here and on Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; or the applicable line of other returns. If line 52 is smaller than line 41, see instructions


Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . $15 \mathrm{hr} ., 18 \mathrm{~min}$.
Learning about the law
or the form . . . . . . . . . $1 \mathrm{hr} ., 40 \mathrm{~min}$.
Preparing and sending the form
to the IRS . . . . . . . . . . . . . . 2 hr.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New for 2005

The credit for increasing research activities (research credit) is not allowed for expenditures paid or incurred after December 31, 2005.

## Purpose of Form

Use Form 6765 to figure and claim the credit for increasing research activities (research credit).

## Who Must File

An individual, estate, trust, organization, or corporation claiming a credit for increasing research activities; or any S corporation, partnership, estate, or trust that allocates the credit to its shareholders, partners, or beneficiaries must complete this form and attach it to its income tax return. If allocating the credit, see the instructions for line 41.

## Qualified Research

The research credit is generally allowed for expenditures paid or incurred for qualified research. Qualified research means research for which expenditures may be treated as section 174 expenses. This research must be undertaken for discovering information that is technological in nature, and its application must be intended for use in developing a new or improved business component of the taxpayer. In addition, substantially all of the activities of the research must be elements of a process of experimentation relating to a new or improved function, performance, reliability, or quality. The research credit generally is not allowed for the following types of activities.

- Research conducted after the beginning of commercial production.
- Research adapting an existing product or process to a particular customer's need.
- Duplication of an existing product or process.
- Surveys or studies.
- Research relating to certain
internal-use computer software.
- Research conducted outside the United States, Puerto Rico, or a U.S. possession.
- Research in the social sciences, arts, or humanities.
- Research funded by another person (or governmental entity).

If you incur qualified clinical testing expenses relating to drugs for certain rare diseases, you can elect to claim the orphan drug credit for these expenses instead of the research credit. See Form 8820, Orphan Drug Credit.

See section 41 and Regulations sections 1.41-2 and 1.41-4 for other definitions and special rules.

## Special Rules

See section 41(f) and Regulations section 1.41-6 for special rules related to:

- Aggregation of expenditures for members of controlled groups and businesses under common control;
- Allocation of the credit by
partnerships, estates, and trusts;
- Adjustments, if a major portion of a business is acquired or disposed of; and
- Short tax years.

For special rules concerning the allocation and apportionment of research and experimental expenditures between U.S. and foreign source income, see sections 861 through 864.

## Specific Instructions

## Part I-Current Year Credit

You can claim either the regular credit in Section A or elect the alternative incremental credit in Section B. Under the alternative incremental credit, a smaller three-tiered fixed-base percentage and reduced three-tiered credit rate apply. You may want to figure your credit both ways to see which gives you the larger credit. However, once elected, the alternative incremental credit applies to the current tax year and all later tax years, unless you receive IRS consent to revoke the election. In the year the consent is granted, attach the consent to Form 6765 and the return.

## Members of Controlled Groups or Businesses Under Common Control

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 41(f)(5) and Regulations section 1.41-6), and all members of a group of businesses under common control, are treated as a single taxpayer. The credit allowed each member is based on its proportionate share of qualified research expenses and basic research payments giving rise to the group's research credit. Use Section A or B of Part I to figure the credit for the entire group, but enter only this member's share of the credit on line 16 or line 39, whichever applies. Attach a statement showing how this member's share of the credit was figured, and write "See Attached" next to the entry space for line 16 or line 39.

## Section A—Regular Credit

Skip this section and go to Section B if you are electing or previously elected the alternative incremental credit (and have not received permission to revoke the election).

Line 1
Corporations (other than S corporations, personal holding companies, and service organizations) may be eligible for a basic research credit if payments in cash to a qualified university or scientific research organization (under a written contract) exceed a base period amount (based on their general university giving and certain other maintenance-of-effort levels for the 3 preceding years). Enter your payments on this line. See section 41(e) for details.

## Line 2

Enter the qualified organization base period amount as defined in section 41(e). The amount on line 2 (not to exceed the amount on line 1), although not eligible for the basic research credit, can be treated as contract research expenses on line 7 subject to the 65\% (or 75\%) limitation.

## Line 6

Enter the amount you paid or incurred for the rental or lease of computers used in qualified research. The computer must be located off your premises and you must not be the operator or primary user of the computer. Reduce this amount by the amount that you (or any member of a controlled group of corporations or businesses under common control) received or accrued for the right to use substantially identical property.

## Line 7

Include 65\% of any amount you paid or incurred for qualified research performed on your behalf. Prepaid contract research expenses are considered paid in the year the research is actually done. Also include $65 \%$ of that portion of the line 1 basic research payments that does not exceed the line 2 base amount. However, use $75 \%$ in place of $65 \%$ for payments made to a qualified research consortium. A qualified research consortium is a tax-exempt organization described in section 501 (c)(3) or 501 (c)(6) that is organized and operated primarily to conduct scientific research and is not a private foundation.

## Line 9

The fixed-base percentage depends on whether you are an existing company or a start-up company.

A start-up company is a taxpayer that had both gross receipts and qualified research expenses either:

- For the first time in a tax year beginning after 1983 or
- For fewer than 3 tax years beginning after 1983 and before 1989.

The fixed-base percentage for a start-up company is figured as follows.

- For the first 5 tax years beginning after 1993 for which you have qualified research expenses, the percentage is $3 \%$.
- For the 6th tax year beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for the 4th and 5th such tax years by the aggregate gross receipts for those tax years, then divide the result by 6 .
- For the 7th tax year beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for the 5th and 6th such tax years by the aggregate gross receipts for those tax years, then divide the result by 3.
- For the 8th tax year beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for the 5th, 6 th, and 7 th such tax years by the aggregate gross receipts for those tax years, then divide the result by 2.
- For the 9th tax year beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for the 5 th, 6th, 7th, and 8th such tax years by the aggregate gross receipts for those tax years, then divide the result by 1.5 .
- For the 10th tax year beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for the 5th through 9th such tax years by the aggregate gross receipts for those tax years, then divide the result by 1.2.
- For the 11th and later tax years beginning after 1993 for which you have qualified research expenses, divide the aggregate qualified research expenses for any 5 of the 5th through 10th such tax years by the aggregate gross receipts for those tax years.

The fixed-base percentage for an existing company (any company that is not a start-up company) is figured by dividing the aggregate qualified research expenses for the tax years beginning after 1983 and before 1989 by the aggregate gross receipts for those tax years.

The fixed-base percentage for all companies (existing and start-up) must be rounded to the nearest $1 / 100$ th of $1 \%$ (that is, four decimal places) and cannot exceed 16\%. In addition, when figuring your fixed-base percentage, you must reflect expenses for qualified research conducted in Puerto Rico or a U.S. possession for all prior tax years included in the computation.

If short tax years are involved, see Regulations section 1.41-3(b).

CAUTION
Reduce gross receipts by returns and allowances. For a foreign corporation, include only gross receipts that are effectively connected with a trade or business in the United States (or in Puerto Rico or a U.S. possession, if applicable).

Line 10
Enter the average annual gross receipts (reduced by returns and allowances) for the 4 tax years preceding the tax year for which the credit is being determined. You may be required to annualize gross receipts for any short tax year. For a foreign corporation, include only gross receipts that are effectively connected with a trade or business in the United States (or in Puerto Rico or a U.S. possession, if applicable).

## Line 16

If you do not elect the reduced credit, which can only be claimed on an original timely filed return (with extensions), you must reduce your otherwise allowable deduction for qualified research expenses or basic research expenses by the amount of the credit on this line. If the credit exceeds the amount allowed as a deduction for the tax year, reduce the amount chargeable to the capital account for the year for such expenses by the amount of the excess. Attach a schedule to your tax return that lists the deduction amounts (or capitalized expenses) that were reduced. Identify the lines of your return (schedule or forms for capitalized items) on which the reductions were made.

## Section B—Alternative Incremental Credit

Complete this section only if you are electing or previously elected the alternative incremental credit instead of the regular credit (and have not received permission to revoke the election).

## Line 18

Enter the qualified organization base period amount as defined in section 41(e). The amount on line 18 (not to exceed the amount on line 17), although not eligible for the basic research credit, can be treated as contract research expenses on line 24 subject to the $65 \%$ (or 75\%) limitation.

## Section C—Current Year Credit

## Line 41

Pass-through entities should report the amount on line 41 as follows.
Estates and trusts. Allocate the credit on line 41 between the estate or trust and the beneficiaries in the same proportion as income was allocated. In the margin for line 41, the estate or trust should enter its share of the credit. Label it "1041 Portion" and use this amount in Part II (or on Form 3800, if required) to figure the credit to claim on Form 1041. On Schedule K-1, report the share of credit allocated to each beneficiary.

## S corporations and partnerships.

Attach Form 6765 to your tax return, and on Schedule K-1 report the credit allocated to each shareholder or partner. Electing large partnerships include this credit in "general credits."

## Part II-Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A research credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

## Line 48

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 49

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the appropriate AMT form or schedule.

## Line 52

For an individual, estate, or trust, the credits on line 16 or 39 , and line 40 , are limited to the amount of tax attributable to your taxable income from the sole proprietorship or your interest in the partnership, S corporation, estate, or trust (pass-through entity) generating the credit. Figure the research credit limitation separately for each business enterprise by using the following formula:

(Line 46-Line 48) $\times \frac{$\begin{tabular}{l}
Taxable income attributable to the <br>
sole proprietorship or your interest in <br>
the pass-through entity

}{

Taxable income for the year (Form <br>
1040, line 43, or Form 1041, line 22)
\end{tabular}}

The result figured above is limited to the excess of line 46 over line 48. If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year for that business.

If you cannot use all of the research credit because of the tax liability limit or the taxable income limit above (line 52 is less than line 41), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.


Attachment Sequence No. 82
Name(s) shown on tax return
Check all applicable boxes (see instructions).
$A \quad \square \mathrm{M}$
$\qquad$ Identifying number

A
B $\square$ Mixed straddle election Straddle-by-straddle identification election


Mixed straddle account election Net section 1256 contracts loss election
Part I Section 1256 Contracts Marked to Market

## (a) Identification of account

1

2 Add the amounts on line 1 in columns (b) and (c)
3 Net gain or (loss). Combine line 2, columns (b) and (c)
4 Form 1099-B adjustments. See instructions and attach schedule
5 Combine lines 3 and 4
Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and $S$ corporations, see instructions.
6 If you have a net section 1256 contracts loss and checked box $D$ above, enter the amount of loss to be carried back. Enter the loss as a positive number

7 Combine lines 5 and 6
8 Short-term capital gain or (loss). Multiply line 7 by $40 \%$ (.40). Enter here and include on the appropriate line of Schedule D (see instructions)
9 Long-term capital gain or (loss). Multiply line 7 by $60 \%$ (.60). Enter here and include on the appropriate line of Schedule D (see instructions)
Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.
Section A-Losses From Straddles

|  | (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0- | (g) <br> Unrecogniz gain on offsettin position |  | (h) Recognized loss. If column (f) is more than (g), enter difference. <br> Otherwise, enter -0- |
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|  |  |  |  |  |  |  |  |  |  |
| 11a | Enter the short-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions) |  |  |  |  |  |  | 11a | ) |
| b | Enter the long-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions) |  |  |  |  |  |  | 11b | ) |

## Section B-Gains From Straddles



Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

| (a) Description of property | (b) Date <br> acquired | (c) Fair market value on last <br> business day of tax year | (d) Cost or other basis <br> as adjusted | If column (c) is more <br> (han (d), enter difference. <br> Otherwise, enter -0- |
| :--- | :--- | :--- | :--- | :--- |
| $\mathbf{1 4}$ |  |  |  |  |

# Form 8283 (Rev. August 2005) Noncash Charitable Contributions 

Purpose: This is the first circulated draft of Form 8283, with a revision date of August 2005, for your review and comments. The major changes are explained below.

TPCC Meeting: No meeting is scheduled but one can be set up upon request.
Prior Version: To view a copy of the prior Form 8283, which was revised in October1998, click on the link below: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/62299J98.PDF

Instructions: The Instructions for Form 8283 will be circulated at a later date. The instructions which were revised as of October 1998 can be of found on the link below: http://publish.no.irs.gov/INSTRS/PDF/62730J98.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by July 15, 2005.

Neal Dickman
Tax Forms and Publications
SE:W:CAR:MP:T:I:F

Email: Neal.E.Dickman@irs.gov
Phone: 202-622-5013
Fax: 202-927-6234

## Major Changes to Form 8283 (Rev. August 2005)

1. New titles were added to Section A; Section A, Part II; and Section B. This suggestion came from a manager in LMSB who thought that titles would make the form less confusing.
2. On line 1, column (b), a sentence was added asking the taxpayer to provide information on a donated vehicle. This recommendation came from the Department of Treasury, Office of Tax Policy.
3. In the Part II heading, the instructions were revised to make them easier to follow. Also, the first line of instructions in questions 2 and 3 were deleted. The instructions were already stated in the heading.
4. In the Section $B$ heading on page 2 , a sentence was added to indicate that an appraisal is usually required for donations listed in this section. This sentence was added since the title of this part was changed.
5. In question 4 several checkboxes were deleted and several new ones were added. The new checkboxes should better reflect the types of property donated.
A. Boxes that have been deleted:
6. Real Estate
7. Coin Collections
8. Gems/ Jewelry
9. Books
10. Stamp Collections
B. Boxes have been added for:
11. Collectibles
12. Qualified Conservation Contribution
13. Other Real Estate
14. Intellectual Property
15. Equipment
16. Securities

The boxes about the different types of collections were consolidated into one box called collectibles.
(Recommendation from the Department of Treasury, Office of Tax Policy)
6. In Section B, Part I, question 4, a second asterisk was added to explain what would be included in the collectibles checkbox.
7. In the note above question 5 , a second item was added to indicate that a qualified appraisal should be attached to the tax return if the donation is over $\$ 500,000$.
(IRC section 170(f)(11)(D))

- See separate instructions.

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

## Section A. Donated Property of $\$ 5,000$ or Less and Certain Publicly Traded Securities-List in this section only items (or groups of similar items) for which you claimed a deduction of $\$ 5,000$ or less. Also, list certain publicly traded securities even if the deduction is over $\$ 5,000$ (see instructions).

## Part I

 Information on Donated Property-If you need more space, attach a statement.

Note: If the amount you claimed as a deduction for an item is $\$ 500$ or less, you do not have to complete columns (d), (e), and (f).

|  | (c) Date of the <br> contribution | (d) Date acquired <br> by donor (mo., yr.) | (e) How acquired <br> by donor | (f) Donor's cost <br> or adjusted basis | (9) Fair market value <br> (see instructions) | (h) Method used to determine the fair <br> market value |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| A |  |  |  |  |  |  |  |
| B |  |  |  |  |  |  |  |
| C |  |  |  |  |  |  |  |
| D |  |  |  |  |  |  |  |
| E |  |  |  |  |  |  |  |

Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I. Also attach the required statement (see instructions).
2a Enter the letter from Part I that identifies the property in which you gave less than an entire interest $\qquad$ . If Part II applies to more than one property, attach a separate statement.
b Total amount claimed as a deduction for the property listed in Part I:
(1) For this tax year
$-$
(2) For any prior tax years .
c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
Name of charitable organization (donee)
d For tangible property, enter the place where the property is located or kept
e Name of any person, other than the donee organization, having actual possession of the property

3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?
b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire? .
c Is there a restriction limiting the donated property for a particular use?

Section B. Donated Property Over \$5,000 (Except Certain Publicly Traded Securities)—List in this section only items (or groups of similar items) for which you claimed a deduction of more than $\$ 5,000$ per item or group (except contributions of certain publicly traded securities reported in Section A). An appraisal is generally required for property listed in Section B (see instructions).
Part I Information on Donated Property-To be completed by the taxpayer and/or the appraiser.
4 Check the box that describes the type of property donated:
$\square \mathrm{Arr}^{*}$ (contribution of $\$ 20,000$ or more)
$\square \mathrm{Arta}^{*}$ (contribution of less than $\$ 20,000$ )
$\square$ Collectibles $^{* *}$Qualified Conservation ContributionEquipmentOther Real EstateSecurtities
$\square$ Collectibles*
$\square$ Intellectual Property
$\square$ other
*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.
**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art.
Note: You must attach a complete copy of a qualified appraisal to your tax return if (a) your total art contribution deduction was $\$ 20,000$ or more, or (b) your deduction for any donated property was more than $\$ 500,000$. See instructions.


Part II Taxpayer (Donor) Statement-List each item included in Part I above that the appraisal identifies as having a value of $\$ 500$ or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than $\$ 500$ (per item). Enter identifying letter from Part I and describe the specific item. See instructions.

Signature of taxpayer (donor) $\quad$ Date

## Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.
Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.
Sign
Here
Signature
Title
Date of appraisal
Business address (including room or suite no.)
Identifying number

City or town, state, and ZIP code

## Part IV Donee Acknowledgment-To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on
(Date)
Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 2 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.
Does the organization intend to use the property for an unrelated use?
Yes
No

| Name of charitable organization (donee) | Employer identification number |  |
| :---: | :---: | :---: |
| Address (number, street, and room or suite no.) | City or town, state, and ZIP code |  |
| Authorized signature | Title | Date |

## 2005 Instructions for Form 8582-CR, Passive Activity Credit Limitation

Purpose: $\quad$ This is the first circulated proof of the 2005 Instructions for Form 8582CR, Passive Activity Credit Limitation, for your review and comments.

Changes were made to correspond to changes regarding the reporting of certain general business credits.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.

Form:
The 2005 Form 8582-CR was circulated earlier at: http://taxforms.web.irs.gov/products/Drafts/05f8582cr d1.pdf.

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html. Draft publications are not available.

Comments: Please email, call, mail, or fax any comments by July, 22, 2005.

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Washington, DC 20224

## Instructions for Form <br> 8582-CR

## Passive Activity Credit Limitations

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

Form 8582-CR is used by noncorporate taxpayers to figure the amount of any passive activity credit (PAC) for the current tax year (including any prior year unallowed credits) and the amount of credit allowed for the current year. It also is used to make the election to increase the basis of credit property when a taxpayer disposes of his or her interest in an activity.

PACs that are not allowed in the current year are carried forward until they are allowed against the tax on either net passive income or the special allowance, if applicable.

Different rules apply to your activities and the related credit, depending on the type of activity. Generally, passive activities include: - Trade or business activities in which you did not materially participate for the tax year.

- Rental activities, regardless of your participation.

See Trade or Business Activities on page 3 and Rental Activities on page 2.

For more information, see Pub. 925, Passive Activity and At-Risk Rules.
Note. Corporations subject to the passive activity rules must use Form 8810, Corporate Passive Activity Loss and Credit Limitations.

## Who Must File

Form 8582-CR is filed by individuals, estates, and trusts with any of the following credits from passive activities.

- Investment credit (including the rehabilitation credit, and energy credit).
- Work opportunity credit.
- Welfare-to-work credit.
- Credit for alcohol used as fuel.
- Credit for increasing research activities.
- Low-income housing credit.
- Enhanced oil recovery credit.
- Disabled access credit.
- Renewable electricity and refined coal production credit.
- Empowerment zone and renewal community employment credit.
- Indian employment credit.
- Credit for employer social security and Medicare taxes paid on certain employee tips.
- Orphan drug credit.
- Credit for small employer pension plan startup costs.
- Credit for employer-provided child care facilities and services.
- Nonconventional source fuel credit.
- Qualified electric vehicle credit.
- Railroad track maintenance credit.
- Biodiesel fuels credit.
- Low sulfur diesel fuel production credit.
- Marginal well oil and gas
production credit.
- General credits from electing large partnerships.


## Overview of Form

The form contains six parts. The Specific Instructions, starting on page 9 , include, at the beginning of the instructions for each part, a brief explanation of the purpose or use of that part. These explanations give a general overview of how the form works.

Also, as you read the instructions that follow, see Example of How To Complete Form 8582-CR, beginning on page 5 . The example goes through a six-step analysis of how the form and worksheets are completed for a partner in a limited partnership that has a low-income housing credit.

## Activities That Are Not Passive Activities

The following are not passive activities.

1. Trade or business activities in which you materially participated for the tax year.
2. Any rental real estate activity in which you materially participated if you were a "real estate professional"
for the tax year. You were a real estate professional only if:
a. More than half of the personal services you performed in trades or businesses during the tax year were performed in real property trades or businesses in which you materially participated, and
b. You performed more than 750 hours of services during the tax year in real property trades or businesses in which you materially participated.

For purposes of item (2), each interest in rental real estate is a separate activity unless you elect to treat all interests in rental real estate as one activity.

If you are married filing jointly, one spouse must separately meet both (2)(a) and (2)(b) 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.
3. A working interest in an oil or gas well. Your working interest must be held directly or through an entity that does not limit your liability (such as a general partner interest in a partnership). In this case, it does not matter whether you materially participated in the activity for the tax year.

If, however, your liability was limited for part of the year (for example, you converted your general partner interest to a limited partner interest during the year), some of your income and losses from the working interest may be treated as passive activity gross income and passive activity deductions. See

Temporary Regulations section 1.469-1T(e)(4)(ii).
4. The rental of a dwelling unit you used as a residence if section 280A(c)(5) applies. This section applies if you rented out a dwelling unit that you also used as a home during the year for a number of days that exceeds the greater of 14 days or $10 \%$ of the number of days during the year that the home was rented at a fair rental.
5. An activity of trading personal property for the account of owners of interests in the activity. For purposes of this rule, personal property means property that is actively traded, such as stocks, bonds, and other securities. See Temporary Regulations section 1.469-1T(e)(6).

Generally, credits from these activities are not entered on Form 8582-CR. However, credits from these activities may be subject to limitations other than the passive credit limitation rules.

## Rental Activities

A rental activity is a passive activity even if you materially participated in the activity (unless it is a rental real estate activity in which you materially participated and you were a real estate professional).

However, if you meet any of the five exceptions listed below, the rental of the property is not treated as a rental activity. See Reporting Credits From the Activities on this page if you meet any of the exceptions.

An activity is a rental activity if tangible property (real or personal) is used by customers or held for use by customers and the gross income (or expected gross income) from the activity represents amounts paid (or to be paid) mainly for the use of the property. It does not matter whether the use is under a lease, a service contract, or some other arrangement.

## Exceptions

An activity is not a rental activity if any of the following exceptions are met.

1. The average period of customer use is:
a. 7 days or less, or
b. 30 days or less and significant personal services (see below) were provided in making the rental property available for customer use.

Figure the average period of customer use for a class of property by dividing the total number of days in all rental periods by the number of rentals during the tax year. If the
activity involves renting more than one class of property, multiply the average period of customer use of each class by the ratio of the gross rental income from that class to the activity's total gross rental income. The activity's average period of customer use equals the sum of these class-by-class average periods weighted by gross income. See Regulations section 1.469-1(e)(3)(iii).

Significant personal services include only services performed by individuals. To determine if personal services are significant, all relevant facts and circumstances are considered. Facts and circumstances include the frequency of the services, the type and amount of labor required to perform the services, and the value of the services relative to the amount charged for use of the property.
2. Extraordinary personal services were provided in making the rental property available for customer use. This applies only if the services are performed by individuals and the customers' use of the rental property is incidental to their receipt of the services.
3. Rental of the property is incidental to a nonrental activity.

The rental of property is incidental to an activity of holding property for investment if the main purpose of holding the property is to realize a gain from its appreciation and the gross rental income is less than $2 \%$ of the smaller of the unadjusted basis or the fair market value (FMV) of the property.

Unadjusted basis is the cost of the property without regard to depreciation deductions or any other basis adjustment described in section 1016.

The rental of property is incidental to a trade or business activity if:
a. You own an interest in the trade or business activity during the tax year,
b. The rental property was mainly used in the trade or business activity during the tax year or during at least 2 of the 5 preceding tax years, and
c. The gross rental income from the property is less than $2 \%$ of the smaller of the unadjusted basis or the FMV of the property.

Lodging provided for the employer's convenience to an employee or the employee's spouse or dependents is incidental to the activity or activities in which the employee performs services.
4. You customarily make the rental property available during defined business hours for
nonexclusive use by various customers.
5. You provide property for use in a nonrental activity of a partnership, S corporation, or joint venture in your capacity as an owner of an interest in the partnership, S corporation, or joint venture.

## Reporting Credits From the Activities

If an activity meets any of the five exceptions listed above, it is not a rental activity. You must then determine:

1. Whether your rental of the property is a trade or business activity (see Trade or Business Activities on page 3) and, if so,
2. Whether you materially participated in the activity for the tax year (see Material Participation beginning on page 3 ).

- If the activity is a trade or business activity in which you did not materially participate, enter the credits from the activity on Worksheet 4 on page 11.
- If the activity is a trade or business activity in which you did materially participate, report the credits from the activity on the forms you normally use.

If the rental activity did not meet any of the five exceptions, it is generally a passive activity. Special rules apply if you conduct the rental activity through a publicly traded partnership (PTP). See Publicly Traded Partnerships (PTPs) on page 15.

If the rental activity is not conducted through a PTP, the passive rental activity is entered in Worksheet $1,2,3$, or 4 on pages 10 and 11 .

Worksheet 1 is for credits (other than rehabilitation credits and low-income housing credits) from passive rental real estate activities in which you actively participated. See Special Allowance for Rental Real Estate Activities on page 3.

Worksheet 2 is for rehabilitation credits from passive rental real estate activities and low-income housing credits for property placed in service before 1990. This worksheet is also used for low-income housing credits from a partnership, $S$ corporation, or other pass-through entity if your interest in the pass-through entity was acquired before 1990, regardless of the date the property was placed in service.

Worksheet 3 is for low-income housing credits for property placed in service after 1989 (unless held
through a pass-through entity in which you acquired your interest before 1990).

Worksheet 4 is for credits from passive trade or business activities in which you did not materially participate and passive rental real estate activities in which you did not actively participate (but not rehabilitation credits from passive rental real estate activities or low-income housing credits).

## Special Allowance for Rental Real Estate Activities

If you actively participated in a passive rental real estate activity, you may be able to claim credits from the activity for the tax attributable to a special allowance of up to $\$ 25,000$, reduced by any passive losses, including the commercial revitalization deduction, allowed under this exception on Form 8582, Passive Activity Loss Limitations.

The special allowance also applies to low-income housing credits and rehabilitation credits from a rental real estate activity, even if you did not actively participate in the activity. The credits allowed under the special allowance are in addition to the credits allowed for the tax attributable to net passive income.

The special allowance is not available if you were married at the end of the year, are filing a separate return for the year, and lived with your spouse at any time during the year.

Only an individual, a qualifying estate, or a qualified revocable trust that made an election to treat the trust as part of the decedent's estate may actively participate in a rental real estate activity. Unless future regulations provide an exception, limited partners are not treated as actively participating in a partnership's rental real estate activity.

A qualifying estate is the estate of a decedent for tax years ending less than 2 years after the date of the decedent's death if the decedent would have satisfied the active participation requirements for the rental real estate activity for the tax year the decedent died.

A qualified revocable trust may elect to be treated as part of a decedent's estate for purposes of the special allowance for active participation in rental real estate activities. The election must be made by both the executor (if any) of the decedent's estate and the trustee of the revocable trust. For details, see Regulations section 1.645-1.

You are not considered to actively participate in a rental real estate activity 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.

Active participation is a less stringent requirement than material participation (see Material
Participation on this page). You may be treated as actively participating if, for example, you 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 may count as active participation include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair expenditures, and
- Other similar decisions.

The maximum special allowance is:

- $\$ 25,000$ for single individuals and married individuals filing a joint return for the tax year.
- \$12,500 for married individuals who file separate returns for the tax year and who lived apart from their spouses at all times during the tax year.
- $\$ 25,000$ for a qualifying estate reduced by the special allowance for which the surviving spouse qualified.


## Modified adjusted gross income

limitation. If your modified adjusted gross income (defined in the instructions for line 10 beginning on page 10) is $\$ 100,000$ or less ( $\$ 50,000$ or less if married filing separately), figure your credits based on the amount of the maximum special allowance referred to in the preceding paragraph.

If your modified adjusted gross income is more than $\$ 100,000$ ( $\$ 50,000$ if married filing separately) but less than $\$ 150,000$ ( $\$ 75,000$ if married filing separately), your special allowance is limited to $50 \%$ of the difference between $\$ 150,000$ ( $\$ 75,000$ if married filing separately) and your modified adjusted gross income.

Generally, if your modified adjusted gross income is $\$ 150,000$ or more ( $\$ 75,000$ or more if married filing separately), there is no special allowance.

However, for low-income housing credits for property placed in service before 1990 and for rehabilitation credits, the limits on modified adjusted gross income are increased. If your modified adjusted gross income is more than $\$ 200,000$
(\$100,000 if married filing separately) but less than \$250,000 ( $\$ 125,000$ if married filing separately), your special allowance is limited to $50 \%$ of the difference between $\$ 250,000$ ( $\$ 125,000$ if married filing separately) and your modified adjusted gross income.

If your modified adjusted gross income is $\$ 250,000$ or more ( $\$ 125,000$ or more if married filing separately), there is no special allowance.

No modified adjusted gross income limitation applies when figuring the special allowance for low-income housing credits for property placed in service after 1989 (other than from a pass-through entity in which you acquired your interest before 1990).

## Trade or Business Activities

A trade or business activity is an activity (other than a rental activity or an activity treated as incidental to an activity of holding property for investment) that:

1. Involves the conduct of a trade or business (within the meaning of section 162),
2. Is conducted in anticipation of starting a trade or business, or
3. Involves research or experimental expenditures deductible under section 174 (or that would be if you chose to deduct rather than capitalize them).

## Reporting Credits From the Activities

Trade or business activities with material participation. If you materially participated in a trade or business activity, the activity is not a passive activity. Report the credits from the activity on the forms you normally use.

## Trade or business activities

without material participation. If
you did not materially participate in a trade or business activity, the activity is a passive activity. Generally, you must use Worksheet 4 on page 11 to figure the amount to enter on Form 8582-CR for each trade or business activity in which you did not materially participate. However, if you held the activity through a PTP, special rules apply. See Publicly Traded
Partnerships (PTPs) on page 15.

## Material Participation

For the material participation tests that follow, participation generally includes any work done 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 participation if:

- It is not work that an owner would 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.
Proof of participation. You may prove your participation in an activity by any reasonable means. You do not have to maintain
contemporaneous daily time reports, logs, or similar documents if you can establish your participation by other reasonable means. For this purpose, reasonable means include, but are not limited to, identifying services performed over a period of time and the approximate number of hours spent performing the services during that period, based on appointment books, calendars, or narrative summaries.
Tests for individuals. You
materially participated for the tax year in an activity if you satisfy at least one of the following tests.

1. You participated in the activity for more than 500 hours.
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 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 individual (including individuals who did not own any interest in the activity) for the year.
4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities during the year for more than 500 hours.

A significant participation activity is any trade or business activity in which you participated for more than 100 hours during the year and in which you did not materially participate under any of the material participation tests (other than this fourth test).
5. You materially participated in the activity for any 5 (whether or not consecutive) of the 10 immediately preceding tax years.
6. The activity is a personal service activity in which you materially participated for any 3
(whether or not consecutive) preceding tax years.

An activity is a personal service activity if it involves the performance of personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or in any other trade or business in which capital is not a material incomeproducing 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.

You did not materially participate in the activity under this seventh test, however, 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 whether you materially participated under this test if:
a. Any person (except you) received compensation for performing services in the management of the activity, or
b. Any individual spent more hours during the tax year performing services in the management of the activity than you did (regardless of whether the individual was compensated for the management services).

Test for a spouse. Participation by your spouse during the tax year in an activity you own may be counted as your participation in the activity, 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.
Test for investors. Work done 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. For purposes of this test, 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, and
3. Monitoring the finances or operations of the activity in a nonmanagerial capacity.

## Special rules for limited partners.

If you were a limited partner in an activity, you generally did not materially participate in the activity. You did materially participate in the activity, however, if you met material
participation test 1, 5, or 6 (see Tests for individuals) for the tax year.

However, for purposes of the material participation tests, you are not treated as a limited partner if you also were a general partner in the partnership at all times during the partnership's tax year ending with or within your tax year (or, if shorter, during the portion of the partnership's tax year in which you directly or indirectly owned your limited partner interest).

A limited partner's share of an electing large partnership's taxable income or loss from all trade or business and rental activities is treated as income or loss from the conduct of a single passive trade or business activity.
Special rules for certain retired or disabled farmers and surviving spouses of farmers. Certain retired or disabled farmers and surviving spouses of farmers are treated as materially participating in a farming activity if the real property used in the activity meets the estate tax rules for special valuation of farm property passed from a qualifying decedent. See Temporary Regulations section 1.469-5T(h)(2).

## Estates and trusts. The PAC

 limitations apply to an estate or trust. See Temporary Regulations sections 1.469-1T(b)(2) and (3). The rules for determining material participation for this purpose have not yet been issued.
## Grouping of Activities

Generally, one or more trade or business activities or rental activities may be treated as a single activity if the activities make up an appropriate economic unit for the measurement of gain or loss under the passive activity rules.

Whether activities make up an appropriate economic unit depends on all the relevant facts and circumstances. The factors given the greatest weight in determining whether activities make up an appropriate economic unit are:

1. Similarities and differences in types of trades or businesses,
2. The extent of common control,
3. The extent of common ownership,
4. Geographical location, and
5. Interdependencies between or among the activities.

Example. You have a significant ownership interest in a bakery and a movie theater in Baltimore and in a bakery and a movie theater in Philadelphia. Depending on all the
relevant facts and circumstances, there may be more than one reasonable method for grouping your activities. For instance, the following
groupings may or may not be permissible.

- A single activity.
- A movie theater activity and a bakery activity.
- A Baltimore activity and a Philadelphia activity.
- Four separate activities.

Once you choose a grouping under these rules, you must continue using that grouping in later tax years unless a material change in the facts and circumstances makes it clearly inappropriate.

The IRS may regroup your activities if your grouping fails to reflect one or more appropriate economic units and one of the primary purposes of your grouping is to avoid the passive activity limitations.

## Limitation on grouping certain

 activities. The following activities may not be grouped together.1. A rental activity with a trade or business activity unless the activities being grouped together make up an appropriate economic unit and:
a. The rental activity is insubstantial relative to the trade or business activity or vice versa, or
b. Each owner of the trade or business activity has the same proportionate ownership interest in the rental activity. If so, the portion of the rental activity involving the rental of property used in the trade or business activity may be grouped with the trade or business activity.
2. An activity involving the rental of real property with an activity
involving the rental of personal property (except personal property provided in connection with the real property or vice versa).
3. Any activity with another activity in a different type of business and in which you hold an interest as a limited partner or as a limited entrepreneur (as defined in section 464(e)(2)), if that other activity engages in holding, producing, or distributing motion picture films or videotapes; farming; leasing section 1245 property; or exploring for (or exploiting) oil and gas resources or geothermal deposits.

## Activities conducted through

 partnerships, S corporations, and C corporations subject to section469. Once a partnership or corporation determines its activities under these rules, a partner or shareholder may use these rules to group those activities with:

- Each other,
- Activities conducted directly by the partner or shareholder, or
- Activities conducted through other partnerships and corporations.

A partner or shareholder may not treat as separate activities those activities grouped together by the partnership or corporation.
Partial disposition of an activity. You may treat the disposition of substantially all of an activity as a separate activity if you can prove with reasonable certainty:

1. The prior year unallowed losses, if any, allocable to the part of the activity disposed of, and
2. The net income or loss for the year of disposition allocable to the part of the activity disposed of.

## Dispositions

Unallowed PACs, unlike unallowed passive activity losses, are not allowed when you dispose of your interest in an activity. However, you may elect to increase the basis of the credit property by the amount of the original basis reduction of the property to the extent that the credit has not been allowed under the passive activity rules. Unallowed PACs that are not used to increase the basis of the credit property are carried forward until they are allowed. To make the election, complete Form 8582-CR, Part VI. No basis adjustment may be elected on a partial disposition of your interest in a passive activity.

## Example of How To Complete Form 8582-CR

In 2005, John Jones purchased an interest as a limited partner in Partnership A. Mr. Jones is married and files a joint return. During 2005, the partnership placed in service a residential rental building that qualified for the low-income housing credit.

- Mr. Jones received a Schedule K-1 from the partnership. The low-income housing credit $(\$ 12,000)$ is shown on Schedule K-1 (Form 1065), box 15, with code B.
- Mr. Jones' net passive income for 2005 is zero.

Step 1. Mr. Jones will need the following forms to report the low-income housing credit:

- Form 8586, Low-Income Housing Credit.
- Form 8582-CR, Passive Activity Credit Limitations.

Mr. Jones follows the instructions for code A on Schedule K-1, line 15, and enters the employer identification number (EIN) of the partnership and the $\$ 12,000$ low-income housing credit on Form 8586, line 5, and completes line 6.

| 0505 |  |  | OMB No. 1545 | 5-0984 |
| :---: | :---: | :---: | :---: | :---: |
| Form $0 \int 00$ <br> Department of the Treasury Internal Revenue Service | - See instructions on back. <br> Attach to your tax return. |  | Attachment Sequence | $36 b$ |
| Name(s) shown on return |  |  | tifying number |  |
| John and Mary |  |  | 3-00-4567 |  |
| Part I Curren | Year Credit |  |  |  |
| 1 Number of For | s 8609 attached . . . . . . . . . . . . |  |  |  |
| 2 Eligible basis | buildings (total from attached Schedules A (Form 8609), line 1) | 2 |  |  |
| 3a Qualified basis | f low-income buildings (total from attached Schedules A (Form 8609), line 3) | 3a |  |  |
| b Has there been tax year? buildings that (i) $\qquad$ | decrease in the qualified basis of any buildings since the close of the preceding Yes $\square$ No If "Yes," enter the building identification numbers (BINs) of the d a decreased basis. If you need more space, attach a schedule. <br> ...... (ii) <br> i) .......................... <br> (iii) $\qquad$ (iv) |  |  |  |
| 4 Current year cr | dit from attached Schedules A (Form 8609) (see instructions) | 4 |  |  |
| 5 Low-income ho | sing credits from pass-through entities (if more than one entity, see instructions): |  |  |  |
| If you are a- | Then enter the total of the current year credits from- |  |  |  |
| a Shareholder | Schedule K-1 (Form 1120S), box 13, codes A and B |  |  |  |
| b Partner | $\left.\begin{array}{l}\text { Schedule K-1 (Form 1065), box 15, codes A and B, or } \\ \text { Schedule K-1 (Form 1065-B), box } 8\end{array}\right\} 10-5566650$ | 5 | 12,000 |  |
| c Beneficiary | Schedule K-1 (Form 1041), line 14 EIN of pass-through entity |  |  |  |
| 6 Add lines 4 and | 5. See instructions to find out if you complete lines 7 through 18 or file Form 3800 | 6 | 12,000 |  |
| 7 Current year | dit or passive activity credit (see instructions) . . . | 7 |  |  |

Step 2. Form 8586, line 7, asks for the passive activity credit for 2004. The amount is figured on Form 8582-CR and the worksheets. Worksheet 3 of Form 8582-CR is used for post-1989 low-income housing credits.

Worksheet 3 for Lines 3a and 3b


Step 3. Mr. Jones follows the instructions for Worksheet 3 and enters the total credits from column (a) of that worksheet on Form 8582-CR, line 3a. He enters the total credits on line 3c and completes lines 5 through 7. Mr. Jones can skip Parts II and III and go to Part IV because the only credit he has is from a post-1989 low-income housing rental real estate activity. He must also complete the computation for line 35 in the instructions to get the amount to enter on line 35 of the form (see page 8).


## Part IV Special Allowance for Low-Income Housing Credits for Property Placed in Service After 1989 Note: Complete this part only if you have an amount on line 3c. Otherwise, go to Part $V$.

31 If you completed Part III, enter the amount from line 19. Otherwise, subtract line 16 from line 7
32 Enter the amount from line 30.
33 Subtract line 32 from line 31. If zero, enter -0 - here and on line 36
34 Enter the smaller of line 3 c or line 33
35 Tax attributable to the remaining special allowance (see page 12).
Enter the smaller of line 34 or line 35

| $\mathbf{3 1}$ | 12,000 |  |
| :---: | :---: | :---: |
| $\mathbf{3 2}$ | $-0-$ |  |
| $\mathbf{3 3}$ | 12,000 |  |
| $\mathbf{3 4}$ | 12,000 |  |
| $\mathbf{3 5}$ | 8,250 |  |
|  |  |  |
| $\mathbf{3 6}$ | 8,250 |  |

## Line 35 computation:

Line 35. Figure the tax attributable to the remaining special allowance as follows:
A. Taxable income .

305,000
B. Tax on line A. For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, the Qualified Dividends Tax Worksheet, or Schedule D whichever applies .
C. Enter $\$ 25,000$ ( $\$ 12,500$ if married filing separate return and you and your spouse lived apart at all times during the year)

## 25,000

D. Enter amount, if any, from line 10 of Form 8582
-0-
E. Enter amount, if any, from line 14 of Form 8582 $-\mathrm{O}-$
F. Subtract lines D and E from line C . . . . . . . . . . . . . . . . . . . . . . . 25,000
G. Subtract line F from line A . . . . . . . . . . . . . . . . . . . . . . . . . 280,000
H. Tax on line G. For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, the Qualified Dividends Tax Worksheet, or Schedule D whichever applies .
I. Subtract line H from line B .
J. Add lines 16 and 30 of Form 8582-CR and enter the total
K. Tax attributable to the remaining special allowance. Subtract line J from line I. Enter the result on line 35 of Form 8582-CR.

Note: When using taxable income in the above computation, it is not necessary to refigure items that are based on a percentage of adjusted gross income.
Step 4. Mr. Jones completes Form 8582-CR, Part V.

## Part V Passive Activity Credit Allowed

37 Passive Activity Credit Allowed. Add lines 6, 16, 30, and 36. See page 12 to find out how to report the allowed credit on your tax return and how to allocate allowed and unallowed credits if you have more than one credit or credits from more than one activity. If you have any credits from a publicly traded partnership, see Publicly Traded Partnerships (PTPs) on page 15.

|  |  |  |
| :--- | :--- | :--- |
|  |  |  |
| 37 | 8,250 |  |

Step 5. After completing Form 8582-CR, Mr. Jones determines his allowed and unallowed credit. Because he has only one type of credit from a single passive activity, his allowed low-income housing credit for 2004 is the amount on line 37 , or $\$ 8,250$. His unallowed credit of $\$ 3,750$ is determined by subtracting the allowed credit on line 37 from the total credit on line $5(\$ 12,000-\$ 8,250)$.
Step 6. Mr. Jones enters the allowed passive activity credit of $\$ 8,250$ on line 7 of Form 8586 and completes Part II of that form according to the instructions for Form 8586. The unallowed credit of $\$ 3,750$ is carried forward and used to figure the passive activity credit allowed for 2005.

Department of the Treasury
Internal Revenue Service Low-Income Housing Credit

Name(s) shown on return

- Attach to your tax return.

| OMB No. 1545-0984 |
| :---: |
| $\text { R(0) } 04$ |
| Attachment 36b |
| dentifying number |
| 123-00-4567 |

## Part I Current Year Credit

1 Number of Forms 8609 attached
2 Eligible basis of buildings (total from attached Schedules A (Form 8609), line 1)
3a Qualified basis of low-income buildings (total from attached Schedules A (Form 8609), line 3)
b Has there been a decrease in the qualified basis of any buildings since the close of the preceding tax year? $\qquad$No If "Yes," enter the building identification numbers (BINs) of the buildings that had a decreased basis. If you need more space, attach a schedule.
(i)
(ii)
(iii)
(iv)

4 Current year credit from attached Schedules A (Form 8609) (see instructions)
5 Low-income housing credits from pass-through entities (if more than one entity, see instructions):
$\left.\begin{array}{l|l}\hline \text { If you are a- } & \text { Then enter the total of the current year credits from- } \\ \hline \text { a Shareholder } & \begin{array}{l}\text { Schedule K-1 (Form 1120S), box 13, codes A and B } \\ \text { b Partner }\end{array} \\ \begin{array}{l}\text { Schedule K-1 (Form 1065), box 15, codes A and B, or } \\ \text { Schedule K-1 (Form 1065-B), box 8 }\end{array} \\ \text { c Beneficiary } & \text { Schedule K-1 (Form 1041), line 14 }\end{array}\right\}$
$10-5566650$
EIN of pass-through entity Add lines 4 and 5 . See instructions to find out if you complete lines 7 through 18 or file Form 3800 Current year credit or passive activity credit (see instructions)

| 2 |  |  |
| :---: | :---: | :---: |
| 3a |  |  |
|  |  |  |
| $\mathbf{4}$ |  |  |
|  |  |  |
| $\mathbf{5}$ | 12,000 |  |
| $\mathbf{6}$ | 12,000 |  |
| $\mathbf{7}$ | 8,250 |  |

# Specific Instructions 

## Current Year Credits

Convert any current year qualified expenditures into credits before beginning Worksheet $1,2,3$, or 4 . If the credits are from more than one activity or are of more than one type, separate the credits by activity or type before making entries in the worksheets.

Example. You have a low-income housing credit from one activity and a research credit from a different activity. Enter the low-income housing credit in column (a) of Worksheet 2 or 3 and make a separate entry for the research credit in column (a) of Worksheet 4.

## Form 3800, General Business

Credit. Enter the credits from Form
3800 , line 3 in column (a) of Worksheet 1, 2, 3, or 4.
Form 6478, Credit for Alcohol Used as Fuel. Enter the credits from Form 6478 , line 7 in column (a) of Worksheet 1 or 4.

## Form 8586, Low-Income Housing

Credit. If you are not required to file Form 3800, enter the portion of the credit attributable to passive activities from Form 8586, line 6 in column (a) of Worksheet 2 or 3.
Form 8834, Qualified Electric Vehicle Credit. Enter the credits from Form 8834, line 11 in column (a) of Worksheet 1 or 4.
Form 8835, Renewable Electricity and Refined Coal Production Credit. Enter the credits from Form 8835 , line 25 in column (a) of Worksheet 1 or 4.
Form 8844, Empowerment Zone and Renewal Community Employment Credit. Enter the credits from Form 8844, line 5 in column (a) of Worksheet 1 or 4 .
Nonconventional source fuel credit. Figure your credit from passive activities for fuel produced from a nonconventional source and enter the credit in column (a) of Worksheet 4.

See section 29 for more information on the credit for fuel produced from a nonconventional source.

## Prior Year Unallowed Credits

To figure this year's PAC, you must take into account any credits from
passive activities disallowed for prior years and carried forward to this year.

If you had only one type of prior year unallowed credit from a single passive activity, figure your prior year unallowed credit by subtracting line 37 of your 2004 Form 8582-CR from line 5 of your 2004 Form 8582-CR.

Otherwise, your prior year unallowed credits are the amounts shown in column (b) of Worksheet 9 in the 2004 Instructions for Form 8582-CR. Enter the prior year unallowed credits in column (b) of Worksheet 1, 2, 3, or 4, whichever apply.

## Part I-2005 Passive Activity Credits

Use Part I to combine your credits from passive activities to determine if you have a PAC for 2005.

If your credits from all passive activities exceed the tax attributable to net passive income, you have a PAC for 2005. Generally, you have net passive income if line 4 of Form 8582 shows income. For more information, see the instructions for Form 8582-CR, line 6 beginning on this page.
Lines 1a through 1c. Individuals and qualifying estates that actively participated in rental real estate activities must include the credits (other than rehabilitation credits or low-income housing credits) from these activities on lines 1a through 1c. Use Worksheet 1 to figure the amounts to enter on lines 1 a and 1 b .

See Special Allowance for Rental Real Estate Activities on page 3.

$\Delta$If you are married filing a separate return and lived with your spouse at any time during the year, even if you actively participated in the rental real estate activity, include the credits in Worksheet 4, not in Worksheet 1.

Note. You may take credits that arose in a prior tax year (other than low-income housing and rehabilitation credits) under the special allowance only if you actively participated in the rental real estate activity for both that prior year and this year. If you did not actively participate for both years, include the credits in Worksheet 4, not in Worksheet 1.
Lines 2a through 2c. Individuals (including limited partners) and qualifying estates who had
rehabilitation credits from rental real estate activities or low-income housing credits for property placed in service before 1990 must include the credits from those activities on lines 2a through 2c. Use Worksheet 2 to figure the amounts to enter on lines 2 a and 2 b .

If you have low-income housing credits for property placed in service after 1989, include those credits in Worksheet 3 instead of Worksheet 2. If you held an indirect interest in the property through a partnership, S corporation, or other pass-through entity, use Worksheet 3 only if you also acquired your interest in the pass-through entity after 1989.

$\Delta$Include the credits in Worksheet 4, but not in Worksheet 2 or 3, if you are married filing a separate return and lived with your spouse at any time during the year.

Lines 3a through 3c. Individuals (including limited partners) and qualifying estates who had low-income housing credits from rental real estate activities for property placed in service after 1989 must include those credits on lines 3a through 3c. If you held an indirect interest in the property through a partnership, S corporation, or other pass-through entity, use lines 3a through 3c only if you also acquired your interest in the pass-through entity after 1989. Use Worksheet 3 to figure the amounts to enter on lines 3a and 3b.

Lines 4a through 4c. Individuals must include on lines 4a through 4c credits from passive activities that were not entered on Worksheets 1,2 , or 3 . Trusts must include credits from all passive activities in Worksheet 4. Use Worksheet 4 to figure the amounts to enter on lines 4 a and 4 b .

Line 6. If Form 8582, line 4, shows net income or you did not complete Form 8582 because you had net passive income, you must figure the tax on the net passive income. If you have an overall loss on an entire disposition of your interest in a passive activity, reduce net passive income, if any, on Form 8582, line 4, to the extent of the loss (but not below zero) and use only the remaining net passive income in the computation on page 10 . If you had a net passive activity loss, enter -0 - on line 6 and go on to line 7 .

Figure the tax on net passive income as follows.
A. Taxable income
including net
passive income
B. Tax on line A*
C. Taxable income without net passive income . .
D. Tax on line C*
E. Subtract line $D$ from line $B$
and enter the result on
Form 8582-CR, line 6

* For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Tax Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, Qualified Dividends Tax Worksheet, or Schedule D, whichever applies.

Note. When using taxable income in the above computation, it is not necessary to refigure items that are based on a percentage of adjusted gross income.
Line 7. If line 7 is zero because the tax on the net passive income on line 6 is greater than your credits from passive activities on line 5, all your
credits from passive activities are allowed. In this case, enter the amount from line 5 on line 37 and report the credits on the forms normally used. Do not complete Worksheets 5 through 9.

## Part II-Special Allowance for Rental Real Estate Activities With Active Participation

> CAUTION Married persons filing separate returns who lived with their spouses at any time during the year are not eligible to complete Part II.

> Use Part II to figure the credit allowed if you have any credits from rental real estate activities in which you actively participated (other than rehabilitation credits and low-income housing credits). See Rental Activities on page 2 for details.

Line 9. Married persons filing separate returns who lived apart from their spouses at all times during the year must enter \$75,000 on line 9 instead of \$150,000. Married persons filing separate returns who lived with their spouses at any time during the year are not eligible for the special allowance. They must enter -0- on line 16 and go to line 17.
Line 10. To figure modified adjusted gross income, combine all the amounts used to figure adjusted gross income except do not take into account:

- Any passive activity loss as defined in section 469(d)(1),
- Any rental real estate loss allowed to real estate professionals (defined under Activities That Are Not Passive Activities on page 1),
- Any overall loss from a PTP,
- The taxable amount of social security and tier 1 railroad retirement benefits,
- The deduction allowed under section 219 for contributions to IRAs

Lines $\mathbf{1 a}$ and 1b. Use Worksheet 1 to figure the amounts to enter on lines 1 a and 1 b . Use line 1a for credits from rental real estate activities with active participation for the current year and line 1b for prior year unallowed credits from rental real estate activities with active participation in both the prior year in which the credit arose and the current year. See Special Allowance for Rental Real Estate Activities on page 3 for a definition of active participation.

After you complete the worksheet below, enter the totals of columns (a) and (b) on the corresponding lines of Form 8582-CR and then complete line 1c.
Note. Rehabilitation credits from rental real estate activities and low-income housing credits must be entered in Worksheet 2 or 3, whichever applies, even if you actively participated in the activity.
Worksheet 1 for Lines 1a and 1b (keep for your records)

| Name of Activity | $\begin{array}{c}\text { From } \\ \text { Form }\end{array}$ | $\begin{array}{c}\text { Current Year } \\ \text { Credits }\end{array}$ | $\begin{array}{c}\text { Prior Year } \\ \text { Unallowed Credits }\end{array}$ | Total Credits |
| :--- | :--- | :--- | :---: | :---: |$]$

Lines $\mathbf{2 a}$ and $\mathbf{2 b}$. Use Worksheet 2 to figure the amounts to enter on lines 2 a and 2 b . Use line 2 a for rehabilitation credits and low-income housing credits from rental real estate activities for the current year and line 2 b for prior year unallowed credits from those activities. However, use Worksheet 3 instead of Worksheet 2 if you have any low-income housing credits for property placed in service after 1989. If you held an indirect interest in the property through a partnership, S corporation, or other pass-through entity, use Worksheet 3 only if you also acquired your interest in the pass-through entity after 1989. Use this worksheet if you do not meet both requirements.

After you complete the worksheet below, enter the totals of columns (a) and (b) on the corresponding lines of Form 8582-CR and then complete line 2c.
Worksheet 2 for Lines $2 \mathbf{a}$ and 2b $\quad$ (keep for your records)

| Name of Activity | From <br> Form | Current Year <br> Credits | Prior Year <br> Unallowed Credits | Total Credits |
| :--- | :---: | :---: | :---: | :---: |

and certain other qualified retirement plans,

- The domestic production activities deduction,
- The deduction allowed for one-half of self-employment taxes,
- The exclusion from income of interest from series EE and I U.S. savings bonds used to pay higher education expenses,
- The exclusion of amounts received under an employer's adoption assistance program,
- The student loan interest
deduction, or
- The tuition and fees deduction.

Include in modified adjusted gross income any portfolio income and expenses that are clearly and directly allocable to portfolio income. Also include any income that is treated as nonpassive income, such as overall gain from a PTP and net income from an activity or item of property subject to the recharacterization of passive income rules. For information on recharacterization of income, see

Pub. 925 or Temporary Regulations section 1.469-2T(f) and Regulations section 1.469-2(f).

When figuring modified adjusted gross income, any overall loss from an entire disposition of an interest in a passive activity is taken into account as a nonpassive loss if you do not have any net passive income after combining net income and losses from all other passive activities (that is, Form 8582, line 4 is a loss or zero). If you do have net passive income when you combine the net losses and net income from all other passive activities, the overall loss from the disposition is taken into account as a nonpassive loss only to the extent that it exceeds that net passive income.
Line 12. Do not enter more than $\$ 12,500$ on line 12 if you are married filing a separate return and you and your spouse lived apart at all times during the year. Married persons filing separate returns who lived with their
spouses at any time during the year are not eligible for the special allowance. They must enter -0 - on line 16 and go to line 17.
Line 15. Figure the tax attributable to the amount on line 14 as follows.
A. Taxable income
B. Tax on line A*
C. Enter amount from Form 8582-CR, line 14
D. Subtract line $C$ from line $A$
E. Tax on line $D^{*}$
F. Subtract line E from line B and enter the result on Form 8582-CR, line 15

* For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Tax Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, Qualified Dividends Tax Worksheet, or Schedule D, whichever applies.

Note. When using taxable income in the above computation, it is not necessary to refigure items that are based on a percentage of adjusted gross income.

Lines 3a and 3b. Use Worksheet 3 to figure the amounts to enter on lines 3a and 3b for low-income housing credits for property placed in service after 1989. If you held an indirect interest in the property through a partnership, S corporation, or other pass-through entity, use Worksheet 3 only if you also acquired your interest in the pass-through entity after 1989. Use line 3a for the current year credits and line 3b for prior year unallowed credits for those activities.
After you complete the worksheet below, enter the totals of columns (a) and (b) on the corresponding lines of Form 8582-CR and then complete line 3c.

Worksheet 3 for Lines 3a and 3b
(keep for your records)

| Name of Activity | From Form | Current Year Credits | Prior Year Unallowed Credits | Total Credits |
| :---: | :---: | :---: | :---: | :---: |
|  |  | (a) Credit line 3a | (b) Credit line 3b | (c) Add cols. (a) and (b) |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Totals. Enter on lines 3a and 3b of Form 8582-CR . |  |  |  |  |

Lines $4 \mathbf{a}$ and $\mathbf{4 b}$. Use Worksheet 4 to figure the amounts to enter on lines 4 a and 4 b. Use line 4 a for credits from all other passive activities for the current year and line 4 b for prior year unallowed credits from those activities.
After you complete the worksheet below, enter the totals of columns (a) and (b) on the corresponding lines of Form 8582-CR and then complete line 4c.

Worksheet 4 for Lines 4a and 4b

| Worksheet 4 for Lines 4a and 4b |
| :--- |
| Name of Activity |

> Part III—Special Allowance for Rehabilitation Credits From Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)

Married persons filing separate returns who lived with their spouses at any time during the year are not eligible to complete Part III.

Use Part III to figure the credit allowed if you have any rehabilitation credits or low-income housing credits for property placed in service before 1990. Also use this part if your low-income housing credit is from a partnership, S corporation, or other pass-through entity in which you acquired your interest before 1990, regardless of the date the property was placed in service.

Line 21. Married persons filing separate returns who lived apart from their spouses at all times during the year must enter \$125,000 on line 21, instead of $\$ 250,000$.

Skip lines 21 through 26 if you completed Part II of this form and your modified adjusted gross income on line 10 was $\$ 100,000$ or less ( $\$ 50,000$ or less if married filing separately and you lived apart from your spouse for the entire year). Instead, enter the amount from line 15 on line 27.

Line 24. Do not enter more than $\$ 12,500$ on line 24 if you are married filing a separate return and lived apart from your spouse for the entire year.

Line 27. Figure the tax attributable to the amount on line 26 as follows.

[^28]*For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Tax Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, Qualified Dividends Tax Worksheet, or Schedule D, whichever applies.

Note. When using taxable income in the above computation, it is not necessary to refigure items that are based on a percentage of adjusted gross income.

> Part IV—Special Allowance for Low-Income Housing Credits for Property Placed in Service After 1989

!Married persons filing separate returns who lived with their spouses at any time during the year are not eligible to complete Part IV.

Use Part IV to figure the credit allowed if you have any low-income housing credits for property placed in service after 1989. If you held an indirect interest in the property through a partnership, S corporation, or other pass-through entity, use Part IV only if your interest in the pass-through entity was also acquired after 1989.

Line 35. Figure the tax attributable to the remaining special allowance as follows.
A. Taxable income
B. Tax on line A*
C. Enter $\$ 25,000$ ( $\$ 12,500$ if married filing separate return and you and your spouse lived apart at all times during the year)
D. Enter amount, if any, from Form 8582, line 10
E. Enter the amount, if any, from Form 8582, line 14
F. Subtract lines D and E from line C
G. Subtract line $F$ from line $A$.
H. Tax on line $\mathrm{G}^{*}$
I. Subtract line $H$ from line B
J. Add lines 16 and 30 of Form 8582-CR and enter the total.
K. Tax attributable to the remaining special allowance. Subtract line J from line I. Enter the result on Form 8582-CR, line 35
*For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Tax Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, Qualified Dividends Tax Worksheet, or Schedule D, whichever applies.

Note. When using taxable income in the above computation, it is not necessary to refigure items that are based on a percentage of adjusted gross income.

## Part V—Passive Activity Credit Allowed

Use Part V to figure the PAC (as determined in Part I) that is allowed for 2005 for all passive activities.
Line 37. If you have only one type of credit, the amount on line 37 is the credit allowed for the year. Enter this amount on the form where it is normally reported. See Reporting Allowed Credits on Your Tax Return below. Your unallowed credit is line 5 minus line 37.

Use Worksheets 5 through 9, whichever apply, on pages 13 and 14, to allocate the allowed and unallowed credits if you have credits from more than one activity. Also use the worksheets if you have more than one type of credit.

Keep a record of each unallowed credit and the activity to which it belongs so you may claim the credit if it becomes allowable in a future year.

## Reporting Allowed Credits on Your Tax Return

Form 3800. Enter on Form 3800, line 5 , the total passive activity general business credit allowed.
Form 6478. Enter on Form 6478, line 9 , the passive activity credit for alcohol used as fuel allowed.
Form 8586. If you are not required to file Form 3800, enter on Form 8586,
line 7 , any low-income housing credit allowed.
Form 8834. Enter on Form 8834, line 13 , the passive activity qualified electric vehicle credit allowed.
Form 8835. Enter on Form 8835, line 27 , the passive activity renewable electricity and refined coal production credit allowed.
Form 8844. Enter on Form 8844, line 7 , the passive activity empowerment zone and renewal community employment credit allowed.
Nonconventional source fuel
credit. If you have an allowed passive activity credit for fuel produced from a nonconventional source, see section 29 for limitations and adjustments to the credit. Attach a separate schedule to your tax
return showing how you figured the credit. If you have both passive and nonpassive credits, combine the
credits before applying the limitations and adjustments. Report the credit on
the line specified by the instructions for the tax return you file.

## Instructions for Worksheet 5

Complete Worksheet 5 if you have an amount on Form 8582-CR, line 1 c and you have credits from more than one activity.
Column (a). Enter the credits from Worksheet 1, column (c), in column (a) of this worksheet.
Column (b). Divide each of the credits shown in column (a) by the total of the credits in column (a) and enter the ratio for each of the activities in column (b). The total of all the ratios must equal 1.00.
Column (c). Multiply Form 8582-CR, line 16 by the ratios in column (b) and enter the result in column (c). If the total of this column is the same as the total of column (a), all credits for the activities in column (a) of this worksheet are allowed. Report them on the forms normally used, and complete Worksheet 6 if you have credits shown in Worksheet 2 . Also complete Worksheet 7 or 8 if you have credits shown in Worksheet 3 or 4 . If the total of column (a) is more than the total of column (c), complete column (d).
Column (d). Subtract column (c) from column (a) and enter the result in this column. Also enter the name of each activity and the form the credit is reported on in Worksheet 8 and enter the amount from column (d) of this worksheet in column (a) of Worksheet 8. Also complete Worksheet 6 or 7 if you have credits on Form 8582-CR, line 2c or 3c.

Worksheet 5 for Credits on Line 1a or 1b

| Name of Activity | Form To Be <br> Reported on | (a) Credits | (b) Ratios | (c) Special <br> Allowance | (d) Subtract <br> column (c) from <br> column (a) |
| :--- | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

## Instructions for Worksheet 6

Complete Worksheet 6 if you have an amount on Form 8582-CR, line 2c and you have credits from more than one activity.
Column (a). Enter the credits from Worksheet 2, column (c), in column (a) of this worksheet.
Column (b). Divide each of the credits shown in column (a) by the total of the credits in column (a) and enter the ratio for each of the activities in column (b). The total of all the ratios must equal 1.00.
Column (c). Multiply Form $8582-C R$, line 30 by the ratios in column (b) and enter the result in column (c). If the total of this column is the same as the total of column (a), all credits for the activities in column (a) of this worksheet are allowed. Report them on the forms normally used, and complete Worksheet 7 or 8 if you have credits shown in Worksheet 3 or 4 or amounts in column (d) of Worksheet 5. If the total of column (a) is more than the total of column (c), complete column (d).
Column (d). Subtract column (c) from column (a) and enter the result in this column. Also enter the name of each activity and the form the credit is reported on in Worksheet 8 and enter the amount from column (d) of this worksheet in column (a) of Worksheet 8.

| (keep for your records) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Name of Activity | Form To Be Reported on | (a) Credits | (b) Ratios | (c) Special Allowance | (d) Subtract column (c) from column (a) |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Totals | . ${ }^{\text {- }}$ |  | 1.00 |  |  |

## Instructions for Worksheet 7

Complete Worksheet 7 if you have credits on Form $8582-C R$, line 3c and you have credits from more than one activity.
Column (a). Enter the credits from Worksheet 3, column (c), in column (a) of this worksheet.
Column (b). Divide each of the credits shown in column (a) by the total of the credits in column (a) and enter the ratio for each of the activities in column (b). The total of all the ratios must equal 1.00.
Column (c). Multiply Form 8582-CR, line 36 by the ratios in column (b) and enter the result in column (c). If the total of this column is the same as the total of column (a), all credits for the activities in column (a) of this worksheet are allowed. Report them on the forms normally used, and complete Worksheet 8 if you have credits shown in Worksheet 4 or amounts in column (d) of Worksheet 5 or 6 . If the total of column (a) is more than the total of column (c), complete column (d).
Column (d). Subtract column (c) from column (a) and enter the result in this column. Also enter the name of each activity and the form the credit is reported on in Worksheet 8 and enter the amount from column (d) of this worksheet in column (a) of Worksheet 8.


## Instructions for Worksheet 8

Complete Worksheet 8 if you have credits on Form 8582-CR, line 4c from more than one activity or reported on different forms or you have amounts in column (d) of Worksheets 5, 6 , or 7.
Column (a). Enter the amounts, if any, from column (c) of Worksheet 4 and column (d) of Worksheets 5, 6, and 7.
Column (b). Divide each of the credits in column (a) by the total of all the credits in column (a) and enter the ratio for each of the activities in column (b). The total of all the ratios must equal 1.00.
Column (c). Complete the following computation:
A. Enter Form 8582-CR, line 5 .
B. Enter Form 8582-CR, line 37
C. Subtract line B from line A
$\qquad$
. . . . . . -
Multiply line C by the ratios in column (b) and enter the results in column (c). Complete Worksheet 9 to determine the credits allowed for 2004.
Worksheet 8-Allocation of Unallowed Credits
(keep for your records)

| Name of Activity | Form To Be <br> Reported on | (a) Credits | (b) Ratios | (c) Unallowed Credits |
| :--- | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Totals . . . . . . . . . . . . . . . |  |  |  |  |

## Instructions for Worksheet 9

Column (a). Enter all the activities shown in Worksheet 8 . The credits entered in column (a) of this worksheet are the credits shown in column (c) of Worksheets 1, 2, 3, and 4 for the activities listed in Worksheet 8.
Column (b). Enter the amounts from column (c) of Worksheet 8 in this column. These are your unallowed credits for 2004.
Column (c). Subtract column (b) from column (a). These are the allowed credits for 2004. Report the amounts in this column on the forms normally used. See Reporting Allowed Credits on Your Tax Return on page 12.
Worksheet 9—Allowed Credits
(keep for your records)

| Name of Activity | Form To Be <br> Reported on | (a) Credits | (b) Unallowed Credits | (c) Allowed Credits |
| :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Totals . . . . . . . . . . . . . . . |  |  |  |  |

## Publicly Traded Partnerships (PTPs)

A PTP is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or its substantial equivalent).

An established securities market includes any national securities exchange and any local exchange registered under the Securities Exchange Act of 1934 or exempted from registration because of the limited volume of transactions. It also includes any over-the-counter market.

A secondary market generally exists if a person stands ready to make a market in the interest. An interest is treated as readily tradable if the interest is regularly quoted by persons, such as brokers or dealers, who are making a market in the interest.

The substantial equivalent of a secondary market exists if there is no identifiable market maker, but holders of interests have a readily available, regular, and ongoing opportunity to sell or exchange their interests through a public means of obtaining or providing information on offers to buy, sell, or exchange interests. Similarly, the substantial equivalent of a secondary market exists if prospective buyers and sellers have the opportunity to buy, sell, or exchange interests in a timeframe and with the regularity and continuity that the existence of a market maker would provide.

## Credits From PTPs

A credit from a passive activity held through a PTP is allowed to the extent of the tax attributable to net passive income from that partnership. In addition, rehabilitation credits and low-income housing credits from rental real estate activities held through PTPs are allowed to the extent of any special allowance that remains after taking into account losses and credits from rental real estate activities not owned through PTPs. See Special Allowance for Rental Real Estate Activities on page 3.

[^29]
## Computation of Allowed Passive Activity Credits From PTPs

Complete Steps 1 and 2 only if you have net passive income from a PTP with passive activity credits (including prior year unallowed credits).
Step 1. Figure the tax attributable to net passive income from each PTP with passive activity credits (including prior year unallowed credits) by following the steps shown in the worksheet in the line 6 instructions beginning on page 9 . Complete a separate tax computation for each PTP with net passive income.
Step 2. Passive activity credits from each PTP are allowed to the extent of the tax attributable to net passive income from the same PTP. Credits in excess of the tax attributable to net passive income may be allowed under one or more steps below.

Complete Steps 3 through 5 only if your passive activity credits (including prior year unallowed credits) include rehabilitation credits from rental real estate activities from PTPs, low-income housing credits for property placed in service before 1990 from PTPs, or low-income housing credits from PTPs in which you acquired your interest before 1990 (regardless of the date placed in service).
Step 3. Reduce rehabilitation credits from rental real estate activities from each PTP, low-income housing credits for property placed in service before 1990 from each PTP, and any low-income housing credits (including prior year unallowed credits) from each PTP in which you acquired your interest before 1990 (regardless of the date placed in service) to the extent of the tax, which was figured in Step 1, attributable to net passive income from that PTP.
Step 4. Before beginning this step, complete Form 8582-CR if you have any passive credits that are not from PTPs. Subtract the total of lines 16, 30 , and 36 , if any, of Form 8582-CR, from the amount on line 27 of Form 8582-CR, to figure the tax attributable to the special allowance available for the credits in Step 3.

If your only passive credits are from PTPs, complete lines 21 through 27 of Form 8582-CR as a worksheet. The amount on line 27 is the tax attributable to the special allowance available for the credits in Step 3.
Step 5. Rehabilitation credits from rental real estate activities of PTPs, low-income housing credits for property placed in service before 1990 by PTPs, and low-income
housing credits from PTPs in which you acquired your interest before 1990 (regardless of the date placed in service) allowed under the special allowance are the smaller of the total credits from Step 3 or the amount figured in Step 4. If Step 4 is smaller than Step 3, allocate the amount in Step 4 pro rata to the credits from each PTP in Step 3.

Complete Steps 6 through 8 only if you have low-income housing credits (including prior year unallowed credits) for property placed in service after 1989 from a PTP in which you acquired your interest after 1989.
Step 6. Reduce low-income housing credits (including prior year unallowed credits) for property placed in service after 1989 from each PTP in which you also acquired your interest after 1989 to the extent of the tax attributable to net passive income from that PTP, which was figured in Step 1.
Step 7. Before beginning this step, complete Form 8582-CR if you have any passive credits that are not from PTPs. Subtract the sum of the credits allowed in Step 5 above and Form 8582-CR, line 36 , from the amount on Form 8582-CR, line 35 , to figure the tax attributable to the special allowance available for the credits in Step 6.

If your only passive credits are from PTPs, complete the steps shown in the worksheet in the line 35 instructions on page 12. Subtract the credits allowed in Step 5 above from the tax figured on line K of that worksheet. The result is the tax attributable to the special allowance available for the credits in Step 6.

Step 8. Low-income housing credits allowed under the special allowance for property placed in service after 1989 from a PTP in which you also acquired your interest after 1989 are the smaller of the total credits from Step 6 or the amount figured in Step 7. If Step 7 is smaller than Step 6, allocate the amount in Step 7 pro rata to the credits from each PTP in Step 6.

Step 9. Add the credits from Steps 2, 5 , and 8 . These are the total credits allowed from passive activities of PTPs.

Step 10. Figure the allowed and unallowed credits from each PTP. Report the allowed credits on the forms normally used. Keep a record of the unallowed credits to be carried forward to 2006.

## Part VI—Election To

 Increase Basis of Credit PropertyComplete Part VI if you disposed of your entire interest in a passive activity and elect to increase the basis of the credit property used in the activity by the unallowed credit that reduced the basis of the property.
Line 38. Check the box if you elect to increase the basis of credit property used in a passive activity by the unallowed credit that reduced the property's basis. The election is available for a fully taxable disposition of an entire interest in an activity for which a basis adjustment was made as a result of placing in service property for which a credit was taken. You may elect to increase the basis of the credit property immediately before the disposition (by an amount no greater than the amount of the original basis reduction) to the extent that the credit had not been allowed
previously because of the passive activity credit limitations. The amount of the unallowed credit that may be applied against tax is reduced by the amount of the basis adjustment.

No basis adjustment may be elected on a partial disposition of your interest in a passive activity or if the disposition is not fully taxable. The amount of any unallowed credit, however, remains available to offset the tax attributable to net passive income.

## Paperwork Reduction Act Notice. We ask for the information on this

 form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | $2 \mathrm{hr} ., 4 \mathrm{~min}$. |
| :---: | :---: |
| Learning about the law or the form | $6 \mathrm{hr} ., 4 \mathrm{~min}$. |
| Preparing the form | $4 \mathrm{hr} ., 19 \mathrm{~min}$. |
| Copying, assembling, and sending the form to the IRS | $1 \mathrm{hr} ., 9 \mathrm{~min}$. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Form 8379, Injured Spouse Allocation

(Rev. 12-2005)

| Purpose: | This is the first circulated draft of the Form 8379, Injured Spouse <br> Allocation (rev. 12-2005), for your review and comments. An <br> explanation of the major changes is on the next page. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The previous version of Form 8379 can be accessed at: <br> http:I/publish.no.irs.gov/FORMS/PUBLIC/PDF/62474L02.PDF |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http:I/taxforms.web.irs.gov/draft_products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by September 20, 2005. |

## Bob Lemonds

Date: August 23, 2005
Tax Law Specialist SE:W:CAR:MP:T:I:F Room: 6423 - Main Phone: 202-927-9906
Fax: 202-927-6234
Email: Robert.W.Lemonds@irs.gov

## Major Changes for Form 8379, Injured Spouse Allocation

(Rev. 12-2005)

This revision is significantly different from the December 2002 revision because of suggestions from TIGTA, CC:PA:APJP, SE:W:CAS, and SE:W:CAR:MP:T:I.

The Title of the Form has been changed from Injured Spouse Claim and Allocation to Injured Spouse Allocation. Memorandum from the Office of Associate Chief Counsel CC:PA:APJP:B02.

The OMB number has been revised. OMB
We have moved Parts II and III from page 2 to page 1.
We have combined lines 9 (standard deduction) and 10 (itemized deductions).

We have added the following new instructions:
General Instructions
Purpose of Form
Innocent Spouse Relief
When To File - This section includes text regarding a two year rule which was provided by the Office of Chief Counsel as part of the earlier referenced memo.
C:PA:APJP:B02
Where To File - An IF/THEN chart has been used.
Time Needed to Process Form 8379 - The time frames included in this section were provided by CAS.

Specific Instructions
Part I, line 6
Part II, lines 7-14 In the Dec. 2002 revision these instructions were on lines 7-15. SE:W:CAR:MP:T:I:F

How To Avoid Common Mistakes - SE:W:CAS
Privacy Act and Paperwork Reduction Act Notice - This notice has been revised to include revised text from CC:PA:DPL:PUBWE-135533-05.
The notice also includes updated taxpayer burden text. OMB
(Rev. December 2005)
Department of the Treasury Internal Revenue Service

- See instructions.


## Part I Information About the Joint Tax Return for Which This Form Is Filed

1 Enter the following information exactly as it is shown on the tax return for which you are filing this form. The spouse's name and social security number shown first on that tax return $r_{1}{ }^{-+}$also be shown first below.

| First name, initial, and last name shown first on the return | Social secur number shown first | If Injured Spouse, check here $\square$ |
| :---: | :---: | :---: |
| First name, initial, and last name shown second on the return | Social security number shown second | If Injured Spouse, check here |

Note. If you are filing Form 8379 with your tax return, skip to line 5.
2 Enter the tax year for which you are filing this form (for example, 2004)

3
Current home address
City
State


5 Check this box only you ? orceu or separated from the spouse with whom you filed the joint return and you want your $r$ t nd is lea .n your name only
6 Was your main home , ,ommunity property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin) at any time during the year entered on line 2?
No If "Yes," which community property state(s)?
Note. Overpayments affected by state community property laws will be allocated by the IRS according to those laws.
Part II Allocation Between Spouses of Items on the Joint Tax Return (see instructions)

| Allocated Items | (a) Amount shown <br> on joint return | (b) Allocated to <br> injured spouse | (c) Allocated to <br> other spouse |  |
| :--- | :--- | :--- | :--- | :--- |
| $\mathbf{7}$ | Income: a. Wages |  |  |  |
| b. All other income |  |  |  |  |
| $\mathbf{8}$ | Adjustments to income |  |  |  |
| $\mathbf{9}$ | Standard or Itemized deduction |  |  |  |
| $\mathbf{1 0}$ | Number of exemptions |  |  |  |
| $\mathbf{1 1}$ | Credits |  |  |  |
| $\mathbf{1 2}$ | Other taxes |  |  |  |
| $\mathbf{1 3}$ | Federal income tax withheld |  |  |  |
| $\mathbf{1 4}$ | Payments |  |  |  |

Part III Signature. Complete this part only if you are filing Form 8379 by itself and not with your tax return.
Under penalties of perjury, I declare that I have examined this form and any accompanying schedules or 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.

| Keep a copy of this form for your records | Injured spouse's signature |  | Date |  | Phone number (optional) ( ) |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Paid | Preparer's signature | Date | Check if self-employed | $\square$ | Preparer's SSN or PTIN |
| Use Only | Firm's name (or yours if self-employed), address, and ZIP code |  |  | EIN | no. ( ) |
| For Privacy Act and Paperwork Reduction Act Notice, see page 3. |  |  | Cat. No. 62474Q |  | Form 8379 (Rev. 12 |

## General Instructions

## Purpose of Form

Form 8379 is filed by one spouse (the injured spouse) on a jointly filed tax return when the joint overpayment was (or is expected to be) applied (offset) to a past-due obligation of the other spouse ${ }_{\lambda}$

## Are You an Injured Spouse?

You may be an injured spouse if you file a joint tax return and all or part of your portion of the overpayment was, or is expected to be, applied (offset) to your spouse's legally enforceable past-due federal tax, state income tax, child or spousal support, or a federal nontax debt, such as a student loan.

You should complete and file Form 8379 if all three of the following apply and you want your share of the overpayment shown on your joint tax return refunded to you.

1. You are not legally obligated to pay the past-due amount.
2. You reported income such as wages, taxable interest, etc., on the joint return.
3. You made and reported payments, such as federal income tax withheld from your wages or estimated tax payments, or you claimed the earned income credit or other refundable credit, on the joint return.
Note. If your residence was in a community property state (discussed later) at any time during the tax year, you may file Form 8379 if only item (1) above applies.

## Innocent Spouse Relief

Do not file Form 8379 if you are claiming innocent spouse relief. Instead, file Form 8857. An innocent spouse is someone who believes a joint federal tax liability should be paid solely by his or her spouse. You may qualify for relief from liability for tax on a joint return if (a) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (b) you are divorced, separated, or no longer living with your spouse, or (c) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Pub. 971 for more details.

## When To File

File Form 8379 when you become aware that all or part of your share of an overpayment was, or is expected to be, applied (offset) against your spouse's past-due obligations. You must file Form 8379 for each year you meet this condition and want your portion of any offset refunded.

You can file Form 8379 with your joint tax return or amended joint tax return (Form 1040X). Or you can file it afterwards by itself.
You can file Form 8379 by itself and all or part of your portion of the refund is applied (offset) to your spouse's past-due obligation, you will have two years after the date of the Notice of Offset to file Form 8379. A Notice of Offset for federal tax debts is issued by the IRS. A Notice of Offset for past-due state income tax, child or spousal support, or federal nontax debts (such as a student loan) is issued by the U.S. Treasury Department's Financial Management Service (FMS) ${ }_{\lambda}$

If Form 8379 is not filed with your joint return and all-or part of your portion of the refund is applied (offset) to your spouse's past-due obligation, you will have two years after the date of the Notice of Offset to file Form 8379. A Notice - of Offset for federal tax debts will be issued by Internat Revenue-Service. All-other Notiees of Offset will be issued by Financial Management Service.

## Where To File

If you file Form 8379 after you filed your original joint return on paper, mail it to the same Internal Pevenue Service Genter where you filed the original return. If you filed your original joint return electronically, mail Form 8379 to the Internal Revenue Service Center for the area where you live.

| IF you file Form 8379... | THEN mail Form 8379... |
| :--- | :--- |
| with your joint return | and your joint return to the Internal Revenue <br> Service Center for the area where you live.* |
| After you filed your original joint <br> return on paper | To the same Internal Revenue Service Center <br> where you filed your original return.* |
| After you filed your original joint | To the Internal Revenue Service Center for |
| return electronically | the area where you live.* |

If you file Form 8379 separately, please be sure to attach a copy of all Form(s) W-2, W-2G, or 1099 showing federal income tax withholding to Form 8379. The processing of Form 8379 may be delayed if these forms are not attached, or if the form is incomplete when filed.

## Amending Your Tax Return

If you file an amended joint tax return (Form 1040X) to claim an additional refund and you do not want your portion of the overpayment to be applied (offset) against your spouse's past-due obligation(s), then you will need to complete and file another Form 8379 to allocate the additional refund.

## Time Needed to Process Form 8379

Generally, if you file Form 8379 with a joint return on paper, the time needed to process it is about 14 weeks ( 11 weeks if filed electronically). If you file Form 8379 by itself after a joint return has been processed, the time needed is about 8 weeks.

## Specific Instructions

## Part I

Line 6. If you live in a community property state, special rules will apply to the calculation of your injured spouse refund. Community property states are: Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington, and Wisconsin.

Generally, income, deductions, credits, and expenses are allocated 50/50 between spouses who live in a community property state. Overpayments are considered joint property and subject to be applied (offset) for legally owed past-due obligations of either spouse. However, there are exceptions. The IRS will use each state's rules to determine the amount, if any, that would be refundable to the injured spouse. For more information about community property, see Pub. 555.

## Part II

To properly determine the amount of tax owed and overpayment due to each spouse, an allocation must be made as if each spouse filed a separate tax return instead of a joint tax return. So, each spouse must allocate his or her separate wages, self-employment income and expenses (and
self-employment tax), and credits such as education credits, to the spouse who would have shown the item(s) on his or her separate return. The IRS will figure the amount of any refund due the injured spouse.

Other items that may not clearly belong to either spouse (for example, a penalty on early withdrawal of savings from a joint bank account), would be equally divided. Special rules apply to couples living in community property states (see above).
Line 7a. Enter only W-2 income on this line. Enter the separate income that each spouse earned.
Line 7b. Identify the type and amount. Allocate joint income, such as interest earned on a joint bank account, as you determine. Be sure to allocate all income shown on the joint return.
Line 8. Enter each spouse's separate adjustments, such as an IRA deduction. Allocate other adjustments as you determine.
Line 9. If you used the standard deduction on your joint tax return, enter in both columns (b) and (c) $1 / 2$ of the amount shown in column (a). If you itemize your deductions, enter each spouse's separate deductions, such as employee business expenses. Allocate other deductions as you determine.
Line 10. Allocate the exemptions claimed on the joint return to the spouse who would have claimed them if separate returns had been filed. Enter whole numbers only. For example, you cannot allocate 3 exemptions by giving 1.5 exemptions to each spouse.
Line 11. Allocate any child tax credit, child and dependent care credit, and additional child tax credit to the spouse who was allocated the dependent's exemption. Do not include any earned income credit here; the IRS will allocate it based on each spouse's income. Allocate business credits based on each spouse's interest in the business. Allocate any other credits as you determine.
Line 12. Allocate self-employment tax to the spouse who earned the self-employment income. Allocate any alternative minimum tax as you determine.
Line 13. Enter federal income tax withheld from each spouse's income as shown on Forms W-2, W-2G, and 1099-R. Be sure to attach copies of these forms to your tax return or to Form 8379 if you are filing it by itself. Also include on this line any tax withheld on any other Form 1099 or any excess social security or tier 1 RRTA tax withheld.
Line 14. Allocate joint estimated tax payments as you determine.

## How To Avoid Common Mistakes

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

- Make sure to enclose copies of all W-2, W-2G and any Form(s) 1099 for both spouses showing income tax withheld to prevent a delay in processing your allocation.
- Clearly write "Injured Spouse" in the upper left corner of page 1 of your joint return.
- Any dependent exemptions must be entered in whole numbers. Do not use fractions.
- Items of income, expenses, credits and deductions must be allocated to the spouse who would have entered the item on his or her separate return.

Privacy Act and Paperwork Reduction Act Notice. Our legal right to ask for the information on this form is Internal Revenue Code sections 6001, 6011, 6109, and 6402 and their regulations. You are required to provide the information requested on this form only if you wish to have an overpayment of taxes from a joint return allocated between you and your spouse. We need it to ensure that you are allocating items correctly and to allow us to figure the correct amount of your refund. If you do not provide this information, we may be unable to process your allocation request. Providing false information may subject you to penalties. We may disclose this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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.

The time needed to complete and file this form will vary depending on individual cireumstanees. The estimated average time is: Recordkeeping, 13 min.; Learning about the law or the form, 10 min .; Preparing the form, 59 min .; and-Copying, assembling, and-sending the form to the IRS, 25 min.

If you have comments concerning the accuracy of these time estimates of suggestions for making this form simpler, we would be happy to hear from you. You can write to: Internal Revenue Service, Tax Products Coordinating Gommittee, SE:W:GAP:MP:T:T:SP, 1111 Gonstitution Ave. NW, IR-6406, Washington, DG 20224. Do not sene $\overline{\text { form }}$ to this address. Instead, see Where To File on pagerz.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Mortgage Interest Credit
(For Holders of Qualified Mortgage Credit Certificates Issued by State or Local Governmental Units or Agencies)
Department of the Treasury
Internal Revenue Service

- Attach to Form 1040. $\quad$ See instructions on back.

Name(s) shown on Form 1040


Enter the address of your main home to which the qualified mortgage certificate relates if it is different from the address shown on Form 1040

## Part I Current Year Mortgage Interest Credit

1 Interest paid on the certified indebtedness amount. If someone else (other than your spouse if filing jointly) also held an interest in the home, enter only your share of the interest paid
2 Enter the certificate credit rate shown on your mortgage credit certificate. Do not enter the interest rate on your home mortgage
3 If line 2 is $20 \%$ or less, multiply line 1 by line 2. If line 2 is more than $20 \%$, or you refinanced your mortgage and received a reissued certificate, see the instructions for the amount to enter. You must reduce your deduction for home mortgage interest on Schedule A (Form 1040) by the amount on line 3.

7 Add lines 3 through 6

8 Enter the amount from Form 1040, line 46
9 Enter the total of the amounts from Form 1040, lines 47 through 52

11 Current year mortgage interest credit. Enter the smaller of line 7 or line 10. Also include this amount in the total on Form 1040, line 54, and check box a on that line

| 1 |  |  |
| :---: | :--- | :--- |
| 2 |  |  |
| 3 |  |  |
|  |  |  |
| 4 |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |
| 9 |  |  |
| 10 |  |  |
| 11 |  |  |

Part II Mortgage Interest Credit Carryforward to 2006. (Complete only if line 11 is less than line 7.)

12 Add lines 3 and 4 .

13 Enter the amount from line 7.

14 Enter the larger of line 11 or line 12
15 Subtract line 14 from line 13.

162004 credit carryforward to 2006. Enter the smaller of line 6 or line 15

17 Subtract line 16 from line 15

182003 credit carryforward to 2006. Enter the smaller of line 5 or line 17
192005 credit carryforward to 2006. Subtract line 11 from line 3. If zero or less, enter -0-.

| 12 |  |  |
| :--- | :--- | :--- |
| 13 |  |  |
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| 15 |  |  |
| 16 |  |  |
| 17 |  |  |
| 18 |  |  |
| 19 |  |  |
|  |  |  |
| Form 8396 (2005) |  |  |

## 2005 Form 8453

## U.S. Individual Income Tax Declaration for an IRS e-file Return

Purpose: This is the first circulated draft of the 2005 Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return, for your review and comments. An explanation of the major changes is at the bottom of this page.<br>TPCC Meeting: $\quad$ None, but may be arranged if requested.<br>Prior Revisions: The 2004 version of Form 8453 can be accessed at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/62766Y04.PDF<br>Other Products: Circulations of draft forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html<br>Comments: Please e-mail, fax, call, or mail any comments by May 27, 2005.<br>\section*{Bob Lemonds}<br>Tax Law Specialist SE:W:CAR:MP:T:I:F Room: 6423 - Main Phone: 202-927-9906<br>Fax: 202-927-6234<br>Email: Robert.W.Lemonds@irs.gov<br>Date: April 29, 2005

Major Changes for
Form 8453
U.S. Individual Income Tax Declaration
for an IRS e-file Return

All line references have been revised. SE:W:CAR:MP:T:I:F


# 8453 <br> U.S. Individual Income Tax Declaration for an IRS e-file Return 

Department of the Treasury
For the year January 1-December 31, 2005
Internal Revenue Service

- See instructions on back.

Your social security number

Spouse's social security number

## Important!

You must enter your SSN(s) above.

Daytime phone number
( )

## Part I Tax Return Information (Whole dollars only)

1 Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)
2 Total tax (Form 1040, line 63; Form 1040A, line 38; Form 1040EZ, line 10)
3 Federal income tax withheld (Form 1040, line 64; Form 1040A, line 39; Form 1040EZ, line 7)
4 Refund (Form 1040, line 73a; Form 1040A, line 45a; Form 1040EZ, line 11a)
5 Amount you owe (Form 1040, line 75; Form 1040A, line 47; Form 1040EZ, line 12)

| 1 |  |
| :---: | :--- |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |

## Part II Declaration of Taxpayer (Sign only after Part I is completed.) Be sure to keep a copy of your tax return.

$6 a$ I consent that my refund be directly deposited as designated in the electronic portion of my 2005 Federal income tax return. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.
b I do not want direct deposit of my refund or I am not receiving a refund.
c $\square$ I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax. I further understand that this authorization may apply to subsequent Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate subsequent payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If I have filed a balance due return, I understand that if the IRS does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties. If I have filed a joint Federal and state tax return and there is an error on my state return, I understand my Federal return will be rejected.
Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2005, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of my electronic income tax return. I consent to allow my electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgment of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.


## Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (See instructions.)

I declare that I have reviewed the above taxpayer's return and that the entries on Form 8453 are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The taxpayer will have signed this form before I submit the return. I will give the taxpayer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.



## Check if also paid preparer

Check if selfemployed

ERO's SSN or PTIN
Use
Only
Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.


## General Instructions



Instead of filing Form 8453, the taxpayer may be able to sign the return electronically using a self-selected personal identification number (PIN). For details, go to the IRS website at www.irs.gov or see Pub. 1345.

## Purpose of Form

Use Form 8453 to:

- Authenticate the electronic portion of Form 1040, 1040A, or 1040EZ,
- Send any accompanying paper schedules or statements (Forms W-2, W-2G, or 1099-R should not be attached),
- Authorize the electronic return originator (ERO) to transmit via a third-party transmitter, and
- Provide the taxpayer's consent to directly deposit any refund and/or authorize an electronic funds withdrawal for payment of federal taxes owed and/or a payment of estimated tax.


## When and Where To File

This form must be mailed by the ERO to the applicable submission processing center within 3 business days after the ERO has received acknowledgment from the IRS that the return was accepted. The ERO should provide the taxpayer with the address which is contained in Pub. 1345A, Filing Season Supplement for Authorized IRS e-file Providers.

## Line Instructions

Declaration control number (DCN). The DCN is a 14-digit number assigned by the ERO to each return. Clearly type or print the DCN in the top left corner of each Form 8453. Enter the number after the IRS has acknowledged receipt of the electronic return as follows:

| $\begin{array}{l}\text { Boxes } \\ 1-2\end{array}$ | Entry |
| :--- | :--- |
| $3-8$ | $\begin{array}{l}\text { File identification number } \\ \text { (always "00") }\end{array}$ |
| Electronic filer identification |  |
| number (EFIN) assigned by the |  |
| IRS |  |\(\left.\} \begin{array}{l}Batch number (000 to 999) <br>

assigned by the ERO\end{array}\right\}\)

Example. The EFIN is 509325. The batch number is 000 . The serial number is 56 . The DCN is 00-509325-00056-6.
Name and address. If the taxpayer received a peel-off name and address label from the IRS, put the label in the name area. Cross out any incorrect information and print the correct information. Add any missing items, such as apartment number. If the taxpayer did not receive a label, print or type the information in the spaces provided.
P.O. box. Enter the box number only if the post office does not deliver mail to the taxpayer's home.
Note. The address must match the address shown on the electronically filed return.
Social security number (SSN). Be sure to enter the taxpayer's SSN in the space provided on Form 8453. If a joint return, list the SSNs in the same order as the first names.

## Part I—Tax Return Information

Line 5. Do not include any payment with Form 8453. The method of payment depends on whether the taxpayer checks the box on line $6 b$ or $6 c$. For details, see the instructions for Part II.

## Part II—Declaration of Taxpayer

Note. The taxpayer must check all applicable boxes on line 6.
If there is an amount on line 5 and the taxpayer checks box 6 b and is paying by check or money order, mail the payment by April 17, 2006, with Form 1040-V to the applicable address shown on that form.

If the taxpayer checks box 6 c , the taxpayer must ensure that the following information relating to the financial institution account is provided in the tax preparation software.

- Routing number.
- Account number.
- Type of account (checking or savings).
- Debit amount.
- Debit date (date the taxpayer wants the debit to occur).
An electronically transmitted return will not be considered complete, and therefore filed, unless and until a Form 8453 signed by the taxpayer is received by the IRS. A Form 8453 signed by an agent must have a power of attorney attached that specifically authorizes the agent to sign the return. To do this, you can use Form 2848, Power of Attorney and Declaration of Representative.

If the ERO makes changes to the electronic return after Form 8453 has been signed by the taxpayer but before it is transmitted, the ERO must have the taxpayer complete and sign a corrected Form 8453 if either of the following applies.

- The adjusted gross income on line 1 differs from the amount on the electronic return by more than $\$ 50$, or
- The total tax on line 2, the federal income tax withheld on line 3, the refund on line 4, or the amount owed on line 5 differs from the amount on the electronic return by more than \$14.
Form 8453 can be faxed between the taxpayer and the ERO. The ERO must receive the faxed signed Form 8453 prior to transmitting the return to the IRS. The completed Form 8453, with signatures, must be mailed to the IRS.


## Part III—Declaration of Electronic Return Originator (ERO) and Paid Preparer

The IRS requires the ERO's signature. A paid preparer must sign Form 8453 in the space for Paid Preparer's Use Only. But if the paid preparer is also the ERO, do not complete the paid preparer's section. Instead, check the box labeled "Check if also paid preparer."
Note. If the paid preparer's signature cannot be obtained on Form 8453, you can attach a copy of Form 1040, 1040A, or 1040EZ instead. Attach only pages 1 and 2, and enter "COPY-DO NOT PROCESS" on each page.
Refunds. After the IRS has accepted the return, the refund should be issued within 3 weeks. However, some refunds may be delayed because of compliance reviews to ensure that returns are accurate.
Refund information. You can check on the status of your 2005 refund if it has been at least 3 weeks from the date you filed your return. To check on the status of your 2005 refund, do one of the following:

- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 for automated refund information and follow the recorded instructions.
- Call 1-800-829-1954.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 15 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see When and Where To File on this page.

## 2005 Form 8453

## U.S. Individual Income Tax Declaration for an IRS e-file Return

Purpose: This is the first circulated draft of the 2005 Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return, for your review and comments. An explanation of the major changes is at the bottom of this page.<br>TPCC Meeting: $\quad$ None, but may be arranged if requested.<br>Prior Revisions: The 2004 version of Form 8453 can be accessed at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/62766Y04.PDF<br>Other Products: Circulations of draft forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html<br>Comments: Please e-mail, fax, call, or mail any comments by May 27, 2005.<br>\section*{Bob Lemonds}<br>Tax Law Specialist SE:W:CAR:MP:T:I:F Room: 6423 - Main Phone: 202-927-9906<br>Fax: 202-927-6234<br>Email: Robert.W.Lemonds@irs.gov<br>Date: April 29, 2005

Major Changes for
Form 8453
U.S. Individual Income Tax Declaration
for an IRS e-file Return

All line references have been revised. SE:W:CAR:MP:T:I:F


# 8453 <br> U.S. Individual Income Tax Declaration for an IRS e-file Return 

Department of the Treasury
For the year January 1-December 31, 2005
Internal Revenue Service

- See instructions on back.

Your social security number

Spouse's social security number

## Important!

You must enter your SSN(s) above.

Daytime phone number
( )

## Part I Tax Return Information (Whole dollars only)

1 Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)
2 Total tax (Form 1040, line 63; Form 1040A, line 38; Form 1040EZ, line 10)
3 Federal income tax withheld (Form 1040, line 64; Form 1040A, line 39; Form 1040EZ, line 7)
4 Refund (Form 1040, line 73a; Form 1040A, line 45a; Form 1040EZ, line 11a)
5 Amount you owe (Form 1040, line 75; Form 1040A, line 47; Form 1040EZ, line 12)

| 1 |  |
| :---: | :--- |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |

## Part II Declaration of Taxpayer (Sign only after Part I is completed.) Be sure to keep a copy of your tax return.

$6 a$ I consent that my refund be directly deposited as designated in the electronic portion of my 2005 Federal income tax return. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.
b I do not want direct deposit of my refund or I am not receiving a refund.
c $\square$ I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax. I further understand that this authorization may apply to subsequent Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate subsequent payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If I have filed a balance due return, I understand that if the IRS does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties. If I have filed a joint Federal and state tax return and there is an error on my state return, I understand my Federal return will be rejected.
Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2005, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of my electronic income tax return. I consent to allow my electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgment of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.


## Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (See instructions.)

I declare that I have reviewed the above taxpayer's return and that the entries on Form 8453 are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The taxpayer will have signed this form before I submit the return. I will give the taxpayer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.



## Check if also paid preparer

Check if selfemployed

ERO's SSN or PTIN
Use
Only
Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.


## General Instructions



Instead of filing Form 8453, the taxpayer may be able to sign the return electronically using a self-selected personal identification number (PIN). For details, go to the IRS website at www.irs.gov or see Pub. 1345.

## Purpose of Form

Use Form 8453 to:

- Authenticate the electronic portion of Form 1040, 1040A, or 1040EZ,
- Send any accompanying paper schedules or statements (Forms W-2, W-2G, or 1099-R should not be attached),
- Authorize the electronic return originator (ERO) to transmit via a third-party transmitter, and
- Provide the taxpayer's consent to directly deposit any refund and/or authorize an electronic funds withdrawal for payment of federal taxes owed and/or a payment of estimated tax.


## When and Where To File

This form must be mailed by the ERO to the applicable submission processing center within 3 business days after the ERO has received acknowledgment from the IRS that the return was accepted. The ERO should provide the taxpayer with the address which is contained in Pub. 1345A, Filing Season Supplement for Authorized IRS e-file Providers.

## Line Instructions

Declaration control number (DCN). The DCN is a 14-digit number assigned by the ERO to each return. Clearly type or print the DCN in the top left corner of each Form 8453. Enter the number after the IRS has acknowledged receipt of the electronic return as follows:

| $\begin{array}{l}\text { Boxes } \\ 1-2\end{array}$ | Entry |
| :--- | :--- |
| $3-8$ | $\begin{array}{l}\text { File identification number } \\ \text { (always "00") }\end{array}$ |
| Electronic filer identification |  |
| number (EFIN) assigned by the |  |
| IRS |  |\(\left.\} \begin{array}{l}Batch number (000 to 999) <br>

assigned by the ERO\end{array}\right\}\)

Example. The EFIN is 509325. The batch number is 000 . The serial number is 56 . The DCN is 00-509325-00056-6.
Name and address. If the taxpayer received a peel-off name and address label from the IRS, put the label in the name area. Cross out any incorrect information and print the correct information. Add any missing items, such as apartment number. If the taxpayer did not receive a label, print or type the information in the spaces provided.
P.O. box. Enter the box number only if the post office does not deliver mail to the taxpayer's home.
Note. The address must match the address shown on the electronically filed return.
Social security number (SSN). Be sure to enter the taxpayer's SSN in the space provided on Form 8453. If a joint return, list the SSNs in the same order as the first names.

## Part I—Tax Return Information

Line 5. Do not include any payment with Form 8453. The method of payment depends on whether the taxpayer checks the box on line $6 b$ or $6 c$. For details, see the instructions for Part II.

## Part II—Declaration of Taxpayer

Note. The taxpayer must check all applicable boxes on line 6.
If there is an amount on line 5 and the taxpayer checks box 6 b and is paying by check or money order, mail the payment by April 17, 2006, with Form 1040-V to the applicable address shown on that form.

If the taxpayer checks box 6 c , the taxpayer must ensure that the following information relating to the financial institution account is provided in the tax preparation software.

- Routing number.
- Account number.
- Type of account (checking or savings).
- Debit amount.
- Debit date (date the taxpayer wants the debit to occur).
An electronically transmitted return will not be considered complete, and therefore filed, unless and until a Form 8453 signed by the taxpayer is received by the IRS. A Form 8453 signed by an agent must have a power of attorney attached that specifically authorizes the agent to sign the return. To do this, you can use Form 2848, Power of Attorney and Declaration of Representative.

If the ERO makes changes to the electronic return after Form 8453 has been signed by the taxpayer but before it is transmitted, the ERO must have the taxpayer complete and sign a corrected Form 8453 if either of the following applies.

- The adjusted gross income on line 1 differs from the amount on the electronic return by more than $\$ 50$, or
- The total tax on line 2, the federal income tax withheld on line 3, the refund on line 4, or the amount owed on line 5 differs from the amount on the electronic return by more than \$14.
Form 8453 can be faxed between the taxpayer and the ERO. The ERO must receive the faxed signed Form 8453 prior to transmitting the return to the IRS. The completed Form 8453, with signatures, must be mailed to the IRS.


## Part III—Declaration of Electronic Return Originator (ERO) and Paid Preparer

The IRS requires the ERO's signature. A paid preparer must sign Form 8453 in the space for Paid Preparer's Use Only. But if the paid preparer is also the ERO, do not complete the paid preparer's section. Instead, check the box labeled "Check if also paid preparer."
Note. If the paid preparer's signature cannot be obtained on Form 8453, you can attach a copy of Form 1040, 1040A, or 1040EZ instead. Attach only pages 1 and 2, and enter "COPY-DO NOT PROCESS" on each page.
Refunds. After the IRS has accepted the return, the refund should be issued within 3 weeks. However, some refunds may be delayed because of compliance reviews to ensure that returns are accurate.
Refund information. You can check on the status of your 2005 refund if it has been at least 3 weeks from the date you filed your return. To check on the status of your 2005 refund, do one of the following:

- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 for automated refund information and follow the recorded instructions.
- Call 1-800-829-1954.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 15 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see When and Where To File on this page.

## 2005 Form 8453-OL

## U.S. Individual Income Tax Declaration for an IRS e-file Online Return

| Purpose: | This is the first circulated draft of the 2005 Form 8453-OL, U.S. <br> Individual Income Tax Declaration for an IRS e-file Online Return, for <br> your review and comments. An explanation of the major changes is at <br> the bottom of this page. |
| :--- | :--- |
| TPCC Meeting: | None, but may be arranged if requested. |
| Prior Revisions: | The 2004 version of Form 8453-OL can be accessed at: <br> http://publish.no.irs.gov/FORMS/PUBLIC/PDF/15907Y04.PDF |
| Other Products: | Circulations of draft forms, instructions, notices, and publications are <br> posted at: http://taxforms.web.irs.gov/draft products.html |
| Comments: | Please e-mail, fax, call, or mail any comments by May 27, 2005. |

## Bob Lemonds

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Date: April 29, 2005

Major Changes for
2005 Form 8453-OL
U.S. Individual Income Tax Declaration
for an IRS e-file Online Return
All Form 1040 line references have been revised. SE:W:CAR:MP:T:I:F


## Part II Declaration of Taxpayer. Be sure to keep a copy of your tax return.

I consent that my refund be directly deposited as designated in the electronic portion of my 2005 Federal income tax return. If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.
b $\square$ I do not want direct deposit of my refund or I am not receiving a refund.
c $\square$ I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax. I further understand that this authorization may apply to subsequent Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate subsequent payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
If I have filed a balance due return, I understand that if the IRS does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable interest and penalties. If I have filed a joint Federal and state tax return and there is an error on my state return, I understand my Federal return will be rejected.

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2005, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of my electronic income tax return. I consent to allow my intermediate service provider and/or transmitter to send my return to the IRS and to receive from the IRS (a) an acknowledgment of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.


## General Instructions

ed
You may be able to file a completely paperless return! Your tax preparation software should contain information about using a self-select personal identification number (PIN) instead of filing Form 8453-OL. Or, you can go to the IRS website at www.irs.gov.

## Purpose of Form

Use Form 8453-OL to:

- Authenticate the electronic portion of your 2005 Form 1040, 1040A, or 1040EZ,
- Send any accompanying paper schedules or statements (Forms W-2, W-2G, or 1099-R should not be attached), and
- Provide your consent to directly deposit any refund and/or authorize an electronic funds withdrawal for payment of federal taxes owed and/or a payment of estimated tax.


## Who Must File

If you are filing a 2005 Form 1040, 1040A, or 1040EZ through an intermediate service provider and/or transmitter and you do not use a self-select PIN, you must file a signed 2005 Form 8453-OL with the IRS.
Note. Do not mail a copy of your Form 1040, 1040A, or 1040EZ.

## When and Where To File

You must mail this form to the IRS on the next working day after you have received acknowledgment from your intermediate service provider and/or transmitter that the IRS has accepted your electronically filed return. The address should be included in your acknowledgment message. If not, mail Form 8453-OL to the IRS at the applicable address shown in the chart below. If you do not receive an acknowledgment, you must contact your intermediate service provider and/or transmitter.

## Line Instructions

Declaration control number (DCN). The DCN is a 14-digit number assigned to your return by your intermediate service provider and/or transmitter. It should be included in your acknowledgment message. Clearly type or print the DCN in the top left corner of Form 8453-OL. The first two digits are always "00". The next six digits are the electronic filer identification number (EFIN). The next five digits are the batch number and serial number. The " 6 " represents the year the return is filed (2006).

Example. The EFIN is 509325. The batch number is 000 . The serial number is 56 . The DCN is 00-509325-00056-6.

## Name and address. If you received a

 peel-off name and address label from the IRS, put the label in the name area. Cross out any incorrect information and print the correct information. Add any missing items, such as your apartment number. If you did not receive a label, print or type the information in the spaces provided.P.O. box. Enter your box number only if the post office does not deliver mail to your home.
Note. The address must match the address shown on your electronically filed return.
Social security number (SSN). Be sure to enter your SSN in the space provided on Form 8453-OL. If a joint return, list the SSNs in the same order as the first names.

## Part I-Tax Return Information

Line 5. Do not include any payment with Form 8453-OL. The method of payment depends on whether you check the box on line 6b or 6c. For details, see the instructions for Part II.

## Part II—Declaration of Taxpayer

Note. You must check all applicable boxes on line 6.
If there is an amount on line 5 and you check box 6 b and are paying by check or money order, do not attach your payment to

Form 8453-OL. Instead, mail it by April 17, 2006, with Form 1040-V to the IRS at the applicable address shown on that form. If you do not have a Form 1040-V, you may be able to get it from your intermediate service provider and/or transmitter. You can also see your tax return instruction booklet for other ways to get forms or go to the IRS website at www.irs.gov.
If you check box 6c, you must ensure that the following information relating to the financial institution account is provided in the tax preparation software.

- Routing number.
- Account number.
- Type of account (checking or savings).
- Debit amount.
- Debit date (date you want the debit to occur).
Your electronically transmitted return will not be considered complete, and therefore filed, unless and until the IRS receives your signed Form 8453-OL. If a joint return, your spouse must also sign. A Form 8453-OL signed by an agent must have a power of attorney attached that specifically authorizes the agent to sign the return. To do this, you can use Form 2848, Power of Attorney and Declaration of Representative.
Refunds. Your refund should be issued within 3 weeks after the IRS has accepted your return. However, some refunds may be delayed because of compliance reviews to ensure that returns are accurate.
Refund information. You can check on the status of your 2005 refund if it has been at least 3 weeks from the date you filed your return. To check on the status of your 2005 refund, do one of the following:
- Go to www.irs.gov and click on Where's My Refund.
- Call 1-800-829-4477 for automated refund information and follow the recorded instructions.
- Call 1-800-829-1954.

| IF you live in . . . | THEN mail Form 8453-OL to this address . . |
| :--- | :--- |
| Connecticut, Delaware, District of Columbia, Florida, Indiana, Kentucky, Maine, Maryland, <br> Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode <br> Island, South Carolina, Vermont, Virginia, West Virginia, all APO and FPO addresses (except <br> Asian/Pacific) | Internal Revenue Service <br> Attn: Shipping and Receiving, 0254 <br> Receipt and Control Operations <br> Andover, MA 05544-0254 |
| Alabama, Alaska, Arizona, Arkansas, California, Colorado, Georgia, Hawaii, Idaho, Illinois, Internal Revenue Service <br> lowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Attn: Shipping and Receiving, 0254 <br> Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas,  <br> Utah, Washington, Wisconsin, Wyoming, all Asian/Pacific APO and FPO addresses, a foreign <br> country: U.S. citizens and those filing Form 2555 or Form 2555-EZ Austin, TX 73344-0254 |  |

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form
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## 2005 Instructions for Form 8582, Passive Activity Loss Limitations

| Purpose: | This is the first circulated proof of the 2005 Instructions for Form 8582, <br> Passive Activity Loss Limitations for your review and comments. There <br> are no major changes. |
| :--- | :--- |
| TPCC Meeting: | There is no TPCC meeting scheduled, but you may request one. |
| Form: | The 2005 Form 8582 was circulated earlier at: <br> http://taxforms.web.irs.gov/products/Drafts/05f8582 d1.pdf. |
| Other Products: $\quad$Circulations of draft tax forms and instructions are posted at <br> http://taxforms.web.irs.gov/draft products.html. Draft publications are not <br> available. |  |
| Comments: $\quad$Please email, call, mail, or fax any comments by May, 27, 2005. |  |

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Department of the Treasury
Internal Revenue Service

## Instructions for Form 8582

Passive Activity Loss Limitations

Section references are to the Internal Revenue Code, unless otherwise noted.

## General Instructions

## Purpose of Form

Form 8582 is used by noncorporate taxpayers to figure the amount of any passive activity loss (PAL) for the current tax year.

A PAL occurs when total losses (including prior year unallowed losses) from all your passive activities exceed the total income from all your passive activities.

Generally, passive activities include:

- Trade or business activities in which you did not materially participate for the tax year.
- Rental activities, regardless of your participation

PALs cannot be used to offset income from nonpassive activities. However, a special allowance for rental real estate activities may allow some losses even if the losses exceed passive income.

PALs not allowed in the current year are carried forward until they are allowed either against passive activity income, against the special allowance, if applicable, or when you sell or exchange your entire interest in the activity in a fully taxable transaction to an unrelated party.

For more information, see Pub. 925, Passive Activity and At-Risk Rules, which contains a filled-in example of Form 8582 with step-by-step instructions for reporting losses from passive activities.
Note. Corporations subject to the passive activity rules must use Form 8810, Corporate Passive Activity Loss and Credit Limitations.

## Who Must File

Form 8582 is filed by individuals, estates, and trusts who have losses (including prior year unallowed losses) from passive activities. You do not have to file Form 8582 if you meet Exception 1 or 2 below.

## Exception 1

You do not have an overall loss when you combine all your net income and net losses (including any prior year unallowed losses) from business or
rental passive activities. Overall loss is defined under Definitions on page 2.

In figuring your overall gain or loss from all passive activities for the year, do not include the following income or losses.:

1. Net income that is not passive activity income. See Passive Activity Income beginning on page 5 .
2. Net losses that are not passive activity net losses. See Activities That Are Not Passive Activities on page 2.
3. Net income or net loss from your interest in any publicly traded partnership (PTP). See Publicly Traded Partnerships (PTPs) beginning on page 11.
4. Any overall loss from an entire disposition of a passive activity. See Dispositions beginning on page 6 for more information.

## Exception 2

You actively participated in rental real estate activities (see Special Allowance for Rental Real Estate Activities on page 3), and you meet all of the following conditions.

- Rental real estate activities with active participation were your only passive activities.
- You have no prior year unallowed losses from these activities.
- Your total loss from the rental real estate activities was not more than \$25,000 (\$12,500 if married filing separately and you lived apart from your spouse all year).
- If you are married filing separately, you lived apart from your spouse all year.
- You have no current or prior year unallowed credits from a passive activity.
- Your modified adjusted gross income was not more than $\$ 100,000$ (not more than $\$ 50,000$ if married filing separately and you lived apart from your spouse all year).
- You do not hold any interest in a rental real estate activity as a limited partner or as a beneficiary of an estate or a trust.

For the definition of modified adjusted gross income, see the instructions for line 7 on page 8.

If all the above conditions are met, your rental real estate losses are not limited, and you do not need to
complete Form 8582. Enter losses reported on Schedule E (Form 1040), Part I, line 22, on Schedule E, line 23. For losses from a partnership or an S corporation, enter the amount of the allowable loss from Schedule K-1 in Schedule E, Part II, column (f). Enter losses reported on line 32 of Form 4835, Farm Rental Income and Expenses, on Form 4835, line 33c.

## Coordination With Other Limitations

Generally, PALs are subject to other limitations (for example, basis and at-risk limitations) before they are subject to the passive loss limitations. Once a loss becomes allowable under these other limitations, you must determine whether the loss is limited under the passive loss rules. See Form 6198, At-Risk Limitations, for details on the at-risk rules. Also, capital losses that are allowable under the passive loss rules may be limited under the capital loss limitations of section 1211. Percentage depletion deductions that are allowable under the passive loss rules may be limited under section 613A(d).

## Before Completing Form 8582

To find out if your activity is treated as a passive activity, read the following sections of these instructions.

- Trade or Business Activities if your activity is a trade or business activity (page 3).
- Rental Activities if your activity is the renting of tangible property (beginning on page 2).
- Material Participation (page 4).
- Grouping of Activities (page 5).

To find out how to treat income and deductions from your activity, read Passive Activity Income and Deductions, Former Passive Activities, and Dispositions (pages 5 through 7).

To find out how to enter income and losses on Form 8582, read the instructions for Worksheets 1, 2, and 3 (beginning on page 7).

## Definitions

Except as otherwise indicated, the following terms in these instructions are defined as shown below.

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Net income. This is the excess of current year income over current year deductions from the activity. This includes any current year gains or losses from the disposition of assets or an interest in the activity.
Net loss. This is the excess of current year deductions over current year income from the activity. This includes any current year gains or losses from the disposition of assets or an interest in the activity.
Overall gain. This is the excess of the "net income" from the activity over the prior year unallowed losses from the activity.
Overall loss. This is (a) the excess of the prior year unallowed losses from the activity over the "net income" from the activity or (b) the prior year unallowed losses from the activity plus the "net loss" from the activity.
Prior year unallowed losses. These are the losses from an activity that were disallowed under the PAL limitations in a prior year and carried forward to the tax year under section 469 (b). See Regulations section 1.469-1(f)(4) and Pub. 925.

## Activities That Are Not Passive Activities

The following are not passive activities.

1. Trade or business activities in which you materially participated for the tax year.
2. Any rental real estate activity in which you materially participated if you were a "real estate professional" for the tax year. You were a real estate professional only if:
a. More than half of the personal services you performed in trades or businesses during the tax year were performed in real property trades or businesses in which you materially participated, and
b. You performed more than 750 hours of services during the tax year in real property trades or businesses in which you materially participated.

For purposes of item (2), each interest in rental real estate is a separate activity, unless you elect to treat all interests in rental real estate as one activity. For details on making this election, see page E-1 of the instructions for Schedule E (Form 1040).

If you are married filing jointly, one spouse must separately meet both (2)(a) and (2)(b), 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.
Note. If a rental real estate activity is not a passive activity for the current year, any prior year unallowed loss is treated as a loss from a former passive activity. See Former Passive Activities on page 6.
3. A working interest in an oil or gas well. Your working interest must be held directly or through an entity that does not limit your liability (such as a general partner interest in a partnership). In this case, it does not matter whether you materially participated in the activity for the tax year.

If, however, your liability was limited for part of the year (for example, you converted your general partner interest to a limited partner interest during the year), some of your income and losses from the working interest may be treated as passive activity gross income and passive activity deductions. See Temporary Regulations section 1.469-1T(e)(4)(ii).
4. The rental of a dwelling unit you used as a residence if section 280A(c)(5) applies. This section applies if you rented out a dwelling unit that you also used as a home during the year for a number of days that exceeds the greater of 14 days or $10 \%$ of the number of days during the year that the home was rented at a fair rental.
5. An activity of trading personal property for the account of owners of interests in the activity. For purposes of this rule, personal property means property that is actively traded, such as stocks, bonds, and other securities. See Temporary Regulations section 1.469-1T(e)(6) for more details.

Generally, income and losses from these activities are not entered on Form 8582. However, losses from these activities may be subject to limitations other than the passive loss rules.

## Rental Activities

A rental activity is a passive activity even if you materially participated in the activity (unless it is a rental real estate activity in which you materially participated and you were a real estate professional).

However, if you meet any of the five exceptions beginning below, the rental of the property is not treated as a rental activity. See Reporting Income and Losses From the Activities on page 3 if you meet any of the exceptions.

An activity is a rental activity if tangible property (real or personal) is used by customers or held for use by customers and the gross income (or expected gross income) from the
activity represents amounts paid (or to be paid) mainly for the use of the property. It does not matter whether the use is under a lease, a service contract, or some other arrangement.

## Exceptions

An activity is not a rental activity if:

1. The average period of customer use is:
a. 7 days or less, or
b. 30 days or less and significant personal services were provided in making the rental property available for customer use.

Figure the average period of customer use for a class of property by dividing the total number of days in all rental periods by the number of rentals during the tax year. If the activity involves renting more than one class of property, multiply the average period of customer use of each class by the ratio of the gross rental income from that class to the activity's total gross rental income. The activity's average period of customer use equals the sum of these class-by-class average periods weighted by gross income. See Regulations section 1.469-1(e)(3)(iii).

Significant personal services include only services performed by individuals. To determine if personal services are significant, all relevant facts and circumstances are taken into consideration, including the frequency of the services, the type and amount of labor required to perform the services, and the value of the services relative to the amount charged for use of the property.
2. Extraordinary personal services were provided in making the rental property available for customer use. This applies only if the services are performed by individuals and the customers' use of the property is incidental to their receipt of the services.
3. Rental of the property is incidental to a nonrental activity.

The rental of property is incidental to an activity of holding property for investment if the main purpose of holding the property is to realize a gain from its appreciation and the gross rental income is less than $2 \%$ of the smaller of the unadjusted basis or the fair market value (FMV) of the property.

Unadjusted basis is the cost of the property without regard to depreciation deductions or any other basis adjustment described in section 1016.

The rental of property is incidental to a trade or business activity if:
a. You own an interest in the trade or business activity during the tax year,
b. The rental property was mainly used in the trade or business activity during the tax year or during at least 2 of the 5 preceding tax years, and

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c. The gross rental income from the property is less than $2 \%$ of the smaller of the unadjusted basis or the FMV of the property.

Lodging provided for the employer's convenience to an employee or the employee's spouse or dependents is incidental to the activity or activities in which the employee performs services.
4. You customarily make the rental property available during defined business hours for nonexclusive use by various customers.
5. You provide property for use in a nonrental activity of a partnership, S corporation, or a joint venture in your capacity as an owner of an interest in the partnership, S corporation, or joint venture.

Example. If a partner contributes the use of property to a partnership, none of the partner's distributive share of partnership income is income from a rental activity unless the partnership is engaged in a rental activity.

Also, a partner's gross income from a guaranteed payment under section 707(c) is not income from a rental activity. The determination of whether the property used in the activity is provided in the partner's capacity as an owner of an interest in the partnership is made on the basis of all the facts and circumstances.

## Reporting Income and Losses From the Activities

If an activity meets any of the five exceptions listed above, it is not a rental activity. You must then determine:

1. Whether your rental of the property is a trade or business activity (see Trade or Business Activities on this page) and, if so,
2. Whether you materially participated in the activity for the tax year (see Material Participation on page 4).

- If the activity is a trade or business activity in which you did not materially participate, enter the income and losses from the activity on Worksheet 3.
- If the activity is a trade or business activity in which you did materially participate, report any income or loss from the activity on the forms or schedules normally used.

If the rental activity did not meet any of the five exceptions, it is generally a passive activity. However, special rules apply if you conduct the rental activity through a PTP or if any of the rules described under Recharacterization of Passive Income on page 6 apply. See the PTP rules beginning on page 11.

If none of the special rules apply, enter the income and losses from the passive rental activity on Worksheet 1, 2, or 3.

Worksheet 1 is for passive rental real estate activities in which you actively participated. See Special Allowance for Rental Real Estate Activities on this page.

Worksheet 2 is for commercial revitalization deductions (CRDs) from rental real estate activities. CRDs from rental real estate activities are not entered on Worksheet 1 or 3. See Commercial revitalization deduction (CRD) on page 4.

Worksheet 3 is for passive rental real estate activities in which you did not actively participate, activities of renting personal property, and other passive trade or business activities.

See the instructions for Worksheets 1 , 2, and 3 beginning on page 7 .

## Trade or Business Activities

A trade or business activity is an activity (other than a rental activity or an activity treated as incidental to an activity of holding property for investment) that:

1. Involves the conduct of a trade or business (within the meaning of section 162),
2. Is conducted in anticipation of starting a trade or business, or
3. Involves research or experimental expenditures deductible under section 174 (or that would be if you chose to deduct rather than capitalize them).

Trade or business activities are generally reported on Schedule C, C-EZ, or F, or in Part II or III of Schedule E. See Publicly Traded Partnerships (PTPs) on page 11. For trade or business activities that are significant participation passive activities (defined on page 4), see Pub. 925 for how to report their income or losses.

## Special Allowance for Rental Real Estate Activities

Active participation. If you actively participated in a passive rental real estate activity, you may be able to deduct up to $\$ 25,000$ of loss from the activity from your nonpassive income. This special allowance is an exception to the general rule disallowing losses in excess of income from passive activities.

The special allowance is not available if you were married, are filing a separate return for the year, and lived with your spouse at any time during the year.

Only an individual, a qualifying estate, or a qualified revocable trust that made an election to treat the trust as part of the decedent's estate may
actively participate in a rental real estate activity. Unless future regulations provide an exception, limited partners are not treated as actively participating in a partnership's rental real estate activity.

A qualifying estate is the estate of a decedent for tax years ending less than 2 years after the date of the decedent's death if the decedent would have satisfied the active participation requirements for the rental real estate activity for the tax year the decedent died.

A qualified revocable trust may elect to be treated as part of a decedent's estate for purposes of the special allowance for active participation in rental real estate activities. The election must be made by both the executor (if any) of the decedent's estate and the trustee of the revocable trust. For details, see Regulations section 1.645-1.

You are not considered to actively participate in a rental real estate activity 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.

Active participation is a less stringent requirement than material participation (see Material Participation on page 4). You may be treated as actively participating if, for example, you participated in making management decisions or arranged for others to provide services (such as repairs) in a significant and bona fide sense. Management decisions that may count as active participation include:

- Approving new tenants,
- Deciding on rental terms,
- Approving capital or repair
expenditures, and
- Other similar decisions.

The maximum special allowance is:

- \$25,000 for single individuals and married individuals filing a joint return for the tax year.
- \$12,500 for married individuals who file separate returns for the tax year and lived apart from their spouses at all times during the tax year.
- \$25,000 for a qualifying estate reduced by the special allowance for which the surviving spouse qualified.


## Modified adjusted gross income

 limitation. If your modified adjusted gross income (defined on page 8) is $\$ 100,000$ or less ( $\$ 50,000$ or less if married filing separately), your loss is deductible up to the amount of the maximum special allowance referred to in the preceding paragraph.If your modified adjusted gross income is more than $\$ 100,000$ ( $\$ 50,000$ if married filing separately) but less than \$150,000 (\$75,000 if married filing separately), your special allowance is

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limited to $50 \%$ of the difference
between $\$ 150,000$ ( $\$ 75,000$ if married filing separately) and your modified adjusted gross income.

Generally, if your modified adjusted gross income is $\$ 150,000$ or more ( $\$ 75,000$ or more if married filing separately), there is no special allowance.

If you qualify under the active participation rules, use Worksheet 1 and see page 7 of the instructions.

## Commercial revitalization deduction

 (CRD). The special $\$ 25,000$ allowance for the CRD from rental real estate activities is not subject to the active participation rules or modified adjusted gross income limits discussed above.The \$25,000 allowance must first be applied to losses from rental real estate activities with active participation, figured without regard to the CRD (see Part II). Any remaining portion of the $\$ 25,000$ allowance is available for the CRD from rental real estate activities (see Part III). See the instructions for Worksheet 2 beginning on page 7. For general information about the CRD, see Pub. 954, Tax Incentives for Distressed Communities, and section 1400 I.

## Material Participation

For the material participation tests listed below, participation generally includes any work done 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 participation if:

- It is not work that an owner would 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.
Proof of participation. You may prove your participation in an activity by any reasonable means. You do not have to maintain contemporaneous daily time reports, logs, or similar documents if you can establish your participation by other reasonable means. For this purpose, reasonable means include, but are not limited to, identifying services performed over a period of time and the approximate number of hours spent performing the services during that period, based on appointment books, calendars, or narrative summaries.
Tests for individuals. You materially participated for the tax year in an activity if you satisfy at least one of the following tests.

1. You participated in the activity for more than 500 hours.
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 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 individual (including individuals who did not own any interest in the activity) for the year.
4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities during the year for more than 500 hours.

A significant participation activity is any trade or business activity in which you participated for more than 100 hours during the year and in which you did not materially participate under any of the material participation tests (other than this fourth test)
5. You materially participated in the activity for any 5 (whether or not consecutive) of the 10 immediately preceding tax years.
6. The activity is a personal service activity in which you materially participated for any 3 (whether or not consecutive) preceding tax years.

An activity is a personal service activity if it involves the performance of personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or in 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.

You did not materially participate in the activity under this seventh test, however, 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 whether you materially participated under this test if
a. Any person (except you) received compensation for performing services in the management of the activity, or
b. Any individual spent more hours during the tax year performing services in the management of the activity than you did (regardless of whether the individual was compensated for the management services).

Test for a spouse. Participation by your spouse during the tax year in an activity you own may be counted as your participation in the activity 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.
Tests for investors. Work done 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. For purposes of this test, 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.
Special rules for limited partners. If you were a limited partner in an activity, you generally did not materially participate in the activity. You did materially participate in the activity, however, if you met material participation test 1, 5, or 6 (see Tests for individuals on this page) for the tax year.

However, for purposes of the material participation tests, you are not treated as a limited partner if you also were a general partner in the partnership at all times during the partnership's tax year ending with or within your tax year (or, if shorter, during the portion of the partnership's tax year in which you directly or indirectly owned your limited partner interest).

A limited partner's share of an electing large partnership's taxable income or loss from all trade or business and rental activities is treated as income or loss from the conduct of a single passive trade or business activity.
Special rules for certain retired or disabled farmers and surviving spouses of farmers. Certain retired or disabled farmers and surviving spouses of farmers are treated as materially participating in a farming activity if the real property used in the activity would meet the estate tax rules for special valuation of farm property passed from a qualifying decedent. See Temporary Regulations section 1.469-5T(h)(2)
Estates and trusts. The PAL limitations apply in figuring the distributable net income and taxable income of an estate or trust. See Temporary Regulations section 1.469-1T(b)(2) and (3). The rules for determining material participation for this purpose have not yet been issued.

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## Grouping of Activities

Generally, one or more trade or business activities or rental activities may be treated as a single activity if the activities make up an appropriate economic unit for the measurement of gain or loss under the passive activity rules.

Whether activities make up an appropriate economic unit depends on all the relevant facts and circumstances. The factors given the greatest weight in determining whether activities make up an appropriate economic unit are:

1. Similarities and differences in types of trades or businesses,
2. The extent of common control,
3. The extent of common ownership,
4. Geographical location, and
5. Interdependencies between or among the activities.

Example. You have a significant ownership interest in a bakery and a movie theater in Baltimore and in a bakery and a movie theater in Philadelphia. Depending on all the relevant facts and circumstances, there may be more than one reasonable method for grouping your activities. For instance, the following groupings may
or may not be permissible:

- A single activity,
- A movie theater activity and a bakery activity,
- A Baltimore activity and a

Philadelphia activity, or

- Four separate activities.

Once you choose a grouping under these rules, you must continue using that grouping in later tax years unless a material change in the facts and circumstances makes it clearly inappropriate.

The IRS may regroup your activities if your grouping fails to reflect one or more appropriate economic units and one of the primary purposes of your grouping is to avoid the passive activity limitations.
Limitation on grouping certain
activities. The following activities may not be grouped together.

1. A rental activity with a trade or business activity unless the activities being grouped together make up an appropriate economic unit and:
a. The rental activity is insubstantial relative to the trade or business activity or vice versa, or
b. Each owner of the trade or business activity has the same proportionate ownership interest in the rental activity. If so, the portion of the rental activity involving the rental of property used in the trade or business activity may be grouped with the trade or business activity.
2. An activity involving the rental of real property with an activity involving the rental of personal property (except personal property provided in connection with the real property or vice versa).
3. Any activity with another activity in a different type of business and in which you hold an interest as a limited partner or as a limited entrepreneur (as defined in section 464(e)(2)) if that other activity engages in holding, producing, or distributing motion picture films or videotapes; farming; leasing section 1245 property; or exploring for or exploiting oil and gas resources or geothermal deposits.

## Activities conducted through

 partnerships, S corporations, and C corporations subject to section 469. Once a partnership or corporation determines its activities under these rules, a partner or shareholder may use these rules to group those activities with:- Each other,
- Activities conducted directly by the partner or shareholder, or
- Activities conducted through other partnerships and corporations.

A partner or shareholder may not treat as separate activities those activities grouped together by the partnership or corporation.

## Passive Activity Income and Deductions

Take into account only passive activity income and passive activity deductions to figure your net income or net loss from all passive activities or any passive activity.

If your passive activity is reported on Schedule C, C-EZ, E, or F, and the activity has no prior year unallowed losses or any gain or loss from the disposition of assets or an interest in the activity, take into account only the passive activity income and passive activity deductions from the activity to figure the amount to enter on Form 8582 and the worksheets.

If you own an interest in a passive activity through a partnership or an S corporation, the partnership or S corporation will generally provide you with the net income or net loss from the passive activity. If, however, the partnership or S corporation must state an item of gross income or deduction separately to you, and the gross income or deduction is passive activity gross income or a passive activity deduction (respectively), include that amount in the net income or net loss entered on Form 8582 and the worksheets.

CaUIIONThe partnership or S corporation does not have a record of any prior year unallowed losses from the passive activities of the partnership or S corporation. If you had prior year unallowed losses from these activities, they can be found in column (c) of your 2004 Worksheet 5.

## Self-Charged Interest

Certain self-charged interest income or deductions may be treated as passive activity gross income or passive activity deductions if the loan proceeds are used in a passive activity. Generally, self-charged interest income and deductions result from loans between you and a partnership or S corporation in which you had a direct or indirect ownership interest. This includes both loans you made to the partnership or S corporation and loans the partnership or S corporation made to you. It also includes loans from one partnership or S corporation to another partnership or Scorporation if each owner in the borrowing entity has the same proportional ownership interest in the lending entity. The self-charged interest rules do not apply to your interest in a partnership or S corporation if the entity made an election under Regulations section $1.469-7(\mathrm{~g})$ to avoid the application of these rules. For more details on the self-charged interest rules, see Regulations section 1.469-7.

## Passive Activity Income

To figure your overall gain or loss from all passive activities or any passive activity, take into account only passive activity income. Do not enter income that is not passive activity income on Form 8582 or the worksheets.

Passive activity income includes all income from passive activities, including (with certain exceptions described in Temporary Regulations section 1.469-2T(c)(2) and Regulations section 1.469-2(c)(2)) gain from the disposition of an interest in a passive activity or of property used in a passive activity at the time of the disposition

Passive activity income does not include the following.

- Income from an activity that is not a passive activity.
- Portfolio income, including interest (other than self-charged interest treated as passive activity income), dividends, annuities, and royalties not derived in the ordinary course of a trade or business, and gain or loss from the disposition of property that produces portfolio income or is held for investment (see section 163(d)(5)). See Temporary Regulations section 1.469-2T(c)(3).
- Alaska Permanent Fund dividends.
- Personal service income, including salaries, wages, commissions, self-employment income from trade or business activities in which you

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materially participated for the tax year, deferred compensation, taxable social security and other retirement benefits, and payments from partnerships to partners for personal services. See Temporary Regulations section
1.469-2T(c)(4).

- Income from positive section 481 adjustments allocated to activities other than passive activities. See Temporary Regulations section 1.469-2T(c)(5).
- Income or gain from investments of working capital.
- Income from an oil or gas property if you treated any loss from a working interest in the property for any tax year beginning after 1986 as a nonpassive loss under the rule excluding working interests in oil and gas wells from passive activities (see item 3 under Activities That Are Not Passive Activities on page 2). See Regulations section 1.469-2(c)(6).
- Any income from intangible property if your personal efforts significantly contributed to the creation of the property.
- Any income treated as not from a passive activity under Temporary Regulations section 1.469-2T(f) and
Regulations section 1.469-2(f). See
Recharacterization of Passive Income on this page.
- Overall gain from any interest in a

PTP (see item 2 under Special Instructions for PTPs beginning on page 11).

- State, local, and foreign income tax refunds.
- Income from a covenant not to compete.
- Any reimbursement of a casualty or theft loss included in income as recovery of all or part of a prior year loss deduction if the deduction for the loss was not treated as a passive activity deduction.
- Cancellation of debt income to the extent that at the time the debt was discharged the debt was not properly allocable under Temporary Regulations section $1.163-8 \mathrm{~T}$ to passive activities.


## Recharacterization of Passive Income

Certain income from passive activities must be recharacterized and excluded from passive activity income. The amount of income recharacterized equals the net income from the sources given below. If during the tax year you received net income from any of these sources (either directly or through a partnership or an S corporation), see Pub. 925 to find out how to report net income or loss from these sources. For more information, see Temporary Regulations section 1.469-2T(f) and Regulations section 1.469-2(f).

Income from the following sources may be subject to the net income recharacterization rules

- Significant participation passive
activities defined on page 4.
- Rental of property if less than $30 \%$ of the unadjusted basis of the property is subject to depreciation.
- Passive equity-financed lending activities.
- Rental of property incidental to a
development activity.
- Rental of property to a nonpassive activity.
- Acquisition of an interest in a pass-through entity that licenses intangible property.


## Passive Activity Deductions

To figure your overall gain or overall loss from all passive activities or any passive activity, take into account only passive activity deductions.

Passive activity deductions include all deductions from activities that are passive activities for the current tax year and all deductions from passive activities that were disallowed under the PAL rules in prior tax years and carried forward to the current tax year. See Regulations section 1.469-1(f)(4).

Passive activity deductions include losses from a disposition of property used in a passive activity at the time of the disposition and losses from a disposition of less than your entire interest in a passive activity. See Dispositions on this page for the treatment of losses upon disposition of your entire interest in an activity.

Passive activity deductions do not include the following.

- Deductions for expenses (other than interest expense) that are clearly and directly allocable to portfolio income. - Qualified home mortgage interest, capitalized interest expenses, and other interest expenses (except self-charged interest treated as a passive activity deduction (discussed on page 5) and interest expenses properly allocable to passive activities).
- Losses from dispositions of property that produce portfolio income or property held for investment.
- State, local, and foreign income taxes.
- Miscellaneous itemized deductions that may be disallowed under section 67.
- Charitable contribution deductions.
- Net operating loss deductions, percentage depletion carryovers under section 613A(d), and capital loss carryovers.
- Deductions and losses that would have been allowed for tax years beginning before 1987, but for basis or at-risk limitations.
- Net negative section 481 adjustments allocated to activities other than passive activities. See Temporary Regulations section 1.469-2T(d)(7)
- Deductions for losses from fire, storm, shipwreck, or other casualty or
from theft if losses similar in cause and severity do not recur regularly in the activity.
- The deduction allowed for one-half of self-employment taxes.


## Former Passive Activities

A former passive activity is any activity that was a passive activity in a prior tax year but is not a passive activity in the current tax year. A prior year unallowed loss from a former passive activity is allowed to the extent of current year income from the activity.

If current year net income from the activity is less than the prior year unallowed loss, enter the prior year unallowed loss and any current year net income from the activity on Form 8582 and the applicable worksheets.

If current year net income from the activity is more than or equal to the prior year unallowed loss from the activity, report the income and loss on the forms and schedules normally used; do not enter the amounts on Form 8582.

If the activity has a net loss for the current year, enter the prior year unallowed loss (but not the current year loss) on Form 8582 and the applicable worksheets.

To report a disposition of a former passive activity, follow the rules below under Dispositions.

## Dispositions

## Disposition of an Entire Interest

If you disposed of your entire interest in a passive activity or a former passive activity to an unrelated person in a fully taxable transaction during the tax year, your losses allocable to the activity for the year are not limited by the PAL rules.

A fully taxable transaction is a transaction in which you recognize all realized gain or loss.

If you are using the installment method to report this kind of disposition, figure the loss for the current year that is not limited by the PAL rules by multiplying your overall loss (which does not include losses allowed in prior years) by the following fraction:

Gain recognized in the current year
Unrecognized gain as of the
beginning of the current year
A partner in a PTP is not treated as having disposed of an entire interest in an activity of a PTP until there is an entire disposition of the partner's interest in the PTP.

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## Reporting an Entire Disposition on Schedule D or Form 4797

If you completely dispose of your entire interest in a passive activity or a former passive activity, you may have to report net income or loss and prior year unallowed losses from the activity. All the net income and losses are reported on the forms and schedules normally used.

Combine all income and losses (including any prior year unallowed losses) from the activity for the tax year to see if you have an overall gain or loss.

If you have an overall gain and you have other passive activities to report on Form 8582, include the income, losses, and prior year unallowed losses on Worksheet 1, 2 , or 3.

If you have an overall gain and this is your only passive activity or a former passive activity, report all income and losses (including any prior year unallowed losses) on the forms and schedules normally used and do not use Form 8582.

If you have an overall loss when you combine the income and losses, do not use the worksheets or Form 8582 for the activity. All losses (including prior year unallowed losses) are allowed in full. Report the income and losses on the forms and schedules normally used.

An overall loss from an entire disposition of a passive activity is a nonpassive loss if you have an aggregate loss from all other passive activities. When figuring your modified adjusted gross income for line 7 of Form 8582, be sure to take into account the overall loss from the disposition of the activity.

## Example 1. Activity with overall

gain. You sell your entire interest in a rental real estate activity in which you actively participated for a gain of $\$ 15,525$. $\$ 7,300$ of the gain is section 1231 gain reported on Form 4797, Part I, and $\$ 8,225$ is ordinary recapture income reported on Form 4797, Part II. On line 23 of Schedule E (Form 1040), you report a total loss of \$15,450, which includes a current year \$2,800 net loss and a $\$ 12,650$ prior year unallowed loss. You have an overall gain from the disposition (\$15,525 \$15,450 = \$75).

Because you had other passive activities reportable on Form 8582, you make the following entries on Worksheet 1. You enter the \$15,525 gain on the disposition in column (a), the current year loss of $\$ 2,800$ in column (b), and the prior year unallowed loss of $\$ 12,650$ in column (c).

## Example 2. Activity with overall

loss. You sell your entire interest in an oil and gas limited partnership that was your only passive activity for a gain of $\$ 2,000$. You have a current year Schedule E loss of \$3,330 and a Schedule E prior year unallowed loss of \$1,115.

Because you have an overall loss of \$2,445 after combining the gain and losses, none of the amounts are entered on Worksheet 3 or on Form 8582.

You enter the net loss plus the prior year unallowed loss (\$3,330 $+\$ 1,115=$ $\$ 4,445$ ) on Schedule E, Part II, column (h), and the $\$ 2,000$ gain on the sale on Schedule D, in either Part I or Part II, depending on how long you held the partnership interest.

## Disposition of Less Than an Entire Interest

Gains and losses from the disposition of less than an entire interest in an activity are treated as part of the net income or net loss from the activity for the current year.

$\Delta$A disposition of less than substantially all of an entire interest does not trigger the allowance of prior year unallowed losses.
Disposition of substantially all of an activity. You may treat the disposition of substantially all of an activity as a separate activity if you can prove with reasonable certainty:

1. The prior year unallowed losses, if any, allocable to the part of the activity disposed of, and
2. The net income or loss for the year of disposition allocable to the part of the activity disposed of.

## Specific Instructions

## Part I-2005 Passive Activity Loss

Use Part I to combine the net income and net loss from all passive activities to determine if you have a passive activity loss (PAL) for 2005. Use Worksheets 1, 2, and 3 to determine the entries for lines 1-3 of Part I, as follows.

- Worksheet 1 is used for rental real estate activities with active participation.
- Worksheet 2 is used for commercial revitalization deductions (CRDs) from rental real estate activities (with or without active participation).
- Worksheet 3 is used for all other passive activities.

See Pub. 925 for examples showing how to complete the worksheets.

## Worksheet 1

Individuals and qualifying estates who actively participated in rental real estate activities must include the income or oss from those activities in Worksheet 1 to figure the amounts to enter on lines 1a through 1c of Form 8582. Do not include any commercial revitalization deductions (CRDs) from these activities in the net income or loss reported in Worksheet 1.

Do not enter a prior year unallowed loss in column (c) of Worksheet 1 unless you actively participated in the activity in both the year the loss arose and the current tax year. If you did not actively participate in both years, enter the prior year unallowed loss in column (c) of Worksheet 3.


Married individuals who file separate returns and lived with their spouses at any time during the tax year do not qualify under the active participation rule and must use Worksheet 3 instead of Worksheet 1.
Column (a). Enter the current year net income from each activity. Enter the total of column (a) on line 1a of Form 8582.

Example. A Schedule E rental activity has current year profit of $\$ 5,000$ and a Form 4797 gain of $\$ 2,000$. You enter \$7,000 in column (a).
Column (b). Enter the current year net loss for each activity. Do not enter any prior year unallowed losses in this column. Enter the total of column (b) on line 1b of Form 8582.

If an activity has net income on one form or schedule and a net loss on another form or schedule, report the net amounts separately in columns (a) and (b) of Worksheet 1.

Example. A Schedule E rental activity has current year income of $\$ 1,000$ on line 22 of Schedule $E$ and a current year Form 4797 loss of \$4,500. You enter \$1,000 in column (a) and $(\$ 4,500)$ in column (b).
Column (c). Enter the prior year unallowed losses for each activity. You find these amounts on Worksheet 5, column (c), of your 2004 Form 8582. Enter the total of column (c) from your 2005 Worksheet 1 on line 1c of Form 8582.

Columns (d) and (e). Combine income and losses in columns (a) through (c) for each activity, and either enter the overall gain for the activity in column (d) or enter the overall loss for the activity in column (e). Do not enter amounts from columns (d) and (e) on Form 8582. These amounts will be used when Form 8582 is completed to figure the loss allowed for the current year.

## Worksheet 2

Use Worksheet 2 to figure the amounts to enter on lines 2 a and 2 b for

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commercial revitalization deductions (CRD) from rental real estate activities (see Commercial revitalization deduction (CRD) on page 4). Do not include the following amounts.

- Income or other deductions from the same activity. Instead, report any net income or net loss from the activity, except for the CRD, in Worksheet 1 if you actively participated in the activity or in Worksheet 3 if you did not actively participate.
- CRDs from passive activities other than rental real estate activities.
Instead, report these deductions as part of the net income or loss from the passive activity in Worksheet 3.
Column (a). Enter the current year CRD from each rental real estate activity. Enter the total of column (a) on line 2a of Form 8582.
Column (b). Enter the unallowed
CRDs from the prior year for each rental real estate activity. Enter the total of column (b) on line $2 b$ of Form 8582.
Column (c). Combine the amounts in columns (a) and (b) for each activity and enter the overall loss for the activity in column (c). Do not enter amounts from column (c) on Form 8582. These amounts will be used when Form 8582 is completed to figure the loss allowed for the current year.


## Worksheet 3

Use Worksheet 3 to figure the amounts to enter on lines 3a through 3c for:

1. Passive trade or business activities,
2. Passive rental real estate activities that do not qualify for the special allowance (but do not include CRDs reported in Worksheet 2), and
3. Rental activities other than rental real estate activities.

Column (a). Enter the current year net income for each activity. Enter the total of column (a) on line 3a of Form 8582.
(See the example under Column (a) for Worksheet 1, on page 7.)
Column (b). Enter the current year net loss for each activity. Enter the total of column (b) on line 3b of Form 8582.
(See the example under Column (b) of Worksheet 1, on page 7.)
Column (c). Enter the unallowed losses for the prior years for each activity. You find these amounts on Worksheet 5, column (c), of your 2004 Form 8582. Enter the total of column (c) from your 2005 Worksheet 3 on line 3 c of Form 8582.
Columns (d) and (e). Combine income and losses in columns (a) through (c) for each activity, and either enter the overall gain for the activity in column (d) or enter the overall loss for the activity in column (e). Do not enter amounts from columns (d) and (e) on Form 8582. These amounts will be used
when Form 8582 is completed to figure the loss allowed for the current year.

## Part II—Special Allowance for Rental Real Estate With Active Participation

Use Part II to figure the maximum amount of rental loss allowed if you have a net loss from a rental real estate activity with active participation.

Enter all numbers in Part II as positive amounts (that is, greater than zero).

Example. Line 5 has a loss of $\$ 42,000$ (reported as a positive amount) and line 9 is $\$ 25,000$. You enter $\$ 25,000$ on line 10 (the smaller of line 5 or line 9, both treated as positive amounts).
Line 5. Enter on line 5 the smaller of the loss on line 1d or the loss on line 4.

Example. Line 1d has a loss of $\$ 3,000$, line 2c is zero, and line 3d has a gain of $\$ 100$. The combined loss on line 4 is $\$ 2,900$. You enter $\$ 2,900$ as a positive number on line 5 (the smaller of the loss on line 1d or the loss on line 4).
Line 6. Married persons filing separate returns who lived apart from their spouses at all times during the year must enter \$75,000 on line 6 instead of $\$ 150,000$. Married persons filing separate returns who lived with their spouses at any time during the year are not eligible for the special allowance. They must enter -0- on line 10 and go to line 15.
Line 7. To figure modified adjusted gross income, combine all the amounts used to figure adjusted gross income except do not take into account.

- Passive income or loss included on Form 8582,
- Any rental real estate loss allowed to real estate professionals (defined under Activities That Are Not Passive
Activities on page 2),
- Any overall loss from a PTP,
- The taxable amount of social security and tier 1 railroad retirement benefits,
- The deduction allowed under section 219 for contributions to IRAs and
certain other qualified retirement plans,
- The domestic production activities deduction.
- The deduction allowed for one-half of self-employment taxes,
- The exclusion from income of interest from series EE and I U.S. savings bonds used to pay higher education expenses,
- The exclusion of amounts received under an employer's adoption
assistance program,
- The student loan interest deduction,
or
- The tuition and fees deduction.

Include in modified adjusted gross income any portfolio income and expenses that are clearly and directly allocable to portfolio income. Also include any income that is treated as nonpassive income, such as overall gain from a PTP and net income from an activity or item of property subject to the recharacterization of passive income rules. When figuring modified adjusted gross income, include any overall loss from the entire disposition of a passive activity (considered a nonpassive loss).

Example. Your adjusted gross income on line 38 of Form 1040 is $\$ 92,000$, and you have taxable social security benefits of $\$ 5,500$ on line 20b. Your modified adjusted gross income is \$86,500 (\$92,000 - \$5,500).
Line 9. Do not enter more than $\$ 12,500$ on line 9 if you are married filing a separate return and you and your spouse lived apart at all times during the year. Married persons filing separate returns who lived with their spouses at any time during the year are not eligible for the special allowance. They must enter -0- on line 10 and go to line 15.

## Part III—Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities

Use Part III to figure the maximum amount of commercial revitalization deductions allowed if you have a commercial revitalization deduction from a rental real estate activity.

Enter all numbers in Part III as positive amounts (that is, greater than zero.)
Line 11. Enter \$12,500 (reduced by the amount, if any, on line 10) on line 11 if you are married filing a separate return and you and your spouse lived apart at all times during the year. Married persons filing separate returns who lived with their spouses at any time during the year are not eligible for the special allowance. They must enter -0on line 14 and go to line 15.

## Part IV-Total Losses Allowed

Use Part IV to figure the amount of the PAL (as determined in Part I) allowed for 2005 from all passive activities.
Line 16. Use the worksheets on Form 8582 and the following instructions for those worksheets to figure the unallowed loss to be carried forward and the allowed loss to report on your forms and schedules for 2005.

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## Worksheets 1, 2, and 3

Worksheets 1 and 3 , columns (d) and (e), show whether an activity had an overall gain or loss. Worksheet 2, column (c), shows the overall loss for CRDs from rental real estate activities If you have activities that show overall gain in column (d) of Worksheet 1 or 3 , report all the income and losses listed in columns (a), (b), and (c) for those activities on the proper forms and schedules.

If you have activities that show an overall loss in column (e) of Worksheet 1 or 3 or column (c) of Worksheet 2, you must allocate your allowed loss on line 16 of Form 8582 to those activities by completing Worksheets 4,5 , and 6 or 7 .

Complete Worksheet 4 only if you entered an amount (other than zero) on line 10 or 14 of Form 8582. Otherwise, skip Worksheet 4 and complete Worksheet 5 for all activities in
Worksheets 1 or 3 that have overall losses in column (e) and all activities in Worksheet 2

## Worksheet 4

Use Worksheet 4 to allocate the special allowance on line 10 or line 14 of Form 8582 among your rental real estate activities.

In the first column of Worksheet 4, enter the name of each activity. In the second column, enter the form or schedule and line number on which the loss will be reported.

Example. You receive a Schedule K-1 from partnership P that reports losses from two rental real estate activities, Activity X and Activity Y. The losses from partnership $P$ are reported on line 28A of Schedule E. In the first two columns of Worksheet 4, enter:

| Name of Activity | Form or Schedule |
| :--- | :--- |
| Activity X | Sch E, line 28A |
| Activity Y | Sch E, line 28A |

If the loss from an activity is reported in more than one place, identify both locations in the second column (for example, Sch E, line 28A/Form 4797, line 2). If you need additional space, show this information on an attached statement

Enter all activities with overall losses from Worksheets 1 and 2 as follows.

- If you entered an amount on line 10, list on Worksheet 4 all activities with an overall loss in column (e) of
Worksheet 1.
- If you entered an amount on line 14 , list on Worksheet 4 all activities with an overall loss in column (c) of
Worksheet 2.
- If you entered amounts on both lines 10 and 14 of Form 8582 , you must complete two separate Worksheets 4.

For the second worksheet, you either may attach an extra copy of page 2 of Form 8582 or your own schedule in the same format as Worksheet 4. On the first Worksheet 4, list all activities with an overall loss in column (e) of Worksheet 1. On the second Worksheet 4, list all activities with an overall loss in column (c) of Worksheet 2.
Column (a). Enter the overall loss from column (e) of Worksheet 1 or column (c) of Worksheet 2 for each activity.

Column (b). Divide each of the individual losses shown in column (a) by the total of all the losses in column (a) and enter this ratio for each activity in column (b). The total of all the ratios in column (b) must equal 1.00.
Column (c). Multiply each ratio in column (b) by the amount on line 10 or line 14 of Form 8582, and enter the results in column (c). The total of column (c) must be the same as line 10 or line 14 of Form 8582.

## Column (c) total is the same as

 column (a) total. If the total losses in column (c) are the same as those in column (a), the losses in Worksheets and 2 are allowed in full and are not carried over to Worksheet 5. Report all amounts in columns (a), (b), and (c) of Worksheet 1 and columns (a) and (b) of Worksheet 2 on the proper forms and schedules.
## Column (c) total is less than

column (a) total. If the total losses in column (c) are less than the total losses in column (a), complete column (d).
Column (d). Subtract column (c) from column (a) and enter the results in column (d). Also enter the amounts from column (d) of Worksheet 4 in column (a) of Worksheet 5.

## Worksheet 5

Complete Worksheet 5 if any activities have an overall loss in column (e) of Worksheet 3 or losses in column (d) of Worksheet 4 (in column (e) of Worksheet 1 or column (c) of Worksheet 2 if you did not have to complete Worksheet 4).

On Worksheet 5, enter the name of each activity and the form or schedule and line number on which the loss will be reported. See the example for Worksheet 4. Identify any deduction from Worksheet 2 on a separate line (even if the amount is from an activity also shown on Worksheet 1 or 3) and add "CRD" after the name of the activity.
Column (a). Enter the amounts, if any from column (d) of Worksheet 4 (from column (e) of Worksheet 1 or column (c) of Worksheet 2 if you did not have to complete Worksheet 4). Also enter the losses, if any, from column (e) of Worksheet 3.

Column (b). Divide each of the individual losses shown in column (a) by the total of all the losses in column (a) and enter this ratio for each activity in column (b). The total of all the ratios must equal 1.00.
Column (c). Complete the following computation.

[^30]Multiply each ratio in column (b) by the amount on line C above, and enter the result in column (c).

## Worksheets 6 and 7

These worksheets allocate your unallowed and allowed losses for each activity.

If you have losses from any activity that are reported on two or more different forms or schedules, use Worksheet 7 instead of Worksheet 6 for that activity.

Also use Worksheet 7 instead of Worksheet 6 for any activity with two or more transactions that are reported on the same form or schedule but must be separately identified for tax purposes. Transactions that must be separately identified include capital losses that are $28 \%$ rate losses and those that are not.
Note. $28 \%$ rate gain or loss includes all collectibles gains and deductible long-term losses and section 1202 gain on the sale of qualified small business stock. See the instructions for Schedule D (Form 1040) for details, including the definitions of "collectibles gains and losses" and "section 1202 gain."

## Worksheet 6

Use Worksheet 6 for any activity listed in Worksheet 5 if all the loss from that activity is reported on one form or schedule and no transactions need to be identified separately (as discussed above).

Example. Use Worksheet 6 if all the loss from an activity is reported on Schedule E, even though part of the loss is a current year Schedule E loss and part of it is from a Schedule E prior year unallowed loss.

On Worksheet 6, enter the name of each activity and the form or schedule and line number on which the loss is reported. See the example for Worksheet 4. Identify each CRD from Worksheet 5 on a separate line and add "CRD" after the name of the activity.
Column (a). For each activity entered in Worksheet 6, enter the net loss plus the prior year unallowed loss for the activity. Figure this amount by adding the losses in columns (b) and (c) of

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Worksheets 1 and 3 or enter the loss from column (c) of Worksheet 2.
Column (b). For each activity entered in Worksheet 6, enter the amount from column (c) of Worksheet 5 for the activity. These are your unallowed losses for 2005. Keep a record of these amounts so the losses can be used to figure your PAL next year.
Column (c). Subtract column (b) from column (a). These are your allowed losses for 2005. Report the amounts in this column on the forms and schedules normally used.

See the forms and schedules listed under How To Report Allowed Losses beginning on this page. Also, see Pub. 925 for an extensive example of how to report passive income and losses on the forms and schedules.

## Worksheet 7

Use Worksheet 7 for any activity listed in Worksheet 5 that has losses that are reported on two or more different forms and schedules or on different parts of the same form or schedule (for example, $28 \%$ rate and non-28\%-rate capital losses reported on Schedule D). Worksheet 7 allocates the allowed and unallowed loss for the activity and allocates the allowed loss to the different forms or schedules (or different parts of the same form or schedule) used to report the losses.

Only losses that would cause a difference in tax liability if they were reported on a different form or schedule or on different parts of the same form or schedule are kept separate. Those forms, schedules, and parts are:

- Schedules C, E, and F.
- Schedule D (Parts I and II (28\% rate losses and non-28\%-rate losses)).
Note. You must make a separate entry in Schedule D, Part I or Part II, for each transaction reported. See the Instructions for Schedule D (Form 1040).
- Forms 4684 (Section B), 4797
(Parts I and II), and 4835.
Use a separate copy of Worksheet 7 for each activity for which you have losses reported on two or more different forms or schedules or different parts of the same form or schedule.

On Worksheet 7, enter the form or schedule and line number on the dotted line above each line 1a (for example, Schedule D, line 12, to report a $28 \%$ rate loss from a partnership).
Line 1a, column (a). Enter the net loss plus any prior year unallowed loss from the activity that is reported on the same form or, in the case of Schedule D and Form 4797, the same part.

If you have a Schedule D 28\% rate loss and a Schedule D non-28\%-rate loss, see Example of Schedule D (Form 1040) transactions on this page before completing Worksheet 7.

Line 1b, column (a). Enter any net income from the activity that is reported on the same form or schedule (or on the same part of the same form or schedule) as the loss on line 1a, column (a).

Example. You enter a prior year unallowed loss from Form 4797, Part I, on line 1a. If the activity has a current year Form 4797, Part I, gain, enter the gain on line 1b, column (a). If the activity does not have a Form 4797, Part I, gain, enter $-0-$ on line 1b, column (a).

Line 1c, column (b). Subtract line 1b, column (a), from line 1a, column (a), and enter the result in column (b). If line 1 b , column (a), is more than line 1 a , column (a), enter -0-in column (b).
Column (c). Divide each of the losses entered in column (b) by the total of column (b) and enter the ratio in column (c). The total of this column must be 1.00 .
Column (d). Multiply the unallowed loss for this activity, found in Worksheet 5, column (c), by each ratio in column (c) of Worksheet 7. If -0- is entered in column (b) of Worksheet 7, also enter -0- for that form or schedule in column (d).

The amount in column (d) is the unallowed loss for 2005. Keep a record of this worksheet so you can use the losses to figure your PAL next year.
Column (e). Subtract the amount in column (d) from the loss entered on line 1a, column (a). This is the allowed loss for 2005 to enter on the forms or schedules. The forms and schedules you use must show the losses from this column and the income, if any, for that activity from column (a) of Worksheet 1 or Worksheet 3.

## Example of Schedule D (Form

 1040) transactions. The taxpayer had the following Schedule D (Form 1040) transactions from passive activities in 2005.
## Activity I

A passive activity prior year unallowed long-term capital loss (a $28 \%$ rate loss) of \$1,000 and a current year long-term capital loss (a non-28\%-rate loss) of \$3,000.

Activity II
A current year collectibles loss (a $28 \%$ rate loss) of $\$ 230$ and net income of $\$ 1,100$ from Schedule E (Form 1040).

## Worksheet 3

Activity I has an overall loss of \$4,000 (current year long-term capital loss of $\$ 3,000$ and a prior year unallowed long-term capital loss of $\$ 1,000)$. Activity II has an overall gain of $\$ 870$ (current year net income of \$1,100 less a current year long-term capital loss of \$230). Line 16 of Form 8582 shows an allowed loss of $\$ 1,100$.

Since Activity II has an overall gain, the amounts shown in columns (a) and (b) of Worksheet 3 for that activity are reported on the proper forms and schedules and are not shown on any other worksheet.

## Worksheet 5

Activity I has an unallowed loss of $\$ 3,130$ (line 4 of Form 8582 ( $\$ 3,130$ ) less the sum of lines 10 and 14 of Form 8582 (-0-) x 100\%).

## Worksheet 7

This worksheet is used to figure the portion of the unallowed loss attributable to the $28 \%$ rate loss and the portion attributable to the non-28\%-rate loss.

The loss attributable to the $28 \%$ rate loss ( $\$ 1,000$ ) and the loss attributable to the non-28\%-rate loss $(\$ 3,000)$ are separate entries in Worksheet 7. The ratio of each loss to the total of the two losses is figured as follows. \$1,000/ $\$ 4,000=.25 . \$ 3,000 / \$ 4,000=.75$. Each of these ratios is multiplied by the unallowed loss for Activity I, shown in column (c) of Worksheet $5(\$ 3,130)$.
Unallowed losses for Activity I: - $28 \%$ rate loss: $.25 \times \$ 3,130=$ \$782.50.

- Non-28\%-rate loss: . $75 \times \$ 3,130=$ \$2,347.50.

Allowed losses for Activity I: - $28 \%$ rate loss: $\$ 1,000-\$ 782.50=$ \$217.50.

- Non-28\%-rate loss: \$3,000 -
\$2,347.50 = \$652.50.
The total loss allowed for Activity I (\$870) is entered in Part II of Schedule D (Form 1040). The 28\% rate loss (\$217.50) is entered on the 28\% Rate Gain Worksheet (see Schedule D instructions for line 18). Keep a record of the unallowed $28 \%$ rate and non-28\%-rate losses to figure the PAL for these transactions next year.

See the forms and schedules listed under How To Report Allowed Losses beginning below. Also, see Pub. 925 for an extensive example of how to report passive income and losses on the forms and schedules.

## How To Report Allowed Losses

Line 4 is income. If line 4 of Form 8582 shows net income or zero, all the losses in columns (b) and (c) of Worksheets 1 and 3 and all the deductions in columns (a) and (b) of Worksheet 2 are allowed in full. Report the income and losses in columns (a), (b), and (c) of Worksheets 1 and 3 and deductions in columns (a) and (b) of Worksheet 2 on the forms and schedules normally used.
Line 16 is the same as the total of lines 1b, 1c, 2a, 2b, 3b, and 3c. In this case also, all the losses in columns

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(b) and (c) of Worksheets 1 and 3 and all the deductions in columns (a) and (b) of Worksheet 2 are allowed in full. Report the income and losses in columns (a), (b), and (c) of Worksheets 1 and 3 and deductions in columns (a) and (b) of Worksheet 2 on the forms and schedules normally used.

## Columns (a) and (c) of Worksheet 4

 are the same amount. In this case, all the losses in columns (b) and (c) of Worksheet 1 and all the deductions in columns (a) and (b) of Worksheet 2 are allowed in full. Report the income and losses in columns (a), (b), and (c) of Worksheet 1 and the deductions in columns (a) and (b) of Worksheet 2 on the forms and schedules normally used.
## Losses allowed in column (c) of

Worksheet 6. The amounts in column (c) of Worksheet 6 are the losses or deductions allowed for 2005 for the activities listed in that worksheet. Report the loss allowed from column (c) of Worksheet 6 and the income, if any, for that activity from column (a) of Worksheet 1 or 3 , on the form or schedule normally used.
Losses allowed in column (e) of
Worksheet 7. The amounts in column (e) of Worksheet 7 are the losses or deductions allowed for 2005 for the activity listed on that worksheet. Report the losses allowed from column (e) of Worksheet 7 and the income, if any, for that activity from column (a) of Worksheet 1 or 3 , on the forms or schedules normally used.

## Schedules C and F, and Form 4835.

 Enter on the net profit or loss line of your schedule or form the allowed passive loss from the worksheet. To the left of the entry space enter "PAL."If the net profit or loss line on your form or schedule shows net profit for the year, reduce the net profit by the allowed loss from Worksheet 6 or 7 , and enter the result on the net profit or loss line.

Example. Schedule $C$ shows net profit for the year of $\$ 5,000$ from a passive activity. The activity also has a Form 4797 gain of \$2,500 and a prior year unallowed Schedule C loss of $\$ 6,000$. The loss allowed for 2005 is $\$ 6,000$. You enter a net loss of $\$ 1,000$ on line 31 of Schedule C (the \$5,000 net profit for the year less the $\$ 6,000$ loss allowed for the year). To the left of the entry space, you enter "PAL."

See Schedule D and Form 4797 instructions on this page if you also had passive gains and losses from the sale of assets or of an interest in a passive activity.
Schedule E, Part I. Enter the allowed loss from the worksheet on line 23 of Schedule E. An activity that has net profit for the year and prior year unallowed losses will have net profit on line 22 and the allowed loss on line 23.

The allowed loss on line 23 will include the loss allowed to the extent of the ne profit. Line 24 of Schedule E will show total net profit and line 25 will show total losses allowed (both passive and nonpassive). Line 26 will show the total net profit or loss.

Schedule E, Parts II and III. Any net income shown on your Schedule K-1 that is passive income must be entered as passive income in the appropriate column of Schedule E, Part II or III. Enter the passive loss allowed from Worksheet 6 or 7 in the appropriate column for passive losses. The passive losses allowed include the loss allowed to the extent of any net income from the activity. Passive net income or loss reportable on Schedule E, Part II, includes any self-charged interest income and deductions treated as passive activity income and deductions.

See Schedule D and Form 4797 instructions on this page if you also had passive gains or losses from the sale of assets or of an interest in a passive activity.
Form 4684, Section B. Any passive activity gain from Form 4684 is unchanged. It was used on Form 8582 to determine allowable PALs. If you do not have passive losses on Form 4684, complete Form 4684 and follow the instructions for that form for where to report the gain.

If you have passive losses on Form 4684, cross through the amount you first entered on line 31, 32, 38a, 38b, or 39 of that form, and enter the allowed loss from the worksheet. To the left of the entry space, enter "PAL."
Schedule D and Form 4797. If you sold assets from a passive activity or you sold an interest in your passive activity, all gains from the activity must be entered on the appropriate line of Schedule D or Form 4797. Identify the gain as "FPA." Enter any allowed losses for Schedule D or Form 4797 on the appropriate line, and to the left of the entry space, enter "PAL."

## Entire disposition with an overall

 loss. If you made an entire disposition of your interest in a passive activity and that activity had an overall loss, none of the gains, if any, or losses were entered on Form 8582 or the worksheets. However, all the gains and losses must be reported on the forms or schedules normally used. To the left of the entry space, enter "EDPA."Entire disposition with an overall gain. Gains and losses from this activity were included on Form 8582 so that the gains might offset other PALs. Report all the gains and losses on the forms and schedules normally used, and to the left of the entry space, enter "EDPA."

## Publicly Traded Partnerships (PTPs)

A PTP is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or its substantial equivalent).

An established securities market includes any national securities exchange and any local exchange registered under the Securities Exchange Act of 1934 or exempted from registration because of the limited volume of transactions. It also includes any over-the-counter market.

A secondary market generally exists if a person stands ready to make a market in the interest. An interest is treated as readily tradable if the interest is regularly quoted by persons, such as brokers or dealers, who are making a market in the interest.

The substantial equivalent of a secondary market exists if there is no identifiable market maker, but holders of interests have a readily available, regular, and ongoing opportunity to sell or exchange interests through a public means of obtaining or providing information on offers to buy, sell, or exchange interests. Similarly, the substantial equivalent of a secondary market exists if prospective buyers and sellers have the opportunity to buy, sell, or exchange interests in a timeframe and with the regularity and continuity that the existence of a market maker would provide.

## Special Instructions for PTPs

Section 469(k) provides that the passive activity limitations must be applied separately to items from each PTP. PALs from a PTP generally may be used only to offset income or gain from passive activities of the same PTP. The special allowance (including CRDs) for rental real estate activities does not apply to PALs from a PTP.

## Passive activity loss rules for

partners in PTPs. Do not report passive income, gains, or losses from a PTP on Form 8582. Instead, use the following rules to figure and report your income, gains, and losses from passive activities you held through each PTP you owned during the tax year.

1. Combine any current year income, gains and losses, and any prior year unallowed losses to see if you have an overall loss from the PTP. Include only the same types of income and losses you would include to figure your net income or loss from a non-PTP passive activity. See Passive Activity Income and Deductions on page 5.
2. If you have an overall gain, the net gain portion (total gain minus total losses) is nonpassive income.

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It is important to figure the nonpassive income because it must be included in modified adjusted gross income to figure the special allowance for active participation in a non-PTP rental real estate activity on Form 8582. Also, you may be able to include the nonpassive income in investment income when figuring your investment interest expense deduction. See Form 4952, Investment Interest Expense Deduction.

Report all gains and allowed losses from the activity on the forms or schedules normally used, and to the left of each entry space, enter "From PTP."

Example. You have Schedule E income of \$8,000 and a Form 4797 prior year unallowed loss of $\$ 3,500$ from the passive activities of a PTP. You have a $\$ 4,500$ overall gain ( $\$ 8,000$ - $\$ 3,500$ ) that is nonpassive income. On Schedule E, Part II, you report the $\$ 4,500$ net gain as nonpassive income in column (j). In column (g), you report the remaining Schedule E gain of $\$ 3,500(\$ 8,000-\$ 4,500)$ as passive income. On the appropriate line of Form 4797, you report the prior year unallowed loss of $\$ 3,500$. You enter "From PTP" to the left of each entry space.
3. If you have an overall loss (but did not dispose of your entire interest in the PTP to an unrelated person in a fully taxable transaction during the year), the losses are allowed only to the extent of the income, and the excess loss is carried forward to use in a future year if you have income to offset it. Report as a passive loss on the schedule or form you normally use the portion of the loss equal to the income. Report the income as passive income on the form or schedule you normally use.

Example. You have a Schedule E loss of \$12,000 (current year losses plus prior year unallowed losses) and Form 4797 gain of $\$ 7,200$ from the passive activities of a PTP. You report the $\$ 7,200$ gain on the appropriate line of Form 4797. On Schedule E, Part II,
you report \$7,200 of the losses as a passive loss in column (f). You carry forward the unallowed loss of $\$ 4,800$ (\$12,000 - \$7,200).

If you have unallowed losses from more than one activity of the PTP or from the same activity of the PTP that must be reported on different forms or schedules, allocate the unallowed osses on a pro rata basis to figure the amount allowed for each activity or on each form or schedule.

TIP
To allocate and keep a record of the unallowed losses, use Worksheets 5, 6, and 7 of Form 8582.

List each activity of the PTP in Worksheet 5. Enter the overall loss from each activity in column (a). Complete column (b) of Worksheet 5 according to its instructions. Multiply the total unallowed loss from the PTP by each ratio in column (b) and enter the result in column (c) of Worksheet 5.

Next, complete Worksheet 6 for each activity listed in Worksheet 5 if all the loss from that activity is reported on one form or schedule. Use Worksheet 7 instead of Worksheet 6 for each activity with losses reported on two or more different forms or schedules (or on different parts of the same form or schedule). Enter the net loss plus any prior year unallowed losses in column (a) of Worksheet 6 (or Worksheet 7 if applicable). The losses in column (c) of Worksheet 6 (column (e) of Worksheet 7) are the allowed losses to report on your forms or schedules. Report these losses and any income from the PTP on the forms and schedules normally used.
4. If you have an overall loss and you disposed of your entire interest in the PTP to an unrelated person in a fully taxable transaction during the year, your losses (including prior year unallowed losses) allocable to the activity for the year are not limited by the passive loss rules. A fully taxable
transaction is one in which you recognize all your realized gain or loss Report the income and losses on the forms and schedules normally used.

For rules on the disposition of an entire interest reported using the installment method, see Disposition of an Entire Interest on page 6.

## Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103 .

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . . . . . 1 hr., 25 min.

## Learning about the law or

the form . . . . . . . . . . . . 1 hr., 43 min.
Preparing the form . . . . 1 hr., 45 min .

## Copying, assembling,

and sending the form to the IRS

20 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Department of the Treasury Internal Revenue Service $\qquad$
Name(s) shown on return

Passive Activity Loss Limitations

- See separate instructions.
- Attach to Form 1040 or Form 1041.

Part I
2005 Passive Activity Loss
Caution: Complete Worksheets 1, 2, and 3 on page 2 before completing Part I.
Rental Real Estate Activities With Active Participation (For the definition of active participation see Special Allowance for Rental Real Estate Activities on page 3 of the instructions.)
1a Activities with net income (enter the amount from Worksheet 1, column (a))
b Activities with net loss (enter the amount from Worksheet column (b))
c Prior years unallowed losses (enter the amount from Worksheet 1, column (c))
d Combine lines 1a, 1b, and 1c.
Commercial Revitalization Deductions From Rental Real Estate Activities
2a Commercial revitalization deductions from Worksheet 2, column (a)
b Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)
c Add lines 2a and 2b

## All Other Passive Activities

3a Activities with net income (enter the amount from Worksheet 3, column (a))
b Activities with net loss (enter the amount from Worksheet 3, column (b))
c Prior years unallowed losses (enter the amount from Worksheet 3, column (c))
d Combine lines 3a, 3b, and 3c.
4 Combine lines $1 \mathrm{~d}, 2 \mathrm{c}$, and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Do not complete Form 8582. Report the losses on the forms and schedules normally used


If line 4 is a loss and: - Line 1 d is a loss, go to Part II.

- Line 2 c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
- Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

## Part II Special Allowance for Rental Real Estate With Active Participation

Note: Enter all numbers in Part II as positive amounts. See page 8 of the instructions for an example.
-
6 Enter $\$ 150,000$. If married filing separately, see page 8
7 Enter modified adjusted gross income, but not less than zero (see page 8) Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9 , enter -0- on line 10. Otherwise, go to line 8.
8 Subtract line 7 from line 6.
9 Multiply line 8 by $50 \%$ (.5). Do not enter more than $\$ 25,000$. If married filing separately, see page 8
10 Enter the smaller of line 5 or line 9.
 If line 2c is a loss, go to Part III. Otherwise, go to line 15.

## Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities

 Note: Enter all numbers in Part III as positive amounts. See the example for Part II on page 8 of the instructions.

Caution: The worksheets must be filed with your tax return. Keep a copy for your records.
Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c (See page 7 of the instructions.)

and 2b

| (a) Current year <br> deductions (line 2a) | (b) Prior year <br> unallowed deductions (line 2b) | (c) Overall loss |
| :---: | :---: | :---: |
|  |  |  |
|  |  |  |
|  |  |  |

Worksheet 3-For Form 8582, Lines 3a, 3b, and 3c (See page 8 of the instructions.)

| Name of activity | Current year |  | Prior years <br> (c) Unallowed loss (line 3c) | Overall gain or loss |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | (a) Net income (line 3a) | (b) Net loss (line 3b) |  | (d) Gain | (e) Loss |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Total. Enter on Form 8582, lines 3a, $3 b$, and $3 c$. |  |  |  |  |  |


| Name of activity | Form or schedule and line number to be reported on (see instructions) | (a) Loss | (b) Ratio | (c) Special allowance | (d) Subtract column <br> (c) from column (a) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Total. | . $\quad$ - |  | 1.00 |  |  |

Worksheet 5-Allocation of Unallowed Losses (See page 9 of the instructions.)

| Name of activity | Form or schedule and line number to be reported on (see instructions) | (a) Loss | (b) Ratio | (c) Unallowed loss |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Total | . . $\downarrow$ |  | 1.00 |  |



## Part I Current Year Credit

1 Number of Forms 8609-A attached.
2 Has there been a decrease in the qualified basis of any buildings since the close of the preceding tax year?Yes $\square$ No If "Yes," enter the building identification numbers (BINs) of the buildings that had a decreased basis. If you need more space, attach a schedule.
(i)
(ii)
(iii)
(iv)

3 Current year credit from attached Form(s) 8609-A (see instructions)
4 Low-income housing credits from pass-through entities (if more than one entity, see instructions):

EIN of pass-through entity

5 Add lines 3 and 4. See instructions to find out if you complete lines 6 through 17 or file Form 3800
6 Current year credit or passive activity credit (see instructions).


## Part II Allowable Credit

7 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
8 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56.

9 Add lines 7 and 8
10a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 10a through 10e
11 Net income tax. Subtract line 10f from line 9. If zero, skip lines 12 through 15 and enter -0 - on line 16
12 Net regular tax. Subtract line 10f from line 7. If zero or less, enter -0-
13 Enter 25\% (.25) of the excess, if any, of line 12 over $\$ 25,000$ (see instructions)
14 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33.
- Corporations. Enter the amount from Form 4626, line 12.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54

| 10 a |  |  |
| :---: | :---: | :---: |
| 10 b |  |  |
| 10 c |  |  |
| 10 d |  |  |
| 10 e |  |  |
|  |  |  |
| ough 15 and enter $-0-$ on |  |  |



15 Enter the greater of line 13 or line 14
16 Subtract line 15 from line 11. If zero or less, enter -0-
17 Credit allowed for the current year. Enter the smaller of line 6 or line 16 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 16 is smaller than line 6, see instructions

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8586 to claim the low-income housing credit.

This general business credit is allowed for each new qualified low-income building placed in service after 1986; it is taken over a 10 -year credit period. The present value of the 10 annual credit amounts equals $70 \%$ of the building's qualified basis ( $30 \%$ for certain federally subsidized new buildings or existing buildings). In general, the 10-year credit period starts at the beginning of the tax year in which the building is placed in service. However, you may elect to begin the 10-year credit period in the succeeding tax year by checking the "Yes" box in Part II, line 10a, of Form 8609, Low-Income Housing Credit Allocation and Certification.

## S Corporations, Partnerships,

## Estates, and Trusts

Complete Part I to figure the credit to pass through to the shareholders, partners, or beneficiaries. Attach Form 8586 to the pass-through income tax return along with Form 8609-A, Annual Statement for Low-Income Housing Credit, for each building. An electing large partnership treats the part of the credit attributable to property placed in service before 1990 as a "rehabilitation credit" when reporting the credit to its partners.

## Qualified Low-Income Housing Project

The low-income housing credit can only be claimed for residential rental buildings in low-income housing projects that meet one of the minimum set-aside tests (20-50 or 40-60 (25-60 for New York City only)). For details, see the instructions for Form 8609, Part II, line 10c.

Except for buildings financed with certain tax-exempt bonds, you may not take a low-income housing credit on a building if it has not received an allocation from the housing credit agency. Also, the credit cannot exceed the amount allocated to the building. See section 42(h)(1) for details. No allocation is needed when (a) $50 \%$ or more of the aggregate basis of the building and the land on which the building is located is financed with certain tax-exempt bonds issued after 1989 for buildings placed in service after 1989 or (b) $70 \%$ or more of the aggregate basis of the building and land is financed with certain tax-exempt bonds issued before 1990. "Land on which the building is located" includes only land that is functionally related and subordinate to the qualified low-income building (see Regulations sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) for the meaning of "functionally related and subordinate").

Except as noted in the Specific Instructions, you must have a Form 8609 (with Part I completed) from the state or local housing credit agency for each building for which you are claiming a credit. Instructions for filing related Forms 8609 and 8609-A can be found on the respective forms.

## Recapture of Credit

There is a 15-year compliance period during which the residential rental building must continue to meet certain requirements. If, as of the close of any tax year in this period, there is a reduction in the qualified basis of the building from the previous year, you may have to recapture a part of the credit you have taken. Similarly, you may have to recapture part of the credits taken in previous years upon certain dispositions of the building or interests therein. See Form 8611,
Recapture of Low-Income Housing Credit, and section 42(j) for details.

## Recordkeeping

Keep a copy of this Form 8586 together with all Forms 8609, Schedules A (Form 8609) (or successor Forms 8609-A), and Forms 8611 for 3 years after the 15-year compliance period ends.

## Specific Instructions

Note. For credits from a pass-through entity (such as an S corporation, partnership, estate, or trust), you do not have to obtain, complete, or attach Form 8609 or Form 8609-A. If all your credits are from pass-through entities, skip lines 1 through 3. Line 1. If any of the attached Forms 8609-A are for buildings that are part of a multiple building project (defined in instructions for Part II of Form 8609), attach a schedule listing for each project (a) the name and address of the project and each building in the project, (b) the building identification number (BIN) of each building, (c) the aggregate credit dollar amount for the project, and (d) the credit allocated to each building.
Line 2. A decrease in qualified basis will result in recapture if the qualified basis at the close of the tax year is less than the qualified basis at the close of the first year of the credit period.
Important: If the reduction in qualified basis at the close of the tax year also results in a violation of the minimum set-aside requirement, then no credit is allowable for the year. If you must recapture credits, use Form 8611. See section 42(j) for more information.
Line 3. The line 3 credit for the year is figured on Form 8609-A for each building. Attach copies of Form 8609-A to Form 8586 for each tax year a credit is claimed. Enter on line 3 the credit from Form 8609-A. If more than one Form 8609-A is attached, enter on line 3 the total credit from all attached Forms 8609-A.

For a pass-through entity with a line 3 credit attributable to more than one building, attach a schedule to Form 8586 that shows each shareholder's, partner's, or beneficiary's name, identifying number, and share of the line 3 credit and the BIN for each building.
Line 4. If you have a credit from a pass-through entity, enter the entity's employer identification number (EIN) and the credit amount on line 4. If you have credits from more than one pass-through entity, attach a statement that shows the EIN and credit amount for each entity. Enter the total credit on line 4.

Line 5. The credit allowed for the current year may be limited based on your tax liability. Complete line 6 and Part II to figure the allowable credit unless you must file Form 3800, General Business Credit. You must file Form 3800 if you have more than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835) or a carryback or carryforward of any of those credits. See the instructions for Form 3800 to find out which credits are included in the general business credit.
Line 6. The credit on line 5 may be subject to the passive activity credit limitation. Individuals, estates, and trusts figure the limit on Form 8582-CR, Passive Activity Credit Limitations, and personal service and closely held corporations figure the limit on Form 8810, Corporate Passive Activity Loss and Credit Limitations. If this limitation applies, enter the allowable credit from Form 8582-CR or 8810 on line 6. If line 6 is zero, skip Part II. If you are not subject to the passive activity limitation, enter on line 6 the amount from line 5.

Line 13. See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.
Line 14. Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.
Line 17. If you cannot use all of the credit because of the tax liability limit (line 16 is smaller than line 6), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 13 min .; Learning about the law or the form, $1 \mathrm{hr} ., 37 \mathrm{~min}$.; Preparing the form, $3 \mathrm{hr} ., 40 \mathrm{~min}$.; Copying, assembling, and sending the form to the IRS, 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Instructions for Form 8606, Nondeductible IRAs

$\left.\begin{array}{ll}\text { Purpose: } & \begin{array}{l}\text { This is the first circulated draft of the } 2005 \text { Instructions for } \\ \text { Form } 8606 \text { for your review and comments. See below for a } \\ \text { discussion of changes. }\end{array} \\ \text { TPCC Meeting: } & \begin{array}{l}\text { None, but may be arranged if requested. }\end{array} \\ \text { Prior Revisions: } & \begin{array}{l}\text { The } 2004 \text { Instructions for Form } 8606 \text { can be viewed by } \\ \text { clicking on the following link: } \\ \text { http://publish.no.irs.gov/INSTRS/PDF/25399Y04.PDF }\end{array} \\ \text { Form: } & \begin{array}{l}\text { The 2005 Form 8606 was circulated earlier at: } \\ \text { http://taxforms.web.irs.gov/Products/Drafts/05f8606 d1.pdf }\end{array} \\ \text { Other Products: } & \begin{array}{l}\text { Circulations of draft tax forms, instructions, notices, and } \\ \text { publications are posted at: }\end{array} \\ \text { http://taxforms.web.irs.gov/draft products.html }\end{array}\right\}$

## Changes to the 2005 Instructions for Form 8606

Line references to Form 1040 have been updated.
References to traditional and Roth IRA contributions have been updated to reflect increased limits, per IRC section 219(b)(5).

The definition of Modified AGI for Roth IRA purposes on page 2 was changed to exclude IRA minimum required distributions from modified AGI, and to include in modified AGI, the domestic production activities deduction, per IRC 408A(c)(3)(C)(i).

Under specific instructions for line 6 on page 6, the definition of "outstanding rollover" was reworded for clarity.

The basis charts on pages 7 and 8 were updated to add 2004 to prior years' distributions.

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Department of the Treasury
Internal Revenue Service

## Instructions for Form 8606

## Nondeductible IRAs

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## What's New

You, and your spouse if filing jointly, can now contribute up to $\$ 4,000$ (\$4,500 if age 50 or older at the end of 2005) to your IRA. See Overall Contribution Limit for Traditional and Roth IRAs that begins on page 2.

## Purpose of Form

Use Form 8606 to report:

- Nondeductible contributions you made to traditional IRAs,
- Distributions from traditional, SEP, or SIMPLE IRAs, if you have ever made nondeductible contributions to traditional IRAs,
- Distributions from Roth IRAs, and
- Conversions from traditional, SEP, or SIMPLE IRAs to Roth IRAs.

Additional information. See Pub.
590, Individual Retirement Arrangements (IRAs), for more details.

5If you received distributions from a traditional, SEP, or SIMPLE IRA in 2005 and you have never made nondeductible contributions to traditional IRAs, do not report the distributions on Form 8606. Instead, see the instructions for Form 1040, lines 15a and 15b; Form 1040A, lines 11a and 11b; or Form 1040NR, lines 16a and 16b. Also, to find out if any of your contributions to traditional IRAs are deductible, see the instructions for Form 1040, line 32; Form 1040A, line 17; or Form 1040NR, line 31.

## Who Must File

File Form 8606 if any of the following apply.

- You made nondeductible contributions to a traditional IRA for 2005.
- You received distributions from a traditional, SEP, or SIMPLE IRA in 2005 (other than a rollover, conversion, recharacterization, or return of certain contributions) and
your basis in traditional IRAs is more than zero.
- You converted an amount from a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2005 (unless you recharacterized the entire conversion-see page 3).
- You received distributions from a Roth IRA in 2005 (other than a rollover, recharacterization, or return of certain contributions-see page 7).
Note. If you recharacterized a 2005 Roth IRA contribution as a traditional IRA contribution, or vice versa, treat the contribution as having been made to the second IRA, not the first IRA. See page 3.

(1)You do not have to file Form 8606 solely to report regular contributions to Roth IRAs.
But see What Records Must I Keep? on page 5.

## When and Where To File

File Form 8606 with your 2005 Form $1040,1040 \mathrm{~A}$, or 1040 NR . If you are not required to file an income tax return but are required to file Form 8606, sign Form 8606 and send it to the Internal Revenue Service at the same time and place you would otherwise file Form 1040, 1040A, or 1040NR.

## Definitions

## Deemed IRAs

A qualified employer plan (retirement plan) can maintain a separate account or annuity under the plan (a deemed IRA) to receive voluntary employee contributions. If in 2005 you had a deemed IRA, use the rules for either a traditional IRA or a Roth IRA depending on which type it was. See Pub. 590 for more details.

## Traditional IRAs

For purposes of Form 8606, a traditional IRA is an individual retirement account or an individual retirement annuity other than a SEP, SIMPLE, or Roth IRA.

Contributions. An overall contribution limit applies to traditional IRAs and Roth IRAs. See Overall Contribution Limit for Traditional and Roth IRAs that begins on page 2. Contributions to a traditional IRA may be fully deductible, partially deductible, or completely nondeductible.
Basis. Your basis in traditional IRAs is the total of all your nondeductible contributions to traditional IRAs minus the total of all your nontaxable distributions, adjusted if necessary (see the instructions for line 2 on page 5). Keep track of your basis to figure the nontaxable part of your future distributions.

## SEP IRAs

A simplified employee pension (SEP) is an employer-sponsored plan under which an employer can make contributions to traditional IRAs for its employees. If you make contributions to that IRA (excluding employer contributions you make if you are self-employed), they are treated as contributions to a traditional IRA and may be deductible or nondeductible. SEP IRA distributions are reported in the same manner as traditional IRA distributions.

## SIMPLE IRAs

Your participation in your employer's SIMPLE IRA plan does not prevent you from making contributions to a traditional, SEP, or Roth IRA.

## Roth IRAs

A Roth IRA is similar to a traditional IRA, but has the following features.

- Contributions are never deductible.
- Contributions can be made after
the owner reaches age $701 / 2$.
- No minimum distributions are required during the Roth IRA owner's lifetime.
- Qualified distributions are not includible in income.
Qualified distribution. Generally, a qualified distribution is any distribution made:
- On or after age 59112 ,
- Upon death,
- Due to disability, or
- For qualified first-time homebuyer expenses.

Exception. Any distribution made during the 5-year period beginning with the first year for which you made a Roth IRA contribution or conversion is not a qualified distribution, and may be taxable.
Contributions. You can contribute to a Roth IRA for 2005 only if your 2005 modified adjusted gross income (AGI) for Roth IRA purposes is less than:

- \$10,000 if married filing separately and you lived with your spouse at any time in 2005,
- \$160,000 if married filing jointly or qualifying widow(er), or
- \$110,000 if single, head of household, or if married filing separately and you did not live with your spouse at any time in 2005.

Use the Maximum Roth IRA Contribution Worksheet below to figure the maximum amount you can contribute to a Roth IRA for 2005. If you are married filing jointly, complete the worksheet separately for you and your spouse.

4If you contributed too much, see Recharacterizations on page 3.

## Modified AGI for Roth IRA

purposes. First, figure your AGI
(Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 35). Then, refigure it by:

1. Subtracting the following.
a. Roth IRA conversions included on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b.
b. Minimum required distributions from IRAs (for conversions only).
2. Adding the following.
a. IRA deduction from Form 1040, line 32; Form 1040A, line 17; or Form 1040NR, line 31.
b. Student loan interest deduction from Form 1040, line 33; Form 1040A, line 18; or Form 1040NR, line 32.
c. Tuition and fees deduction from Form 1040, line 34, or Form 1040A, line 19.
d. Exclusion of interest from Form 8815, Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989.

## Maximum Roth IRA Contribution Worksheet (keep for your records)

Caution: If married filing jointly and the combined taxable compensation (defined on this page) for you and your spouse is less than $\$ 8,000$ ( $\$ 8,500$ if one spouse is 50 or older at the end of 2005; \$9,000 if both spouses are 50 or older at the end of 2005), do not use this worksheet. Instead, see Pub. 590 for special rules.

1 If married filing jointly, enter \$4,000 (\$4,500 if age 50 or older at the end of 2005). All others, enter the smaller of $\$ 4,000(\$ 4,500$ if age 50 or older at the end of 2005) or your taxable compensation (defined on this page)
2 Enter your total contributions to traditional IRAs for 2005
3 Subtract line 2 from line 1
4 Enter: $\$ 160,000$ if married filing jointly or qualifying widow(er); \$10,000 if married filing separately and you lived with your spouse at any time in 2005. All others, enter \$110,000
5 Enter your modified AGI for Roth IRA purposes (see above)
6 Subtract line 5 from line 4. If zero or less, stop here; you may not contribute to a Roth IRA for 2005. See
Recharacterizations on page 3 if you made Roth IRA contributions for 2005

6
7 If line 4 above is $\$ 110,000$, enter $\$ 15,000$; otherwise, enter $\$ 10,000$. If line 6 is more than or equal to line 7 , skip lines 8 and 9 and enter the amount from line 3 on line 10
8 Divide line 6 by line 7 and enter the result as a decimal (rounded to at least 3 places). If the result is 1.000 or more, enter 1.000
9 Multiply line 1 by line 8. If the result is not a multiple of $\$ 10$, increase it to the next multiple of $\$ 10$ (for example, increase $\$ 490.30$ to $\$ 500$ ). Enter the result, but not less than $\$ 200$. .
10 Maximum 2005 Roth IRA Contribution. Enter the smaller of line 3 or line 9 . See Recharacterizations on page 3 if you contributed more than this amount to Roth IRAs for 2005

10
e. Exclusion of employer-provided adoption benefits from Form 8839, Qualified Adoption Expenses.
f. Foreign earned income exclusion from Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion.
g. Foreign housing exclusion or deduction from Form 2555.
h. Domestic production activities deduction from Form 1040, line 35, or Form 1040NR, line 33.

CaUTIONWhen figuring modified AGI for Roth IRA purposes, you may have to refigure items based on modified AGI, such as taxable social security benefits and passive activity losses allowed under the special allowance for rental real estate activities. See Can You Contribute to a Roth IRA? in Pub. 590 for details.
Distributions. See the instructions for Part III beginning on page 7 .

## Overall Contribution Limit for Traditional and Roth IRAs

If you are not married filing jointly, your limit on contributions to traditional and Roth IRAs is the smaller of $\$ 4,000(\$ 4,500$ if age 50 or older at the end of 2005) or your taxable compensation (defined below). If you are married filing jointly, your contribution limit is generally $\$ 4,000(\$ 4,500$ if age 50 or older at the end of 2005) and your spouse's contribution limit is $\$ 4,000$ ( $\$ 4,500$ if age 50 or older at the end of 2005) as well. But if the combined taxable compensation of both you and your spouse is less than $\$ 8,000$ ( $\$ 8,500$ if one spouse is 50 or older at the end of 2005; \$9,000 if both spouses are 50 or older at the end of 2005), see Pub. 590 for special rules. This limit does not apply to employer contributions to a SEP or SIMPLE IRA.

The amount you can contribute to a Roth IRA may also be limited by your modified AGI (see Contributions and the Maximum Roth IRA Contribution Worksheet on this page).

Taxable compensation includes the following.

- Wages, salaries, tips, etc. If you received a distribution from a nonqualified deferred compensation plan or nongovernmental section 457 plan that is included in box 1 of your Form W-2, do not include that distribution in taxable compensation. The distribution should be shown in
box 11 of your Form W-2. If it is not, contact your employer for the amount of the distribution.
- Self-employment income. If you are self-employed (a sole proprietor or a partner), taxable compensation is your net earnings from your trade or business (provided your personal services are a material
income-producing factor) reduced by your deduction for contributions made on your behalf to retirement plans and the deduction allowed for one-half of your self-employment tax.
- Alimony and separate
maintenance.
See Pub. 590 for details.
Note. Rollovers and Roth IRA conversions do not affect your contribution limit.


## Recharacterizations

Generally, you can recharacterize (correct) an IRA contribution or Roth IRA conversion by making a trustee-to-trustee transfer from one IRA to another type of IRA.
Trustee-to-trustee transfers are made directly between financial institutions or within the same financial institution. You generally must make the transfer by the due date of your return (including extensions) and reflect it on your return. However, if you timely filed your return without making the transfer, you can make the transfer within 6 months of the due date of your return, excluding extensions. If necessary, file an amended return reflecting the transfer (see page 5). Write "Filed pursuant to section 301.9100-2" on the amended return.

Reporting recharacterizations. Any recharacterized conversion will be treated as though the conversion had not occurred. Any recharacterized contribution will be treated as having been originally contributed to the second IRA, not the first IRA. The amount transferred must include related earnings or be reduced by any loss. In most cases, the related earnings that you must transfer are figured by your IRA trustee or custodian. If you need to figure the related earnings, see How Do You Recharacterize a Contribution in Pub. 590. Any earnings or loss that occurred in the first IRA will be treated as having occurred in the second IRA. You may not deduct any loss that occurred while the funds were in the first IRA. Also, you cannot take a deduction for a contribution to a traditional IRA if the amount is later
recharacterized. See below for how to report the three different types of recharacterizations, including the statement that must be attached to your return explaining the recharacterization.

1. You converted an amount from a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2005 and later recharacterized all or part of the amount back to a traditional, SEP, or SIMPLE IRA. If you only recharacterized part of the amount converted, report the amount not recharacterized on Form 8606. If you recharacterized the entire amount, do not report the recharacterization on Form 8606. In either case, attach a statement to your return explaining the recharacterization and include the amount converted from the traditional, SEP, or SIMPLE IRA in the total on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040NR, line 16a. If the recharacterization occurred in 2005, also include the amount transferred back from the Roth IRA on that line. If the recharacterization occurred in 2006, report the amount transferred only in the attached statement, and not on your 2005 or 2006 tax return (a 2006 Form 1099-R should be sent to you by January 31, 2007, stating that you made a recharacterization of an amount converted in the prior year).

Example. You are married filing jointly and converted \$20,000 from your traditional IRA to a new Roth IRA on May 21, 2005. On April 8, 2006, you determine that your 2005 modified AGI for Roth IRA purposes will exceed $\$ 100,000$, and you are not allowed to make a Roth IRA conversion. The value of the Roth IRA on that date is $\$ 19,000$. You recharacterize the conversion by transferring that entire amount to a traditional IRA in a trustee-to-trustee transfer. You report \$20,000 on Form 1040, line 15a. You do not include the $\$ 19,000$ on line 15 a because it did not occur in 2005 (you also do not report that amount on your 2006 return because it does not apply to the 2006 tax year). You attach a statement to Form 1040 explaining that (a) you made a conversion of \$20,000 from a traditional IRA on May 21, 2005, (b) you recharacterized the entire amount, which was then valued at $\$ 19,000$, back to a traditional IRA on April 8, 2006, and (c) you recharacterized because your 2005 modified AGI for

Roth IRA purposes exceeded \$100,000.
2. You made a contribution to a traditional IRA and later recharacterized part or all of it to a Roth IRA. If you recharacterized only part of the contribution, report the nondeductible traditional IRA portion of the remaining contribution, if any, on Form 8606, Part I. If you recharacterized the entire contribution, do not report the contribution on Form 8606. In either case, attach a statement to your return explaining the recharacterization. If the recharacterization occurred in 2005, include the amount transferred from the traditional IRA on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040 NR , line 16a. If the recharacterization occurred in 2006, report the amount transferred only in the attached statement.

Example. You are single, covered by a retirement plan, and you contributed $\$ 4,000$ to a new traditional IRA on May 28, 2005. On February 24, 2006, you determine that your 2005 modified AGI will limit your traditional IRA deduction to $\$ 1,000$. The value of your traditional IRA on that date is $\$ 4,400$. You decide to recharacterize $\$ 3,000$ of the traditional IRA contribution as a Roth IRA contribution, and have $\$ 3,300$ ( $\$ 3,000$ contribution plus $\$ 300$ related earnings) transferred from your traditional IRA to a Roth IRA in a trustee-to-trustee transfer. You deduct the $\$ 1,000$ traditional IRA contribution on Form 1040. You are not required to file Form 8606, but you must attach a statement to your return explaining the recharacterization. The statement indicates that you contributed $\$ 4,000$ to a traditional IRA on May 28, 2005; recharacterized $\$ 3,000$ of that contribution on February 24, 2006, by transferring $\$ 3,000$ plus $\$ 300$ of related earnings from your traditional IRA to a Roth IRA in a trustee-to-trustee transfer; and that all $\$ 1,000$ of the remaining traditional IRA contribution is deducted on Form 1040. You do not report the $\$ 3,300$ distribution from your traditional IRA on your 2005 Form 1040 because the distribution occurred in 2006. You do not report the distribution on your 2006 Form 1040 because the recharacterization related to 2005 and was explained in an attachment to your 2005 return.
3. You made a contribution to a Roth IRA and later recharacterized
part or all of it to a traditional IRA. Report the nondeductible traditional IRA portion, if any, on Form 8606, Part I. If you did not recharacterize the entire contribution, do not report the remaining Roth IRA portion of the contribution on Form 8606. Attach a statement to your return explaining the recharacterization. If the recharacterization occurred in 2005, include the amount transferred from the Roth IRA on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040NR, line 16a. If the recharacterization occurred in 2006, report the amount transferred only in the attached statement, and not on your 2005 or 2006 tax return.

Example. You are single and contributed $\$ 4,000$ to a new Roth IRA on June 14, 2005. On December 27, 2005, you determine that your 2005 modified AGI will allow a full traditional IRA deduction. You decide to recharacterize the Roth IRA contribution as a traditional IRA contribution and have $\$ 4,200$, the balance in the Roth IRA account ( $\$ 4,000$ contribution plus $\$ 200$ related earnings), transferred from your Roth IRA to a traditional IRA in a trustee-to-trustee transfer. You deduct the $\$ 4,000$ traditional IRA contribution on Form 1040. You are not required to file Form 8606, but you must attach a statement to your return explaining the recharacterization. The statement indicates that you contributed $\$ 4,000$ to a new Roth IRA on June 14, 2005; recharacterized that contribution on December 27, 2005, by transferring $\$ 4,200$, the balance in the Roth IRA, to a traditional IRA in a trustee-to-trustee transfer; and that $\$ 4,000$ of the traditional IRA contribution is deducted on Form 1040. You include the $\$ 4,200$ distribution on your 2005 Form 1040, line 15a.

## Return of IRA Contributions

If, in 2005, you made traditional IRA contributions or Roth IRA contributions for 2004 or 2005 and you had those contributions returned to you with any related earnings (or less any loss) by the due date (including extensions) of your 2005 tax return, the returned contributions are treated as if they were never contributed. Do not report the contribution or distribution on Form 8606 or take a deduction for the contribution. However, you must
report the distribution and any related earnings on your 2005 Form 1040,
lines 15a and 15b; Form 1040A, lines 11a and 11b; or Form 1040NR, lines 16a and 16b. Attach a statement explaining the distribution. You cannot deduct any loss that occurred (see Pub. 590 for an exception if you withdrew the entire amount in all your traditional or Roth IRAs). Also, if you were under age $591 / 2$ at the time of a distribution with related earnings, you generally are subject to the additional $10 \%$ tax on early distributions (see Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts).

If you timely filed your 2005 tax return without withdrawing a contribution that you made in 2005, you can still have the contribution returned to you within 6 months of the due date of your 2005 tax return, excluding extensions. If you do, file an amended return with "Filed pursuant to section 301.9100-2" written at the top. Report any related earnings on the amended return and include an explanation of the withdrawal. Make any other necessary changes on the amended return (for example, if you reported the contributions as excess contributions on your original return, include an amended Form 5329 reflecting that the withdrawn contributions are no longer treated as having been contributed).

In most cases, the related earnings that you must withdraw are figured by your IRA trustee or custodian. If you need to figure the related earnings on IRA contributions that were made in 2004 or 2005 and were returned to you, see How Do You Recharacterize a Contribution in Pub. 590. If you made a contribution or distribution while the IRA held the returned contribution, see Notice 2000-39.

If you made a contribution in 2004 and you had it returned to you in 2005 as described above, do not report the distribution on your 2005 tax return. Instead, report it on your 2004 original or amended return in the manner described above. Likewise, report on your 2006 tax return any distribution made in 2006 that is a return of contributions that were made in 2006 for 2005 (but be sure that your original or amended 2005 tax return reflects that the contribution is treated as not having been contributed).

Example. On May 31, 2005, you contributed $\$ 4,000$ to your traditional IRA. The value of the IRA was
$\$ 18,000$ prior to the contribution. On December 29, 2005, when you are age 57 and the value of the IRA is $\$ 23,600$, you realize you cannot make the entire contribution because your taxable compensation for the year will be only $\$ 3,000$. You decide to have $\$ 1,000$ of the contribution returned to you and withdraw $\$ 1,076$ from your IRA ( $\$ 1,000$ contribution plus $\$ 76$ earnings). You did not make any other withdrawals or contributions. You are not required to file Form 8606. You deduct the $\$ 3,000$ remaining contribution on Form 1040. You include \$1,076 on Form 1040, line 15a, and $\$ 76$ on line 15b. You attach a statement to your tax return explaining the distribution. Because you properly removed the excess contribution with the related earnings by the due date of your tax return, you are not subject to the additional $6 \%$ tax on excess contributions. However, because you were under age $591 / 2$ at the time of the distribution, the $\$ 76$ of earnings is subject to the additional $10 \%$ tax on early distributions. You include $\$ 7.60$ on Form 1040, line 60.

## Return of Excess Traditional IRA Contributions

The return (distribution) in 2005 of excess traditional IRA contributions for years prior to 2005 is not taxable if all three of the following apply.

1. The distribution was made after the due date, including extensions, of your tax return for the year for which the contribution was made (if the distribution was made earlier, see Return of IRA Contributions on page 4).
2. The total contributions (excluding rollovers and conversions) to your traditional and SEP IRAs for the year for which the excess contribution was made did not exceed:
a. $\$ 3,000(\$ 3,500$ if age 50 or older at the end of the year) for years after 2001 and before 2005,
b. $\$ 2,000$ for years after 1996 and before 2002, or
c. \$2,250 for years before 1997 .

If your total IRA contributions for the year included employer contributions to a SEP IRA, increase the $\$ 3,000$ ( $\$ 3,500$, if applicable), $\$ 2,000$, or $\$ 2,250$ by the smaller of the employer contributions or $\$ 40,000$ ( $\$ 35,000$ for 2001, or $\$ 30,000$ for years before 2001).
3. No deduction was allowable (without regard to the modified AGI limitation) or taken for the excess contributions.

Include the total amount distributed on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040NR, line 16a; and attach a statement to your return explaining the distribution. See the example below.

If you meet the above conditions and are otherwise required to file Form 8606:

- Do not take into account the amount of the withdrawn contributions in figuring line 2 and - Do not include the amount of the withdrawn contributions on line 7 .

Example. You are single, you retired in 2002, and you had no taxable compensation after 2002. However, you made traditional IRA contributions (that you did not deduct) of \$3,000 in 2003 and \$3,000 in 2004. In November 2005, a tax practitioner informed you that you had made excess contributions for those years because you had no taxable compensation. You withdrew the \$6,000 and filed amended returns for 2003 and 2004 reflecting the additional 6\% tax on excess contributions on Form 5329. You include the \$6,000 distribution on your 2005 Form 1040, line 15a, enter -0- on line 15b, and attach a statement to your return explaining the distribution, including the fact that you filed amended returns for 2003 and 2004 and paid the additional 6\% tax on the excess contributions for those years. The statement indicates that the distribution is not taxable because (a) it was made after the due dates of your 2003 and 2004 tax returns, including extensions, (b) your total IRA contributions did not exceed $\$ 3,000(\$ 3,500$ if age 50 or older at the end of 2003) for 2003 or $\$ 3,000$ ( $\$ 3,500$ if age 50 or older at the end of 2004) for 2004, and (c) you did not take a deduction for the contributions, and no deduction was allowable because you did not have any taxable compensation for those years. The statement also indicates that the distribution reduced your excess contributions to -0-, as reflected on your 2005 Form 5329 and it indicates your adjusted basis in nondeductible contributions.

## Amending Form 8606

After you file your return, you can change a nondeductible contribution
to a traditional IRA to a deductible contribution or vice versa. You also may be able to make a recharacterization (see page 3). If necessary, complete a new Form 8606 showing the revised information and file it with Form 1040X, Amended U.S. Individual Income Tax Return.

## Penalty for Not Filing

If you are required to file Form 8606 to report a nondeductible contribution to a traditional IRA for 2005, but do not do so, you must pay a \$50 penalty, unless you can show reasonable cause.

## Overstatement Penalty

If you overstate your nondeductible contributions, you must pay a $\$ 100$ penalty, unless you can show reasonable cause.

## What Records Must I Keep?

To verify the nontaxable part of distributions from your IRAs, including Roth IRAs, keep a copy of the following forms and records until all distributions are made.

- Page 1 of Forms 1040 (or Forms 1040A, 1040NR, or 1040-T) filed for each year you made a nondeductible contribution to a traditional IRA.
- Forms 8606 and any supporting statements, attachments, and worksheets for all applicable years.
- Forms 5498 or similar statements you received each year showing contributions you made to a traditional IRA or Roth IRA.
- Forms 5498 or similar statements you received showing the value of your traditional IRAs for each year you received a distribution.
- Forms 1099-R or W-2P you received for each year you received a distribution.

Note. Forms 1040-T and W-2P are forms that were used in prior years.

## Specific Instructions

Name and social security number (SSN). If you file a joint return, enter only the name and SSN of the spouse whose information is being reported on Form 8606. If both you and your spouse are required to file Form 8606, file a separate Form 8606 for each of you.

## Part I—Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs

## Line 1

If you used the IRA Deduction Worksheet in the Form 1040 or 1040A instructions, subtract line 10 of the worksheet (or the amount you chose to deduct on Form 1040, line 32, or Form 1040A, line 17, if less) from the smaller of line 8 or line 9 of the worksheet. Enter the result on line 1 of Form 8606. You cannot deduct the amount included on line 1.

If you used the worksheet Figuring Your Reduced IRA Deduction for 2005 in Pub. 590, enter on line 1 of Form 8606 any nondeductible contributions from the appropriate lines of that worksheet.

If you did not have any deductible contributions, you can make nondeductible contributions up to your contribution limit. Enter on line 1 of Form 8606 your nondeductible contributions.

Do not include on line 1 contributions that you had returned to you with the related earnings (or less any loss). See page 4.

## Line 2

If this is the first year you are required to file Form 8606, enter -0-. Otherwise, use the chart below to find the amount to enter on line 2 .

However, you may need to enter an amount other than -0- or adjust the amount from the chart if your basis changed because of any of the following.

- You had a return of excess traditional IRA contributions (see page 4).
- Incident to divorce, you transferred or received part or all of a traditional IRA (see Distributions that are incident to divorce on this page).
- You rolled over any nontaxable portion of your qualified employer plan to a traditional or SEP IRA. Include the nontaxable portion on line 2.

| IF the last Form <br> 8606 you filed <br> was for... | THEN enter on <br> line 2... |
| :--- | :--- |
| 2004, 2003, 2002, <br> or 2001 | The amount from <br> line 14 of that <br> Form 8606 |
| A year after 1992 <br> and before 2001 | The amount from <br> line 12 of that <br> Form 8606 |
| A year after 1988 <br> and before 1993 | The amount from <br> line 14 of that <br> Form 8606 |
| 1988 | The total of the <br> amounts on lines 7 <br> and 16 of that <br> Form 8606 |
| 1987 | The total of the <br> amounts on lines 4 <br> and 13 of that <br> Form 8606 |

## Line 4

If you made contributions to traditional IRAs for 2005 in 2005 and 2006 and you have both deductible and nondeductible contributions, you can choose to treat the contributions made in 2005 first as nondeductible contributions and then as deductible contributions, or vice versa. But the amount on line 4 cannot be less than the excess, if any, of the amount on line 1 over the contributions you actually made in 2005.

Example. You made contributions for 2005 of $\$ 2,000$ in May 2005 and \$2,000 in January 2006, of which $\$ 3,000$ are deductible and \$1,000 are nondeductible. You choose $\$ 1,000$ of your contribution in 2005 to be nondeductible. You enter the $\$ 1,000$ on line 1, but not line 4, and it becomes part of your basis for 2005.

Although the contributions to traditional IRAs for 2005 that you made from January 1, 2006, through April 15, 2006, can be treated as nondeductible, they are not included in figuring the nontaxable part of any distributions you received in 2005.

## Line 6

Enter the total value of all your traditional, SEP, and SIMPLE IRAs as of December 31, 2005, plus any outstanding rollovers. A statement should be sent to you by January 31, 2006, showing the value of each IRA on December 31, 2005. However, if you recharacterized any amounts, enter on line 6 the total value taking into account all recharacterizations, including recharacterizations made after December 31, 2005.

For line 6, a rollover is a tax-free distribution from one traditional, SEP, or SIMPLE IRA that is contributed to another traditional, SEP, or SIMPLE IRA. The rollover must be completed within 60 days of receiving the distribution from the first IRA. An outstanding rollover is any amount distributed after November 1, 2005, that was rolled over in 2006, but within the 60-day rollover period.

The IRS may waive the 60-day requirement if failing to waive it would be against equity or good conscience, such as situations where a casualty, disaster, or other events beyond your reasonable control prevented you from meeting the 60 -day requirement. Also, the 60 -day period may be extended if you had a frozen deposit. See Pub. 590 for details.
Note. Do not include a rollover from a traditional or SEP IRA to a qualified employer plan even if it was an outstanding rollover.

## Line 7

AIf you received a distribution in 2005 from a traditional, SEP, or SIMPLE IRA and you also made contributions for 2005 to a traditional IRA that may not be fully deductible because of the income limits, you must make a special computation before completing the rest of this form. For details, including how to complete Form 8606, see Are Distributions Taxable? in Chapter 1 of Pub. 590.

Do not include any of the following on line 7.

- Distributions that you converted to a Roth IRA.
- Recharacterizations.
- Distributions that you rolled over by December 31, 2005, and any outstanding rollovers included on line 6.
- Distributions you rolled over to a qualified employer plan.
- Distributions that are treated as a return of contributions under Return of IRA Contributions on page 4.
- Distributions that are treated as a return of excess contributions under Return of Excess Traditional IRA Contributions on page 4.
- Distributions of excess
contributions due to incorrect rollover information. If an excess contribution in your traditional IRA is the result of a rollover from a qualified retirement plan and the excess occurred because the information the plan was required to give you was incorrect, the distribution of the excess
contribution is not taxable. Attach a statement to your return explaining the distribution and include the amount of the distribution on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040NR, line 16a. See Pub. 590 for more details.
- Distributions that are incident to divorce. The transfer of part or all of your traditional, SEP, or SIMPLE IRA to your spouse under a divorce or separation agreement is not taxable to you or your spouse. If this transfer results in a change in the basis of the traditional IRA of either spouse, both spouses must file Form 8606 and show the increase or decrease in the amount of basis on line 2. Attach a statement explaining this adjustment. Include in the statement the character of the amounts in the traditional IRA, such as the amount attributable to nondeductible contributions. Also, include the name and social security number of the other spouse.


## Line 8

If, in 2005, you converted any amounts from traditional, SEP, or SIMPLE IRAs to a Roth IRA, enter on line 8 the net amount you converted. To figure that amount, subtract from the total amount converted in 2005 any portion that you recharacterized back to traditional, SEP, or SIMPLE IRAs in 2005 or 2006 (see Recharacterizations on page 3). Do not take into account related earnings that were transferred with the recharacterized amount or any loss that occurred while the amount was in the Roth IRA. See item 1 under Reporting recharacterizations on page 3 for details.

## Line 15

If you were under age $591 / 2$ at the time you received distributions from your traditional, SEP, or SIMPLE IRA, there generally is an additional 10\% tax on the portion of the distribution that is included in income ( $25 \%$ for a distribution from a SIMPLE IRA during the first 2 years). See the Instructions for Form 1040, line 60.

## Part II-2005 Conversions From Traditional, SEP, or SIMPLE IRAs to Roth IRAs

Complete Part II if you converted part or all of your traditional, SEP, or SIMPLE IRAs to a Roth IRA in 2005, excluding any portion you

Basis in Regular Roth IRA Contributions—Line 22

| IF the most recent year prior to 2005 in which you took a Roth IRA distribution* was... | THEN enter on Form 8606, line 22, this amount... | PLUS the total of all your regular contributions** to Roth IRAs for... |
| :---: | :---: | :---: |
| 2004 <br> (you had an amount on your Form 8606, line 19) | The excess of your 2004 Form 8606, line 22, over line 19 of that form. | 2005 |
| 2003 <br> (you had an amount on your 2003 Form 8606, line 19) | The excess of your 2003 Form 8606, line 20, over line 19 of that Form 8606. | 2004 and 2005 |
| 2002 <br> (you had an amount on your 2002 Form 8606, line 19) | The excess of your 2002 Form 8606, line 20, over line 19 of that Form 8606. | 2003 through 2005 |
| 2001 <br> (you had an amount on your 2001 Form 8606, line 19) | The excess of your 2001 Form 8606, line 20, over line 19 of that Form 8606. | 2002 through 2005 |
| 2000 <br> (you had an amount on your 2000 Form 8606, line 17) | The excess of your 2000 Form 8606, line 18d, over line 17 of that Form 8606 | 2001 through 2005 |
| 1999 <br> (you had an amount on your 1999 Form 8606, line 17) | The excess of your 1999 Form 8606, line 18d, over line 17 of that Form 8606 | 2000 through 2005 |
| 1998 <br> (you had an amount on your 1998 Form 8606, line 18) | The excess of your 1998 Form 8606, line 19c, over line 18 of that Form 8606 | 1999 through 2005 |
| Did not take a Roth IRA distribution* prior to 2005 | \$0 | 1998 through 2005 |

*Excluding rollovers, recharacterizations, and contributions that you had returned to you.
**Excluding rollovers, conversions, Roth IRA contributions that were recharacterized, and any contributions that you had returned to you.
recharacterized. See item 1 under Reporting recharacterizations on page 3 for details.

Limit on number of conversions. If you converted an amount from a traditional, SEP, or SIMPLE IRA to a Roth IRA in 2005 and then recharacterized the amount back to a traditional, SEP, or SIMPLE IRA, you cannot reconvert that amount until the later of January 1, 2006, or 30 days after the recharacterization. See Pub. 590 for details.

You cannot convert any amount to Roth IRAs in 2005 if (a) your modified AGI for Roth IRA purposes (see page 2) is more than \$100,000 or (b) your filing status is married filing separately and you lived with your spouse at any time in 2005. If you erroneously made a conversion, you must
recharacterize the converted amount.
See Recharacterizations on page 3.

## Line 16

If you did not complete line 8 , see the instructions for that line. Then, enter on line 16 the amount you would have entered on line 8 had you completed it.

## Line 17

If you did not complete line 11, enter on line 17 the amount from line 2 (or the amount you would have entered on line 2 if you had completed that line) plus any contributions included on line 1 that you made before the conversion.

## Part III—Distributions From Roth IRAs

Complete Part III to figure the taxable part, if any, of your 2005 Roth IRA distributions.

## Line 19

Do not include on line 19 any of the following.

- Distributions that you rolled over, including distributions made in 2005 and rolled over after December 31, 2005 (outstanding rollovers).
- Recharacterizations.
- Distributions that are a return of contributions under Return of IRA Contributions on page 4.
- Distributions made on or after age $591 / 2$ if you made a contribution (including a conversion) for 1998, 1999, or 2000.
- Distributions made upon death or due to disability if you made a contribution (including a conversion) for 1998, 1999, or 2000.
- Distributions that are incident to divorce. The transfer of part or all of your Roth IRA to your spouse under a divorce or separation agreement is not taxable to you or your spouse.

If, after considering the items above, you do not have an amount to enter on line 19, do not complete Part III; your Roth IRA distribution(s) is not taxable. Instead, include your total Roth IRA distribution(s) on Form 1040, line 15a; Form 1040A, line 11a; or Form 1040NR, line 16a.

## Line 20

If you had a qualified first-time homebuyer distribution from your Roth IRA and you made a contribution (including a conversion) to a Roth IRA for 1998, 1999, or 2000, enter the amount of your qualified expenses on line 20, but do not enter more than $\$ 10,000$.

## Line 22

Figure the amount to enter on line 22 as follows.

- If you did not take a Roth IRA distribution before 2005 (other than an amount rolled over or recharacterized or a returned contribution), enter on line 22 the total of all your regular contributions to Roth IRAs for 1998 through 2005 (excluding rollovers and any contributions that you had returned to you), adjusted for any recharacterizations.
- If you did take such a distribution before 2005, use the chart on page 7 to figure the amount to enter.

Basis in Roth IRA Conversions-Line 24

| IF the most recent year prior to 2005 in which you had a distribution* in excess of your basis in contributions was... | THEN enter on Form 8606, line 24, this amount... | PLUS the sum of the amounts on the following lines... |
| :---: | :---: | :---: |
| 2004 <br> (your 2004 Form 8606, line 22, was less than line 19 of that Form 8606) | The excess, if any, of your 2004 Form 8606, line 24, over line 23** of that Form 8606. | Line 16 of your 2005 Form 8606 |
| 2003 (you had an amount on your 2003 Form 8606, line 21) | The excess, if any, of your 2003 Form 8606, line 22, over line 21 of that Form 8606. | Line 16 of your 2004 and 2005 Form 8606 |
| 2002 <br> (you had an amount on your 2002 Form 8606, line 21) | The excess, if any, of your 2002 Form 8606, line 22, over line 21 of that Form 8606 | Line 16 of your 2003 through 2005 Forms 8606 |
| 2001 <br> (you had an amount on your 2001 Form 8606, line 21) | The excess, if any, of your 2001 Form 8606, line 22, over line 21 of that Form 8606 | Line 16 of your 2002 through 2005 Forms 8606 |
| $2000$ <br> (you had an amount on your 2000 Form 8606, line 19) | The excess, if any, of your 2000 Form 8606, line 25, over line 19 of that Form 8606 | Line 16 of your 2001 through 2005 Forms 8606 |
| 1999 <br> (you had an amount on your 1999 Form 8606, line 19) | The excess, if any, of your 1999 Form 8606, line 25, over line 19 of that Form 8606 | Line 14c of your 2000 Form 8606 and line 16 of your 2001 through 2005 Forms 8606 |
| $1998$ <br> (you had an amount on your 1998 Form 8606, line 20) | The excess, if any, of your 1998 Form 8606, line 14c, over line 20 of that Form 8606 | Line 14c of your 1999 and 2000 Forms 8606 and line 16 of your 2001 through 2005 Forms 8606 |
| Did not have such a distribution in excess of your basis in contributions | The amount from your 2005 Form 8606, line 16 | Line 14c of your 1998, 1999, and 2000 Forms 8606 and line 16 of your 2001 through 2004 Forms 8606 |

*Excluding rollovers, recharacterizations, and contributions that you had returned to you.
**Refigure line 23 without taking into account any amount entered on Form 8606, line 20.

- Increase or decrease the amount on line 22 by any basis transferred or received incident to divorce. Also attach a statement similar to the one explained under Distributions that are incident to divorce on page 6.


## Line 23

Generally, there is an additional 10\% tax on 2005 distributions from a Roth IRA that are shown on line 23. The additional tax is figured on Form 5329, Part I. See the instructions for Form 5329, line 1, for details and exceptions.

## Line 24

Figure the amount to enter on line 24 as follows.

- If you have never made a Roth IRA conversion, enter -0- on line 24.
- If you took a Roth IRA distribution (other than an amount rolled over or recharacterized or a returned contribution) before 2005 in excess of your basis in regular Roth IRA contributions, use the chart on this page to figure the amount to enter on line 24.
- If you did not take such a distribution before 2005, enter on line 24 the total of all your conversions to Roth IRAs (other than amounts recharacterized). These amounts are shown on line 14c of your 1998, 1999, and 2000 Forms 8606 and line 16 of your 2001 through 2005 Forms 8606.
- Increase or decrease the amount on line 24 by any basis transferred or received incident to divorce. Also attach a statement similar to the one explained under Distributions that are incident to divorce on page 6.


## Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | $1 \mathrm{hr} ., 4 \mathrm{~min}$. |
| :---: | :---: |
| Learning about the law or |  |
| the form | $1 \mathrm{hr} ., 12 \mathrm{~min}$. |
| Preparing the form | 53 min . |
| Copying, assembling, and sending the form to |  |
| the IRS . | 47 min. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see When and Where to File on page 1.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.
Fill in Your Address Only
if You Are Filing This
Form by Itself and Not
With Your Tax Return

## Part I Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs

 Complete this part only if:- You made nondeductible contributions to a traditional IRA for 2005,
- You took distributions from a traditional, SEP, or SIMPLE IRA in 2005 (other than a rollover, conversion, recharacterization, or return of certain contributions) and you made nondeductible contributions to a traditional IRA in 2005 or an earlier year, or
- You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2005 (excluding any portion you recharacterized) and you made nondeductible contributions to a traditional IRA in 2005 or an earlier year.
1 Enter your nondeductible contributions to traditional IRAs for 2005, including those made for 2005 from January 1, 2006, through April 17, 2006 (see page 5 of the instructions)

2 Enter your total basis in traditional IRAs (see page 5 of the instructions)
3 Add lines 1 and 2

| In 2005, did you take a |
| :--- |
| distribution from traditional, |
| SEP, or SIMPLE IRAs or |
| make a Roth IRA conversion? | $\quad$ No $\longrightarrow$| Enter the amount from line 3 on |
| :--- |
| line 14. Do not complete the rest |
| of Part l. |

4 Enter those contributions included on line 1 that were made from January 1, 2006, through April 17, 2006
5 Subtract line 4 from line 3 .
6 Enter the value of all your traditional, SEP, and SIMPLE IRAs as of December 31, 2005, plus any outstanding rollovers (see page 6 of the instructions).
7 Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2005. Do not include rollovers, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see page 6 of the instructions)
8 Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2005. Do not include amounts converted that you later recharacterized (see page 6 of the instructions). Also enter this amount on line 16

9 Add lines 6, 7, and 8
10 Divide line 5 by line 9 . Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter " 1.000 "
11 Multiply line 8 by line 10 . This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17
12 Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth IRA .

13 Add lines 11 and 12. This is the nontaxable portion of all your distributions
14 Subtract line 13 from line 3. This is your total basis in traditional IRAs for 2005 and earlier years.
15 Taxable amount. Subtract line 12 from line 7. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b

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| 15 |  |  |
|  |  |  |

## Part II 2005 Conversions From Traditional, SEP, or SIMPLE IRAs to Roth IRAs

Complete this part if you converted part or all of your traditional, SEP, and SIMPLE IRAs to a Roth IRA in 2005 (excluding any portion you recharacterized).
Caution: If your modified adjusted gross income is over \$100,000 or you are married filing separately and you lived with your spouse at any time in 2005, you cannot convert any amount from traditional, SEP, or SIMPLE IRAs to Roth IRAs for 2005. If you erroneously made a conversion, you must recharacterize (correct) it (see page 7 of the instructions).

16 If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2005. Do not include amounts you later recharacterized back to traditional, SEP, or SIMPLE IRAs in 2005 or 2006 (see page 7 of the instructions)

|  |  |  |
| :--- | :--- | :--- |
| 16 |  |  |
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| 17 |  |  |
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| 18 |  |  |

18 Taxable amount. Subtract line 17 from line 16. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b
rwise, enter your basis in the amount If you completed Part I, enter the amount
on line 16 (see page 7 of the instructions)

## Part III Distributions From Roth IRAs

Complete this part only if you took a distribution from a Roth IRA in 2005 (other than a rollover, recharacterization, or return of certain contributions-see page 7 of the instructions).
19 Enter your total nonqualified distributions from Roth IRAs in 2005 including any qualified first-time homebuyer distributions (see page 7 of the instructions)

| 19 |  |  |
| :--- | :--- | :--- |
| 20 |  |  |
| 21 |  |  |
| 22 |  |  |
|  |  |  |
| 23 |  |  |
| 24 |  |  |
| 25 |  |  |

25 Taxable amount. Subtract line 24 from line 23. If zero or less, enter -0-. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b

25

Sign Here Only if You Are Filing This Form by Itself and Not With Your Tax Return

Under penalties of perjury, I declare that I have exami


Form 8606 (2005)

## 2004 Instructions for Form 8615 <br> Tax for Children Under Age 14 <br> With Investment Income of More Than \$1,600

Purpose: This is the first circulated proof of the 2004 Instructions for Form 8615, Tax for Children Under Age 14 With Investment Income of More Than \$1,600, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.
Form: Form 8615 was previously circulated on May 3, 2004. You can view that circulation by clicking on the following link http://taxforms.web.irs.gov/Products/Drafts/04f8615 d1.pdf

Prior Revisions: The 2003 Form 8615 may be accessed at http://www.irs.gov/pub/irspdf/f8615.pdf

The 2003 Instructions for Form 8615 may be accessed at http://www.irs.gov/pub/irspdf/i8615.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by September 9, 2004.

| FROM: | PHONE: | EMAIL: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Mary Jane Dowling |  |  |  |  |  |
| SE:W:CAR:MP:T:I:F |  | $(202) 927-9894$ | Mary.J.Dowling@irs.gov | $(202) 927-$ | 6423 | 8/10/04 |  |
| :--- |

## Major Changes to the Instructions for Form 8615

- We revised the net investment income amount (Internal Revenue Code section $1(\mathrm{~g})(4)(\mathrm{A})(\mathrm{ii}))$ in the title and throughout the instructions to reflect the change made by Rev. Proc. 2003-85.
- Throughout the instructions we revised the line references to Form 1040 to reflect the changes made to that form and added line references to the Form 1040NR because IRC Sec. 1(g) applies to nonresident aliens also. SE:W:CAR:MP:T:I:R
- We moved worksheets for Form 8615, line 5 and the related instructions, from Pub. 929 to the Instructions for Form 8615 because the changes to IRC Sec. 1(h) made by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) mean that anyone using this form who has income from qualified dividends and/or capital gains will have to use them. SE:W:CAR:MP:T:I:R
- Under Line 9, Line 15, and Line 17, references to the Tax Rate Schedules and Schedule D have been changed to the Tax Computation Worksheet and the Schedule D Tax Worksheet respectively. Also, the instructions have been revised to reflect changes to the Instructions for Form 1040, Schedule D and the Instructions for Schedule D.
- In the Line 5 Worksheet \#3, we revised the "applicable amount" of adjusted gross income under IRC sec. 68(b) and the exemption amount under IRC sec. 151(d) to reflect the changes made by Rev. Proc. 2003.85.


## General Instructions

## Purpose of Form

For children under age 14, investment income over $\$ 1,600$ is taxed at the parent's rate if the parent's rate is higher than the child's. If the child's investment income is more than $\$ 1,600$, use Form 8615 to figure the child's tax.

## Investment Income

For Form 8615, "investment income" includes all taxable income other than earned income as defined on this page. Investment income includes taxable interest, ordinary dividends, capital gains (including capital gain distributions), rents, royalties, etc. It also includes taxable social security benefits, pension and annuity income, and income (other than earned income) received as the beneficiary of a trust.

## Who Must File

Form 8615 must be filed for any child who meets the following conditions.

- The child was under age 14 at the end of 2004. A child born on January 1, 1991, is considered to be age 14 at the end of 2004.
- At least one of the child's parents was alive at the end of 2004.
- The child had more than $\$ 1,600$ of investment income.
- The child is required to file a tax return.

.The parent may be able to elect to report the child's interest, ordinary dividends, and capital gain distributions on the parent's return. If the parent makes this election, the child will not have to file a return or Form 8615. However, the federal income tax on the child's income, including qualified dividends and capital gain distributions, may be higher if this election is made. For more details, see Form 8814, Parents' Election To Report Child's Interest and Dividends.

## Additional Information

For more details, see Pub. 929, Tax Rules for Children and Dependents.

## Incomplete Information for Parent or Other Children

If the parent's taxable income or filing status or the net investment income of the parent's other children is not known by the due date of the child's return, reasonable estimates can be used. Enter "Estimated" next to the appropriate line(s) of Form 8615. When the correct information is available, file Form 1040X, Amended U.S. Individual Income Tax Return.

Instead of using estimates, the child may be able to get an automatic 4 -month extension of time to file. For details, see Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

## Amended Return

If after the child's return is filed the parent's taxable income changes or the net investment income of any of the parent's other children changes, the child's tax must be refigured using the adjusted amounts. If the child's tax changes, file Form 1040X to correct the child's tax.

## Alternative Minimum Tax

A child whose tax is figured on Form 8615 may owe the alternative minimum tax. For details, see Form 6251, Alternative Minimum Tax-Individuals, and its instructions.

## Line Instructions

## Lines A and B

If the child's parents were married to each other and filed a joint return, enter the name and social security number (SSN) of the parent who is listed first on the joint return.

If the parents were married but filed separate returns, enter the name and SSN of the parent who had the higher taxable income. If you do not know
which parent had the higher taxable income, see Pub. 929.

If the parents were unmarried, treated as unmarried for federal income tax purposes, or separated by either a divorce or separate maintenance decree, enter the name and SSN of the parent who had custody of the child for most of the year (the custodial parent).

Exceptions. If the custodial parent remarried and filed a joint return with his or her new spouse, enter the name and SSN of the person listed first on the joint return, even if that person is not the child's parent. If the custodial parent and his or her new spouse filed separate returns, enter the name and SSN of the person with the higher taxable income, even if that person is not the child's parent.

If the parents were unmarried but lived together during the year with the child, enter the name and SSN of the parent who had the higher taxable income.

## Line 1

If the child had no earned income (defined below), enter the child's adjusted gross income from Form 1040, line 37; Form 1040A, line 22; or Form 1040NR, line 35.

If the child had earned income, use the worksheet on page 2 to figure the amount to enter on line 1. But use Pub. 929 instead of the worksheet to figure the amount to enter on line 1 if the child:

- Files Form 2555 or 2555 -EZ (relating to foreign earned income),
- Has a net loss from self-employment, or
- Claims a net operating loss deduction.

Earned income includes wages, tips, and other payments received for personal services performed. Generally, it is the total of the amounts reported on Form 1040, lines 7, 12, and 18; Form 1040A, line 7; or Form 1040NR, lines 8, 13, and 19.

## Child's Investment Income Worksheet-Line 1 <br> (keep for your records) <br> 

1. Enter the amount from the child's Form 1040, line 22; Form 1040A, line 15; or Form 1040NR, line 23, whichever applies
2. Enter the child's earned income (defined on page 1) plus any amount from the child's Form 1040, line 33, or
Form 1040NR, line 31, whichever applies $\qquad$
3. Subtract line 2 from line 1 . Enter the result here and on Form 8615, line 1 $\qquad$
$\qquad$

## Line 2

If the child itemized deductions, enter the larger of:

- \$1,600 or
- \$800 plus the portion of the amount on Schedule A (Form 1040), line 28 (or Form 1040NR, Schedule A, line 17), that is directly connected with the production of the investment income on Form 8615, line 1


## Line 6

If the parent filed a joint return, enter the taxable income shown on that return even if the parent's spouse is not the child's parent.

## Line 8

Enter on this line the total of lines 5,6 , and 7. You must determine the amount of net capital gain and qualified dividends included on this line before completing line 9.

Net capital gain. Net capital gain is the smaller of the gain, if any, on Schedule D, line 15 , or the gain, if any, on Schedule D, line 16. If Schedule D is not required, it is the amount on line 13 of Form 1040, line 10 of Form 1040A, or line 14 of Form 1040NR.

Qualified dividends. Qualified dividends are those dividends reported on line 9b of Form 1040 or Form 1040A or line 10b of Form 1040NR.

## Net capital gain and qualified

 dividends on line 8. If neither the child nor the parent nor any other child has net capital gain, the net capital gain on line 8 is zero.If neither the child, nor the parent, nor any other child has qualified dividends, the amount of qualified dividends on line 8 is zero.

If the child, parent, or any other child has net capital gain, figure the amount of net capital gain included on line 8 by adding together the net capital gain amounts included on lines 5, 6, and 7. If the child, parent, or any other child has qualified dividends, figure the amount of qualified dividends included on line 8 by adding together the qualified dividend amounts included on lines 5, 6, and 7. Use the following discussions to find these amounts.

Net capital gain or qualified dividends on line 5. If the child has a net capital gain or qualified dividends, use the appropriate Line 5 Worksheet on this page or page 3 to find the amount of each included on line 5. These worksheets are needed to adjust the child's net capital gain and qualified dividends by the appropriate allocated amount of the child's deductions.

## Line 5 Worksheet \#1 <br> (keep for your records)

Use this worksheet only if line 2 of the child's Form 8615 is $\$ 1,600$ and lines 3 and 5 are the same amount.

1. Enter the child's qualified dividends
2. Enter the child's net capital gain
3. Enter the amount from the child's Form 8615, line 1
4. Divide line 1 by line 3 . Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000
5. Divide line 2 by line 3 . Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000
6. Multiply $\$ 1,600$ by line 4 $\qquad$
7. Multiply $\$ 1,600$ by line 5
8. Qualified dividends on Form 8615, line 5 . Subtract line 6 from line 1 (but do not enter less than zero or more than the amount on Form 8615, line 5 )
9. Net capital gain on Form 8615, line 5. Subtract line 7 from line 2 (but do not enter less than zero or more than the excess of Form 8615, line 5 , over line 8 of this worksheet).

Line 5 Worksheet \#2
(keep for your records)


Use this worksheet only if line 2 of the child's Form 8615 is more than $\$ 1,600$ and lines 3 and 5 are the same amount.

1. Enter the child's qualified dividends. $\qquad$
$\qquad$
2. Enter the child's net capital gain $\qquad$
3. Add lines 1 and 2
4. Divide line 1 by line 3 . Enter the result as a decimal (rounded to at least three places)
5. Enter the child's itemized deductions directly connected with the production of the child's qualified dividends or net capital gain
6. Multiply line 4 by line 5
7. Subtract line 6 from line 5 ... $\qquad$
8. Subtract line 7 from line 2
9. Subtract line 6 from line 1
10. Enter the amount from the child's Form 8615, line 1
11. Divide line 1 by line 10 . Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000
12. Divide line 2 by line 10. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 minus the amount on line 11
13. Multiply $\$ 800$ by line 11 . . . . $\qquad$
14. Multiply $\$ 800$ by line 12 . . . . .
15. Qualified dividends on Form 8615, line 5 . Subtract line 13 from line 9 (but do not enter less than zero or more than the amount on Form 8615, line 5)
16. Net capital gain on Form 8615, line 5 . Subtract line 14 from line 8 (but do not enter less than zero or more than the excess of Form 8615, line 5 , over line 15 of this worksheet)

## Line 5 Worksheet \#3

(keep for your records)
Use this worksheet only if the child's Form 8615 , line 5 , is less than line 3.

1. Enter the child's qualified dividends.
2. Enter the child's net capital gain
3. Add lines 1 and 2
4. Divide line 1 by line 3 . Enter the result as a decimal (rounded to at least three places).
5. If the child itemized deductions, enter the child's itemized deductions directly connected with the production of the income on line 3
6. Multiply line 4 by line 5
7. Subtract line 6 from line 5
8. Subtract line 7 from line 2
2 ...
9. Subtract line 6 from line 1
10. If the child can claim his or her own exemption, enter $\$ 3,100^{*}$. Otherwise, enter -0-
11. If the child itemized deductions, enter the child's itemized deductions not directly connected with the production of the income on line 3. Otherwise, enter the child's standard deduction
12. Add lines 10 and 11
13. Enter the child's adjusted gross income (Form 1040, line 37; Form 1040A, line 22; or Form 1040NR, line 35)
14. Divide line 3 by line 13. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000
15. Multiply line 12 by line 14 .
16. Multiply line 15 by line 4
17. Subtract line 16 from line 15
18. Qualified dividends on Form 8615, line 5. Subtract line 16 from line 9. Enter the result here (but do not enter less than zero or more than the amount on Form 8615, line 5)
19. Net capital gain on Form 8615, line 5. Subtract line 17 from line 8 (but do not enter less than zero or more than the excess of Form 8615, line 5, over line 18 of this worksheet)

* If you enter more than $\$ 142,700$ on line 13, see Deduction for Exemptions Worksheet-Line 41 in the Form 1040 instructions for the amount to enter on line 10.


Net capital gain or qualified dividends on line 6. If the parent has a net capital gain, its full amount is the net capital gain included on line 6. If the parent has qualified dividends, the full amount is the amount of qualified dividends included on line 6.

Net capital gain or qualified dividends on line 7. The net capital gain included on line 7 is the total of the amounts of net capital gain included on line 5 of the other children's Forms 8615. The qualified dividends included on line 7 is the total of the amounts of qualified dividends included on line 5 of the other children's Forms 8615. Find these amounts for each other child as explained under Net capital gain or qualified dividends on line 5 beginning on page 2 . (Do not attach the other children's Forms 8615 to the child's return.)

## Line 9

Figure the tax usiny the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J, whichever applies. Use the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040, 1040A, or 1040NR instructions to figure the tax if you do not have to use the Schedule D Tax Worksheet or Schedule J (see below) and any of the following apply.

- You received qualified dividends.
- Schedule D, lines 15 and 16, are both more than zero.
- You do not have to file Schedule D and you received capital gain distributions.

Schedule J. If any farm income is included on line 8, the tax may be less if you use Schedule J. If Schedule J was used to figure the tax on the parent's return, see Pub. 929 for details on how to figure the tax.
Schedule D Tax Worksheet. If the child, parent, or another child has to file Schedule D and line 18 or 19 of any Schedule D is more than zero, use the Schedule D Tax Worksheet in the Instructions for Schedule D to figure the tax. See Pub. 929 for details on how to figure the line 9 tax using the Schedule D Tax Worksheet.

Using the Qualified Dividends and Capital Gain Tax Worksheet for line 9
tax. If you use the Qualified Dividends and Capital Gain Tax Worksheet to figure the line 9 tax, complete that worksheet as follows.

1. On line 1, enter the amount from Form 8615, line 8.
2. On line 2, enter the amount of qualified dividends included on Form 8615, line 8. (See the instructions for line 8.)
3. On line 3, enter the amount of the net capital gain included on Form 8615, line 8. (See the instructions for line 8.)
4. Complete line 4 following the worksheet instructions.
5. If you are completing the worksheet in the Form 1040 instructions, enter on line 5 the total of the amounts, if any, on line 4 g of all Forms 4952 filed by the child, parent, or any other child.
6. Complete lines 6 through 19 (lines 5 through 17 of the worksheet in the Form 1040A or Form 1040NR instructions) following the worksheet instructions. Use the parent's filing status to complete lines 8,16 , and 18 (lines 6, 14, and 16 of the worksheet in the Form 1040A instructions). $\equiv$ Enter the amount from line 19 ne Qualified Dividends and Capital Gain Tax Worksheet (or line 17 of the worksheet in the Form 1040A or Form 1040NR instructions) on Form 8615, line 9, and check the box on that line. Do not attach this worksheet to the child's return.

## Line 10

If the parent filed a joint return, enter the tax shown on that return even if the parent's spouse is not the child's parent.

## Line 15

Figure the tax using the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax Worksheet, or Schedule J, whichever applies. If line 14 includes any net capital gain or qualified dividends (see below), use the Qualified Dividends and Capital Gain Tax Worksheet to figure this tax. However, if the child has to file Schedule D and line 18 or line 19 of the child's Schedule D is more than zero, use the Schedule D Tax Worksheet to figure this tax instead. See Pub. 929 for details on how to figure the line 15 tax using the Schedule D Tax Worksheet.

Before using the Qualified Dividends and Capital Gain Tax Worksheet to figure the line 15 tax, you will need to know the amount of net capital gain and qualified dividends, if any, included on line 14.

## Net capital gain and qualified

 dividends on line 14. If the child does not have any net capital gain or qualified dividends, line 14 does not include any net capital gain or qualified dividends.If the child has net capital gain, the amount of net capital gain included on line 14 is the amount from line 2 of the child's completed Line 5 Worksheet minus the amount from the last line of that worksheet.

If the child has qualified dividends, the amount of qualified dividends included on line 14 is the amount from
line 1 of the child's completed Line 5 Worksheet minus the amount from the next to the last line of that worksheet.

## Using the Qualified Dividends and

 Capital Gain Tax Worksheet for line15 tax. If you use the Qualified Dividends and Capital Gain Tax Worksheet to figure the line 15 tax, complete that worksheet as follows.

1. On line 1, enter the amount from Form 8615, line 14.
2. On line 2, enter the amount of the qualified dividends included on Form 8615, line 14. (See Net capital gain and qualified dividends on line 14 on page 3.)
3. On line 3, enter the amount of the net capital gain included on Form 8615, line 14. (See Net capital gain and qualified dividends on line 14 on page 3.)
4. Complete line 4 following the worksheet instructions.
5. If you are completing the worksheet in the Form 1040 instructions, leave line 5 blank.
6. Complete lines 6 through 19 (lines 5 through 17 of the worksheet in the Form 1040A or Form 1040NR instructions) following the worksheet instructions. Use the child's filing status to complete lines 8,16 , and 18 of the worksheet for Form 1040 (lines 6, 14, and 16 of the worksheet for Form 1040A or Form 1040NR).

Enter the amount from line 19 of this Qualified Dividends and Capital Gain Tax Worksheet (line 17 of the worksheet in the Form 1040A or Form 1040NR instructions) on line 15 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.
Using Schedule $\mathbf{J}$ for line 15 tax. If line 14 includes any farm income, the tax may be less if you use Schedule J . See Pub. 929 for details on how to figure the line 15 tax using Schedule J.

## Line 17

Figure the tax using the Tax Table, Tax Computation Worksheet, Qualified Dividends and Capital Gain Tax Worksheet, Schedule D Tax
Worksheet, or Schedule J, whichever applies. If line 4 includes any qualified dividends or net capital gain, use the Qualified Dividends and Capital Gain Tax Worksheet to figure the tax unless the Schedule D Tax Worksheet has to be used instead. If any farm income is included on line 4, the tax may be less if you use Schedule J.

## Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required
to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping, 26 min.; Learning about the law or the form, 11 min .; Preparing the form, 42 min .; and Copying, assembling, and sending the form to the IRS, 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Instructions for Form 8621-A (August 2005)

Purpose: $\quad$ This is the first circulated draft of the Instructions for Form 8621-A (August 2005) for your review and comments. Form 8621-A (August 2005) is a new form, and therefore a Justification Statement is included in lieu of a list of major changes.

TPCC meeting: None, but may be arranged if requested.
Form: A second circulated draft of Form 8621-A (August 2005) is being made available simultaneously with this first draft of the instructions. The first circulated draft of the form is available at: http://taxforms.web.irs.gov/Products/Drafts/05f8621a_d1.pdf

Other Products: Circulations of draft tax forms and instructions are posted at: http://taxforms.web.irs.gov/draft_products.html. Draft publications are not available.

Comments: Please e-mail, fax, call, or mail any comments by Friday, July 1, 2005.

| From: Diane Regier | PHONE: (202)622-3695 | ROOM: | Date: |
| :--- | :--- | :--- | :--- |
| Tax Law Specialist | FAX: (202)622-3262 | 6411 | June 6, 2005 |
| Corporate Section | Email: |  |  |
| Business Forms and Publications Branch | Diane.Regier@irs.gov |  |  |
| Tax Forms and Publications Division |  |  |  |
| SE:W:CAR:MP:T:B:C |  |  |  |

## Justification Statement

A pending Treasury Regulation will provide an opportunity for U.S. taxpayers who are shareholders in passive foreign investment companies (PFICs) to make an election (more specifically, a late purging election under section 1298(b)(1) that is made after the time prescribed in Regulations section 1.1298-3(c)(4) or Temporary Regulations section 1.1297-3T(c)(4) has elapsed) that will include a one-time payment to afford retroactive relief and avoid future tax liability. Taxpayers will use Form 8621-A to elect treatment under the pending Treasury Regulations.

Taxpayers' requests for retroactive elections will be sent to the Ogden Service Center. Because the retroactive elections generally will be for tax years with closed statutes, most taxpayers requesting retroactive relief will be required to enter into a closing agreement (page 3 of Form 8621-A) to pay the tax and interest that would have been due if the tax years were still open. There are no numbers available on the number of PFICs that exist, nor on the number of shareholders who might take advantage of this relief. It is estimated that approximately 1,000 elections will be filed in the first year that this relief is available. The number of requests for retroactive relief would decrease after the first or second year it is available.

## General Instructions

## Purpose of Form

A U.S. person that is a direct or indirect shareholder of a former Passive Foreign Investment Company (PFIC) or a Section 1297(e) PFIC is treated for tax purposes as holding stock in a PFIC and therefore continues to be subject to taxation under section 1291 unless the shareholder makes a purging election under section 1298(b)(1).

A purging election under section 1298(b)(1) is:

- A deemed dividend election or a deemed sale election made with respect to a former PFIC under the rules of Regulations section 1.1298-3(c) or
- A deemed dividend election or a deemed sale election made with respect to a Section 1297(e) PFIC under the rules of Temporary Regulations section 1.1297-3T(e).

A timely filed purging election is made on Form 8621. This Form 8621-A is used only to make a late purging election under section 1298(b)(1).

A late purging election is a purging election under section 1298(b)(1) that is made:

- In the case of a shareholder of a former PFIC, after 3 years from the due date, as extended, of the tax return for the taxable year that includes the termination date, or - In the case of a shareholder of a section 1297(e) PFIC, after 3 years from the due date, as extended, of the tax return for the taxable year that includes the CFC qualification date.

See Regulations section 1.1298-3(e) or Temporary Regulations section 1.1297-3T(e) for more details.

Generally, the amount due with respect to a late purging election is computed in the same manner as if the purging election had been timely filed. However, the taxpayer must also pay interest on the amount due determined for the period beginning on the due date (without extensions) for the taxpayer's income tax return for the election year and ending on the date the late purging election is filed with the IRS. See the instructions for Part I on page 2 for details.

## How to Complete Form 8621-A

The shareholder makes the applicable election in Part I of the form. The shareholder then provides basic information about the election in Part II or Part III of the form and computes the tax and interest due in Part IV of the form.

If the election year (defined below) is a closed taxable year, the taxpayer must enter into a closing agreement (page 3 of the form) to agree to eliminate any prejudice to the interests of the U.S. government as a consequence of the taxpayer's inability to file an amended return for the election year.

$\Delta$Page 3 must be filed in duplicate and both copies must contain original signatures. See Closing Agreement on page 4 for additional information.

A separate Form 8621-A must be filed for each PFIC for which a late purging election is being made. See Chain of ownership below for specific filing requirements.
Chain of ownership. If the shareholder owns one PFIC and through that PFIC owns one or more other PFICs, the shareholder must file a separate Form 8621-A for each Section 1297(e) PFIC or former PFIC in the chain for which a late purging election is made. File these Forms 8621-A together.

## Where to File

File Form 8621-A with:
Internal Revenue Service
DP 8621-A
Ogden, UT 84201

## Filing Checksheet

Be sure to:

- Check the applicable box in Part I of the form that corresponds to the election you are making.
- Complete the applicable lines in Part II or III of the form (along with any required attachments requested on any of those lines) as requested at the end of the election description in Part I of the form. - Complete Part IV of the form along with any required attachments requested on any of the lines in that Part IV.
- Sign and date the form in the spaces provided at the bottom of page 2 of the form.
- If the election year is a closed taxable year, file page 3 in duplicate. Both of the page 3 submissions must contain original signatures. See Closing Agreement below for details.
- Complete the balance sheet on page 4, if applicable (i.e., if required by line 4 or line 8 of the form).
- Make your check or money order payable to the "United States Treasury." Include your identifying number and
"Form 8621-A" on your payment.
- Enclose the check in the mailing envelope, but do not attach it to Form 8621-A.
- Keep a copy of the form for your records.


## Definitions

## Controlled Foreign Corporation (CFC)

See section 957(a) for definition.

## CFC Overlap Rules

A 10\% U.S. shareholder (defined in section 951(b)) of a CFC that is also a PFIC that includes in income its pro rata share of subpart F income of the CFC generally will not be subject to the PFIC provisions for the same stock during the qualified portion of the shareholder's holding period of the stock in the PFIC. This exception does not apply to option holders. For more information, see section 1297(e).
Note. The attribution rules of section 1298(a)(2)(b) will continue to apply even if the foreign corporation is not a PFIC under the CFC overlap rule.
Qualified portion of holding period.
For purposes of section 1297(e), the qualified portion of the shareholder's holding period in a corporation is the portion of the shareholder's holding period:

- That is after December 31, 1997, and
- During which the shareholder is a U.S. shareholder under section 951(b) and the corporation is a CFC.
CFC Qualification Date. The CFC qualification date is the first day on which the qualified portion of the shareholder's holding period in the Section 1297(e) PFIC begins, as determined under section 1297(e).
Section 1297(e) PFIC. A foreign corporation is a Section 1297(e) PFIC with respect to a shareholder if:

1. The foreign corporation qualifies as a PFIC under section 1297(a) on the first
day on which the qualified portion of the shareholder's holding period in the foreign corporation begins, as determined under section 1297(e)(2) (CFC overlap rule) and
2. The stock of the foreign corporation held by the shareholder is treated as stock of a PFIC, under section 1298(b)(1), because, at any time during the shareholder's holding period of the stock, other than the qualified portion, the corporation was a PFIC that was not a QEF.

## Election Year

- In the case of a Former PFIC, the election year is the taxable year of the electing shareholder that includes the termination date.
- In the case of a Section 1297(e) PFIC, the election year is the taxable year of the electing shareholder and includes the CFC qualification date.


## Former PFIC

A foreign corporation is a former PFIC with respect to the shareholder if the corporation satisfies neither the income test nor the asset test (described under the definition of PFIC below), but whose stock, held by that shareholder, is treated as stock of a PFIC, under section 1297(b)(1), because at any time during the shareholder's holding period of the stock the corporation was a PFIC (under the income or asset test of section 1297(a) described below) that was not a qualified electing fund (QEF).

## Indirect shareholder

Generally, a U.S. person is an indirect shareholder of a Section 1297(e) PFIC or a former PFIC if it is:

1. A direct or indirect owner of a pass-through entity that is a direct or indirect shareholder of a Section 1297(e) PFIC or a former PFIC,
2. A shareholder of a PFIC that is a shareholder of a Section 1297(e) PFIC, or a former PFIC, or
3. A $50 \%$-or-more shareholder of a foreign corporation that is not a PFIC and that directly or indirectly owns stock of a Section 1297(e) PFIC or a former PFIC.

## Passive Foreign Investment Company (PFIC)

A foreign corporation is a PFIC if it meets either the income or asset test described below.

1. Income test. 75\% or more of the corporation's gross income for its taxable year is passive income (as defined in section 1297(b)).
2. Asset test. At least 50\% of the average percentage of assets (determined under section 1207(f)) held by the foreign corporation during the taxable year are assets that produce passive income or that are held for the production of passive income.

Basis for measuring assets. When determining PFIC status using the asset
test, a foreign corporation may use adjusted basis if:

1. The corporation is not publicly traded for the taxable year and
2. The corporation (a) is a CFC or (b) makes an election to use adjusted basis.

Publicly traded corporations must use fair market value when determining PFIC status using the asset test.

Look-thru rule. When determining if a foreign corporation that owns at least $25 \%$ (by value) of another corporation is a PFIC, the foreign corporation is treated as if it held a proportionate share of the assets and received directly its proportionate share of the income of the 25\%-or-more owned corporation.

## Qualified Electing Fund (QEF)

A PFIC is a QEF if the U.S. person who is a direct or indirect shareholder of the PFIC elects (under section 1298) to treat the PFIC as a QEF. See the instructions for Form 8621 for more information.

## Shareholder

A shareholder is a U.S. person that is a direct or indirect shareholder of the foreign corporation. See Indirect
shareholder above for definition.

## Termination date

The termination date is the last day of the last taxable year of the foreign corporation during which it qualified as a PFIC under section 1297(a).

## Specific Instructions

## Address and Identifying Number

Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the shareholder has a P.O. box, enter the box number instead.
Identifying number. Individuals should enter a social security number or a taxpayer identification number issued by the IRS. All other entities, enter employer identification number.
Shareholder Contact Information. If the person to contact with respect to Form 8621-A is the taxpayer, enter "Same" in the entry space for the name and address. If the person to contact with respect to Form 8621-A is a person other than the taxpayer, enter the information requested and attach Form 2848.

## Part I. Elections

## A. Late Deemed Dividend Election With Respect to a Former PFIC

This is a deemed dividend election under section $1.298(b)(1)$ that is made with respect to a former PFIC after the time
prescribed in Regulations section 1.1298-3(c)(4) has elapsed.

## Who May Make the Election

This election may be made by a U.S. person that is a shareholder of a foreign corporation that is a former PFIC provided the foreign corporation was a CFC during the last taxable year as a PFIC.

## Effect of Election

A shareholder making this election is treated as receiving a dividend of its pro rata share of the post-1986 earnings and profits of the former PFIC on the termination date. The deemed dividend is taxed under section 1291 as an excess distribution, allocated only to the days in the shareholder's holding period during which the foreign corporation qualified as a PFIC. For this purpose, the shareholder's holding period ends on the termination date.

## Special Rules

For purposes of this election, the following apply.

- The basis of the shareholder's stock is increased by the amount of the deemed dividend. The manner in which the basis adjustment is made depends on whether the shareholder is a direct or indirect shareholder. See Regulations section 1.1298-3(c)(6).
- The shareholder's holding period (solely for purposes of applying the PFIC rules after the deemed dividend election) begins on the day following the termination date.
- The term "post-1986 earnings and profits" means the undistributed earnings and profits of the PFIC (as of the close of the taxable year that includes the termination date without reduction for dividends distributed during the taxable year) accumulated in tax years beginning after 1986 during which the CFC was a PFIC and while the shareholder held the stock.


## Attachments

The shareholder must attach a statement to Form 8621-A that shows the calculation of its pro rata share of the post-1986 earnings and profits of the former PFIC that is treated as distributed to the shareholder on the termination date. The post-1986 earnings and profits may be reduced (but not below zero) by the amount that the shareholder satisfactorily shows was previously included in its income or in the income of another U.S. person. The shareholder shows this by including in the statement mentioned above the following information:

- The name, address, and identifying number of the U.S. person and the amount that was included in income;
- The tax year in which the amount was previously included in income;
- The provision of law under which the amount was previously included in income;
- A description of the transaction in which the shareholder acquired the stock
of the former PFIC from the other U.S. person; and
- The provision of law under which the shareholder's holding period includes the holding period of the other U.S. person.

For more information on making Election A, see Regulations section 1.1298-3(c).

## How To Make the Election

To make this election, check box A in Part I and complete Part II, lines 1, 2, and 3, and Part IV.

## B. Late Deemed Sale Election With Respect to a Former PFIC

This is a deemed sale election under section 1298(b)(1) that is made with respect to a former PFIC after the time prescribed in Regulations section 1.1298-3(b)(3) has elapsed.

## Who May Make the Election

This election may be made by a U.S. person that is a shareholder of a former PFIC.

## Effect of Election

A shareholder making this election is deemed to have sold the former PFIC stock on the termination date for its fair market value. The gain from the deemed sale is taxed under section 1291 as an excess distribution received on the termination date.

## Special Rules

For purposes of this election, the following apply.

- The basis of the shareholder's stock is increased by the gain recognized on the deemed sale. The manner in which the basis adjustment is made depends on whether the shareholder is a direct or indirect shareholder. See Regulations section 1.1298-3(b)(5).
- For purposes of the PFIC rules only, the shareholder's new holding period of the stock begins on the day following the termination date.
- The election may be made for stock on which the shareholder will realize a loss, but that loss cannot be recognized. In addition, there is no basis adjustment for a loss.
- After the deemed sale, the shareholder stock is not treated as stock in a PFIC.


## How to Make the Election

To make this election, check box B in Part I and complete Part II, lines 1, 2, and 4, and Part IV. For more information regarding making Election B, see Regulations section 1.1298-3(e).

## C. Late Deemed Dividend Election With Respect To a Section 1297(e) PFIC

This is a deemed dividend election under section 1298(b)(1) that is made by a shareholder (as defined on page 1) with respect to a Section 1297(e) PFIC that is
also a CFC after the time prescribed in Temporary Regulations section 1.1297-3T(c)(4) has elapsed.

## Who May Make the Election

The election may be made by a shareholder of a foreign corporation that is a Section 1297(e) PFIC with respect to that shareholder.

## Effect of Election

A shareholder making this election is treated as receiving a dividend of its pro rata share of the post-1986 earnings and profits of the Section 1297(e) PFIC on the CFC qualification date. The deemed dividend is taxed under section 1291 as an excess distribution, allocated only to the days in the shareholder's holding period during which the foreign corporation qualified as a PFIC. For this purpose, the shareholder's holding period ends on the day before the CFC qualification date.

## Special Rules

For the purpose of this election the following apply:

- The basis of the shareholder's stock is increased by the amount of the deemed dividend. The manner in which the basis adjustment is made depends on whether the shareholder is a direct or indirect shareholder. See Temporary Regulations section 1.1297-3T(c)(6).
- The shareholder's holding period (solely for purposes of applying the PFIC rules after the deemed dividend election) begins on the CFC qualification date.
- The term "post-1986 earnings and profits" means the undistributed earnings and profits of the PFIC (as of the day before the CFC qualification date) accumulated in taxable years beginning after 1986 during which the CFC was a PFIC and while the shareholder held the stock.


## Attachments

The shareholder must attach a statement to Form 8621-A that shows the calculation of its pro rata share of the post-1986 earnings and profits of the Section 1297(e) PFIC that is treated as distributed to the shareholder on the CFC qualification date. The post-1986 earnings and profits may be reduced (but not below zero) by the amount that the shareholder satisfactorily shows was previously included in its income or in the income of another U.S. person. The shareholder shows this by including in the statement mentioned above the following information:

- The name, address, and identifying number of the U.S. person and the amount that was included in income;
- The tax year in which the amount was previously included in income;
- A description of the transaction in which the shareholder acquired the stock
of the Section 1297(e) PFIC from the other U.S. person; and
- The provision of law under which the shareholder's holding period includes the holding period of the other U.S. person.


## How to Make the Election

To make this election, check box C in Part I and complete Part III, lines 5, 6, and 7, and Part IV.

For more information on making election C, see Temporary Regulations section 1.1297-3T(c).

## D. Late Deemed Sale Election With Respect To a Section 1297(e) PFIC

This is a deemed sale election under section 1298(b)(1) that is made with respect to a Section 1297(e) PFIC after the time prescribed in Temporary
Regulations section 1.1297-3(b)(2) has elapsed.

## Who May Make the Election

This election may be made by a U.S. person that is a shareholder of a foreign corporation that is a section 1297(e) PFIC with respect to such shareholder.

## Effect of Election

A shareholder making this election is deemed to have sold the Section 1297(e) PFIC stock on the CFC qualification date for its fair market value. The gain from the deemed sale is taxed under section 1291 as an excess distribution received on the CFC qualification date.

## Special Rules

For purposes of this election, the following apply.

- The basis of the shareholder's stock is increased by the gain recognized on the deemed sale. The manner in which the basis adjustment is made depends on whether the shareholder is a direct or indirect shareholder. See Temporary Regulations section 1.1297-3T(b)(5). - For purposes of the PFIC rules only, the shareholder's new holding period of the stock begins on the CFC qualification date.
- The election may be made for stock on which the shareholder will realize a loss, but that loss cannot be recognized. In addition, there is no basis adjustment for a loss.
- After the deemed sale, the
shareholder's stock is not treated as stock in a PFIC.


## How To Make the Election

To make this election, check box D in Part I and complete Part III, lines 5, 6, and 8, and Part IV.

For more information on making election D, see Temporary Regulations section 1.1297-3T(e).

## Part IV. Computation of Tax and Interest Due

## Line 9a

Enter the amount treated as an excess distribution under the deemed dividend or deemed sale election. This amount is:

- In the case of a former PFIC making a deemed dividend election, the amount on line 3 of Part II.
- In the case of a former PFIC making a deemed sale election, the amount on line 4 of Part II.
- In the case of a Section 1297(e) PFIC making a deemed dividend, the amount on line 7 of Part III.
- In the case of a Section 1297(e) PFIC making a deemed sale election, the amount on line 8 of Part III.


## Lines 9b and 10

Determine the allocation of the excess distribution to all applicable taxable years on a separate sheet and attach it to Form 8621-A. Divide the amount on line 9a by the number of days in your holding period. The holding period of the stock is treated as ending on:

- The termination date, in the case of a former PFIC making a deemed sale or deemed dividend election;
- The CFC qualification date, in the case of a Section 1297(e) PFIC making a deemed sale election; and
- The day before the CFC qualification date, in the case of a Section 1297(e) PFIC making a deemed dividend election.

Determine the amount allocable to each tax year in your holding period by adding the amounts allocated to the days in each such tax year. Add the amounts allocated to the tax years before the foreign corporation became a PFIC (pre-PFIC years) and amounts allocated to the election year. Enter the sum on line 10.

## Line 14

Determine the increase in tax for each tax year in your holding period (other than the election year and pre-PFIC years). An increase in tax is determined for each PFIC year by multiplying the part of the distribution or disposition allocated to each year (as determined following the instructions for line 10) by the highest rate of tax under section 1 or section 11, whichever applies, in effect for that tax year. Add the increases in tax computed for all years. Enter the aggregate
increases in tax (before credits) on line 14.

## Line 15

To figure the foreign tax credit, figure the total creditable foreign taxes attributable
to the excess distribution (line 9a) amount. This amount includes, for $10 \%$ or greater corporate shareholders, any taxes deemed paid under section 902. Both the direct and indirect foreign taxes must be creditable under general foreign tax credit principles and the shareholder must choose to claim the foreign tax credit.

The excess distribution taxes (the creditable foreign taxes attributable to an excess distribution) are allocated in the same manner as the excess distribution is allocated. See instructions for lines 10 and 14. Those taxes allocated to pre-PFIC tax years and the election year are taken into account for the election year under the general rules of the foreign tax credit.

The excess distribution taxes allocated to a PFIC year only reduce the increase in tax figured for that tax year (but not below zero). No carryover of any unused excess distribution taxes is allowed.

When you dispose of PFIC stock, the above foreign tax credit rules apply only to the part of the gain that, without regard to section 1291, would be treated under section 1248 as a dividend.

## Line 16

This amount is the aggregate increases in taxes on the excess distribution within the meaning of section 1291(c)(2).

## Line 17

Compute the interest on each net increase in tax for the period beginning on the due date (without regard to extensions) of your income tax return for the tax year to which an increase in tax is attributable and ending with the due date (without regard to extensions) of your income tax return for the election year.

Attach a schedule that shows the computation of interest on each net increase in tax.

## Lines 18 and 19

The line 18 subtotal represents all amounts due as of the due date (without regard to extensions) of the shareholder's income tax return for the election year.
The shareholder making the late deemed dividend or late deemed sale election must pay additional interest on the amount on line 18 from the due date (without regard to extensions) of its income tax return for the election year up to and including the date the Form 8621-A and payment are filed with the IRS. Include this interest amount on line 19.

## Closing Agreement

If the election year is a closed taxable year, file page 3 of the form in duplicate.

Both of the page 3 submissions must contain original signatures. Photocopies of signatures are not acceptable. Page 3 of the actual form you file is the IRS copy. The photocopy of page 3 that you send in with the 4-page form is the taxpayer copy. Write "Taxpayer Copy" in the upper margin of this copy. File the taxpayer copy as the first attachment after the 4 -page form. The taxpayer copy will be returned to you after an authorized IRS official has signed it.

Privacy Act and Paperwork Reduction
Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping $13 \mathrm{hr} ., 38 \mathrm{~min}$.
Learning about the law or the form

6 hr., 27 min.
Preparing and sending the
form to the IRS
6 hr., 57 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this office. Instead, see Where To File on page 1.

## Form 8621-A (August 2005)

Purpose: $\quad$ This is the second circulated draft of the Form 8621-A (August 2005) for your review and comments. See below for a discussion of the major changes made to the form since its first circulation. The first circulated draft of the form may be viewed at: http://taxforms.web.irs.gov/Products/Drafts/05f8621A_d1.pdf

TPCC meeting: None, but may be arranged if requested.
Instructions: The first circulated draft of the Instructions for Form 8621-A (August 2005) is being made available simultaneously with this second circulated draft of the form.

Other products: Circulations of draft tax forms and instructions are posted at: http://taxforms.web.irs.gov/draft_products.html. Draft publications are not available.

Comments: Please e-mail, fax, call, or mail any comments by Friday, July 1, 2005.

| From: Diane Regier | PHONE: (202)622-3695 | ROOM: | Date: |
| :--- | :--- | :--- | :--- |
| Tax Law Specialist | FAX: (202)622-3262 | 6411 | June 6, 2005 |
| Corporate Section | Email: |  |  |
| Business Forms and Publications Branch | Diane.Regier@irs.gov |  |  |
| Tax Forms and Publications Division |  |  |  |
| SE:W:CAR:MP:T:B:C |  |  |  |

## Explanation of Major Changes

- Page 1 - A line was added to the shareholder identifying information at the top of page 1 to request the name and telephone number of a shareholder contact.
- Page 2 - A new line 20 was added for excess distributions in prior taxable years that were not reported on a Form 8621. As a result, the line that follows new line 20 was renumbered and modified.



## Part II Information for Elections With Respect to Former PFICs

1 The termination date, as defined in Regulations section 1.1298-3(d), for the Former PFIC is
2 The taxable year of the shareholder in which the termination date falls is the taxable year beginning and ending $\qquad$ ("election year").
3 The shareholder's pro rata share of the post-1986 earnings and profits of the Former PFIC that is treated as distributed to the shareholder on the termination date is $\$$ $\qquad$ Attach a schedule that shows the calculation of this amount as required under Regulations section 1.1298-3(c)(5)(ii). In addition, if the shareholder filed a Form 5471 for the Former PFIC for the election year, attach Schedule J (Form 5471).
4 The amount of gain the shareholder elects to recognize on the deemed sale of the shareholder's interest in the Former PFIC is \$ . Complete the balance sheet on page 4 for the Former PFIC for the election year or, if the shareholder filed a Form 5471 for the Former PFIC for the election year, attach Schedule F of that Form 5471.

## Part III Information for Elections With Respect to Section 1297(e) PFICs

5 The CFC qualification date, as defined in Temporary Regulations section 1.1297-3T(d), for the Section 1297(e) PFIC is
6 The taxable year of the shareholder in which the CFC qualification date falls is the taxable year beginning _____________ and ending (election year"),
7 The shareholder's pro rata share of the post-1986 earnings and profits of the Section 1297(e) PFIC that is treated as distributed to the shareholder on the CFC qualification date is $\$$ $\qquad$ . Attach a schedule that shows the calculation of this amount as required under Temporary Regulations section 1.1297-3T(c)(5)(ii). In addition, if the shareholder filed a Form 5471 for the Section 1297(e) PFIC for the election year, attach Schedule J (Form 5471).
8 The amount of gain the shareholder elects to recognize on the deemed sale of the shareholder's interest in the Section 1297(e) PFIC is \$ $\qquad$ Complete the balance sheet on page 4 for the Section 1297(e) PFIC for the election year or, if the shareholder filed a Form 5471 for the Section 1297(e) PFIC for the election year, attach Schedule F of that Form 5471.

## Part IV Computation of Tax and Interest Due

9a Excess distribution. Enter amount from line 3 or 4 of Part II or line 7 or 8 of Part III . . . . .
b Attach a statement that (a) shows the shareholder's holding period for each share of stock or block of shares held, (b) allocates the amount on line 9a to each day in the shareholder's holding period, and (c) aggregates all amounts that are allocated to days in each taxable year.
10 Enter the total of the amounts determined in line $9 b$ that allocable to the election year and to taxable years before the foreign corporation became - DFIC pre-PFIC years)
11 Enter the shareholder's income tax liability for the ectic ye.. if the amount on line 10 above had been included in gross income for such varr
12 Enter the amount of the shareholder's ir $0 m \sim+$ ax liability (see instruct'ons), as reported on its original or amended income tax return $f$ erectic year. Attach a c - of the shareholder's original or amended income tax roturn for .iff tic... year. Do not ir de .a 'es (see instructions)
13 Subtract line 12 from line 11
14 Enter the aggregate increases in tax (before credits) for each taxable year in the shareholder's holding period (other than the election year and pre-PFIC years)
15 Foreign tax credit (see instructions)
16 Subtract line 15 from line 14
17 Determine interest on each net increase in tax determined on line 16 above in the manner described in the instructions. Enter the aggregate amount of interest here
18 Add lines 13, 16, and 17
19 Determine interest on the line 18 amount in the manner described in these instructions. Enter the aggregate amount of interest here. See instructions

20 If the shareholder received an excess distribution in a prior taxable year that was not reported on a Form 8621, the shareholder must determine the additional tax and interest due under section 1291 as a result of such excess distribution (including the interest from the due date of the return for the taxable year in which the excess distribution was received until the date this form is filed with the IRS). Attach a completed Form 8621 showing the computation of the amount and enter the amount here . . .
21 Balance due. Add lines 18 through 20

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Important: Attach to Form 8621-A a copy of the Form 8621 filed by the shareholder for any taxable year in which the shareholder received an excess distribution from the foreign corporation.


| Name of shareholder | Identifying number (see instructions) |
| :--- | :--- |

Under section 7121 of the Internal Revenue Code of 1986, as amended ("the Code"), the shareholder filing this Form 8621-A ("Shareholder"), and the Commissioner of Internal Revenue ("Commissioner") hereby make the following closing agreement ("Closing Agreement").

WHEREAS, Shareholder is requesting consent to make the election specified in Part I of this Form 8621-A with respect to the PFIC specified on page 1 of this Form 8621-A ("Corporation");

WHEREAS, Shareholder has completed ALL of the applicable information requested on pages 1 and 2 of this Form 8621-A, which is incorporated into this closing agreement by reference.

WHEREAS, under Regulations section 1.1298-3(e)(1) and Temporary Regulations section 1.1297-3T(e)(1), the Commissioner may grant consent to make a late purging election if (1) Shareholder requests consent to make such election before a representative of the Internal Revenue Service raises upon audit the PFIC status of the foreign corporation for any taxable year of Shareholder; (2) Shareholder has agreed in a closing agreement with the Commissioner to eliminate any prejudice to the interests of the U.S. Government as a consequence of Shareholder's inability to file amended returns for the taxable year in which the CFC qualification date or termination date, as applicable, falls, or an earlier closed taxable year in which Shareholder has taken a position that is inconsistent with the treatment of the Corporation as a PFIC; and (3) Shareholder satisfies the procedural requirements set forth in Regulations section 1.1298-3(e)(3).

WHEREAS, Regulations section 1.1298-3(e)(2) and Temporary Regulations section 1.1297-3(e)(2) provide that the interests of the U.S. Government are prejudiced if granting relief would result in Shareholder having a lower tax liability (other than by a de minimis amount), taking into account applicable interest charges, for the taxable year that includes the CFC qualification date or termination date, as applicable (or a prior taxable year in which Shareholder took a position on a return that was inconsistent with the treatment of the Corporation as a PFIC), than Shareholder would have had if Shareholder had properly made the section 1298(b)(1) election in the time prescribed in Regulations section 1.1298-3(b)(2) or (c)(3) or had not taken a position in a return for an earlier year that was inconsistent with the status of the Corporation as a PFIC;

THEREFORE, based on the material submitted by Shareholder in connection with this Closing Agreement, and in the absence of other material factual or legal circumstances concerning the events described above, it is determined and agreed for federal income tax purposes that-

1. The Commissioner grants Shareholder permission to make the election specified in Part I of this Form 8621-A with respect to Corporation.
2. If Shareholder had made a timely election for the Election Year for Corporation, it would have had an increase in tax for the Election Year in the amounts shown in Part IV of this Form 8621-A. Therefore, the payment of the amount shown on line 21 of this Form 8621-A is sufficient to eliminate any prejudice to the interest of the U.S. Government as a result of Taxpayer's inability to file a return for the Election Year, a closed taxable year.
3. Shareholder's basis in the stock of Corporation will be increased by the amount of the gain resulting from the deemed sale election shown on line 4 or line 8 of this Form 8621-A or the amount of the deemed dividend resulting from the deemed dividend election shown on line 3 or line 7 of this Form 8621-A.
4. This Closing Agreement constitutes a resolution under the Code of the specific matters discussed herein. No inference shall be made with respect to whether this resolution satisfies other federal law.

NOW THIS CLOSING AGREEMENT WITNESSETH, that Shareholder and the Commissioner hereby mutually agree to the determinations set forth above and further mutually agree that those determinations shall be final and conclusive, subject, however, to reopening in the event of fraud, malfeasance, or misrepresentation of material fact, and provided that any change or modification of applicable statutes or tax conventions shall render this Closing Agreement ineffective to the extent that it is dependent upon such statutes or tax conventions.

IN WITNESS WHEREOF, by signing the foregoing, the above parties signify that they have read and agreed to the terms of this document.

By:
Date:

Title:

## COMMISSIONER OF INTERNAL REVENUE

By:
Title:

Date:

## Balance Sheet for Election Year

Complete this balance sheet if the shareholder is making election B or D and is not attaching Schedule F of Form 5471.
Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See page 5 of the instructions for an exception for DASTM corporations.


## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## Allocation of Individual Income Tax to the Virgin Islands

n

## Part I Income From the Virgin Islands

1 Wages, salaries, tips, etc.
2 Taxable interest
3 Ordinary dividends
4 Taxable refunds, credits, or offsets of local Virgin Islands taxes
5 Alimony received
6 Business income or (loss)
7 Capital gain or (loss)
8 Other gains or (losses)
9 IRA distributions (taxable amount)
10 Pensions and annuities (taxable amount)
11 Rental real estate, royalties, partnerships, S corporations, trusts, etc.
12 Farm income or (loss)
13 Unemployment compensation
14 Social security benefits (taxable amount)
15 Other income. List type and amount.
16 Add lines 1 through 15. This is your total income

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## Part II Adjusted Gross Income From the Virgin Islands

17 Educator expenses
18 Certain business expenses of reservists, performing artists, and fee-basis government officials
19 Health savings account deduction.
20 Moving expenses
21 One-half of self-employment tax
22 Self-employed SEP, SIMPLE, and qualified plans
23 Self-employed health insurance deduction
24 Penalty on early withdrawal of savings
25 IRA deduction
26 Student loan interest deduction
27 Tuition and fees deduction
28 Add lines 17 through 27
29 Subtract line 28 from line 16. This is your adjusted gross income


## Part III Allocation of Tax to the Virgin Islands

30 Enter amount from Form 1040, line 63
31 Enter the total of the amounts from Form 1040, lines 58, 59, 62, 66a, and 68 . Include any uncollected social security and Medicare or tier 1 RRTA tax, tax on golden parachute payments, or excise tax on insider stock compensation reported on line 63. Also include any amount from Form 5329, Parts III, IV, V, VI, VII, or VIII reported on line 60
32 Subtract line 31 from line 30
33 Enter amount from Form 1040, line 38
33
Divide line 29 above by line 33. Enter the result as a decimal (rounded to at least 3 places). Do not enter more than 1.000.
35 Multiply line 32 by line 34. This is your tax allocated to the Virgin Islands

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## Part IV Payments of Income Tax to the Virgin Islands

36 Income tax withheld by the Virgin Islands
372005 estimated tax payments and amount applied from 2004 return
38 Amount paid with Form 4868 (extension request)
39 Add lines 36 through 38. These are your total payments
40 Enter the smaller of line 35 or line 39. Also, include this amount in the total on Form 1040, line 71. On the dotted line next to line 71, enter "Form 8689" and show this amount
41 Overpayment to the Virgin Islands. If line 39 is more than line 35, subtract line 35 from line 39
42 Amount of line 41 you want refunded to you
43 Amount of line 41 you want applied to your 2006 estimated tax

4 Amount you owe to the Virgin Islands. Subtract line 39 from line 35. Enter the amount that you are paying here and on Form 1040, line 71. Next to line 71, enter "Form 8689" and the amount paid

# (Use with the November 2002 revision of Form 8697) <br> Interest Computation Under the Look-Back Method for Completed Long-Term Contracts 

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## What's New

- The tax rates used for the interest computation have changed. See the instructions for Line 2 on page 5.
- The address for mailing comments or suggestions on this form has changed. See Privacy Act and Paperwork Reduction Act Notice on page 6.


## Purpose of Form

Use Form 8697 to figure the interest due or to be refunded under the look-back method of section 460(b)(2) on certain long-term contracts that are accounted for under either the percentage of completion method or the percentage of completion-capitalized cost method. For guidance concerning these methods, see Notice 89-15, 1989-1 C.B. 634. For details and computational examples illustrating the use of the look-back method, see Regulations section 1.460.

## Who Must File

## General Rule

You must file Form 8697 for each tax year in which you completed a long-term contract entered into after February 28, 1986, that you accounted for using either the percentage of completion method or the percentage of completion-capitalized cost method for Federal income tax purposes. You also must file Form 8697 for any tax year in which the contract price or contract costs are adjusted for one or more of these long-term contracts from a prior year.

## Pass-Through Entities

A pass-through entity (partnership, S corporation, or trust) that is not closely held must apply the look-back method at the entity level to any contract for which at least $95 \%$ of the gross income is from U.S. sources. A pass-through entity is considered closely held if, at any time during any tax year for which there is income under the contract, $50 \%$ or more (by value) of the
beneficial interests in the entity is held (directly or indirectly) by or for five or fewer persons. For this purpose, rules similar to the constructive ownership rules of section 1563(e) apply.

If you are an owner of an interest in a pass-through entity for every year in which a long-term contract was being accounted for under the percentage of completion method or the percentage of completion-capitalized cost method and the pass-through entity is not subject to the look-back method at the entity level, you must file this form for your tax year that ends with or includes the end of the entity's tax year in which the contract was completed or adjusted. The pass-through entity will provide the information you need to complete this form on Schedule K-1.

## Change of Taxpayer

If the taxpayer reporting income from a long-term contract changes prior to the year of completion of the contract, the taxpayer as of the date of completion will be responsible for the payment of interest, if any, due from any year in which the contract was being accounted for under either the percentage of completion method or the percentage of completion-capitalized cost method. Generally, only the taxpayer that had accounted for a long-term contract in a year that an overpayment occurred may request a refund of interest on the overpayment.

## Exception for Certain Construction Contracts

The look-back method does not apply to the regular taxable income from:

- Any home construction contract (as defined in section 460(e)(6)(A)) or - Any other construction contract entered into by a taxpayer: (a) who estimates the contract will be completed within 2 years from the date the contract begins and (b) whose average annual gross receipts for the 3 tax years preceding the tax year in which the contract is entered into do not exceed $\$ 10$ million. See section 460(e).

However, the look-back method does apply to the alternative minimum taxable income from any such contract that must be accounted for using the percentage of completion method for alternative minimum tax purposes. See section 56(a)(3) for details.

## Small Contract Exception

The look-back method does not apply to any contract completed within 2 years of the contract start date if the gross price of the contract (as of contract completion) does not exceed the smaller of:

- \$1 million or
- $1 \%$ of the taxpayer's average annual gross receipts for the 3 tax years before the tax year of contract completion.

See section 460(b)(3)(B) for details.

## De Minimis Exception

You may elect not to apply the look-back method in certain de minimis cases for contracts completed in tax years ending after August 5, 1997. The look-back method does not apply in the following cases if the election is made.

1. In the completion year if, for each prior contract year, the cumulative taxable income (or loss) actually reported under the contract is within $10 \%$ of the cumulative look-back income (or loss). Cumulative look-back income (or loss) is the amount of taxable income (or loss) that you would have reported if you had used actual contract price and costs instead of estimated contract price and costs.
2. In a post-completion year if, as of the close of the post-completion year, the cumulative taxable income (or loss) under the contract is within $10 \%$ of the cumulative look-back income (or loss) under the contract as of the close of the most recent year in which the look-back method was applied to the contract (or would have been applied if the election had not been made).

For purposes of item 2, discounting under section 460(b)(2) does not apply.

To make the election, attach a statement to your timely filed income tax return (determined with extensions)
for the first tax year of the election. Write at the top of the statement "NOTIFICATION OF ELECTION UNDER SECTION 460(b)(6)." Include on the statement your name, identifying number, and the effective date of the election. Also identify the trades or businesses that involve long-term contracts. Once made, the election applies to all contracts completed during the election year and all later tax years, and may not be revoked without IRS consent. See Regulations section 1.460-6(j) for more details. If you timely filed your return without making the election, you may make the election on an amended return filed no later than 6 months after the due date of your tax return (excluding extensions). Write "Filed pursuant to section 301.9100" at the top of the amended return.

## Filing Instructions

## If You Owe Interest (or No Interest Is To Be Refunded to

 You)Attach Form 8697 to your income tax return. Neither you nor any paid preparer is required to complete the Signature section of Form 8697.

For taxpayers other than partnerships (that are not electing large partnerships), include any interest due in the amount to be entered for total tax (after credits and other taxes) on your return (e.g., 2002 Form 1040, line 61; 2002 Form 1120, Schedule J, line 11, etc.). Write on the dotted line to the left of the entry space "From Form 8697" and the amount of interest due.

For partnerships (other than electing large partnerships), write "From Form 8697" and any interest due in the bottom margin of the tax return and attach a check or money order for the full amount payable to "United States Treasury." Write the partnership's employer identification number (EIN), daytime phone number, and "Form 8697 Interest" on the check or money order.

## If Interest Is To Be Refunded to You

Do not attach Form 8697 to your income tax return. Instead, file Form 8697 separately with the IRS at the applicable address listed below. - Individuals:

Philadelphia, PA 19255-0001

- All others:

Cincinnati, OH 45999-0001
Complete the Signature section of Form 8697 following the instructions for the Signature section of your income tax return. If additional Forms 8697 are
needed (to show more than 3 prior tax years), sign only the first Form 8697.

File Form 8697 by the date you are required to file your income tax return (including extensions). Keep a copy of Form 8697 and any attached schedules for your records.

## Filing a Corrected Form 8697

You must file a corrected Form 8697 only if the amount shown on Part I, line 6 , or Part II, line 7, for any prior year changes as a result of an error you made, an income tax examination, or the filing of an amended tax return.

When completing Part I, line 1, of the corrected Form 8697, follow the instructions on the form but do not enter the adjusted taxable income from Part I, line 3, of the original Form 8697. When completing Part I, line 5 (or Part II, line 6), of the corrected Form 8697, do not include the interest due, if any, from Part I, line 10 (or Part II, line 11), of the original Form 8697 that was included in your total tax when Form 8697 was filed with your tax return.

- If both the original and corrected Forms 8697 show an amount on the line for interest you owe, file an amended income tax return.
- If both the original and corrected Forms 8697 show an amount on the line for interest to be refunded to you, write "Amended" in the top margin of the corrected Form 8697, and file it separately.
- If your original Form 8697 shows an amount on the line for interest you owe and the corrected Form 8697 shows an amount on the line for interest to be refunded to you, you must:

1. File an amended income tax return showing $\$ 0$ interest from Form 8697 and
2. File the corrected Form 8697 separately (but do not write "Amended" at the top of the form because this is the first Form 8697 that you will file separately).

- If the original Form 8697 shows an amount on the line for interest to be refunded to you and the corrected Form 8697 shows an amount on the line for interest you owe, you must:

1. File the corrected Form 8697 separately (with "Amended" written at the top) showing $\$ 0$ interest to be refunded and
2. File an amended income tax return and attach a copy of the corrected Form 8697.

## Attachments

If you need more space, attach separate sheets to the back of Form
8697. Put your name and identifying number on each sheet.

## Applying the Look-Back Method Under Special Situations

## 10\% Method

For purposes of the percentage of completion method, a taxpayer may elect to postpone recognition of income and expense under a long-term contract entered into after July 10, 1989, until the first tax year as of the end of which at least $10 \%$ of the estimated total contract costs have been incurred. For purposes of the look-back method, the recognition of income and expense must be postponed for such contracts until the first tax year as of the end of which at least $10 \%$ of the actual total contract costs have been incurred. Therefore, income and expense will be allocated to a different tax year if the first tax year that the $10 \%$ threshold is exceeded based on actual costs differs from the first tax year that the 10\% threshold is exceeded based on estimated costs. The election to use the $10 \%$ method applies to all long-term contracts entered into during the tax year for which the election is made and all later years. See section 460(b)(5) for more details.

## Change Orders

A change order for a contract is not treated as a separate contract for purposes of applying the look-back method unless the change order would be treated as a separate contract under the rules for severing and aggregating contracts provided in Regulations section 1.460-1(e). Therefore, if a change order is not treated as a separate contract, that portion of the actual contract price and contract costs attributable to the change order must be taken into account in allocating contract income to all tax years of the contract, including tax years before the change order was agreed to.

## Post-Completion Adjustments

## General Rule

If the contract price or costs are revised to reflect amounts properly taken into account after the contract completion date for any reason, you must apply the look-back method in the year such amounts are properly taken into account, even if no other contract is completed in that year. Generally, the amount of each such post-completion adjustment to total contract price or
contract costs is discounted, solely for look-back purposes, from its value at the time the amount is taken into account in computing taxable income to its value at the time the contract was completed. The discount rate for this purpose is the Federal mid-term rate under section 1274(d) in effect at the time the amount is properly taken into account.

However, you may elect not to discount post-completion adjustments for any contract. To make this election, attach a statement to your timely filed income tax return (determined with extensions) for the first tax year after completion in which you take into account any adjustment to the contract price or contract costs. Indicate on the statement that you are making an election not to discount post-completion adjustments under Regulations section 1.460-6(c)(1)(ii)(C)(2) and identify the contracts to which the election applies. Once made, the election is binding for all post-completion adjustments that apply to a contract under an election.

## Delayed Reapplication Method

For purposes of reapplying the look-back method after the year of contract completion, you may elect the delayed reapplication method. Under this method, the look-back method is reapplied after the contract completion year (or after a later reapplication of the look-back method) only when one of the following conditions is met for that contract:

1. The net undiscounted value of increases or decreases in the contract price occurring from the time of the last application of the look-back method exceeds the smaller of $\$ 1$ million or $10 \%$ of the total contract price at that time,
2. The net undiscounted value of increases or decreases in contract costs occurring from the time of the last application of the look-back method exceeds the smaller of $\$ 1$ million or $10 \%$ of the total actual contract costs at that time,
3. The taxpayer goes out of existence,
4. The taxpayer reasonably believes the contract is finally settled and closed, or
5. None of the above conditions $(1-4)$ are met by the end of the 5th tax year that begins after the last previous application of the look-back method.

To elect the delayed reapplication method, attach a statement to your timely filed income tax return (determined with extensions) for the first tax year of the election. Indicate on the statement that you are making an election under Regulations section
1.460-6(e) to use the delayed reapplication method. Once made, the election is binding for all long-term contracts for which you would reapply the look-back method in the absence of the election in the year of the election and all later years, unless the IRS consents to a revocation of the election. See Regulations section 1.460-6(e) for more details.

## Specific Instructions

All filers must complete the information at the top of the form above Part I according to the following instructions and complete either Part I or Part II as appropriate. Also sign the form at the bottom of page 2 unless you are filing the form with your tax return.

## Filing Year

Fill in the filing year line at the top of the form to show the tax year in which the contracts for which this form is being filed were completed or adjusted. If you were an owner of an interest in a pass-through entity that has completed or adjusted one or more contracts, enter your tax year that ends with or includes the end of the entity's tax year in which the contracts were completed or adjusted.

## Name

Enter the name shown on your Federal income tax return for the filing year. If you are an individual filing a joint return, also enter your spouse's name as shown on Form 1040.

## Address

Enter your address only if you are filing this form separately. Include the apartment, suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and you have a P.O. box, show the box number instead.

## Item A—Identifying Number

If you are an individual, enter your social security number. Other filers must use their EIN.

## Part I—Regular Method

Use Part I only if you are not electing, do not have an election in effect, or are not required to use the simplified marginal impact method as described in the instructions for Part II on page 4.

## Columns (a), (b), and (c)

Enter at the top of each column the ending month and year for:

- Each prior tax year in which you were required to report income from the completed long-term contract(s) and
- Any other tax year affected by such years.
Note. If there were more than 3 prior tax years, attach additional Forms 8697 as needed. On the additional Forms 8697, enter your name, identifying number, and tax year. Complete lines 1 through 8 (as applicable), but do not enter totals in column (d). Enter totals only in column (d) of the first Form 8697.


## Line 1

Do not reduce taxable income or increase a loss on line 1 by any carryback of a net operating loss, capital loss, or net section 1256 contracts loss, except to the extent that carryback resulted from or was adjusted by the redetermination of your income from a long-term contract for look-back purposes.

## Line 2

In each column, show a net increase to income as a positive amount and a net decrease to income as a negative amount.

In figuring the net adjustment to be entered in each column on line 2, be sure to take into account any other income and expense adjustments that may result from the increase (or decrease) to income from long-term contracts (e.g., a change to adjusted gross income affecting investment expenses under section 212, medical expenses under section 213, etc.; and the deduction for state income taxes by an accrual basis taxpayer).

Include the following on an attached schedule.

1. Identify each completed long-term contract by contract number, job name, or any other reasonable method used in your records to identify each contract.
2. For each contract, report in columns for each prior year: (a) the amount of income previously reported based on estimated contract price and costs and (b) the amount of income allocable to each prior year based on actual contract price and costs. Total the columns for each prior year and show the net adjustment to income from long-term contracts.
3. Identify any other adjustments that result from a change in income from long-term contracts and show the amounts in the columns for the affected years so that the net adjustment shown in each column on the attached schedule agrees with the amounts shown on line 2.

An owner of an interest in a pass-through entity is not required to provide the detail listed in 1 and 2 above with respect to prior years. The entity should provide the line 2 amounts with Schedule K-1 or on a separate statement for its tax year in which the contracts are completed or adjusted.
Note. Taxpayers reporting line 2 amounts from more than one Schedule K-1 (or a similar statement) must attach a schedule detailing by entity the net change to income from long-term contracts.

## Lines 4 and 5

Reduce the tax liability to be entered on lines 4 and 5 by allowable credits (other than refundable credits, e.g., the credit for taxes withheld on wages, the earned income credit, the credit for Federal tax on fuels, etc.), but do not take into account any credit carrybacks to the prior year in computing the amount to enter on lines 4 and 5 (other than carrybacks that resulted from or were adjusted by the redetermination of your income from a long-term contract for look-back purposes). Include on lines 4 and 5 any taxes (such as alternative minimum tax) required to be taken into account in the computation of your tax liability (as originally reported or as redetermined).

## Lines 7 and 8

For the increase or decrease in tax for each prior year, interest due or to be refunded must be computed at the applicable interest rate and compounded on a daily basis, generally from the due date (not including extensions) of the return for the prior year until the earlier of:

- The due date (not including extensions) of the return for the filing year or
- The date the return for the filing year is filed and any income tax due for that year has been fully paid.


## Exceptions:

- If a net operating loss, capital loss, net section 1256 contracts loss, or credit carryback is being increased or decreased as a result of the adjustment made to net income from long-term contracts, the interest due or to be refunded must be computed on the increase or decrease in tax attributable to the change to the carryback only from the due date (not including extensions) of the return for the prior year that generated the carryback and not from the due date of the return for the year in which the carryback was absorbed. See section 6611(f).
- In the case of a decrease in tax on line 6, if a refund has been allowed for any part of the income tax liability shown on line 5 for any year as a result
of a net operating loss, capital loss, net section 1256 contracts loss, or credit carryback to such year, and the amount of the refund exceeds the amount on line 4, interest is allowed on the amount of such excess only until the due date (not including extensions) of the return for the year in which the carryback arose.

Note. If a different method of interest computation must be used to produce the correct result in your case, use that method and attach an explanation of how the interest was computed.
Applicable Interest Rates
Tables of interest factors to compute daily compound interest were published in Rev. Proc. 95-17, 1995-1 С.B. 556. The annual interest rate in effect and the table and corresponding page number in 1995-1 C.B. for periods through September 30, 2005, are shown in the tables on page 5. For periods beginning after September 30, 2005, use the applicable overpayment rate under section 6621(a)(1) in the revenue rulings published quarterly in the Internal Revenue Bulletin.
Contracts completed in tax years ending after August 5, 1997. For contracts completed in tax years ending after August 5, 1997, an interest rate is determined for each interest accrual period. The interest accrual period starts on the day after the return due date (not including extensions) for each prior tax year and ends on the return due date for the following tax year. The interest rate in effect for the entire interest accrual period is the overpayment rate determined under section 6621(a)(1) applicable on the first day of the interest accrual period. The applicable interest rates for taxpayers other than corporations are shown in Table 1 (for interest accrual periods beginning through 1994) and Table 2 (for interest accrual periods beginning after 1994). Corporations also use Table 1 for interest accrual periods beginning through 1994. For interest accrual periods beginning after 1994, corporations use Table 3 for the first $\$ 10,000$, and use Table 4 for the portion (if any) of the increase or decrease in tax exceeding \$10,000.
Contracts completed in tax years ending before August 6, 1997. The applicable interest rates for taxpayers other than corporations are shown in Table 1 (for periods through 1994) and Table 2 (for periods after 1994). Corporations use Table 1 for periods through 1994. For periods after 1994, corporations use Table 3 for the first $\$ 10,000$, and use Table 4 for the portion (if any) of the increase or decrease in tax exceeding \$10,000.

Line 9
See If Interest Is To Be Refunded to You on page 2 for where to file Form 8697. Additional interest to be refunded for periods after the due date of the return, if any, will be computed by the IRS and included in your refund. Report the amount on line 9 (or the amount refunded by the IRS if different) as interest income on your income tax return for the tax year in which it is received or accrued.

## Line 10

See If You Owe Interest under Filing Instructions on page 1 for how to report this amount on your tax return.
Corporations (other than S corporations) may deduct this amount (or the amount computed by the IRS if different) as interest expense for the tax year in which it is paid or incurred. For individuals and other taxpayers, this interest is not deductible.

## Part II—Simplified Marginal Impact Method

Part II is used only by pass-through entities required to apply the look-back method at the entity level (see Who Must File on page 1) and taxpayers electing (or with an election in effect) to use the simplified marginal impact method. Under the simplified method, prior year hypothetical underpayments or overpayments in tax are figured using an assumed marginal tax rate, which is generally the highest statutory rate in effect for the prior year under section 1 (for an individual) or section 11 (for a corporation). This method eliminates the need to refigure your tax liability based on actual contract price and actual contract costs each time the look-back method is applied.

To elect the simplified marginal impact method, attach a statement to your timely filed income tax return (determined with extensions) for the first tax year of the election. Indicate on the statement that you are making an election under Regulations section 1.460-6(d) to use the simplified marginal impact method. Once made, the election applies to all applications of the look-back method in the year of the election and all later years, unless the IRS consents to a revocation of the election.

## Columns (a), (b), and (c)

Enter at the top of each column the ending month and year for each prior tax year in which you were required to report income from the completed long-term contract.
Note. If there were more than 3 prior tax years, attach additional Forms 8697
as needed. On the additional Forms 8697, enter your name, identifying number, and tax year. Complete lines 1 through 9 (as applicable), but do not enter totals in column (d). Enter totals only in column (d) of the first Form 8697.

## Line 1

In each column, show a net increase to income as a positive amount and a net decrease to income as a negative amount.

On an attached schedule:

- Identify each completed long-term contract by contract number, job name, or any other reasonable method used in your records to identify each contract; and
- For each contract, report in columns for each prior year: (a) the amount of income previously reported based on estimated contract price and costs and (b) the amount of income allocable to each prior year based on actual contract price and costs. Total the columns for each prior year and show the net adjustment to income from long-term contracts.

An owner of an interest in a pass-through entity is not required to provide the detail listed in (a) and (b) above for prior years. The entity should provide the line 1 amounts with Schedule K-1 or on a separate statement for its tax year in which the contracts are completed or adjusted.
Note. Taxpayers reporting line 1 amounts from more than one Schedule K-1 (or a similar statement) must attach a schedule detailing by entity the net change to income from long-term contracts.

## Line 2

Multiply the amount on line 1 by the applicable regular tax rate for each prior year shown in column (a), (b), or (c). The applicable regular tax rate is as follows:

1. Individuals and pass-through entities in which, at all times during the year, more than $50 \%$ of the interests in the entity are held by individuals directly or through other pass-through entities:
```
a. Tax years beginning before
1987
    50%
    b. Tax years beginning in 1987 38.5%
    c. Tax years beginning in 1988,
    1989, or 1990
    d. Tax years beginning in 1991
    or }199
    28%
    31%
```

1987 ..... $38.5 \%$ ..... 28\%
$31 \%$
e. Tax years beginning in 1993 through 2000 .............. 39.6\%
f. Tax years beginning in 2001 39.1\%
g. Tax years beginning in 2002 38.6\%
h. Tax years beginning in 2003
or later
35\%
2. Corporations (other than $S$ corporations) and pass-through entities not included in 1 above:
a. Tax years ending before July 1 , 1987

46\%
b. For tax years beginning before July 1, 1987, that include July 1, 1987 , the rate is $34 \%$ plus the following:
$\frac{\text { Number of days in tax year before } 7 / 1 / 87}{\text { Number of days in tax year }} \times 12 \%$
c. Tax years beginning after June 30, 1987, and ending before 1993
d. For tax years beginning
before 1993 that include January 1,1993 , the rate is $34 \%$ plus the following:
$\frac{\text { Number of days in tax year after 12/31/92 }}{\text { Number of days in tax year }} \times 1 \%$
e. Tax years beginning after

1992
$35 \%$

## Line 3

See the instructions for Part II, line 1, on this page and complete line 3 in the same manner, using only income and deductions allowed for alternative minimum tax (AMT) purposes.

## Line 4

Multiply the amount on line 3 by the applicable AMT rate, which is as follows:

1. Individuals and pass-through entities in which, at all times during the year, more than $50 \%$ of the interests in the entity are held by individuals directly or through other pass-through entities:

| a. Tax years beginning in |  |
| :--- | :--- |
| 1987 through $1990 \ldots . .$. | $21 \%$ |
| b. Tax years beginning in <br> 1991 or $1992 \ldots . . . . . .$. | $24 \%$ |
| c. Tax years beginning in <br> 1993 or later . . . . . . . . . . . | $28 \%$ |

2. Corporations (other than $S$ corporations) and pass-through entities not included in 1 above

## Line 5

If both lines 2 and 4 are negative, enter whichever amount is greater. Treat both numbers as positive when making this comparison, but enter the amount as a negative number. (If the amount on one line is negative, but the amount on the other line is positive, enter the positive amount.)

## Lines 8 and 9

For the increase (or decrease) in tax for each prior year, interest due or to be refunded must be computed at the applicable interest rate and compounded on a daily basis from the due date (not including extensions) of the return for the prior year until the earlier of:

- The due date (not including extensions) of the return for the filing year or
- The date the return for the filing year is filed and any income tax due for that year has been fully paid.

See Applicable Interest Rates in the instructions for Part I, lines 7 and 8 , on page 3.

## Line 10

See the instructions for Part I, line 9, on page 3 .

## Line 11

See the instructions for Part I, line 10, on this page.

Table 1 Interest Rates for All Taxpayers, for periods Through 1994

| From | Through | Rate | Table | Page |
| :---: | ---: | :---: | :---: | :---: |
| - | $6 / 30 / 86$ | $10 \%$ | 25 | 579 |
| $7 / 1 / 86$ | $12 / 31 / 86$ | $9 \%$ | 23 | 577 |
| $1 / 1 / 87$ | $9 / 30 / 87$ | $8 \%$ | 21 | 575 |
| $10 / 1 / 87$ | $12 / 31 / 87$ | $9 \%$ | 23 | 577 |
| $1 / 1 / 88$ | $3 / 31 / 88$ | $10 \%$ | 73 | 627 |
| $4 / 1 / 88$ | $9 / 30 / 88$ | $9 \%$ | 71 | 625 |
| $10 / 1 / 88$ | $12 / 31 / 88$ | $10 \%$ | 73 | 627 |
| $1 / 1 / 89$ | $3 / 31 / 89$ | $10 \%$ | 25 | 579 |
| $4 / 1 / 89$ | $9 / 30 / 89$ | $11 \%$ | 27 | 581 |
| $10 / 1 / 89$ | $3 / 31 / 91$ | $10 \%$ | 25 | 579 |
| $4 / 1 / 91$ | $12 / 31 / 91$ | $9 \%$ | 23 | 577 |
| $1 / 1 / 92$ | $3 / 31 / 92$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 92$ | $9 / 30 / 92$ | $7 \%$ | 67 | 621 |
| $10 / 1 / 92$ | $12 / 31 / 92$ | $6 \%$ | 65 | 619 |
| $1 / 1 / 93$ | $6 / 30 / 94$ | $6 \%$ | 17 | 571 |
| $7 / 1 / 94$ | $9 / 30 / 94$ | $7 \%$ | 19 | 573 |
| $10 / 1 / 94$ | $12 / 31 / 94$ | $8 \%$ | 21 | 575 |

Table 2 Interest Rates for Taxpayers Other Than Corporations, for Periods After 1994

| From | Through | Rate | Table | Page |
| ---: | ---: | :---: | :---: | :---: |
| 1/1/95 | $3 / 31 / 95$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 95$ | $6 / 30 / 95$ | $9 \%$ | 23 | 577 |
| $7 / 1 / 95$ | $12 / 31 / 95$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 96$ | $3 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 96$ | $6 / 30 / 96$ | $7 \%$ | 67 | 621 |
| $7 / 1 / 96$ | $12 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $1 / 1 / 97$ | $3 / 31 / 98$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 98$ | $3 / 31 / 99$ | $7 \%$ | 19 | 573 |
| $4 / 1 / 99$ | $12 / 31 / 99$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 00$ | $3 / 31 / 00$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 00$ | $12 / 31 / 00$ | $9 \%$ | 71 | 625 |
| $1 / 1 / 01$ | $3 / 31 / 01$ | $9 \%$ | 23 | 577 |
| $4 / 1 / 01$ | $6 / 30 / 01$ | $8 \%$ | 21 | 575 |
| $7 / 1 / 01$ | $12 / 31 / 01$ | $7 \%$ | 19 | 573 |
| $1 / 1 / 02$ | $12 / 31 / 02$ | $6 \%$ | 17 | 571 |
| $1 / 1 / 03$ | $9 / 30 / 03$ | $5 \%$ | 15 | 569 |
| $10 / 1 / 03$ | $12 / 31 / 03$ | $4 \%$ | 13 | 567 |
| $1 / 1 / 04$ | $3 / 31 / 04$ | $4 \%$ | 61 | 615 |
| $4 / 1 / 04$ | $6 / 30 / 04$ | $5 \%$ | 63 | 617 |
| $7 / 1 / 04$ | $9 / 30 / 04$ | $4 \%$ | 61 | 615 |
| $10 / 1 / 04$ | $12 / 31 / 04$ | $5 \%$ | 63 | 617 |
| $1 / 1 / 05$ | $3 / 31 / 05$ | $5 \%$ | 15 | 569 |
| $4 / 1 / 05$ | $9 / 30 / 05$ | $6 \%$ | 17 | 571 |
|  |  |  |  |  |
|  |  |  |  |  |

Table 3
Interest Rates for Corporate Increases or Decreases in Tax of \$10,000 or Less for Periods After 1994

| From | Through | Rate | Table | Page |
| :---: | ---: | :---: | :---: | :---: |
| $1 / 1 / 95$ | $3 / 31 / 95$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 95$ | $6 / 30 / 95$ | $9 \%$ | 23 | 577 |
| $7 / 1 / 95$ | $12 / 31 / 95$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 96$ | $3 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 96$ | $6 / 30 / 96$ | $7 \%$ | 67 | 621 |
| $7 / 1 / 96$ | $12 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $1 / 1 / 97$ | $3 / 31 / 98$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 98$ | $12 / 31 / 98$ | $7 \%$ | 19 | 573 |
| $1 / 1 / 99$ | $3 / 31 / 99$ | $6 \%$ | 17 | 571 |
| $4 / 1 / 99$ | $12 / 31 / 99$ | $7 \%$ | 19 | 573 |
| $1 / 1 / 00$ | $3 / 31 / 00$ | $7 \%$ | 67 | 621 |
| $4 / 1 / 00$ | $12 / 31 / 00$ | $8 \%$ | 69 | 623 |
| $1 / 1 / 01$ | $3 / 31 / 01$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 01$ | $6 / 30 / 01$ | $7 \%$ | 19 | 573 |
| $7 / 1 / 01$ | $12 / 31 / 01$ | $6 \%$ | 17 | 571 |
| $1 / 1 / 02$ | $12 / 31 / 02$ | $5 \%$ | 15 | 569 |
| $1 / 1 / 03$ | $9 / 30 / 03$ | $4 \%$ | 13 | 567 |
| $10 / 1 / 03$ | $12 / 31 / 03$ | $3 \%$ | 11 | 565 |
| $1 / 1 / 04$ | $3 / 31 / 04$ | $3 \%$ | 59 | 613 |
| $4 / 1 / 04$ | $6 / 30 / 04$ | $4 \%$ | 61 | 615 |
| $7 / 1 / 04$ | $9 / 30 / 04$ | $3 \%$ | 59 | 613 |
| $10 / 1 / 04$ | $12 / 31 / 04$ | $4 \%$ | 61 | 615 |
| $1 / 1 / 05$ | $3 / 31 / 05$ | $4 \%$ | 13 | 567 |
| $4 / 1 / 05$ | $9 / 30 / 05$ | $5 \%$ | 15 | 569 |
|  |  |  |  |  |
|  |  |  |  |  |

Table 4
Interest Rates for Corporate Increases or Decreases in Tax Exceeding \$10,000
for Periods After 1994

| From | Through | Rate | Table | Page |
| :---: | ---: | :---: | :---: | :---: |
| $1 / 1 / 95$ | $3 / 31 / 95$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 95$ | $6 / 30 / 95$ | $7.5 \%$ | 20 | 574 |
| $7 / 1 / 95$ | $12 / 31 / 95$ | $6.5 \%$ | 18 | 572 |
| $1 / 1 / 96$ | $3 / 31 / 96$ | $6.5 \%$ | 66 | 620 |
| $4 / 1 / 96$ | $6 / 30 / 96$ | $5.5 \%$ | 64 | 618 |
| $7 / 1 / 96$ | $12 / 31 / 96$ | $6.5 \%$ | 66 | 620 |
| $1 / 1 / 97$ | $3 / 31 / 98$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 98$ | $12 / 31 / 98$ | $5.5 \%$ | 16 | 570 |
| $1 / 1 / 99$ | $3 / 31 / 99 /$ | $4.5 \%$ | 14 | 568 |
| $4 / 1 / 99$ | $12 / 31 / 99$ | $5.5 \%$ | 16 | 570 |
| $1 / 1 / 00$ | $3 / 31 / 00$ | $5.5 \%$ | 64 | 618 |
| $4 / 1 / 00$ | $12 / 31 / 00$ | $6.5 \%$ | 66 | 620 |
| $1 / 1 / 01$ | $3 / 31 / 01$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 01$ | $6 / 30 / 01$ | $5.5 \%$ | 16 | 570 |
| $7 / 1 / 01$ | $12 / 31 / 01$ | $4.5 \%$ | 14 | 568 |
| $1 / 1 / 02$ | $12 / 31 / 02$ | $3.5 \%$ | 12 | 566 |
| $1 / 1 / 03$ | $9 / 30 / 03$ | $2.5 \%$ | 10 | 564 |
| $10 / 1 / 03$ | $12 / 31 / 03$ | $1.5 \%$ | 8 | 562 |
| $1 / 1 / 04$ | $3 / 31 / 04$ | $1.5 \%$ | 56 | 610 |
| $4 / 1 / 04$ | $6 / 30 / 04$ | $2.5 \%$ | 58 | 612 |
| $7 / 1 / 04$ | $9 / 30 / 04$ | $1.5 \%$ | 56 | 610 |
| $10 / 1 / 04$ | $3 / 31 / 05$ | $2.5 \%$ | 10 | 564 |
| $4 / 1 / 05$ | $9 / 30 / 05$ | $3.5 \%$ | 12 | 566 |

## 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 tell you our legal right to ask for it, 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 or mandatory under the law.Section 460 provides special rules for computing interest under the look-back method for completed long-term contracts. Section 6001 and its regulations say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under this section and its regulations. Section 6109 and its regulations say that you must show your identifying number (social security number or employer identification number) on what you file. This is so we know who you are and can process your return and other papers.

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 section 6103.

We ask for the information on this form to carry out the Internal Revenue
laws of the United States. We need this information to ensure that you are complying with these laws and to figure and collect or refund the correct amount of interest.

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

If you do not file Form 8697, do not provide the information we ask for, or provide fraudulent information, you may forfeit any refund of interest otherwise owed to you, be charged penalties, or be subject to criminal prosecution.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

## Recordkeeping

Part I . . . . . . . . . . . . . . . 8 hr., 36 min.
Part II . . . . . . . . . . . . . 9 hr., 19 min.
Learning about the law or the form
Part I. . . . . . . . . . . . . . . 2 hr., 22 min.
Part II . . . . . . . . . . . . . 2 hr., 5 min.
Preparing, copying, assembling, and sending the form to the IRS
Part I . . . . . . . . . . . . . . . 2 hr., 37 min.
Part II . . . . . . . . . . . . . 2 hr., 19 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:E:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, IR-6406, Washington, DC 20224. Do not send the tax form to this address. Instead, see Filing Instructions on page 1.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

|  | Credit for Prior Year Minimum TaxIndividuals, Estates, and Trusts <br> See instructions on pages 3 and 4. <br> Attach to Form 1040, 1040NR, or 1041. | OMB No. 1545-1073 |
| :---: | :---: | :---: |
| Form 000 |  | $2005$ |
| Department of the Treasury Internal Revenue Service (99) |  | Attachment <br> Sequence No. 74 |
| Name(s) shown on return |  | Identifying number |

## Part I Net Minimum Tax on Exclusion Items

1 Combine lines 1, 6, and 10 of your 2004 Form 6251. Estates and trusts, see instructions
2 Enter adjustments and preferences treated as exclusion items (see instructions)
3 Minimum tax credit net operating loss deduction (see instructions)
4 Combine lines 1, 2, and 3. If zero or less, enter -0-here and on line 15 and go to Part II. If more than $\$ 191,000$ and you were married filing separately for 2004, see instructions
5 Enter: \$58,000 if married filing jointly or qualifying widow(er) for 2004; \$40,250 single or head of household for 2004; or \$29,000 if married filing separately for 2004. Estates d trusts, enter \$22,500
6 Enter: $\$ 150,000$ if married filing jointly or qualifying widow(er) for 2004; $\$ 112,500$ if single or head of household for 2004; or $\$ 75,000$ if married filing separately for 2004. Estates and trusts, enter \$75,000
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9
8 Multiply line 7 by $25 \%$ (.25)
9 Subtract line 8 from line 5. If zero or less, enter -0 -. If this form is for a child under age 14, see instructions
10 Subtract line 9 from line 4. If zero or less, enter -0-here and on line 15 and go to Part II. Form 1040NR filers, see inct +ior

11 - If for 2004 you ref ted c. ita ain distributions directly on Form 1040, line 13; you reported qualified dividends on rm 40, line 9b (Form 1041, line 2b(2)); or you had a gain on both lines 15 and 16 of Schedule L orm 1040) (lines 14a and 15, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 46 here.

- All others: If line 10 is $\$ 175,000$ or less $(\$ 87,500$ or less if married filing separately for 2004), multiply line 10 by $26 \%$ (.26). Otherwise, multiply line 10 by $28 \%$ (.28) and subtract $\$ 3,500(\$ 1,750$ if married filing separately for 2004) from the result.
12 Minimum tax foreign tax credit on exclusion items (see instructions)
13 Tentative minimum tax on exclusion items. Subtract line 12 from line 11
14 Enter the amount from your 2004 Form 6251, line 34, or 2004 Form 1041, Schedule I, line 55
15 Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-

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## Part II Minimum Tax Credit and Carryforward to 2006

16 Enter the amount from your 2004 Form 6251, line 35, or 2004 Form 1041, Schedule I, line 56
17 Enter the amount from line 15 above
18 Subtract line 17 from line 16. If less than zero, enter as a negative amount
192004 minimum tax credit carryforward. Enter the amount from your 2004 Form 8801, line 26
20 Enter the total of your 2004 unallowed nonconventional source fuel credit and 2004 unallowed qualified electric vehicle credit (see instructions)
21 Combine lines 18, 19, and 20. If zero or less, stop here and see instructions
22 Enter your 2005 regular income tax liability minus allowable credits (see instructions)
23 Enter the amount from your 2005 Form 6251, line 33, or 2005 Form 1041, Schedule I, line 54.
24 Subtract line 23 from line 22. If zero or less, enter -0-
25 Minimum tax credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2005 Form 1040, line 55; Form 1040NR, line 50; or Form 1041, Schedule G, line 2d
26 Minimum tax credit carryforward to 2006. Subtract line 25 from line 21. Keep a record of this amount because you may use it in future years

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| 25 |  |  |
| 26 |  |  |
| 2 |  |  |

For Paperwork Reduction Act Notice, see page 6.

## Part III Tax Computation Using Maximum Capital Gains Rates

Caution: If you did not complete the 2004 Qualified Dividends and Capital Gain Tax Worksheet, the 2004 Schedule D Tax Worksheet, or Part V of the 2004 Schedule D (Form 1041), see the instructions before completing this part.

27 Enter the amount from Form 8801, line 10
28 Enter the amount from line 6 of your 2004 Qualified Dividends and Capital Gain Tax Worksheet, the amount from line 13 of your 2004 Schedule D Tax Worksheet, or the amount from line 22 of the 2004 Schedule D (Form 1041), whichever appies.*

If you figured your 2004 tax using the 2004 Qualified Dividends and Capital Gain Tax Worksheet, skip line 29 and enter the amount from line 28 on line 30. Otherwise, go to line 29.

29 Enter the amount from line 19 of your 2004 Schedule D (Form 1040), or line 14b, column (2), of the 2004 Schedule D (Form 1041)
30 Add lines 28 and 29, and enter the smaller of that result or the amount from line 10 of your 2004 Schedule D Tax Worksheet
31 Enter the smaller of line 27 or line 30
32 Subtract line 31 from line 27


| 27 |  |  |
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| 46 |  |  |

42 Subtract line 37 from line 31
43 Multiply line 42 by $25 \%$ (.25)
44 Add lines 33, 39, 41, and 43
45 If line 27 is $\$ 175,000$ or less ( $\$ 87,500$ or less if married filing separately), multiply line 27 by $26 \%$ (.26). Otherwise, multiply line 27 by $28 \%$ (.28) and subtract $\$ 3,500$ ( $\$ 1,750$ if married filing separately) from the result


[^31]
## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.
Q

## Part I <br> All Filers

1 Enter the amount from line 1 of your Child Tax Credit Worksheet on page 38 of the Form 1040 instructions or page 37 of the Form 1040A instructions. If you used Pub. 972, enter the amount from line 8 of the worksheet on page 4 of the publication

2 Enter the amount from Form 1040, line 52, or Form 1040A, line 33
3 Subtract line 2 from line 1. If zero, stop; you cannot take this credit
4a Earned income (see instructions on back)
b Nontaxable combat pay from Form(s) W-2, box 12 , with code $Q$. If married filing jointly, include your spouse's amounts with yours
5 Is the amount on line 4 a more than \$11,000?
No. Leave line 5 blank and enter -0 - on line 6.
Yes. Subtract $\$ 11,000$ from the amount on line 4 a. Enter the result
6 Multiply the amount on line 5 by $15 \%$ (.15) and enter the result

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| :--- | :--- | :--- |
| 1 |  |  |
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|  |  |  |
| 6 |  |  | Next. Do you have three or more qualifying children?

$\square$ No. If line 6 is zero, stop; you cannot take this credit. Otherwise, skip Part II and enter the smaller of line 3 or line 6 on line 13 .
$\square$ Yes. If line 6 is equal to or more than line 3, skip Part II and enter the amount from line 3 on line 13. Otherwise, go to line 7 .

## Part II Certain Filers Who Have Three or More Qualifying Children

7 Withheld social security and Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If you worked for a railroad, see instructions on back
$8 \mathbf{1 0 4 0}$ filers: Enter the total of the amounts from Form 1040, lines 27 and 59 , plus any uncollected social security and Medicare or tier 1 RRTA taxes included on line 63.
1040A filers: Enter -0-.
9 Add lines 7 and 8
$10 \mathbf{1 0 4 0}$ filers: Enter the total of the amounts from Form 1040, lines 66a and 67.
1040A filers: Enter the total of the amount from Form 1040A, line 41a, plus any excess social security and tier 1 RRTA taxes withheld that you entered to the left of line 43 (see instructions on back).
11 Subtract line 10 from line 9. If zero or less, enter -0-

12 Enter the larger of line 6 or line 11


Next, enter the smaller of line 3 or line 12 on line 13.

## Part III Additional Child Tax Credit

## 13 This is your additional child tax credit

| 13 |  |  |
| :--- | :--- | :--- |



Enter this amount on
Form 1040, line 68, or
Form 1040A, line 42.

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## Parents' Election To Report Child's Interest and Dividends <br> - See instructions. <br> - Attach to parents' Form 1040 or Form 1040NR.

Department of the Treasury Internal Revenue Service

Attachment Sequence No. 40

Caution: The Federal income tax on your child's income, including qualified dividends and capital gain distributions, may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain tax benefits that your child could take on his or her own return. For details, see Tax benefits you may not take on page 2.


## Part I Child's Interest and Dividends To Report on Your Return

1a Enter your child's taxable interest. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions
b Enter your child's tax-exempt interest. Do not include this amount on line 1a

2 Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the instructions

3 Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the instructions

4 Add lines 1a, 2, and 3. If the total is $\$ 1,600$ or less, skip lines 5 and 6 and go to line 7 . If the total is $\$ 8,000$ or more, do not file this form. Your child must file his or her own return to report the income

5 Base amount

6 Subtract line 5 from line 4. See the instructions for where to report this amount. Go to line 7 below

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| 5 | 1,600 | 00 |
| 6 |  |  |

## Part II Tax on the First \$1,600 of Child's Interest and Dividends

7 Amount not taxed
8 Subtract line 7 from line 4. If the result is zero or less, enter -0-

9 Tax. Is the amount on line 8 less than $\$ 800$ ?No. Enter $\$ 80$ here and see the Note below.

| 7 |  | 800 |
| :--- | :--- | :--- |
| 8 |  | 00 |
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| 9 |  |  |

Yes. Multiply line 8 by $10 \%$ (.10). Enter the result here and see the Note below.
Note: If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 9 in the tax you enter on Form 1040, line 44, or Form 1040NR, line 41. Be sure to check box a on Form 1040, line 44, or Form 1040NR, line 41.

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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.
U.S. Savings Bonds Issued After 1989
(a)

Name of person (you, your spouse, or your dependent) who was enrolled at or attended an eligible educational institution
(b)

Name and address of eligible educational institution

## If you need more space, attach a statement.

2 Enter the total qualified higher education expenses you paid in 2005 for the person(s) listed in column (a) of line 1. See the instructions to find out which expenses qualify
3 Enter the total of any nontaxable educational benefits (such as nontaxable scholarship or fellowship grants) received for 2005 for the person(s) listed in column (a) of line 1 (see instructions)
4 Subtract line 3 from line 2. If zero or less, stop. You cannot take the exclusion
5 Enter the total proceeds (principal and interest) from all series EE and I U.S. savings bonds issued after 1989 that you cashed during 2005
6 Enter the interest included on line 5 (see instructions)
7 If line 4 is equal to or more than line 5, enter "1.000." If line 4 is less than line 5 , divide line 4 by line 5 . Enter the result as a decimal (rounded to at least three places).
8 Multiply line 6 by line 7 .
9 Enter your modified adjusted gross income (see instructions)
Note: If line 9 is $\$ 76,200$ or more if single or head of household, or $\$ 121,850$ or more if married filing jointly or qualifying widow (er), stop. You cannot take the exclusion.
10 Enter: $\$ 61,200$ if single or head of household; $\$ 91,850$ if married filing jointly or qualifying widow (er)
11 Subtract line 10 from line 9. If zero or less, skip line 12, enter -0- on line 13 , and go to line 14


12 Divide line 11 by: $\$ 15,000$ if single or head of household; $\$ 30,000$ if married filing jointly or qualifying widow(er). Enter the result as a decimal (rounded to at least three places) .

13 Multiply line 8 by line 12
14 Excludable savings bond interest. Subtract line 13 from line 8. Enter the result here and on Schedule B (Form 1040), line 3, or Schedule 1 (Form 1040A), line 3, whichever applies $\qquad$

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## 2005 Form 8818

## Optional Form To Record Redemption of Series EE and I U.S. Savings Bonds Issued After 1989

Purpose: This is the first circulated draft of the 2005 Form 8818 for your review and comments.<br>TPCC Meeting: None, but may be arranged if requested.<br>Prior Revisions: The 2004 Form 8818 can be viewed by clicking on the following link:<br>http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10097L02.PDF<br>Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.htm<br>Please email, fax, call, or mail any comments by June 7, 2005.

## Major Changes to Form 8818

- Changes have been made to Parts I and II to respond to two changes that have occurred with series EE savings bonds. The Bureau of Public Debt began issuing electronic series EE bonds. Unlike paper series EE bonds electronic series EE bonds are issued at face value. And beginning this year, owners of paper series EE bonds are able to convert them to electronic bonds that do not retain the denomination listed on the paper certificate but are posted at their purchase price (the accrued interest is recorded separately for the bond in the Treasury Direct Account.)
- Part I has been changed to include the term "Paper" in the title to highlight the fact only paper series EE bonds should be entered in this section.
- The phrase "and electronic series EE bonds" has been added in the first sentence of the note (Next) after line 3, in the title in Part II and in the second sentence of line 5.
- The phrase "(must be after 1989)" is added under the title for column (b) of line 4 in Part II. This has been added to reflect the fact series EE bonds could have been issued before 1990 and therefore would not be eligible for the Educational Savings Bond Program.
- There is a note added to the beginning of the "Specific Instructions" section. This statement was moved from the line 1 instructions and now applies to both the line 1 and line 4 instructions.
- Instructions for line 4 have been added to explain what should be entered on this line.
- Revised address for comments and suggestions.
\(\left.$$
\begin{array}{|l|l|l|l|l|l|}\hline \text { FROM: } & \begin{array}{l}\text { EMAIL: } \\
\text { Robert.G.Black@irs.gov }\end{array} & \begin{array}{l}\text { PHONE: } \\
\text { 202-622- } \\
4008\end{array} & \begin{array}{l}\text { FAX: } \\
\text { 202-622- } \\
5002\end{array} & \begin{array}{l}\text { ROOM: } \\
\text { SE:W:CAR:MP:T:I:P }\end{array} & \end{array}
$$ \begin{array}{l}DATE: <br>
May 10, <br>

2005\end{array}\right]\)|  |
| :--- |

rom 8818
(Rev. December 2005)
Department of the Treasury Internal Revenue Service

## Optional Form To Record Redemption of

Series EE and I U.S. Savings Bonds Issued After 1989
(For Individuals With Qualified Higher Education Expenses)

- Keep for your records. Do not send to the IRS.
$\rightarrow$ See instructions on back.

Part I
1
(a) Serial number



2 Add the amounts in column (c) of line 1
3 Multiply line 2 by $50 \%$ (.50). This is your cost of the paper series EE bonds cashed
(c) Face value Next: If you also cashed series I bonds or electronic series EE bonds, go to Part II. Otherwise, skip Part II and go to Part III.

## Part II Series I Bonds and Electronic Series EE Bonds

| (a) Serial number | (b) Issue date (must be after 1989) | (c) Face value |
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## Part III Total Redemption Proceeds and Interest

|  | Total redemption proceeds from the bonds listed in Parts I and II. Be sure to get this figure from the teller when you cash the bonds | 6 |  |
| :---: | :---: | :---: | :---: |
|  | Add lines 3 and 5. This is your total cost of the bonds listed in Parts I and II | 7 |  |
|  | Subtract line 7 from line 6. This is the total interest on the bonds listed in Parts I and II | 8 |  |

## General Instructions

## Purpose of Form

If you cashed series EE or series I U.S. savings bonds that were issued after 1989 and you paid qualified higher education expenses during the year, you may be able to exclude from income part or all the interest on those bonds.

Use Form 8818 to keep a record of the post-1989 series EE and I bonds you cash. You will need the information on this form to complete Form 8815, Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989. Form 8815 is used to figure the amount of interest you can exclude from your income when you file your income tax return. The instructions for your tax return will tell you how to take the exclusion.

Use a separate Form 8818 each time you cash series EE or series I bonds issued after 1989. If you choose not to use Form 8818 but intend to exclude the interest from your income, you should keep records that include the information asked for on this form.

## Bonds That Qualify for Exclusion

To qualify for the exclusion, the bonds must have been issued after 1989 in your name, or, if you are married, they may be issued in your name and your spouse's name. It does not matter who bought the bonds. Also, you must have been age 24 or older before the bonds were issued. A bond bought by a parent and issued in the name of his or her child who is under age 24 will not qualify for the exclusion by the parent or the child. However, the interest on the bond will be taxed at the child's rate once the child reaches age 14. Prior to reaching age 14, the interest may be taxed at the parent's or the child's rate depending on the total amount of the child's investment income (for example, interest and dividends).
Note. Interest on U.S. savings bonds is exempt from state and local income taxes.

## Qualified Higher Education Expenses

Qualified higher education expenses include tuition and fees, but not room and board, required for the enrollment or attendance at a college, university, or vocational school. Qualified expenses also include contributions to a qualified tuition program or to a Coverdell education savings account. The expenses must be for you, your spouse, or your dependent.

## Additional Information

For more details about the exclusion, including limits that apply to the amount you may exclude, see Pub. 550, Investment Income and Expenses or Pub. 970, Tax Benefits for Education.

## Specific Instructions

Note. Before you cash your series EE bonds, separate the bonds issued after 1989 from the bonds issued before 1990.

## Line 1

For each paper series EE bond issued after 1989, enter the correct information for columns (a), (b), and (c) of line 1.

## Line 4

For each series I bond and electronic series EE bond issued after 1989, enter the correct information for columns (a), (b), and (c) of line 4. Include post-1989 series EE bonds converted from paper to electronic bonds. Do not include them in Part I.

## Line 8

You may be able to exclude this interest from your income. See Form 8815 for details.
Note. Keep Form 8818 for your records. Do not send it to the IRS.

Paperwork Reduction Act Notice. Use of this form is optional. It is provided to help you figure your tax liability.

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 Internal Revenue Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . 13 min .
Learning about the
law or the form . . . . . . . . . . . 5 min.
Preparing the form . . . . . . . . . 21 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, keep it for your records.

Orphan Drug Credit

- Attach to your tax return.

Deparn Revenne Serice

Sequence No. 103
Name(s) shown on return
Identifying number

## Part I

## Current Year Credit

1 Qualified clinical testing expenses paid or incurred during the tax year.
2 Current year credit. Multiply line 1 by $50 \%$ (.50) (see instructions)
3 Pass-through orphan drug credits from an S corporation, partnership, estate, or trust
4 Current year credit. Add lines 2 and 3

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| :--- | :--- | :--- |
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| 4 |  |  |

## Part II Allowable Credit (See Who must file Form $38^{〔}$ ? to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
6 Alternative minimum tax:
- Individuals. Enter the ou from Form 6251, line 35
- Corporations. E C. he nou... from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8 a through 8 e
9 Net income tax. Subtract line $8 f$ from line 7. If zero, skip lines 10 through 13 and enter $-0-$ on line 14
10 Net regular tax. Subtract line 8f from line 5 . If zero or less, enter -0-
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33 .
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
13 Enter the greater of line 11 or line 12
14 Subtract line 13 from line 9. If zero or less, enter -0-
15 Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions

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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8820 to claim the orphan drug credit. The credit is $50 \%$ of qualified clinical testing expenses paid or incurred during the tax year. See section 45C and Regulations section 1.28-1 for details.

## Who Must File

An individual, estate, trust, organization, or corporation that elects to claim an orphan drug credit, or any $S$ corporation, partnership, estate, or trust that allocates the credit to its shareholders, partners, or beneficiaries must complete this form and attach it to its income tax return.

## Definitions

Qualified clinical testing expenses.
Generally, qualified clinical testing expenses are amounts paid or incurred by the taxpayer that would be described as qualified research expenses under section 41, with two modifications:

- In sections 41(b)(2) and (3), "clinical testing" is substituted for "qualified research" and
- $100 \%$ (instead of $65 \%$ or $75 \%$ ) of contract research expenses are treated as clinical testing expenses.

Qualified clinical testing expenses do not include expenses to the extent they are funded by a grant, contract, or otherwise by a governmental entity or another person. Clinical testing. Generally, clinical testing means any human clinical testing that meets all four of the following conditions.

1. The testing is carried out under an exemption for a drug being tested for a rare disease or condition under section 505(i) of the Federal Food, Drug, and Cosmetic Act (Act).
2. The testing occurs after the date the drug is designated under Act section 526 and before the date on which an application for the drug is approved under Act section 505(b) (or, if the drug is a biological product, before the date the drug is licensed under section 351 of the Public Health Service Act).
3. The testing is conducted by or for the taxpayer to whom the designation under Act section 526 applies.
4. The testing relates to the use of the drug for the rare disease or condition for which it was designated under Act section 526.

Rare disease or condition. A rare disease or condition is one which afflicts:

- 200,000 or fewer persons in the

United States or

- More than 200,000 persons in the United States, but for which there is no reasonable expectation of recovering the cost of developing and making available a drug in the United States for the disease from sales of the drug in the United States.

The above determinations are made as of the date the drug is designated under Act section 526.

## Testing Not Eligible for the Credit

The credit is not allowed for clinical testing conducted outside the United States unless there is an insufficient U.S. testing population and the testing is conducted by a U.S. person or by another person not related to the taxpayer. Testing conducted either inside or outside the United States by a corporation to which section 936 applies is not eligible for the orphan drug credit.

## Coordination With the Research Credit

Qualified clinical testing expenses used to figure the orphan drug credit cannot also be used to figure the credit for increasing research activities. However, any of these expenses that are also qualified research expenses must be included in base period research expenses when figuring the credit for increasing research activities in a later tax year.

## Specific Instructions

## Part I

## Current Year Credit

Figure any orphan drug credit from your own trade or business on lines 1 and 2. Skip lines 1 and 2 if you are claiming only a credit that was allocated to you from an S corporation, a partnership, an estate, or a trust.

## Line 1

Members of a controlled group of corporations or group of businesses under common control. The group is treated as a single taxpayer and the credit allowed each member is based on its proportionate share of the qualified clinical testing expenses of the group. Enter on line 1 your share of the group's qualified clinical testing expenses.

## Line 2

Reduce the deduction for qualified clinical testing expenses otherwise allowable on your income tax return by the amount of the credit shown on line 2. If the credit exceeds the amount allowed as a deduction for the tax year, reduce the amount chargeable to the capital account for the year for such expenses by the amount of the excess. See section 280C(b) for special rules.

## Line 3

Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary.

## Line 4

Estates and trusts. Allocate the orphan drug credit on line 4 between the estate or trust and the beneficiaries in the same proportion as income was allocated. On the dotted line to the left of line 4, the estate or trust should enter its share of the credit. Label it "1041 Portion" and use this amount in Part II (or on Form 3800, if required) to figure the credit to take on Form 1041. On Schedule K-1, show each beneficiary's share of the portion allocated to beneficiaries.

## S corporations and partnerships.

Allocate the orphan drug credit on line 4 among the shareholders or partners. Attach Form 8820 to Form 1120S or 1065 and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships include this credit in "general credits."

## Part II

## Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- An orphan drug credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.
See the instructions for Form 3800 for a list of credits included in the general business credit.


## Line 11

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 12

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.

## Line 15

If you cannot use all of the credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year, then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . 5 hr., 30 min .

## Learning about the

law or the form
1 hr .
Preparing and sending
the form to the IRS . . . $1 \mathrm{hr} ., 7 \mathrm{~min}$.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Form 8822, Change of Address (Rev. December 2005)

Purpose: This is the first circulated draft of Form 8822 (Rev. December 2005) for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but one may be arranged if requested.
Prior Version: The 2004 revision of Form 8822 is available at: http://www.irs.gov/pub/irs-pdf/f8822.pdf

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by September 26, 2005.

## Gregg M. Lynam

Tax Forms and Publications
SE:W:CAR:MP:T:I:S
Email: Gregg.M.Lynam@irs.gov
Phone: 202-622-4056
Fax: 202-622-5022

## Major Changes to Form 8822 (Rev. December 2005)

The Where To File addresses have been changed to correspond to the current processing alignment.

The OMB language has been updated.

## Part I Complete This Part To Change Your Home Mailing Address

Check all boxes this change affects:
$1 \square$ Individual income tax returns (Forms 1040, 1040A, 1040EZ, 1040NR, etc.)

- If your last return was a joint return and you are now establishing a residence separate from the spouse with whom you filed that return, check here . $\square$
$2 \square$ Gift, estate, or generation-skipping transfer tax returns (Forms 706, 709, etc.)
- For Forms 706 and 706-NA, enter the decedent's name and social security number below.

Decedent's name $>$ Social security number


## Part II Complete This Part To Change Your Business Mailing Address or Business Location

Check all boxes this change affects:
$8 \square$ Employment, excise, income, and other business returns (Forms 720, 940, 940-EZ, 941, 990, 1041, 1065, 1120, etc.)
$9 \square$ Employee plan returns (Forms 5500, 5500-EZ, etc.)
$10 \square$ Business location


## Part III Signature

Daytime telephone number of person to contact (optional) $\quad(\quad)$


## Purpose of Form

You can use Form 8822 to notify the Internal Revenue Service if you changed your home or business mailing address or your business location. If this change also affects the mailing address for your children who filed income tax returns, complete and file a separate Form 8822 for each child. If you are a representative signing for the taxpayer, attach to Form 8822 a copy of your power of attorney.
Changing both home and business addresses? If you are, use a separate Form 8822 to show each change.

## Prior Name(s)

If you or your spouse changed your name because of marriage, divorce, etc., complete line 5. Also, be sure to notify the Social Security Administration of your new name so that it has the same name in its records that you have on your tax return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits.

## Addresses

Be sure to include any apartment, room, or suite number in the space provided.

## P.O. Box

Enter your box number instead of your street address only if your post office does not deliver mail to your street address.

## Foreign Address

Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Please do not abbreviate the country name.

## Signature

If you are completing Part II, the owner, an officer, or a representative must sign. An officer is the president, vice president, treasurer, chief accounting officer, etc. A representative is a person who has a valid power of attorney to handle tax matters or is otherwise authorized to sign tax returns for the business.

## Where To File

Send this form to the Internal Revenue Service Center shown next that applies to you.


If you checked the box on line 2, see Filers Who Checked the Box on Line 2 or Completed Part II for where to file this form.

## Filers Who Checked the Box on Line 1 and Completed Part I

| IF your old home mailing | THEN use this |
| :--- | :--- |
| address was in . . | address . . |

District of Columbia, Maine,
Maryland, Massachusetts,
New Hampshire, New York,
Vermont

| Alabama, Delaware, Florida, Georgia, North Carolina, Rhode Island, South Carolina, Virginia | Atlanta, GA 39901 |
| :---: | :---: |
| Arkansas, Kansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas, West Virginia | Austin, TX 73301 |
| Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Washington, Wyoming | Fresno, CA 93888 |
| Connecticut, Illinois, Indiana, lowa, Michigan, Minnesota, Missouri, North Dakota, Ohio, Wisconsin | Kansas City, MO 64999 |
| New Jersey, Pennsylvania | Philadelphia, PA 19255 |
| American Samoa <br> Guam: <br> Nonpermanent residents Puerto Rico (or if excluding income under Internal <br> Revenue Code section 933) <br> Virgin Islands: <br> Nonpermanent residents <br> Dual-status aliens <br> Those filing Form 4563 | Philadelphia, PA 19255 |
| Foreign country: <br> U.S. citizens and those <br> filing Form 2555 or Form 2555-EZ <br> All APO and FPO addresses | Austin, TX 73301 |
| Guam: <br> Permanent residents | Department of Revenue and Taxation Government of Guam P.O. Box 23607 GMF, GU 96921 |
| Virgin Islands: Permanent residents | V.I. Bureau of Internal Revenue 9601 Estate Thomas Charlotte Amalie <br> St. Thomas, VI 00802 |

## Filers Who Checked the Box on Line 2 or Completed Part II

## IF your old business address THEN use this

 was in... address...Connecticut, Delaware,
District of Columbia, Illinois,
Indiana, Kentucky, Maine,
Maryland, Massachusetts,
Michigan, New Hampshire,
New Jersey, New York, North
Carolina, Ohio, Pennsylvania,
Rhode Island, South Carolina,
Vermont, Virginia, West
Virginia, Wisconsin
Alabama, Alaska, Arizona,
Arkansas, California,
Colorado, Florida, Georgia,
Hawaii, Idaho, Iowa,
Kansas, Louisiana,
Minnesota, Mississippi,
Missouri, Montana,
Ogden, UT 84201

Nebraska, Nevada, New
Mexico, North Dakota,
Oklahoma, Oregon, South
Dakota, Tennessee, Texas,
Utah, Washington,
Wyoming
Outside the United States Philadelphia, PA 19255

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We may give the information to the Department of Justice and to other Federal agencies, as provided by law. We may give it to cities, states, the District of Columbia, and U.S.
commonwealths or possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Our legal right to ask for information is Internal Revenue Code sections 6001 and 6011, which require you to file a statement with us for any tax for which you are liable. Section 6109 requires that you provide your social security number on what you file. This is so we know who you are, and can process your form and other papers.

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 section 6103.

The use of this form is voluntary. However, if you fail to provide the Internal Revenue Service with your current mailing address, you may not receive a notice of deficiency or a notice and demand for tax. Despite the failure to receive such notices, penalties and interest will continue to accrue on the tax deficiencies.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is 16 minutes.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File on this page.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.
1 Description of like-kind property given up

2 Description of like-kind property received

3 Date like-kind property given up was originally acquired (month, day, year)
4 Date you actually transferred your property to other party (month, day, year)
5 Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written notice requirement .
6 Date you actually received the like-kind property from other party (month, day, year). See instructions

| 3 | 1 | 1 |
| :--- | :--- | :--- |
| 4 | 1 | 1 |
|  |  |  |
| 5 | 1 | 1 |
| 6 | 1 | 1 |

7 Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III
$\square$ Yes No

## Part II Related Party Exchange Information

## 8 Name of related party

Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)

9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party directly or indirectly (such as through an intermediary) sell or dispose of any part of the like-kind property received from you in the exchange?

Yes $\square$ No
10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received?.
$\square$ Yes $\square$ No
If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is not the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 unless one of the exceptions on line 11 applies.
11 If one of the exceptions below applies to the disposition, check the applicable box:The disposition was after the death of either of the related parties.
$\square$ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.$\square$ You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation (see instructions).

## Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.
Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherwise, go to line 15.
12 Fair market value (FMV) of other property given up
13 Adjusted basis of other property given up

| 12 |  |  |
| :--- | :--- | :--- |
| 13 |  |  |

14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale
15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions)
16 FMV of like-kind property you received
17 Add lines 15 and 16.
18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15 (see instructions) .
19 Realized gain or (loss). Subtract line 18 from line 17
20 Enter the smaller of line 15 or line 19, but not less than zero
21 Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)
22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)
23 Recognized gain. Add lines 21 and 22
24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions
25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23.

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For Paperwork Reduction Act Notice, see page 4.
Cat. No. 12311A
Form 8824 (2005)

## Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales

Note: This part is to be used only by officers or employees of the executive branch of the Federal Government for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property is more than the basis of the divested property.

26 Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.).

27 Description of divested property
Description of replacement property

29 Date divested property was sold (month, day, year)
Sales price of divested property (see instructions)
31 Basis of divested property
32 Realized gain. Subtract line 31 from line 30
Cost of replacement property purchased within 60 days after date of sale

34 Subtract line 33 from line 30 . If zero or less, enter -0-

35 Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)
36 Subtract line 35 from line 34. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797 (see instructions)

37 Deferred gain. Subtract the sum of lines 35 and 36 from line 32
Basis of replacement property. Subtract line 37 from line 33

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Parts I, II, and III of Form 8824 to report each exchange of business or investment property for property of a like kind. Certain members of the executive branch of the Federal Government use Part IV to elect to defer gain on conflict-of-interest sales.

Multiple exchanges. If you made more than one like-kind exchange, you may file only a summary Form 8824 and attach your own statement showing all the information requested on Form 8824 for each exchange. Include your name and identifying number at the top of each page of the statement. On the summary Form 8824, enter only your name and identifying number, "Summary" on line 1, the total recognized gain from all exchanges on line 23, and the total basis of all like-kind property received on line 25.

## When To File

If during the current tax year you transferred property to another party in a like-kind exchange, you must file Form 8824 with your tax return for that year. Also file Form 8824
for the 2 years following the year of a related party exchange (see the instructions for line 7 on page 3).

## Like-Kind Exchanges

Generally, if you exchange business or investment property solely for business or investment property of a like kind, no gain or loss is recognized under section 1031. If, as part of the exchange, you also receive other (not like-kind) property or money, gain is recognized to the extent of the other property and money received, but a loss is not recognized.

Section 1031 does not apply to exchanges of inventory, stocks, bonds, notes, other securities or evidence of indebtedness, or certain other assets. See section 1031(a)(2). In addition, section 1031 does not apply to certain exchanges involving tax-exempt use property subject to a lease. See section 470(e)(4).
Like-kind property. Properties are of like kind if they are of the same nature or character, even if they differ in grade or quality. Personal properties of a like class are like-kind properties. However, livestock of different sexes are not like-kind properties. Also, personal property used predominantly in the United States and personal property used predominantly outside the United States are
not like-kind properties. See Pub. 544, Sales and Other Dispositions of Assets, for more details.

Real properties generally are of like kind, regardless of whether they are improved or unimproved. However, real property in the United States and real property outside the United States are not like-kind properties.
Deferred exchanges. A deferred exchange occurs when the property received in the exchange is received after the transfer of the property given up. For a deferred exchange to qualify as like-kind, you must comply with the 45-day written notice and receipt requirements explained in the instructions for lines 5 and 6.
Multi-asset exchanges. A multi-asset exchange involves the transfer and receipt of more than one group of like-kind properties. For example, an exchange of land, vehicles, and cash for land and vehicles is a multi-asset exchange. An exchange of land, vehicles, and cash for land only is not a multi-asset exchange. The transfer or receipt of multiple properties within one like-kind group is also a multi-asset exchange. Special rules apply when figuring the amount of gain recognized and your basis in properties received in a multi-asset exchange. For details, see Regulations section 1.1031(j)-1.

## Part I Current Year Credit

1 Total eligible access expenditures (see instructions)
2 Minimum amount.
3 Subtract line 2 from line 1. If zero or less, enter - 0-
4 Maximum amount
5 Enter the smaller of line 3 or line 4
6 Multiply line 5 by $50 \%$ (.50)
7 Disabled access credits from pass-through entities:

\left.| If you are a- | Then enter the total of the current year disabled access credits from- |
| :--- | :--- |
| a Shareholder | Schedule K-1 (Form 1120S), Box 13, Code F, G or L |
| b Partner | Schedule K-1 (Form 1065), Box 15, Code F, G or L |$\right\} . \quad . \quad$.

8 Current year credit. Add lines 6 and 7, but do not enter more than \$5,000

| 1 |  |  |
| :--- | :--- | :--- |
| 2 | $\$ \quad 250$ | 00 |
| 3 |  |  |
| 4 | $\$ 10,000$ | 00 |
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Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
9 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the amount from the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
10 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56
11 Add lines 9 and 10
12a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 12a through 12e.
13 Net income tax. Subtract line $12 f$ from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18
14 Net regular tax. Subtract line 12 f from line 9. If zero or less, enter -0-
15 Enter 25\% (.25) of the excess, if any, of line 14 over $\$ 25,000$ (see instructions)
16 Tentative minimum tax (see instructions):
- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
17 Enter the greater of line 15 or line 16
18 Subtract line 17 from line 13. If zero or less, enter - 0 -
19 Credit allowed for the current year. Enter the smaller of line 8 or line 18 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G , line 2 c ; or the applicable line of your return. If line 18 is smaller than line 8, see instructions

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For Paperwork Reduction Act Notice, see back of form.

## General Instructions

Section references are to the Intemal Revenue Code.

## Purpose of Form

Eligible small businesses use Form 8826 to claim the disabled access credit. This credit is part of the general business credit.
A partnership or $S$ corporation that is an eligible small business completes Part I of the form to figure the credit to pass through to its partners or shareholders. Electing large partnerships include this credit in "general credits."

## Definitions

Eligible Small Business
For purposes of the credit, an eligible small business is any business or person that:

- Had gross receipts for the preceding tax year that did not exceed $\$ 1$ million or had no more than 30 full-time employees during the preceding tax year and
- Elects (by filing Form 8826) to claim the disabled access credit for the tax year. For purposes of the definition:
- Gross receipts are reduced by returns and allowances made during the tax year,
- An employee is considered full time if employed at least 30 hours per week for 20 or more calendar weeks in the tax year, and
- All members of the same controlled group and all persons under common control generally are considered to be one person-see section 44(d)(2).


## Eligible Access Expenditures

For purposes of the credit, these expenditures are amounts paid or incurred by the eligible small business to comply with applicable requirements under the Americans With Disabilities Act of 1990 (Public Law 101-336) as in effect on November 5, 1990.

Eligible access expenditures include amounts paid or incurred:

1. To remove barriers that prevent a business from being accessible to or usable by individuals with disabilities;
2. To provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals;
3. To provide qualified readers, taped texts, and other methods of making visual materials available to individuals with visual impairments; or
4. To acquire or modify equipment or devices for individuals with disabilities. The expenditures must be reasonable and necessary to accomplish the above purposes.

Eligible expenditures do not include expenditures in 1 above that are paid or
incurred in connection with any facility first placed in service after November 5, 1990.
Eligible access expenditures must meet those standards issued by the Secretary of the Treasury as agreed to by the Architectural and Transportation Barriers Compliance Board and set forth in regulations. See section 44(c) for other details.
Disability. For an individual, this means:

- A physical or mental impairment that
substantially limits one or more major life activities,
- A record of such an impairment, or - Being regarded as having such an impairment.


## Specific Instructions Part 1 <br> Current Year Credit

Line 1. Enter total eligible access expenditures paid or incurred during the tax year. See Eligible Access
Expenditures above.
Controlled groups. All members of a controlled group of corporations (within the meaning of section 52 (a)) and all persons under common control (within the meaning of section 52 (b)) are treated as one person for purposes of the credit. The group member with the most eligible access expenditures should figure the group credit in Part I and skip Part II. On separate Forms 8826, each member of the group skips lines 1 through 5 and enters its share of the group credit on line 6. Each member then completes the remaining applicable lines (or Form 3800, if required) on its separate form. Each member must also attach to its Form 8826 a schedule showing how the group credit was divided among all members. The members share the credit in the same proportion that they contributed eligible access expenditures.
Denial of double benefit. To the extent of the credit shown on line 6, the eligible access expenditures may not be claimed as a deduction in figuring taxable income, capitalized, or used in figuring any other credit.

## Part II

## Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A disabled access credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 for a list of credits included in the general business credit.
Line 15. See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, and real estate investment trusts.
Line 16. Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.
Line 19. If you cannot use all of the credit because of the tax liability limit (line 18 is smaller than line 8), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . 6 hr., 13 min .
Learning about the
law or the form . 42 min.

## Preparing and sending

the form to the IRS . 49 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Instructions for Form 8829, Expenses for Business Use of Your Home

Purpose: This is the first circulated proof of the 2005 Instructions for Form 8829, Expenses for Business Use of Your Home, for your review and comments. There are no major changes to the form.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.
Form: The draft 2005 Form 8829 may be accessed at http://taxforms.web.irs.gov/products/Drafts/05f88290_d1.pdf The only changes on the displayed form will be page number references to the instructions.

Prior Revisions: The 2004 Instructions for Form 8829 may be accessed at http://publish.no.irs.gov/INSTRS/PDF/15683Y04.PDF.

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.htm. Draft publications are not available.

Comments: Please call, mail, email, or fax any comments by May 23, 2005.

Steve Bronson
SE:W:CAR:MP:T:I:P
Stephen.R.Bronson@irs.gov
Phone: 202-927-9827
FAX: 202-622-5022
1111 Constitution Ave. NW room 6138
Washington, DC 20224
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Department of the Treasury
Internal Revenue Service

## Instructions for Form 8829

Expenses for Business Use of Your Home<br>Section references are to the Internal Revenue Code.

## General Instructions

Note. If you are claiming expenses for business use of your home as an employee or a partner, or you are claiming these expenses on Schedule F (Form 1040), do not use Form 8829. Instead, complete the worksheet in Pub. 587, Business Use of Your Home (Including Use by Daycare Providers).

## Purpose of Form

Use Form 8829 to figure the allowable expenses for business use of your home on Schedule C (Form 1040) and any carryover to 2006 of amounts not deductible in 2005.

If all of the expenses for business use of your home are properly allocable to inventory costs, do not complete Form 8829. These expenses are figured in Schedule C, Part III, and not on Form 8829.

You must meet specific requirements to deduct expenses for the business use of your home. Even if you meet these requirements, your deductible expenses may be limited. Part IV is used to figure any allowable carryover of expenses that are more than the limit. For details, see Publication 587.

## Who Can Deduct Expenses for Business Use of a Home

Generally, you can deduct business expenses that apply to a part of your home only if that part is exclusively used on a regular basis:

- As your principal place of business for any of your trades or businesses,
- As a place of business used by your patients, clients, or customers to meet or deal with you in the normal course of your trade or business, or
- In connection with your trade or business if it is a separate structure that is not attached to your home.

As explained on this page, exceptions to this rule apply to space used on a regular basis for:

- Storage of inventory or product samples, and
- Certain daycare facilities.


## Principal Place of Business

In determining whether the office in your home qualifies as your principal place of business, you must consider the following two items.

- The relative importance of the activities performed at each place where you conduct business, and
- The amount of time spent at each place where you conduct business.

Your home office will qualify as your principal place of business if you meet the following requirements.

- You use it exclusively and regularly for administrative or management activities of your trade or business.
- You have no other fixed location where you conduct substantial administrative or management activities of your trade or business.
Administrative or management activities. There are many activities that are administrative or managerial in nature. The following are a few examples.
- Billing customers, clients, or patients.
- Keeping books and records.
- Ordering supplies.
- Setting up appointments.
- Forwarding orders or writing reports.

Administrative or management activities performed at other locations. The following activities performed by you or others will not disqualify your home office from being your principal place of business.

- You have others conduct your administrative or management activities at locations other than your home. (For example, another company does your billing from its place of business.)
- You conduct administrative or management activities at places that are not fixed locations of your business, such as in a car or a hotel room.
- You occasionally conduct minimal administrative or management activities at a fixed location outside your home.
- You conduct substantial nonadministrative or nonmanagement business activities at a fixed location outside your home. (For example, you meet with or provide services to customers, clients, or patients at a fixed location of the business outside your home.)
- You have suitable space to conduct administrative or management activities outside your home, but choose to use your home office for those activities instead.
More information. For information on other ways to qualify to deduct business use of the home expenses, see Pub. 587.


## Storage of Inventory or Product Samples

You can also deduct expenses that apply to space within your home used on a regular basis to store inventory or product samples from your trade or business of selling products at retail or wholesale. Your home must be the only fixed location of your trade or business.

## Daycare Facilities

If you use space in your home on a regular basis in the trade or business of providing daycare, you may be able to deduct the business expenses even though you use

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the same space for nonbusiness purposes. To qualify for this exception, you must have applied for (and not have been rejected), been granted (and still have in effect), or be exempt from having a license, certification,
registration, or approval as a daycare center or as a family or group daycare home under state law.

## Expenses Related to Tax-Exempt Income

Generally, you cannot deduct expenses that are allocable to tax-exempt income. However, if you receive a tax-exempt parsonage allowance or a tax-exempt military housing allowance, your expenses for mortgage interest and real property taxes are deductible under the normal rules. No deduction is allowed for other expenses allocable to the tax-exempt allowance.

## Specific Instructions

## Part I

## Lines 1 and 2

To determine the area on lines 1 and 2 , you can use square feet or any other reasonable method if it accurately figures your business percentage on line 7 .

Do not include on line 1 the area of your home you used to figure any expenses allocable to inventory costs. The business percentage of these expenses should have been taken into account in Schedule C, Part III.

## Special Computation for Certain Daycare Facilities

If the part of your home used as a daycare facility included areas used exclusively for business as well as other areas used only partly for business, you cannot figure your business percentage using Part I. Instead, follow these three steps:

1. Figure the business percentage of the part of your home used exclusively for business by dividing the area used exclusively for business by the total area of the home.
2. Figure the business percentage of the part of your home used only partly for business by following the same method used in Part I of the form, but enter on line 1 of your computation only the area of the home used partly for business.
3. Add the business percentages you figured in the first two steps and enter the result on line 7. Attach your computation and enter "See attached computation" directly above the percentage you entered on line 7.

## Line 4

Enter the total number of hours the facility was used for daycare during the year.

Example. Your home is used Monday through Friday for 12 hours per day for 250 days during the year. It is also used on 50 Saturdays for 8 hours per day. Enter 3,400 hours on line 4 ( 3,000 hours for weekdays plus 400 hours for Saturdays).

## Line 5

If you started or stopped using your home for daycare in 2005, you must prorate the number of hours based on the number of days the home was available for daycare. Cross out the preprinted entry on line 5 . Multiply 24 hours by the number of days available and enter the result.

## Part II

## Line 8

If all the gross income from your trade or business is from the business use of your home, enter on line 8 the amount from Schedule C, line 29, plus any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If you file more than one Form 8829, include only the income earned and the deductions attributable to that income during the period you owned the home for which Part I was completed.

If some of the income is from a place of business other than your home, you must first determine the part of your gross income (Schedule C, line 7, and gains from Schedule D and Form 4797) from the business use of your home. In making this determination, consider the amount of time you spend at each location as well as other facts. After determining the part of your gross income from the business use of your home, subtract from that amount the total expenses shown on Schedule C, line 28, plus any losses from your business shown on Schedule D or Form 4797. Enter the result on Form 8829, line 8.

## Columns (a) and (b)

Enter as direct or indirect expenses only expenses for the business use of your home (that is, expenses allowable only because your home is used for business). If you did not operate a business for the entire year, you can deduct only the expenses paid or incurred for the portion of the year you used your home for business. Other expenses not allocable to the business use of your home, such as salaries, supplies, and business telephone expenses, are deductible elsewhere on Schedule C and should not be entered on Form 8829.

Direct expenses benefit only the business part of your home. They include painting or repairs made to the specific area or rooms used for business. Enter 100\% of your direct expenses on the appropriate line in column (a).

Indirect expenses are for keeping up and running your entire home. They benefit both the business and personal parts of your home. Generally, enter $100 \%$ of your indirect expenses on the appropriate line in column (b).

Exception. If the business percentage of an indirect expense is different from the percentage on line 7, enter only the business part of the expense on the appropriate line in column (a), and leave that line in column (b) blank. For example, your electric bill is $\$ 800$ for lighting, cooking, laundry, and television. If you reasonably estimate $\$ 300$ of your electric bill is for lighting and you use 10\% of your home for business, enter \$30 on line 19 in column (a). Do not make an entry on line 19 in column (b) for any part of your electric bill.

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## Lines 9, 10, and 11

Enter only the amounts that would be deductible whether or not you used your home for business (that is, amounts allowable as itemized deductions on Schedule A (Form 1040)).

Treat casualty losses as personal expenses for this step. Figure the amount to enter on line 9 by completing Form 4684, Section A. When figuring Form 4684, line 17, enter $10 \%$ of your adjusted gross income excluding the gross income from business use of your home and the deductions attributable to that income. Include on Form 8829, line 9, the amount from Form 4684, line 18. See Line 27 below to deduct part of the casualty losses not allowed because of the limits on Form 4684.

Do not file or use that Form 4684 to figure the amount of casualty losses to deduct on Schedule A. Instead, complete a separate Form 4684 to deduct the personal portion of your casualty losses.

On line 10, include only mortgage interest that would be deductible on Schedule A and that qualifies as a direct or indirect expense. Do not include interest on a mortgage loan that did not benefit your home (for example, a home equity loan used to pay off credit card bills, to buy a car, or to pay tuition costs).

If you itemize your deductions, be sure to claim only the personal portion of your deductible mortgage interest and real estate taxes on Schedule A. For example, if your business percentage on line 7 is $30 \%$, you can claim $70 \%$ of your deductible mortgage interest and real estate taxes on Schedule A.

## Line 16

If the amount of home mortgage interest you deduct on Schedule A is limited, enter the part of the excess mortgage interest that qualifies as a direct or indirect expense. Do not include mortgage interest on a loan that did not benefit your home (explained earlier).

## Line 20

Include on this line any 2005 operating expenses not included on lines 9 through 19 .

If you rent rather than own your home, include the rent you paid on line 20, column (b). If your housing is provided free of charge and the value of the housing is tax exempt, you cannot deduct the rental value of any portion of the housing.

## Line 27

Multiply your casualty losses in excess of the amount on line 9 by the business percentage of those losses and enter the result.

## Line 34

If your home was used in more than one business, allocate the amount shown on line 34 to each business using any method that is reasonable under the circumstances. For each business, enter on Schedule C, line 30 , only the amount allocated to that business.

## Part III

## Lines 35 Through 37

Enter on line 35 the cost or other basis of your home, or, if less, the fair market value of your home on the date you first used the home for business. Do not adjust this amount for depreciation claimed or changes in fair market value after the year you first used your home for business. Allocate this amount between land and building values on lines 36 and 37 .

Attach your own schedule showing the cost or other basis of additions and improvements placed in service after you began to use your home for business. Do not include any amounts on lines 35 through 38 for these expenditures. Instead, see the instructions for line 40.

## Line 39

| IF you first used your home <br> for business in the following <br> month in 2005... | THEN enter the following <br> percentage on line 39*... |
| :--- | :---: |
| January | $2.461 \%$ |
| February | $2.247 \%$ |
| March | $2.033 \%$ |
| April | $1.819 \%$ |
| May | $1.605 \%$ |
| June | $1.391 \%$ |
| July | $1.177 \%$ |
| August | $0.963 \%$ |
| September | $0.749 \%$ |
| October | $0.535 \%$ |
| November | $0.321 \%$ |
| December | $0.107 \%$ |


| IF you first used your home <br> for business... | THEN the percentage to <br> enter on line 39 is... |
| :--- | :--- |
| after May 12, 1993, and before | $2.564 \%$ *. |
| 2005 (except as noted below), |  |$\quad$| after May 12, 1993, and before |
| :--- |
| 1994, and you either started <br> construction or had a binding <br> contract to buy or build that <br> home before May 13, 1993, |
| the pub. 946. |
| after May 12, 1993, and you given in <br> stopped using your home for <br> business before the end of the <br> year, |
| the percentage given in <br> Pub. 946 as adjusted by the <br> instructions under Sale or <br> Other Disposition Before the <br> Recovery Period Ends in that <br> publication. |
| after 1986 and before May 13, | | the percentage given in |
| :--- |
| Pub. 946. |

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| IF you first used your home <br> for business... | THEN the percentage to <br> enter on line 39 is... |
| :--- | :--- |
| before 1987, | the percentage given in <br> Pub. 534, Depreciating <br> Property Placed in Service <br> Before 1987. |

*Exception. If the business part of your home is qualified Indian reservation property (as defined in section 168(j)(4)), see Pub. 946, How To Depreciate Property, to figure the depreciation.

## Line 40

If no additions and improvements were placed in service after you began using your home for business, multiply line 38 by the percentage on line 39. Enter the result on lines 40 and 28.

| IF additions and <br> improvements were placed <br> in service... | THEN figure the depreciation <br> allowed on these <br> expenditures by multiplying <br> the business part of their <br> cost or other basis by... |
| :--- | :--- |
| during 2005 (but after you <br> began using your home for <br> business), | the percentage in the line 39 <br> instructions for the month <br> placed in service*. |
| after May 12, 1993, and before <br> 2005 (except as noted below), | $2.564 \%^{*}$. |
| after May 12, 1993, and before <br> 1994, and you either started <br> construction or had a binding <br> contract to buy or build that <br> home before May 13, 1993, | the percentage given in <br> Pub. 946. |
| after May 12, 1993, and you <br> stopped using your home for <br> business before the end of the <br> year, | the percentage given in <br> Pub. 946 as adjusted by the <br> instructions under Sale or <br> Other Disposition Before the <br> Recovery Period Ends in that <br> publication. |
| after 1986 and before May 13, | the percentage given in <br> Pub. 946. |
| 1993, | the percentage given in <br> Pub. 534. |
| before 1987, |  |

## *See the Exception on page 3.

Attach a schedule showing your computation and include the amount you figured in the total for line 40. Enter "See attached" below the entry space.

Complete and attach Form 4562, Depreciation and Amortization, only if:

- You first used your home for business in 2005, or
- You are depreciating additions and improvements placed in service in 2005.

If you first used your home for business in 2005, enter the amounts from Form 8829, lines 38 and 40 , in
columns (c) and (g) of line 19i, Form 4562. In column (b) of line 19i, enter the month and year you first used your home for business. Do not include the amount from Form 8829, line 40, on Schedule C, line 13.

If you are depreciating additions and improvements placed in service in 2004, enter in column (b) of line 19i on Form 4562 the month and year the additions or improvements were placed in service. Enter the business basis of the additions or improvements in column (c) and the depreciation allowable on the additions or improvements in column (g). Do not include the amount entered in column ( g ) on Schedule C, line 13.

## Part IV

If your expenses are greater than the current year's limit, you can carry over the excess to 2006. The carryover will be subject to the deduction limit for that year, whether or not you live in the same home during that year.

## Line 41

Figure the amount of operating expenses you can carry over to 2006 by subtracting line 25 from line 24 . If the result is zero or less, you have no amount to carry over.

## Line 42

Figure the amount of excess casualty losses and depreciation you can carry over to 2006 by subtracting line 31 from line 30 . If the result is zero or less, you have no amount to carry over.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 52 min.; Learning about the law or the form, 7 min.; Preparing the form, $1 \mathrm{hr} ., 15 \mathrm{~min} . ;$ and Copying, assembling, and sending the form to the IRS, 20 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.


## Part II Figure Your Allowable Deduction

8 Enter the amount from Schedule C, line 29, plus any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If more than one place of business, see instructions See instructions for columns (a) and (b) before completing lines 9-20.
9 Casualty losses (see instructions)

18 Repairs and maintenance
19 Utilities
20 Other expenses (see instructions)
21 Add lines 16 through 20
22

## 28 Depreciation of your home from Part III below

## 30 Add lines 27 through 29

31 Allowable excess casualty losses and depreciation. Enter the smaller of line 26 or line 30
32 Add lines 14, 25, and 31
33 Casualty loss portion, if any, from lines 14 and 31. Carry amount to Form 4684, Section B
34 Allowable expenses for business use of your home. Subtract line 33 from line 32. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions

|  | (a) Direct expenses |  | (b) Indirect expens |
| :---: | :---: | :---: | :---: |
| 9 |  |  |  |
| 10 |  |  |  |
| 11 |  |  |  |
| 12 |  |  |  |
|  |  | 13 |  |
|  |  |  |  |
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| 16 |  |  |  |
| 17 |  |  |  |
| 18 |  |  |  |
| 19 |  |  |  |
| 20 |  |  |  |
| 21 |  |  |  |
|  |  | 22 |  |
| 8829 | ine 41 | 23 |  |



## Part III Depreciation of Your Home

35 Enter the smaller of your home's adjusted basis or its fair market value (see instructions)
36 Value of land included on line 35
37 Basis of building. Subtract line 36 from line 35
38 Business basis of building. Multiply line 37 by line 7
39 Depreciation percentage (see instructions)
40 Depreciation allowable (see instructions). Multiply line 38 by line 39 . Enter here and line 28 above
Part IV Carryover of Unallowed Expenses to 2006
41 Operating expenses. Subtract line 25 from line 24. If less than zero, enter -0-
42 Excess casualty losses and depreciation. Subtract line 31 from line 30. If less than zero, enter -0 -

| 35 |  |  |
| :--- | :--- | ---: |
| 36 |  |  |
| 37 |  |  |
| 38 |  |  |
| 39 |  | $\%$ |
| 40 |  |  |


| 41 |  |  |
| :--- | :--- | :--- |
| 42 |  |  |

## 2005 Form 8830, Enhanced Oil Recovery Credit

Purpose: This is the first circulated draft of the 2005 Form 8830 for your review and comments. The major changes are shown below.

TPCC Meeting: None, but one may be arranged if requested.
Prior Version: The 2004 Form 8830 is available at: http://www.irs.gov/pub/irs-pdf/f8830.pdf
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.htm|

Comments: Please email, fax, call, or mail any comments by June 29, 2005.

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## Major Changes

## On the form:

1) Major changes to the form portion begin with the box references on lines 3 a - codes $\mathrm{G}, \mathrm{H}$, and V are now codes F, G, and U.
2) On line $3 b$, codes $G$ and $H$ are now codes $F$ and $G$.

Major changes to the form portion also include the following Form 1040 line reference changes.

1. On line 5 , the line 43 reference is now line 44 .
2. On line 8 b , the "lines 47 through 53 " reference is now "lines 48 through 54 ".

3 . On line 15 , the line 54 reference is now line 55 .

## In the Instructions:

1) The definition of qualified enhanced oil recovery costs is expanded to include those with respect to an Alaska natural gas plant within the meaning of section 43(c)(1)(D) and 43(c)(5) (added by section 707 of the American Jobs Creation Act of 2004).
2) Under Who must file Form 3800, the major change is the deletion of the reference to Form 8884, New York Liberty Zone Employment Credit, as it is obsolete for tax year 2005. A reference to Form 6478 is added here because it is no longer filed with Form 3800. Enhanced Oil Recovery Credit

## Part I Current Year Credit

1 Qualified enhanced oil recovery costs (see instructions)
2 Multiply line 1 by 15\% (.15)
3 Enhanced oil recovery credits from pass-through entities:
$\left.\begin{array}{l|l}\hline \text { If you are a- } & \text { Then enter the total of the current year credits from- } \\ \hline \text { a } & \text { Shareholder } \\ \text { b } & \text { Schedule K-1 (Form 1120S), Box 13, code F, G, or U } \\ \text { S } & \text { Schedule K-1 (Form 1065), Box 15, code F, G, or U }\end{array}\right\}$

4 Current year credit. Add lines 2 and 3

## Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the amount from the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
6 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27 ).
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8a through 8 e
9 Net income tax. Subtract line $8 f$ from line 7. If zero, skip lines 10 through 13 and enter $-0-$ on line 14
10 Net regular tax. Subtract line $8 f$ from line 5. If zero or less, enter -0-
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
13 Enter the greater of line 11 or line 12
14 Subtract line 13 from line 9. If zero or less, enter -0-
15 Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G , line 2 c ; or the applicable line of your return. If line 14 is smaller than line 4 , see instructions


## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8830 to claim the enhanced oil recovery credit.
An owner of an operating mineral interest may claim or elect not to claim this credit any time within 3 years from the due date (excluding extensions) of its return on either its original or an amended return. This credit is part of the general business credit.

## Amount of Credit

The credit generally is $15 \%$ of qualified costs for the year, but is reduced when the reference price per barrel exceeds the base value of $\$ 28$ (as adjusted by inflation). For 2005, there is no reduction of the credit.

## Definitions

## Qualified enhanced oil recovery costs means: <br> 1. Any amount paid or incurred during the tax year for tangible property- <br> a. That is an integral part of a qualified enhanced oil recovery project and

b. For which depreciation (or amortization) is allowable.
2. Any intangible drilling and development costs-
a. That are paid or incurred in connection with a qualified enhanced oil recovery project and
b. For which the taxpayer may make an election under section 263(c). For an integrated oil company, this includes intangible drilling costs required to be amortized under section 291(b).
3. Any qualified tertiary injectant expenses (as defined in section 193(b)) paid or incurred in connection with a qualified enhanced oil recovery project for
which a deduction is allowable for the tax year. Qualified tertiary injectant expenses includes expenditures related to the use of a tertiary injectant as well as expenditures related to the acquisition (whether
produced or acquired by purchase) of the tertiary injectant. However, it does not include costs that would have been paid or incurred in the development or operation of a mineral property if an enhanced oil recovery project had not been implemented with respect to the property. Costs that are related to the use of a tertiary injectant and that also are related to other activities (for example, primary or secondary recovery) must be reasonably allocated among the tertiary injectant and the other activities to determine the amount of tertiary injectant expenses paid or incurred for the tax year. For more details, see Rev. Rul. 2003-82, 2003-30 I.R.B. 125.
4. Any amount paid or incurred during the tax year to construct an Alaska natural gas plant within the meaning of sections 43(c)(1)(D) and 43(c)(5).

## Qualified enhanced oil recovery

 project means any project involving the application of one or more tertiary recovery methods defined in section 193(b)(3) (and listed below) that can reasonably be expected to result in more than an insignificant increase in the amount of crude oil that will ultimately be recovered. The project must be located within the United States, including the seabed and subsoil adjacent to the territorial waters of the United States over which the United States has exclusive rights by international law for exploration and exploitation of natural resources (see section 638(1)). The first injection of liquids, gases, or other matter must begin after 1990. However, any significant expansion after 1990 of a project begun before 1991 is treated as a project where the first injection begins after 1990.Additionally, the operator or designated owner must file a certification from a petroleum engineer, who is registered or certified by a state, that the project meets the above requirements. The operator or designated owner also must file a certification each subsequent year indicating that the project continues to be implemented substantially in accordance with the petroleum engineer's certification.

If the application of a tertiary recovery method is terminated, the operator or designated owner must file a notice of project termination for the tax year when the project terminates.

Send these filings to the Ogden Submission Processing Center, P.O. Box 9941, Ogden, UT 84409, by the due date of the operator's or designated owner's Federal income tax return. See Regulations section 1.43-3 for the information required in the notice and certifications.

Tertiary recovery methods qualifying for the credit include:

- Miscible fluid displacement,
- Steam drive injection,
- Microemulsion flooding,
- In situ combustion,
- Polymer-augmented water flooding,
- Cyclic-steam injection,
- Alkaline (or caustic) flooding,
- Carbonated water flooding,
- Immiscible nonhydrocarbon gas
displacement, or
- Any other method approved by the Secretary of the Treasury.


## Specific Instructions

## Part I

## Current Year Credit

Figure any enhanced oil recovery credit
from your own trade or business on lines 1
and 2. Skip lines 1 and 2 if you are only
claiming a credit that was allocated to you from an $S$ corporation or a partnership.

## S Corporations and Partnerships

Figure the total credit on lines 1 through 4. Then allocate the line 4 credit among the individual shareholders or partners in the same way that income and loss are shared. Electing large partnerships include this credit in "general credits."

## Line 1

Enter the total of the qualified costs paid or incurred during the year in connection with a qualified enhanced oil recovery project. See Definitions above.
Reduce the otherwise allowable deductions for line 1 costs by the line 2 credit attributable to these costs. Also, if any part of the line 1 costs are for expenditures that increase the basis of property, reduce the otherwise allowable basis increase by the line 2 credit attributable to these costs.

## Part II <br> Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- An enhanced oil recovery credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

## Line 11

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 12

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the AMT form or schedule and enter the TMT on line 12.

## Line 15

If you cannot use all of your credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . $5 \mathrm{hr} ., 15 \mathrm{~min}$.
$\begin{aligned} & \text { Learning about the } \\ & \text { law or the form . . . . . . } \\ & \begin{array}{l}\text { Preparing and } \\ \text { sending the form } \\ \text { to the IRS . . . . . . }\end{array} \\ & \text { hr., } 1 \mathrm{~min} .\end{aligned}$
to the IRS . . . . . $1 \mathrm{hr} ., 1 \mathrm{mi}$
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.


1 Type of election (see instructions):
aInitial classification by a newly-formed entity.
bChange in current classification.

## 2 Form of entity (see instructions):

aA domestic eligible entity electing to be classified as an association taxable as a corporation.
bA domestic eligible entity electing to be classified as a partnership.
cA domestic eligible entity with a single owner electing to be disregarded as a separate entity.
dA foreign eligible entity electing to be classified as an association taxable as a corporation.
eA foreign eligible entity electing to be classified as a partnership.
fA foreign eligible entity with a single owner electing to be disregarded as a separate entity.

3 Disregarded entity information (see instructions):
a Name of owner
-
ins
a Name of
b Identifying number of owner
c Country of organization of entity electing to be disregarded (if foreign) $\qquad$
4 Election is to be effective beginning (month, day, year) (see instructions) $\qquad$

5 Name and title of person whom the IRS may call for more information

6 That person's telephone number ( )

## Consent Statement and Signature(s) (see instructions)

Under penalties of perjury, I (we) declare that I (we) consent to the election of the above-named entity to be classified as indicated above, and that I (we) have examined this consent statement, and to the best of my (our) knowledge and belief, it is true, correct, and complete. If I am an officer, manager, or member signing for all members of the entity, I further declare that I am authorized to execute this consent statement on their behalf.

| Signature(s) |  |  |
| :--- | :---: | :---: |
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|  |  |  |
|  |  |  |
| For Paperwork Reduction Act Notice, see page 4. | Cat. No. 22598R | Form 8832 (Rev. 11-2005) |

## Caution: DRAFT FORM

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If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.


Renewable Electricity and Refined Coal Production Credit

## Section A. Electricity produced at qualified facilities placed in servic rior to October 23, 2004

Caution: If you also have credits from qualified facilities placed in service aftn O b ber 22, 2004, complete Section A and then complete Section B below.

## Part I Current Year Credit

1 Kilowatt-hours produced and sold (see instructions)
2 Phaseout adjustment (see instructions)
3 Credit before reduction. Subtract line 2 from tine 1
Reduction for government grants, subsidized financing, and other credits:
4 Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any other credits allowed for the project for this and all prior tax years .
5 Total of additions to the capital account for the project for this and all prior tax years
6 Divide line 4 by line 5. Show as a decimal carried to at least 4 places
7 Multiply line 3 by line 6
8 Subtract line 7 from line 3
9 Section A credits from pass-through entities:


10 Current year credit. Add lines 8 and 9


| 1 |  |  |
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Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
11 Regular tax before credits (see instructions)
12 Alternative minimum tax (see instructions)
13 Add lines 11 and 12
14a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 14a through 14e
15 Net income tax. Subtract line 14 f from line 13. If zero, skip lines 16 through 19 and enter $-0-$ on line 20
16 Net regular tax. Subtract line 14 f from line 11. If zero or less, enter -0-
17 Enter 25\% (.25) of the excess, if any, of line 16 over $\$ 25,000$ (see instructions)
18 Tentative minimum tax (see instructions)
19 Enter the greater of line 17 or line 18
20 Subtract line 19 from line 15. If zero or less, enter -0-
21 Credit allowed for the current year. Enter the smaller of line 10 or line 20. Report the total of this amount and the amount from Section B, line 40, on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 20 is smaller than line 10, see instructions

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| $14 f$ |  |  |
| 15 |  |  |
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| 21 |  |  |

Section B. Electricity and refined coal produced at qualified facilities placed in service after October 22, 2004
Part I Current Year Credit
Electricity produced at qualified facilities using wind, closed-loop biomass not modified for co-fire purposes, geothermal, and solar
1 Kilowatt-hours produced and sold (see instructions) . . . ............................ $\times 0.019$ Electricity produced at qualified facilities using open-loop biomass (cellulosic or agricultural livestock waste), small irrigation power, landfill gas, and trash combustion
2 Kilowatt-hours produced and sold after December 31, 2004 (see instructions)
$\times \quad .009$
3 Add lines 1 and 2

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| :--- | :--- | :--- |
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| 2 |  |  |
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4 Phaseout adjustment (see instructions)
\$
\$.................... $\times \ldots . . . .$.
5 Subtract line 4 from line 3

## Refined coal produced at a qualified refined coal production facility

6 Tons produced and sold (see instructions)


8 Subtract line 7 from line 6
9 Credit before reduction. Add lines 5 and 8
Reduction for government grants, subsidized financing, and other credits:
10 Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any other credits allowed for the project for this and all prior tax years
11 Total of additions to the capital account for the project for this and all prior tax years
12 Divide line 10 by line 11 . Show as a decimal carried to at least 4 places
13 Multiply line 11 by the lesser of $1 / 2$ or line 12
14 Subtract line 13 from line 9
Electricity produced at qualified closed-loop biomass facilities modified to co-fire with coal, with other biomass, or both
15 Thermal content of closed-loop biomass used in the facilities
16 Thermal content of all fuels used in the facilities
17 Divide line 15 by line 16. Show as a decimal carried to at least two places
18 Kilowatt-hours produced and sold (see instructions)
19 Multiply line 18 by line 17
20 Phaseout adjustment (see instructions)
21 Subtract line 20 from line 19
22 Section B credits from pass-through entities:

| If you are a- | Then enter the credit(s) from- |
| :---: | :---: |
| a Shareholder | Schedule K-1 (Form 1120S), box 13, code F, G, or U |
| b Partner | Schedule K-1 (Form 1065), box 15, code F, G, or U |
| c Beneficiary | Schedule K-1 (Form 1041), box 13, code H |

23 Add lines 14, 21, and 22
24 Renewable electricity and refined coal production credit included on line 23 from passive activities (see instructions)
25 Subtract line 24 from line 23.
26 Renewable electricity and refined coal production credit allowed for 2005 from a passive activity (see instructions)
27 Carryforward of renewable electricity and refined coal production credit to 2005
28 Carryback of renewable electricity and refined coal production credit from 2006 (see instructions)
29 Current year credit. Add lines 25 through 28 (Caution. If you also have a credit from Form 6478, see instructions.)


## Part II Allowable Credit

30 Regular tax before credits (see instructions)
31 Alternative minimum tax (see instructions)
32 Add lines 30 and 31
33a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 33a through 33e
34 Net income tax. Subtract line 33 from line 32. If zero, skip lines 35 through 38 and enter -0- on line 39
35 Net regular tax. Subtract line 33 from line 30 . If zero or less, enter -0-
36 Enter $25 \%$ (.25) of the excess, if any, of line 35 over $\$ 25,000$ (see instructions)
37 Subtract line 36 from line 34. If zero or less, enter -0-
38 General business credit (see instructions)
39 Subtract line 38 from line 37. If zero or less, enter -0-
40 Credit allowed for the current year. Enter the smaller of line 29 or line 39. Report this amount and the amount from Section A, line 21 (if any) on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 40 is smaller than line 29, see instructions

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## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Use Form 8835 to claim the renewable electricity and refined coal production credit. The credit is allowed only for the sale of electricity or refined coal produced in the United States or U.S. possessions from qualified energy resources at a qualified facility (see Definitions below).

## How To Figure the Credit

Generally, the credit is 1.5 cents per kilowatthour ( kWh ) for the sale of electricity produced by the taxpayer from qualified energy resources at a qualified facility during the credit period (see Definitions below). The 1.5 cents credit amount is reduced by $1 / 2$ for openloop biomass, small irrigation, landfill gas and trash combustion facilities. In the case of a closed-loop biomass facility, the 1.5 cent amount is multiplied by the ratio of the thermal content of the closed-loop biomass used in the facility to the thermal content of all fuels used in the facility. The credit is $\$ 4.375$ per ton for the sale of refined coal produced at a qualified facility during the credit period; see section 45(e)(8)(A).

The credit for electricity produced is proportionately phased out over a 3-cent range when the reference price exceeds the 8 -cent threshold price. The refined coal credit is proportionately phased out over an \$8.75 range when the reference price of fuel used as feedstock exceeds 1.7 times the 2002 reference price. The 1.5-cent credit rate, the 8-cent threshold price, the $\$ 4.375$ refined coal rate, and the reference price of fuel used as a feedstock are adjusted for inflation. The reference price and the inflation adjustment factor (IAF) for each calendar year are published during the year in the Federal Register. If the reference price is less than the threshold price (adjusted by the IAF), there is no reduction. For electricity produced, if the reference price is more than 3 cents over the adjusted threshold price, there is no credit; if the reference price is more than the threshold price, but not more than 3 cents over the adjusted threshold price, there is a phaseout adjustment on line 2 of Section $A$ and lines 4 and 20 of Section B. For refined coal produced, if the reference price is more than $\$ 8.75$ over the adjusted threshold price, there is no credit; if the reference price is more than the threshold price, but not more than the $\$ 8.75$ over the adjusted threshold price, there is a phaseout adjustment on line 7 of Section B.

Note. For calendar year 2005, the credit for electricity and refined coal produced and sold is, respectively, 1.9 cents per kWh and $\$ 5.481$ per ton; there is no phaseout adjustment for either.

Section A example. If the reference price of electricity is 10.0 क and the adjusted threshold price is $9.0 ¢$, reduce the credit by $1 / 3((10.0 ¢-$ 9.0 ¢) $\div 3 ¢=.3333$ ). Enter the line 1 credit in the first entry space on line $2, .3333$ in the second entry space, and multiply to figure the reduction.

## Definitions

Qualified energy resources means wind, closed-loop biomass, poultry waste, open-loop biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste, and refined coal.

Closed-loop biomass is any organic material from a plant that is planted exclusively for use at a qualified facility to produce electricity.

Poultry waste is poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.

Open-loop biomass is cellulosic or agricultural livestock waste materials as defined in section 45(c)(3).

Geothermal energy is energy derived from a geothermal deposit as defined by section 613(e)(2).

Small irrigation power is power generated without any dam or impoundment of water. See section 45(c)(5).

Municipal solid waste is solid waste as defined under paragraph 27 of 42 U.S.C. 6903.

Refined coal is a liquid, gaseous, or solid synthetic fuel produced from coal or high carbon fly ash meeting the requirements of section 45(c)(7).
Qualified facility is any of the following facilities owned by the taxpayer and used to produce electricity or, in the case of a refined coal production facility, refined coal. The facilities are broken down by form section.

## Section A

- Poultry waste facility placed in service after 12/31/99 and before 1/1/04.
- Wind facility placed in service after 12/31/93 and before 10/23/04.
- Closed-loop biomass facility placed in service after 12/31/92 and before 10/23/04.


## Section B

- Wind facility placed in service after 10/22/04 and before 1/1/06.
- Closed-loop biomass facility placed in service after 10/22/04 and before 1/1/06.
- Closed-loop biomass facility modified to co-fire with coal or other biomass (or both), placed in service before 1/1/06. See section 45(d)(2).
- Open-loop biomass facility using cellulosic waste placed in service before 1/1/06.
- Open-loop biomass facility using agricultural livestock waste placed in service after $10 / 22 / 04$ and before 1/1/06 and the nameplate capacity rating is not less than 150 kilowatts.
- Geothermal energy facility placed in service after 10/22/04 and before 1/1/06.
- Solar energy facility placed in service after 10/22/04 and before 1/1/06.
- Small irrigation power facility placed in service after 10/22/04 and before 1/1/06.
- Landfill gas or trash combustion facility using municipal solid waste placed in service after 10/22/04 and before 1/1/06.
- A refined coal production facility originally placed in service after 10/22/04 and before 1/1/09.
A qualified facility does not include any facility that qualifies for the credit under section 29 for producing fuel from a nonconventional source in the current or any prior tax year.


## Credit period is:

- 10 years for a wind, poultry waste, closed-loop biomass (not modified for co-fire purposes), or refined coal production facility, beginning on the date the facility was placed in service.
- 10 years for a closed-loop biomass facility modified to co-fire with coal, other biomass (or both), beginning on the date the facility was placed in service but not earlier than 10/22/04.
- 5 years for an open-loop biomass using agricultural livestock waste, geothermal, solar energy, small irrigation power, landfill gas, or trash combustion facility, beginning on the date the facility was placed in service.
- 5 years for an open-loop biomass facility using cellulosic waste, beginning on the date the facility was placed in service but not earlier than 10/22/04.
United States and U.S. possessions include the seabed and subsoil of those submarine areas that are adjacent to the territorial waters over which the United States has exclusive rights according to international law.


## Who Can Take the Credit

Generally, the owner of the facility is allowed the credit. In the case of closed-loop biomass and open-loop biomass facilities, if the owner is not the producer of the electricity, the lessee or the operator of the facility is eligible for the credit. If a governmental unit owns a poultry waste facility, the lessee or operator of the facility is eligible for the credit.

## Specific Instructions for Section A and Section B

Note. Where line references between Section A and $B$ differ, the Section $B$ line references are in parentheses.

Figure any renewable electricity and refined coal production credit from your trade or business on lines 1 through 8 (lines 1 through 21 of Section B). Skip lines 1 through 8 (lines 1 through 21 of Section B) if you are only claiming a credit that was allocated to you from an S corporation, partnership, estate, or trust.
Fiscal year taxpayers. If you have sales in 2005 and 2006 and the credit rate on line 1 (lines 1, 2, 6, or 18 of Section B) or the phaseout adjustment on line 2 (lines 4, 7, or 20 of Section B ) is different for 2006, make separate computations for each line. Use the respective sales, credit rate, and phaseout adjustment for each calendar year. Enter the total of the two computations on the credit rate line(s)-line 1 of Section A (lines 1, 2, 6, or 18 of Section B)—or the phaseout adjustment line(s)-line 2 of Section A (lines 4, 7, or 20 of Section B). Attach the computations to Form 8835 and write " $F Y$ " in the margin.

## Part I-Current Year Credit

Line 1 (Line 18, Section B)
Enter the kilowatt-hours of electricity produced at qualified facilities and multiply by $\$ .019$. Fiscal year filers with 2006 sales may have to refigure lines 1 and 18 as explained under Fiscal year taxpayers above.

## Line 2, Section B only

Enter the kilowatt-hours of electricity produced and sold at qualified facilities and multiply by $\$ .009$. Fiscal filers with 2006 sales must figure line 2 as explained under Fiscal year taxpayers above.

## Line 2, Section A (Lines 4 and 20, Section B)

Calendar year filers enter zero on lines 2, 4, and 20. Fiscal year filers with sales in 2006 also enter zero if the published 2006 reference price is equal to or less than the 2006 adjusted threshold price. See How To Figure the Credit to figure the adjustment.
Line 6, Section B only
Enter the tons of refined coal produced and sold during 2005 from a qualified refined coal production facility and multiply by $\$ 5.481$. Fiscal filers with 2006 sales must figure line 6 as explained under Fiscal year taxpayers above.

## Line 7, Section B only

Calendar year filers enter zero on line 7. Fiscal year filers with sales in 2006 also enter zero if the published 2006 reference price is equal to or less than 1.7 times the 2002 reference price. See How To Figure the Credit to figure the adjustment.
Line 4, Section A (Line 10, Section B)
Enter the sum, for this and all prior tax years, of:

- Grants provided by the United States, a state, or political subdivision of a state for the project;
- Proceeds of a tax-exempt issue of state or local government obligations used to provide financing for the project;
- Total of subsidized energy financing provided directly or indirectly under a Federal, state, or local program provided for the project; and
- The amount of any other credit allowable for any property that is part of the project.


## Line 24, Section B only

Enter the amount included on line 23 that is from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are generally considered passive activities, whether or not you materially participate. For details, see Form 8582-CR, Passive Activity Credit Limitations (for individuals, trusts, and estates), or 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations).

Line 26, Section B only
Enter the passive activity credit allowed for the 2005 renewable electricity and refined coal production credit from Form 8582-CR or Form 8810.

## Line 28, Section B only

Use only if you amend your 2005 return to carry back an unused renewable electricity or refined coal production credit from 2006.
Line 10, Section A (Line 29, Section B) Credit from Form 6478 (Section B only). If you have a current year credit from Form 6478, Credit for Alcohol Used as Fuel, include that amount (line 10 of Form 6478) in the total for line 29. On the dotted line next to line 29, enter "From Form 6478" and the amount.

Pass-through entities should report the amount on lines 10 and 29 as follows.

S corporations and partnerships. Allocate the line 10 (line 29 of Section B) credit to the shareholders or partners. Attach Form 8835 to the S corporation or partnership return, and show on Schedule K-1 each shareholder's or partner's credit. Electing large partnerships include this credit in "general credits."
Estates and trusts. Allocate the line 10 (line 29 of Section B) credit between the estate or trust and the beneficiaries in proportion to the income allocated to each. On the dotted line to the left of the entry space, enter the estate or trust's share of the credit. Label it "1041 portion" and use it in Part II (or on Form 3800, if required) to figure the credit to claim on Form 1041.

## Part II-Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. If you are completing Section B, you must complete Part Il to figure the allowable credit. If you are completing Section A, use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A renewable electricity production credit from a passive activity (in Section A),
- More than one credit included in the general business credit (other than a credit from Form 8844, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.
See the instructions for Form 3800 to find out which credits are included in the general business credit.


## Line 11, Section A (Line 30, Section B)

Enter the regular tax before credits from the following line of the appropriate form or schedule.

- Individuals. Enter the amount from Form 1040, line 44.
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return.
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines $1 a$ and 1 b , or the amount from the applicable line of your return.


## Line 12, Section A (Line 31, Section B)

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals. Enter the amount from Form 6251, line 35.
- Corporations. Enter the amount from Form 4626, line 14.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56.


## Line 17, Section A (Line 36, Section B)

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 18, Section A only
Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule. Enter on line 18 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Estates and trusts: Form 1041, Schedule I, line 54.
- Corporations: Form 4626, line 12.

Line 38, Section B only
Enter the amount of all other allowed credits for the current year included in the general business credit. If you are filing Form 3800, enter the amount from line 19 of that form plus the following.

- Form 8844, line 24.
- The amount from the last line of any single separate general business credit form.


## Line 21, Section A (Line 40, Section B)

If you are completing Section A, and cannot use all of the credit because of the tax liability limit (line 20 is smaller than line 10) carry the unused credit back 1 year and then forward 20 years.

If you are completing Section B, and have a current year credit from Form 6478, enter on line 40 the smaller of line 29 or line 39. If you cannot use all of the credit because of the tax liability limit (line 39 is smaller than line 29), carry any unused credit back 1 year and then forward 20 years. However, the credit from Form 6478 cannot be carried back; it must be carried forward for 20 years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . 21 hr ., 16 min .
Learning about the law
or the form . . .
the form to the IRS
1 hr., 22 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Form 8839 <br> Qualified Adoption Expenses

Purpose: This is the first circulated draft of the 2005 Form 8839 for your review. The major changes are listed below.

TPCC Meeting: No meeting is scheduled but one can be set up upon request.
Instructions: The 2005 Instructions for Form 8839 will be circulated at a later date. The 2004 instructions are on the link below: http://publish.no.irs.gov/INSTRS/PDF/23077Y04.PDF

Other Products: Circulations of other draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html
Comments: Please email, call, fax or mail any comments by April 15, 2005
Neal Dickman
Tax Forms and Publications
Email: Neal.E.Dickman@irs.gov
Tel: (202) 622-5013
SE:W:CAR:MP:T:I:F
Fax: (202) 927-6234

## Major Changes to 2005 Form 8839

1. On line 2, the maximum adoption credit allowed for 2005 has been increased for inflation to \$10,630.
(Rev. Proc. 2004-71, sec. 3.03)
2. On line 9, the modified adjusted gross income that the adoption credit begins to phase-out has been increased for inflation.
(Rev. Proc. 2004-71, sec. 3.03)
3. The line references to the Form 1040 on lines 15, 16, and 18 of Form 8839 have been revised due to line changes on the Form 1040.
(2005 Form 1040)
4. The maximum amount of income that an employee can exclude from gross income has been increased to $\$ 10,630$. This amount is on Part III, line 19. (Rev. Proc. 2004-71, sec. 3.14)
5. On line 27, the modified adjusted gross income that the income exclusion begins to phase-out has been adjusted to $\$ 159,450$.
(Rev. Proc. 2004-71, sec. 3.14)


Before you begin: You need to understand the following terms. See Definitions on page 1 of the instructions.
$\bullet$ Eligible Child • Employer-Provided Adoption Benefits • Qualified Adoption Expenses
Part I Information About Your Eligible Child or Children-You must complete this part. See page 2 of the instructions for details, including what to do if you need more space.


Caution: If the child was a foreign child, see Special rules in the instructions for line 1, column (e), that begin on page 2, before you complete Part II or Part III. If you received employer-provided adoption benefits, complete Part III on the back next.

## Part II Adoption Credit

Before you begin: If you are filing Form 1040 and claiming the mortgage interest credit (see the instructions for Form 1040,
line 54), complete Form 8396, Mortgage Interest Credit.

2 Maximum credit per child
3 Did you file Form 8839 for a prior year?
No. Enter -0-.Yes. See page 3 of the instructions for the amount to enter.
4 Subtract line 3 from line 2 .
5 Qualified adoption expenses (see page 3 of the instructions)
Caution: Your qualified adoption expenses may not be equal to the adoption expenses you paid in 2005.
6 Enter the smaller of line 4 or line 5.
7 Add the amounts on line 6. If zero, skip lines 8 through 11 and enter -0- on line 12
8 Modified adjusted gross income (see page 4 of the instructions)
9 Is line 8 more than $\$ 159,450$ ?
No. Skip lines 9 and 10, and enter -0- on line 11 .
Yes. Subtract $\$ 159,450$ from line 8

|  | Child 1 |  | Child 2 |  |
| :---: | :---: | :---: | :---: | :---: |
| 2 | $\$ 10,630$ | 00 | $\$ 10,630$ | 00 |
|  |  |  |  |  |
| 3 |  |  |  |  |
| 4 |  |  |  |  |
| 5 |  |  |  |  |
|  |  |  |  |  |
| 6 |  |  |  |  |

0 Divide line 9 by $\$ 40,000$. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"
11 Multiply line 7 by line 10
12 Subtract line 11 from line 7
13 Credit carryforward from prior years (line 23 of your Credit Carryforward Worksheet on page 4 of the 2004 Form 8839 instructions)
14 Add lines 12 and 13.
15 Enter the amount from Form 1040, line 46, or Form 1040A, line 28
161040 filers: Enter the total of the amounts from Form 1040, lines 47 through 52, plus any mortgage interest credit from Form 8396, line 11.
1040A filers: Enter the total of the amounts from Form 1040A, lines 29 through 33.
17 Subtract line 16 from line 15
18 Adoption credit. Enter the smaller of line 14 or line 17 here and on Form 1040, line 53, or Form 1040A, line 34. If line 17 is smaller than line 14, you may have a credit carryforward (see page 4 of the instructions)


## Part III Employer-Provided Adoption Benefits

19 Maximum exclusion per child

20 Did you receive employer-provided adoption benefits for a prior year?No. Enter -0-.Yes. See page 4 of the instructions for the amount to enter.

21 Subtract line 20 from line 19.

22 Employer-provided adoption benefits you received in 2005. This amount should be shown in box 12 of your 2005 Form(s) W-2 with code T

23 Add the amounts on line 22

24 Enter the smaller of line 21 or line 22. But if the child was a child with special needs and the adoption became final in 2005, enter the amount from line 21

25 Add the amounts on line 24. If zero, skip lines 26 through 29, enter -0- on line 30, and go to line 31
26 Modified adjusted gross income (from the worksheet on page 5 of the instructions)

27 Is line 26 more than $\$ 159,450$ ?
No. Skip lines 27 and 28, and enter -0- on line 29.Yes. Subtract \$159,450 from line 26
. . . .

28 Divide line 27 by $\$ 40,000$. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"

29 Multiply line 25 by line 28


|  | Child 1 |  | Child 2 |  |
| :---: | :---: | :---: | :---: | :---: |
| 19 | $\$ 10,630$ | 00 | $\$ 10,630$ | 00 |
|  |  |  |  |  |

## 2005 Form 8840

## Closer Connection Exception Statement for Aliens

| Purpose: | This is the first circulated draft of the 2005 Form 8840, Closer Connection <br> Exception Statement for Aliens, for your review and comments. There are <br> no major changes. |
| :--- | :--- |
| TPCC Meeting: $\quad$ None, but may be arranged if requested. |  |

Comments: Please email, call, mail, or fax any comments by April 8, 2005.

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Michael Goodman | Michael.M.Goodman@irs.gov | $202-622-3969$ | $202-622-$ <br> 5022 |  |  |
| SE:W:CAR:MP:T:I:S |  |  | $3 / 4 / 2005$ |  |  |



## Part IV Significant Contacts With Foreign Country or Countries in 2005

14 Where was your regular or principal permanent home located during 2005 (see instructions)?
15 If you had more than one permanent home available to you at all times during 2005, list the location of each and explain
16 Where was your family located?
17 Where was your automobile(s) located?
18 Where was your automobile(s) registered?
19 Where were your personal belongings, furniture, etc., located?
20 List social, cultural, religious, and political organizations you currently participate in and the location of each:
a $\qquad$

## Location <br> Location <br> Location <br> Location <br> Location

21 Where was the bank(s) with which you conducted your routine personal banking activities located?
a
b
c
d

22 Did you conduct business activities in a location other than your tax home? Yes No If "Yes," where?
23a Where was your driver's license issued?
b If you hold a second driver's license, where was it issued?
24 Where were you registered to vote?
25 When completing official documents, forms, etc., what country do you list as your residence?
26 Have you ever completed:
a Form W-8 or Form W-8BEN (relating to foreign status)?

b Form W-9, Request for Taxpayer Identification Number and Certification?Yes No
c Form 1078, Certificate of Alien Claiming Residence in the United States? Yes No

27 In what country/countries did you keep your personal, financial, and legal documents?
28 From what country/countries did you derive the majority of your 2005 income?
29 Did you have any income from U.S. sources?No If "Yes," what type?
30 In what country/countries were your investments located (see instructions)?
31 List any charitable organizations to which you made contributions and their locations:
a $\qquad$ Location
b
c
d

## Location

Location
Location
32 Did you qualify for any type of government-sponsored "national" health plan?
$\square$ Yes
If "Yes," in what country?
If "No," please explain
If you have any other information to substantiate your closer connection to a country other than the United States or you wish to explain in more detail any of your responses to lines 14 through 32, attach a statement to this form.

| Sign here | Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and to the best of my knowledge and <br> only if you <br> belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any <br> are filing <br> this form by |
| :--- | :--- |
| knowledge.  <br> itself and  <br> not with  <br> your U.S.  <br> tax return $\quad$ Your signature | Date |

## General Instructions

Section references are to the U.S. Internal Revenue Code.

## Purpose of Form

Use Form 8840 to claim the closer connection to a foreign country(ies) exception to the substantial presence test. The exception is described in Regulations section 301.7701 (b)-2.
Note: You are not eligible for the closer connection exception if (a) you were present in the United States 183 days or more in calendar year 2005 or (b) you are a lawful permanent resident of the United States (that is, you are a green card holder).

## Who Must File

If you are an alien individual and you meet the closer connection exception to the substantial presence test, you must file Form 8840 with the IRS to establish your claim that you are a nonresident of the United States by reason of that exception.

For more details on the substantial presence test and the closer connection exception, see Pub. 519, U.S. Tax Guide for Aliens.
Note: You can download forms and publications from the IRS website at www.irs.gov.

## Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test for 2005. You meet this test if you were physically present in the United States for at least:

- 31 days during 2005 and
- 183 days during the period 2005, 2004, and 2003, counting all the days of physical presence in 2005 but only $1 / 3$ the number of days of presence in 2004 and only $1 / 6$ the number of days in 2003.
Days of presence in the United States.
Generally, you are treated as being present in the United States on any day that you are physically present in the country at any time during the day. However, you do not count the following days of presence in the United States for purposes of the substantial presence test.

1. Days you regularly commuted to work in the United States from a residence in Canada or Mexico.
2. Days you were in the United States for less than 24 hours when you were traveling between two places outside the United States.
3. Days you were temporarily in the United States as a regular crew member of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States unless you otherwise engaged in trade or business on such a day.
4. Days you were unable to leave the United States because of a medical condition or medical problem that developed while you were in the United States.
5. Days you were an exempt individual.

In general, an exempt individual is a (a) foreign government-related individual, (b) teacher or trainee, (c) student, or (d) professional athlete competing in a charitable sports event. For more details, see Pub. 519.
Note: If you qualify to exclude days of presence in the United States because you were an exempt individual (other than a foreign government-related individual) or because of a medical condition or medical problem (see item 4 above), you must file Form 8843, Statement for Exempt Individuals and Individuals With a Medical Condition.

## Closer Connection Exception

Even though you would otherwise meet the substantial presence test, you will not be treated as a U.S. resident for 2005 if:

- You were present in the United States for fewer than 183 days during 2005,
- You establish that during 2005, you had a tax home in a foreign country, and
- You establish that during 2005, you had a closer connection to one foreign country in which you had a tax home than to the United States, unless you had a closer connection to two foreign countries.


## Closer Connection to Two Foreign Countries

You may demonstrate that you have a closer connection to two foreign countries (but not more than two) if all five of the following apply.

1. You maintained a tax home as of January 1, 2005, in one foreign country.
2. You changed your tax home during 2005 to a second foreign country.
3. You continued to maintain your tax home in the second foreign country for the rest of 2005 .
4. You had a closer connection to each foreign country than to the United States for the period during which you maintained a tax home in that foreign country.
5. You are subject to tax as a resident under the tax laws of either foreign country for all of 2005 or subject to tax as a resident in both foreign countries for the period during which you maintained a tax home in each foreign country.

## Tax Home

Your tax home is your main place of business, employment, or post of duty regardless of where you maintain your family home. If you do not have a regular or main place of business because of the nature of your work, then your tax home is the place where you regularly live. If you do not fit either of these categories, you are considered an itinerant and your tax home is wherever you work.

## Establishing a Closer Connection

You will be considered to have a closer connection to a foreign country than to the United States if you or the IRS establishes that you have maintained more significant contacts with the foreign country than with the United States.

## When and Where To File

If you are filing a 2005 Form 1040NR or Form 1040NR-EZ, attach Form 8840 to it. Mail your tax return by the due date (including extensions) to the address shown in your tax return instructions.

If you do not have to file a 2005 tax return, mail Form 8840 to the Internal Revenue Service Center, Philadelphia, PA 19255 by the due date (including extensions) for filing Form 1040NR or Form 1040NR-EZ.

## Penalty for Not Filing Form 8840

If you do not timely file Form 8840, you will not be eligible to claim the closer connection exception and may be treated as a U.S. resident.

You will not be penalized if you can show by clear and convincing evidence that you took reasonable actions to become aware of the filing requirements and significant steps to comply with those requirements.

## Specific Instructions

## Line 6

If you checked the "Yes" box on line 6, do not file Form 8840. You are not eligible for the closer connection exception. However, you may qualify for nonresident status by reason of a treaty. See Pub. 519 for details. If so, file Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), with your Form 1040NR or Form 1040NR-EZ.

## Line 14

A "permanent home" is a dwelling unit (whether a house owned or rented, an apartment, or a furnished room) that is available at all times, continuously and not solely for short stays.

## Line 30

For stocks and bonds, indicate the country of origin of the stock company or debtor. For example, if you own shares of a U.S. publicly traded corporation, the investment is considered located in the United States, even though the shares of stock are stored in a safe deposit box in a foreign country.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Section 7701(b) and its regulations require that you give us the information. We need it to determine if you meet the closer connection exception to the substantial presence test.

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 section 6103 .

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . 13 min .
Learning about the law
or the form 9 min.
Preparing the form . . $1 \mathrm{hr} ., 27 \mathrm{~min}$.

## Copying, assembling,

 and sending theform to the IRS . . . . . 34 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see When and Where To File on page 3.

## 2005 Form 8843 <br> Statement for Exempt Individuals and Individuals With a Medical Condition

Purpose: This is the first circulated draft of the 2005 Form 8843, Statement for Exempt Individuals and Individuals With a Medical Condition, for your review and comments. See below for a discussion of major changes.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.
Prior Revisions: The 2004 Form 8843 can be viewed by checking the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/17227Y04.PDF

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please email, call, mail, or fax any comments by June 30, 2005.

## Major Changes to the 2005 Form 8843

- The year references on the form and instructions have been updated.
- The jurat has been changed. The declaration of preparer has been removed because there is no provision for a preparer to sign the return.
- On page 3, under "Days of presence in the United States", in item 4 we replaced "developed" with "arose."

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Michael Goodman | Michael.M.Goodman@irs.gov | $202-622-3969$ | $202-622-5022$ | 6140 | $06 / 02 / 2005$ |
| SE:W:CAR:MP:T:I:S |  |  |  |  |  |



## Part II Teachers and Trainees

5 Enter the name, address, and telephone number of the academic institution you attended during 2005

6 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2005

7 Enter the type of U.S. visa (J or Q) you held during: $\downarrow 1999$ _ 2000 2001 _ 2002 _ 2003 _ If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
8 Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (1999 through 2004)?No If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the Exception explained on page 3.

## Part III Students

9 Enter the name, address, and telephone number of the academic institution you attended during 2005

10 Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2005
$\qquad$

11 Enter the type of U.S. visa (F, J, M, or Q) you held during: 2003 $\qquad$ 2004

1999 2000 . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
12 Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years?Yes No If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.
13 During 2005, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States?
14 If you checked the "Yes" box on line 13, explain

## Part IV Professional Athletes

15 Enter the name of the charitable sports event(s) in the United States in which you competed during 2005 and the dates of competition
$\qquad$
16 Enter the name(s) and employer identification number(s) of the charitable organization(s) that benefited from the sports event(s)
$\qquad$
$\qquad$
Note. You must attach a statement to verify that all of the net proceeds of the sports event(s) were contributed to the charitable organization(s) listed on line 16.

## Part V Individuals With a Medical Condition or Medical Problem

17a Describe the medical condition or medical problem that prevented you from leaving the United States

b Enter the date you intended to leave the United States prior to the onset of the medical condition or medical problem described on line 17a
c Enter the date you actually left the United States $\qquad$
18 Physician's Statement:

I certify that $\qquad$
Name of taxpayer
was unable to leave the United States on the date shown on line 17b because of the medical condition or medical problem described on line 17a and there was no indication that his or her condition or problem was preexisting.

Name of physician or other medical official

Physician's or other medical official's address and telephone number

| Physician's or other medical official's signature |  |  |  | Date |
| :--- | :--- | :--- | :---: | :---: |
| Sign here <br> only if you <br> are filing | Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and to the best of my knowledge and <br> belief, they are true, correct, and complete. |  |  |  |
| this form by |  |  |  |  |
| itself and |  |  |  |  |
| not with |  |  |  |  |
| your tax |  |  |  |  |
| return |  | Your signature |  |  |

## General Instructions

Section references are to the Internal Revenue Code.
Note. You can download forms and publications from the IRS website at www.irs.gov.

## Who Must File

If you are an alien individual, you must file Form 8843 to explain the basis of your claim that you can exclude days of presence in the United States for purposes of the substantial presence test because you:

- Were an exempt individual (other than a foreign government-related individual) or
- Were unable to leave the United States because of a medical condition or medical problem.


## Substantial Presence Test

You are considered a U.S. resident if you meet the substantial presence test for 2005. You meet this test if you were physically present in the United States for at least:

- 31 days during 2005 and - 183 days during the period 2005, 2004, and 2003, counting all the days of physical presence in 2005 but only $1 / 3$ the number of days of presence in 2004 and only $1 / 6$ the number of days in 2003.

Note. To claim the closer connection to a foreign country(ies) exception to the substantial presence test described in Regulations section 301.7701 (b)-2, you must file Form 8840, Closer Connection Exception Statement for Aliens.
Days of presence in the United States. Generally, you are treated as being present in the United States on any day that you are physically present in the country at any time during the day. However, you do not count the following days of presence in the United States for purposes of the substantial presence test.

1. Days you regularly commuted to work in the United States from a residence in Canada or Mexico.
2. Days you were in the United States for less than 24 hours when you were traveling between two places outside the United States.
3. Days you were temporarily in the United States as a regular crew member of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States unless you otherwise engaged in trade or business on such a day.
4. Days you were unable to leave the United States because of a medical
condition or medical problem that arose while you were in the United States.
5. Days you were an exempt individual.

## Exempt Individuals

For purposes of the substantial presence test, an exempt individual includes anyone in the following categories.

- A teacher or trainee (defined on this page).
- A student (defined on this page).
- A professional athlete temporarily present in the United States to compete in a charitable sports event.
- An individual temporarily present in the United States as a foreign government-related individual.

Alien individuals with "Q" visas are treated as students, teachers, or trainees and, as such, are exempt individuals for purposes of the substantial presence test if they otherwise qualify. " $Q$ " visas are issued to aliens participating in certain
international cultural exchange programs.

## Part II-Teachers and Trainees

A teacher or trainee is an individual who is temporarily present in the United States under a " J " or " $Q$ " visa (other than as a student) and who substantially complies with the requirements of the visa.
If you were a teacher or trainee under a "J" or "Q" visa, you are considered to have substantially complied with the visa requirements if you have not engaged in activities that are prohibited by U.S. immigration laws and could result in the loss of your "J" or "Q" visa status.

Even if you meet these requirements, you cannot exclude days of presence in 2005 as a teacher or trainee if you were exempt as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years. But see the Exception below.

If you qualify to exclude days of presence as a teacher or trainee, complete Parts I and II of Form 8843. If you have a "Q" visa, complete Part I and only lines 6 through 8 of Part II. On line 6 , enter the name, address, and telephone number of the director of the cultural exchange program in which you participated.
Exception. If you were exempt as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years, you can exclude days of presence in 2005 as a teacher or trainee only if all four of the following apply.

1. You were exempt as a teacher, trainee, or student for any part of 3 (or fewer) of the 6 prior calendar years.
2. A foreign employer paid all your compensation during 2005.
3. You were present in the United States as a teacher or trainee in any of the 6 prior years.
4. A foreign employer paid all of your compensation during each of those prior 6 years you were present in the United States as a teacher or trainee.

For more details, see Pub. 519, U.S. Tax Guide for Aliens.

If you meet this exception, you must attach information to verify that a foreign employer paid all the compensation you received in 2005 and all prior years that you were present in the United States as a teacher or trainee.

## Part III—Students

A student is an individual who is temporarily present in the United States under an "F," "J," "M," or "Q" visa and who substantially complies with the requirements of the visa.
If you were a student under an " $F$," "J," "M," or "Q" visa, you are considered to have substantially complied with the visa requirements if you have not engaged in activities that are prohibited by U.S. immigration laws and could result in the loss of your visa status.

Even if you meet these requirements, you cannot exclude days of presence in 2005 as a student if you were exempt as a teacher, trainee, or student for any part of more than 5 calendar years unless you establish that you do not intend to reside permanently in the United States. The facts and circumstances to be considered in determining if you have demonstrated an intent to reside permanently in the United States include, but are not limited to:

1. Whether you have maintained a closer connection to a foreign country than to the United States (for details, see Pub. 519) and
2. Whether you have taken affirmative steps to change your status from nonimmigrant to lawful permanent resident.

If you qualify to exclude days of presence as a student, complete Parts I and III of Form 8843. If you have a "Q" visa, complete Part I and only lines 10 through 14 of Part III. On line 10, enter the name, address, and telephone number of the director of the cultural exchange program in which you participated.

## Part IV—Professional Athletes

A professional athlete is an individual who is temporarily present in the

United States to compete in a charitable sports event. For details on charitable sports events, see Pub. 519.

If you qualify to exclude days of presence as a professional athlete, complete Parts I and IV of Form 8843.

## Part V—Individuals With a Medical Condition or Medical Problem

For purposes of the substantial presence test, do not count the days you intended to leave the United States but could not do so because of a medical condition or medical problem that arose while you were in the United States. Whether you intended to leave the United States on a particular day is determined based on all the facts and circumstances. For more details, see Pub. 519.

If you qualify to exclude days of presence because of a medical condition or medical problem, complete Part I and lines 17a through 17c. Have your physician or other medical official complete line 18.

## When and Where To File

If you are filing a 2005 Form 1040NR or Form 1040NR-EZ, attach Form 8843 to it. Mail your tax return by the due date (including extensions) to the address shown in your tax return instructions.

If you do not have to file a 2005 tax return, mail Form 8843 to the Internal Revenue Service Center, Philadelphia, PA 19255 by the due date (including extensions) for filing Form 1040NR or Form 1040NR-EZ.

## Penalty for Not Filing Form 8843

If you do not file Form 8843 on time, you may not exclude the days you were present in the United States as a professional athlete or because of a medical condition or medical problem that arose while you were in the United States. Failure to exclude days of presence in the United States could result in your being considered a U.S. resident under the substantial presence test.

You will not be penalized if you can show by clear and convincing evidence that you took reasonable actions to become aware of the filing requirements and significant steps to comply with those requirements.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Section 7701(b) and its regulations require that you give us the information. We need it to determine if you can exclude days of presence in the United States for purposes of the substantial presence test.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

|  | Form 8843 Parts I \& II | Form 8843 Parts I \& III | $\text { Form } 8843$ Parts I \& IV | Form 8843 Parts I \& V |
| :---: | :---: | :---: | :---: | :---: |
| Recordkeeping | . 13 min . | 13 min . | 13 min . | 13 min . |
| Learning about the law or the form | 7 min . | 6 min . | 6 min. | 6 min . |
| Preparing the form. | . 30 min . | 33 min . | 25 min . | 29 min . |
| Copying, assembling, and sending the form to the IRS | . 16 min . | 16 min . | 16 min. | 16 min . |

## Specific Instructions Part I-General Information

If you are attaching Form 8843 to Form 1040NR or Form 1040NR-EZ, you are not required to complete lines 1 through 3b of Form 8843 if you provide the requested information on the corresponding lines of Form 1040NR or 1040NR-EZ. In this case, enter "Information provided on Form 1040NR" or "Information provided on Form 1040NR-EZ" on lines 1 through 3b of Form 8843.
Line 1b. Enter your current nonimmigrant status. For example, enter your current nonimmigrant status shown on your current Immigration Form I-94, Arrival-Departure Record. If your status has changed while in the United States, enter the date of change.

[^32]- Attach to your tax return.

Internal Revenue Service $\qquad$

$$
-2
$$

Lan. .u yuar cax lCcurn

## Part I Current Year Credit

1 Enter the total qualified wages paid or incurred during calendar year 2005 only (see instructions)
a Qualified empowerment zone wages . . . . . . . . \$........................... X 20\% (.20)
b Qualified renewal community wages . . . . . . . \$........................... X 15\% (.15)
2 Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages
3 Form 8844 credits from pass-through entities:


4 Add lines 2 and 3
5 Empowerment zone and renewal community employment credit included on line 4 from passive activities (see instructions)
6 Subtract line 5 from líne 4
7 Passive activity credit allowed for 2005 (see instructions)
8 Carryforward of empowerment zone and renewal community employment credit to 2005
9 Carryback of empowerment zone and renewal community employment credit from 2006 (see instructions)
10 Current year credit. Add lines 6 through 9. (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.)

| $1 a$ |  |  |
| :---: | :--- | :--- |
| $1 b$ |  |  |
| 2 |  |  |
|  |  |  |
| 3 |  |  |
| 4 |  |  |
|  |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |
| 9 |  |  |
| 10 |  |  |

## Part II Allowable Credit

11 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
12 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

13 Add lines 11 and 12
14a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27).
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 14a through 14e
15 Net income tax. Subtract line 14 f from line 13. If zero, skip lines 16 through 22 and enter -0 - on line 23
16 Net regular tax. Subtract line 14 f from line 11. If zero or less, enter -0-
17 Tentative minimum tax (see instructions)
18 Enter $25 \%$ (.25) of the excess, if any, of line 16 over $\$ 25,000$ (see instructions)
19 Multiply line 17 by $75 \%$ (.75)
20 Enter the greater of line 18 or line 19
21 Subtract line 20 from line 15. If zero or less, enter -0-
22 General business credit (see instructions)
23 Subtract line 22 from line 21
24 Credit allowed for the current year. Enter the smaller of line 10 or line 23 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 23 is smaller than line 10 , see instructions

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For Paperwork Reduction Act Notice, see page 4.

## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Use Form 8844 to claim the empowerment zone and renewal community employment (EZRCE) credit. For tax years that include December 31, 2005, the credit is:

- $20 \%$ of the employer's qualified wages (up to $\$ 15,000$ ) paid or incurred during calendar year 2005 on behalf of qualified empowerment zone employees plus
- $15 \%$ of the employer's qualified wages (up to $\$ 10,000$ ) paid or incurred during calendar year 2005 on behalf of qualified renewal community employees. Although the credit is a component of the general business credit, a special tax liability limit applies. The allowable credit, therefore, is figured on Form 8844 and is not carried to Form 3800, General Business Credit.


## Empowerment Zones

Urban areas. Parts of the following urban areas are empowerment zones. You can find out if your business or an employee's residence is located within an urban empowerment zone by using the RC/EZ/EC Address Locator at www.hud.gov/crlocator or by calling 1-800-998-9999.

- Pulaski County, AR
- Tucson, AZ
- Fresno, CA
- Los Angeles, CA (city and county)
- Santa Ana, CA
- New Haven, CT
- Jacksonville, FL
- Miami/Dade County, FL
- Chicago, IL
- Gary/Hammond/East Chicago, IN
- Boston, MA
- Baltimore, MD
- Detroit, MI
- Minneapolis, MN
- St. Louis, MO/East St. Louis, IL
- Cumberland County, NJ
- New York, NY
- Syracuse, NY
- Yonkers, NY
- Cincinnati, OH
- Cleveland, OH
- Columbus, OH
- Oklahoma City, OK
- Philadelphia, PA/Camden, NJ
- Columbia/Sumter, SC
- Knoxville, TN
- El Paso, TX
- San Antonio, TX
- Norfolk/Portsmouth, VA
- Huntington, WV/Ironton, OH

Washington, DC. Under section 1400, parts of Washington, DC, are treated as an empowerment zone. For details, use the RC/EZ/EC Address Locator at www.hud.gov/crlocator or see Notice 98-57, on page 9 of Internal Revenue Bulletin 1998-47 at www.irs.gov/pub/irs-irbs/irb98-47.pdf.
Rural areas. Parts of the following rural areas are empowerment zones. You can find out if your business or an employee's residence is located within a rural empowerment zone by using the RC/EZ/EC Address Locator at www.hud.gov/crlocator or by calling 1-800-998-9999.

- Desert Communities, CA (part of Riverside County)
- Southwest Georgia United, GA (part of Crisp County and all of Dooly County)
- Southernmost Illinois Delta, IL (parts of Alexander and Johnson Counties and all of Pulaski County)
- Kentucky Highlands, KY (part of Wayne County and all of Clinton and Jackson Counties)
- Aroostook County, ME (part of Aroostook County)
- Mid-Delta, MS (parts of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington Counties)
- Griggs-Steele, ND (part of Griggs

County and all of Steele County)

- Oglala Sioux Tribe, SD (parts of Jackson and Bennett Counties and all of Shannon County)
- Middle Rio Grande FUTURO Communities, TX (parts of Dimmit, Maverick, Uvalde, and Zavala Counties)
- Rio Grande Valley, TX (parts of Cameron, Hidalgo, Starr, and Willacy Counties)
Qualified empowerment zone employee. A qualified empowerment zone employee is any employee (full-time or part-time) of the employer who:
- Performs substantially all of the services for that employer within an empowerment zone in the employer's trade or business and
- Has his or her principal residence within that empowerment zone while performing those services (employees who work in the Washington, DC empowerment zone may live anywhere in the District of Columbia).

See Qualified Employees on page 3 for a list of persons who are not qualified employees.

## Renewal Communities

Parts of the following areas are renewal communities. You can find out if your business or an employee's residence is located within a renewal community by using the RC/EZ/EC Address Locator at www.hud.gov/crlocator or by calling 1-800-998-9999.

- Greene-Sumter County, AL
- Mobile County, AL
- Southern Alabama
- Los Angeles, CA
- Orange Cove, CA
- Parlier, CA
- San Diego, CA
- San Francisco, CA
- Atlanta, GA
- Chicago, IL
- Eastern Kentucky
- Central Louisiana
- New Orleans, LA
- Northern Louisiana
- Ouachita Parish, LA
- Lawrence, MA
- Lowell, MA
- Detroit, MI
- Flint, MI
- West Central Mississippi
- Turtle Mountain Band of Chippewa, ND
- Camden, NJ
- Newark, NJ
- Buffalo-Lackawanna, NY
- Jamestown, NY
- Niagara Falls, NY
- Rochester, NY
- Schenectady, NY
- Hamilton, OH
- Youngstown, OH
- Philadelphia, PA
- Charleston, SC
- Chattanooga, TN
- Memphis, TN
- Corpus Christi, TX
- El Paso County, TX
- Burlington, VT
- Tacoma, WA
- Yakima, WA
- Milwaukee, WI


## Qualified renewal community

employee. A qualified renewal community employee is any employee (full-time or part-time) of the employer who:

- Performs substantially all of the services for that employer within a renewal community in the employer's trade or business and
- Has his or her principal residence within that renewal community while performing those services.

See Qualified Employees below for a list of persons who are not qualified employees.

## Qualified Employees

Any person may be a qualified employee except the following.

- Any relative of the employer described in sections 152(d)(2)(A) through 152(d)(2)(G).
- A dependent of the employer described in section 152(d)(2)(H).
- If the employer is a corporation, any individual who bears any of the relationships described in sections 152(d)(2)(A) through 152(d)(2)(G), or is a dependent described in section 152(d)(2)(H), of an individual who owns (or is considered to own under section 267(c)) more than $50 \%$ in value of the outstanding stock of the corporation.
- If the employer is an entity other than a corporation, any individual who owns directly or indirectly more than $50 \%$ of the capital and profits interest, including constructive ownership, in the entity.
- If the employer is an estate or trust, any individual who is a grantor, beneficiary, or fiduciary of the estate or trust (or a dependent, as described in section 152(d)(2)(H), of such an individual), or any individual who is a relative, as described in sections 152(d)(2)(A) through 152(d)(2)(G), of the grantor, beneficiary, or fiduciary of the estate or trust.
- Any person who owns (or is considered to own under section 318) more than $5 \%$ of the outstanding or voting stock of the employer, or if not a corporate employer, more than $5 \%$ of the capital or profits interest in the employer.
- Any individual employed by the employer for less than 90 days. For exceptions, see Early termination of employee below.
- Any individual employed by the employer at any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.
- Any individual employed by the employer in a trade or business for which the principal activity is farming (see Note below), but only if at the close of the tax year the sum of the following amounts exceeds \$500,000.

1. The larger of the unadjusted bases or fair market value of the farm assets owned by the employer.
2. The value of the farm assets leased by the employer.
Note. Certain farming activities described in section 2032A(e)(5)(A) or (B).

## Early termination of employee.

Generally, an individual is not a qualified zone employee unless employed for at least 90 days. The 90-day requirement does not apply in the following situations.

- The employee is terminated because of misconduct as determined under the applicable state unemployment compensation law.
- The employee becomes disabled before the 90th day. However, if the disability ends before the 90th day, the employer must offer to reemploy the former employee.
An employee is not treated as terminated if the corporate employer is acquired by another corporation under section 381 (a) and the employee continues to be employed by the acquiring corporation. Nor is a mere change in the form of conducting the trade or business treated as a termination if the employee continues to be employed in such trade or business and the taxpayer retains a substantial interest therein.


## Wages

Wages are defined in section 51(c) and generally are wages (excluding tips) subject to the Federal Unemployment Tax Act (FUTA), without regard to the FUTA dollar limitation. The following are also treated as wages.

- Amounts paid or incurred by the employer as educational assistance payments excludable from the employee's gross income under section 127. However, this does not apply if the employee has a relationship to the employer described in section 267(b) or 707(b)(1) (substituting "10 percent" for " 50 percent" in those sections) or the employer and employee are engaged in trades or businesses under common control (within the meaning of sections 52(a) and (b)).
- Amounts paid or incurred by the employer on behalf of an employee under age 19 for a youth training program operated by that employer in conjunction with local education officials.


## Specific Instructions

Complete lines 1 and 2 to figure the current year credit for your trade or business. Skip lines 1 and 2 if you are only claiming a credit that was allocated to you from a pass-through entity.

## Line 1a-Qualified Empowerment Zone Wages

Enter the total qualified empowerment zone wages paid or incurred during calendar year 2005. The credit must be figured using only the wages that you paid or incurred in the calendar year that ended with or within your tax year. For example, if your tax year began on April 1, 2005, and ended on March 31, 2006, you must figure wages based on the calendar year that began on January 1, 2005, and ended on December 31, 2005. Wages paid after the end of the calendar year may be used only to figure the credit claimed on the following year's tax return.

Qualified empowerment zone wages are qualified wages paid or incurred by an employer for services performed by an employee while the employee is a qualified empowerment zone employee (defined earlier). The maximum wages that may be taken into account for each employee is limited to $\$ 15,000$. The $\$ 15,000$ amount for any employee is reduced by the amount of wages paid or incurred during the calendar year on behalf of that employee that are used in figuring:

- The work opportunity credit (Form 5884) or
- The welfare-to-work credit (Form 8861).


## Line 1b-Qualified Renewal Community Wages

Enter the total qualified renewal community wages paid or incurred during calendar year 2005. The credit must be figured using only the wages that you paid or incurred in the calendar year that ended with or within your tax year. For example, if your tax year began on April 1, 2005, and ended on March 31, 2006, you must figure wages based on the calendar year that began on January 1, 2005, and ended on December 31, 2005. Wages paid after the end of the calendar year may be used only to figure the credit claimed on the following year's tax return.

Qualified renewal community wages are qualified wages paid or incurred by an employer for services performed by an employee while the employee is a qualified renewal community employee (defined earlier). The maximum wages that may be taken into account for each employee is limited to $\$ 10,000$. The $\$ 10,000$ amount for any employee is reduced by the amount of wages paid or incurred during the calendar year on behalf of that employee that are used in figuring:

- The work opportunity credit (Form 5884) or
- The welfare-to-work credit (Form 8861).

Line 2
In general, you must reduce your deduction for salaries and wages and certain educational and training costs by the line 2 credit amount. You must make this reduction even if you cannot take the full credit this year because of the tax liability limit. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the amount of the credit attributable to these costs.
Members of a controlled group of corporations and businesses under common control are treated as a single employer in determining the credit. The members share the credit in the same proportion that they paid or incurred qualifying wages.

## Line 5

Enter the amount included on line 4 that is from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are generally considered passive activities, whether or not you materially participate. For details, see Form 8582-CR, Passive Activity Credit Limitations (for individuals, trusts, and estates), or Form 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations).

## Line 7

Enter the passive activity credit allowed for the 2005 EZRCE credit from Form $8582-C R$ or Form 8810. See the instructions for the applicable form for details.

## Line 9

Use only if you amend your 2005 return to carry back an unused credit from 2006.

## Line 10

If line 10 is zero, skip Part II.
Pass-through entities allocate the credit as follows.

## S corporations and partnerships.

Allocate the credit among the shareholders or partners. Attach Form 8844 to the return and show the credit for each shareholder or partner on Schedule K-1. Electing large partnerships include this credit in "general credits."

Estates and trusts. Allocate the credit between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 10, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in Part II to figure the credit to claim on Form 1041, U.S. Income Tax Return for Estates and Trusts.

Cooperatives. Most tax-exempt organizations cannot take the credit, but a cooperative described in section 1381(a) can take the credit to the extent of its tax liability. Allocate the credit in excess of the tax liability limit to the patrons of the cooperative.

## Line 17

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule. Enter on line 17 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I, line 54.


## Line 18

See section 38(c)(5) for special rules that apply to married individuals filing separate returns, controlled groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 22

Enter the amount of all other allowed credits that make up the general business credit (other than any credit from Section B of Form 8835). If you are filing Form 3800, enter on line 22 the
amount shown on line 19 of Form 3800. Otherwise, enter on line 22 the credit from the last line of the credit form (for example, line 17 of Form 8586, Low-Income Housing Credit).

## Line 24

If you cannot use all of the credit because of the tax liability limit (line 23 is smaller than line 10), carry the unused credit back 1 year then forward up to 20 years. To carry back an unused credit, file an amended income tax return (Form 1040X, 1120X, or other amended return) for the prior tax year or an application for tentative refund (Form 1045, Application for Tentative Refund, or Form 1139, Corporation Application for Tentative Refund). If you file an application for tentative refund, it generally must be filed by the end of the tax year following the tax year in which the credit arose.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . $8 \mathrm{hr} ., 22 \mathrm{~min}$.
Learning about the
law or the form . . . 2 hr., 22 min.
Preparing and sending
the form to the IRS . . $2 \mathrm{hr} ., 37 \mathrm{~min}$.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Indian Employment Credit

## Part I Current Year Credit

1 Total of qualified wages and qualified employee health insurance costs paid or incurred during the tax year
2 Calendar year 1993 qualified wages and qualified employee health rance costs (see instructions). If none, enter -0-

3 Incremental increase. Subtract line 2 from line 1

4 Multiply line 3 by 20\% (.20) (see instructions)
5 Indian employment credits from $\qquad$ Then enter the total of the current year credit(s) from-
Schedule K-1 (Form 1120S), box 13, code F, G, or U ? Schedule K-1 (Form 1120S), box 13, code F, G, or U S. Ule K-1 (Form 1065), box 15, code F, G, or U. pass-through entities Schedule K-1 (Form 1041), box 13, code J . Written statement from cooperative .

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6 Current year edit. dc nes 4 and 5. (S corporations, partnerships, estates, trusts, and cooperatives, st instr tions.)
Part II Allowable $\rightarrow$ dit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
7 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
8 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14.
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

9 Add lines 7 and 8
10a Foreign tax credit
b Credits from Form 1040, lines 48 through 54.
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 10a through 10 e .
11 Net income tax. Subtract line $10 f$ from line 9 . If zero, skip lines 12 through 15 and enter -0 - on line 16
12 Net regular tax. Subtract line $10 f$ from line 7. If zero or less, enter $-0-$
13 Enter $25 \%$ (.25) of the excess, if any, of line 12 over $\$ 25,000$ (see instructions)
14 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
15 Enter the greater of line 13 or line 14
16 Subtract line 15 from line 11. If zero or less, enter -0-
17 Credit allowed for the current year. Enter the smaller of line 6 or line 16 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 16 is smaller than line 6 , see instructions



## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Employers of American Indians who are qualified employees use Form 8845 to claim the Indian employment credit.

## Definitions

Qualified wages means any wages paid or incurred by an employer for services performed by an employee while such employee is a qualified employee (see below). It does not include wages attributable to services rendered during the 1 -year period beginning with the day the employee starts work for the employer if any portion of such wages is used in figuring the work opportunity credit on Form 5884. Wages has the same meaning given in section 51.

Qualified employee health insurance costs means any amount paid or incurred by an employer for health insurance coverage for an employee while the employee is a qualified employee. Do not include amounts paid or incurred for health insurance under a salary reduction arrangement.

Qualified employee means, for any tax period, any employee who meets all three of the following tests.

1. The employee is an enrolled member, or the spouse of an enrolled member, of an Indian tribe. Each tribe determines who qualifies for enrollment and what documentation, if any, is issued as proof of enrollment status. Examples of appropriate documentation will vary from one tribe to another and may include a tribal membership card, Certified Degree of Indian Blood (CDIB) card, or letter from the tribe or tribal enrollment office. Employers should retain a copy of the proof of enrollment status provided by the employee.
2. Substantially all the services performed by the employee for the employer are performed within an Indian reservation (defined below).
3. The employee's principal residence while performing such services is on or near the reservation where the services are performed.

However, the employee shall be treated as a qualified employee for any tax year only if more than $50 \%$ of the wages paid or incurred by the employer to the employee during the tax year are for services performed in the employer's trade or business. Each member of a controlled group must meet this requirement independently. Also, see the instructions for lines 1 and 2.
The following are not qualified employees.

- Any individual who bears any of the relationships described in sections 152(d)(2)(A) through 152(d)(2)(G) to, or is a dependent described in section 152(d)(2)(H) of, the employer.
- If the employer is a corporation, any individual who bears any of the relationships described in sections 152(d)(2)(A) through 152(d)(2)(G) to, or is a dependent described in section 152(d)(2)(H) of, an individual who owns (or is considered to own under section 267(c)) more than $50 \%$ in value of the outstanding stock of the corporation.
- If the employer is an estate or trust, any individual who is a grantor, beneficiary, or fiduciary of the estate or trust (or a dependent, as described in section 152(d)(2)(H), of that individual), or any individual who is a relative, as described in sections 152(d)(2)(A) through 152(d)(2)(G), of the grantor, beneficiary, or fiduciary of the estate or trust.
- If the employer is other than a corporation, estate, or trust, any individual who owns directly or indirectly more than $50 \%$ of the capital and profits interest, including constructive ownership, in the entity.
- Any person who owns (or is considered to own under section 318) more than $5 \%$ of the outstanding or voting stock of the employer or, if not a corporate employer, more than $5 \%$ of the capital or profits interest in the employer.
- Any individual who performs services involving the conduct of Class I, II, or III gaming, as defined in section 4 of the Indian Gaming Regulatory Act, and any individual performing any services in a building housing such gaming activity.
Indian tribe means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in, or established under, the Alaska Native Claims Settlement Act, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians. See the Federal Register dated July 12, 2002 ( 67 FR 46328), for the most recent listing of federally recognized Indian tribes.
Indian reservation means a reservation as defined in section 3(d) of the Indian Financing Act of 1974 or section 4(10) of the Indian Child Welfare Act of 1978.


## Early Termination of Employee

Generally, if the employer terminates a qualified employee less than 1 year after the date of initial employment, the following rules apply.

- No wages or qualified employee health insurance costs may be taken into account for the tax year the employment is terminated.
- Any credits allowed for prior tax years by reason of wages paid or incurred to that employee must be recaptured. Include the recapture amount on the line for recapture taxes on your income tax return. Also, any carryback or carryover of the credit must be adjusted.
These rules do not apply if:
- The employee voluntarily quits,
- The employee is terminated because of misconduct, or
- The employee becomes disabled. However, if the disability ends during the first year of employment, the employer must offer reemployment to that employee.

An employee is not treated as terminated if the corporate employer is acquired by another corporation covered under the rules in section 381(a) and the employee continues to be employed by the acquiring corporation. Nor is a mere change in the form of conducting the trade or business treated as a termination if the employee continues to be employed in such trade or business and the taxpayer retains a substantial interest in such trade or business.

## Specific Instructions

## Part I

## Current Year Credit

Figure the credit for your trade or business on lines 1 through 4. Skip lines 1 through 4 if you are only claiming a credit that was allocated to you from a pass-through entity. The following rules apply for lines 1 and 2.

- The total amount of qualified wages and qualified employee health insurance costs for each qualified employee for any tax year is limited to $\$ 20,000$.
- Members of a controlled group of corporations and businesses under common control are treated as a single employer in determining the credit.
- For a short tax year, multiply the wages limit by the number of days in the short tax year and divide the result by 365.


## Line 1

Enter the total qualified wages and qualified employee health insurance costs paid or incurred for qualified employees during the tax years. An employee is not a qualified employee if the total amount of wages paid or incurred by the employer to the employee during the tax year (whether or not for services within an Indian reservation) exceeds \$35,000.

## Line 2

Enter the total qualified wages and qualified employee health insurance costs paid or incurred by the employer (or predecessor) for qualified employees during calendar year 1993 (as if section 45A had been in effect during 1993). If none, enter zero. For this purpose, an employee is not a qualified employee if the total amount of wages paid or incurred by the employer to the employee during calendar year 1993 (whether or not for services within an Indian reservation) exceeds $\$ 30,000$.

## Line 4

Generally, you must reduce the deductions on your return for salaries and wages and health insurance costs by the credit on line 4, even if you cannot take the full credit this year because of the tax liability limit. If you capitalized any costs on which you figured the credit, reduce the amount capitalized by the credit attributable to these costs.

## Line 6

If you have a credit from a passive activity, stop here and go to Form 3800.
S corporations and partnerships. Allocate the line 6 credit among the shareholders or partners. Show the credit for each shareholder or partner on Schedule K-1. Electing large partnerships include this credit in "general credits."
Estates and trusts. Allocate the line 6 credit between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 6, the estate or trust should enter its part of the total Indian employment credit. Label it "1041 Portion" and use this amount in Part II (or on Form 3800, if required) to figure the credit to claim on Form 1041.
Cooperatives. A cooperative described in section 1381(a) takes the Indian employment credit to the extent it has tax liability. Any excess is shared among its patrons, but any credit recapture applies as if the cooperative had claimed the entire credit.

## Part II

## Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- An Indian employment credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credits.

## Line 13

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.
Line 14
Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule and enter the TMT on line 14.
Line 17
If you cannot use all of the credit because of the tax liability limit (line 16 is smaller than line 6), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . 6 hr., 13 min.
Learning about the law
or the form . . . . . . . . . . . . 1 hr., 40 min.

Preparing and sending
the form to the IRS . . . . . . . . . 1 hr., 52 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Part I Current Year Credit

1 Total qualified community development corporation (CDC) contributions from Part I of Schedules A (Form 8847)
2 Multiply line 1 by $5 \%$ (.05).
3 CDC credits from passthrough entities:


4 Current year credit. Add lines 2 and 3

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Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part l, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
6 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8 a through 8 e
9 Net income tax. Subtract line 8f from line 7. If zero, skip lines 10 through 13 and enter -0 - on line 14
10 Net regular tax. Subtract line $8 f$ from line 5 . If zero or less, enter -0-
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
13 Enter the greater of line 11 or line 12
14 Subtract line 13 from line 9. If zero or less, enter -0- .
15 Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions

15
For Paperwork Reduction Act Notice, see back of form.
Cat. No. 16149K
Form 8847 (2005)

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8847 to claim the credit for qualified contributions made to selected community development corporations (CDCs).

## How the Credit Is Figured

The credit is figured over a 10-year credit period beginning with the tax year the qualified CDC contribution was made. The credit for each tax year in the credit period is $5 \%$ of the qualified CDC contribution (see below). The credit is part of the general business credit and is figured under section 13311 of the Revenue Reconciliation Act of 1993.

A qualified CDC contribution is any transfer of cash to a selected CDC before June 30, 1999, that is available for use by the CDC for at least 10 years and was designated by the CDC as a qualified contribution for purposes of the credit. Selected CDCs furnished each contributor a Schedule A (Form 8847), Receipt for Contribution to a Selected Community Development Corporation (CDC), with Part I of Schedule A completed.

Selected CDCs were announced in HUD News Release No. 94-94, dated June 30, 1994.

## Specific Instructions

## Part I-Current Year Credit

## S Corporations and Partnerships

S corporations and partnerships complete lines 1 through 4 to figure the credit to pass through to their shareholders or partners. Electing large partnerships include this credit in "general credits."

[^33]
## Line 1

You are not required to attach copies of Schedule A (Form 8847) to your tax return, but you may do so. You must keep all original Schedules A (Form 8847) for 3 years after the due date (including extensions) of your tax return for the last tax year in the 10-year credit period.

## Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835) or
- A carryback or carryfoward of any of those credits.
See the instructions for Form 3800 to find out which credits are included in the general business credit.


## Line 11

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 12

Although you may not owe the alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.

Enter on line 12 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I, line 54.


## Line 15

If you cannot use part of the credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances.

The estimated average times are:
Recordkeeping . . . . $5 \mathrm{hr} ., 15 \mathrm{~min}$.
Learning about
the law or
the form . . . . . . . . 24 min.
Preparing and
sending the
form to the IRS . . . . . . 30 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Initial and Annual Expatriation Information Statement

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

The American Jobs Creation Act of 2004 made substantial changes to both the tax and information reporting rules (and associated penalties) that apply to individuals who expatriated or terminated their residency after June 3, 2004. The most important changes are as follows:

- Form 8854 must be filed in order for your expatriation or termination of residency to be effective for tax purposes. - The thresholds (U.S. income tax and net worth) for determining whether you are subject to section 877 have changed. There is no longer a presumption that your expatriation or termination of residency is tax motivated if the thresholds have been exceeded. Rather, if the thresholds have been exceeded, you are subject to section 877 unless certain limited exceptions apply. Accordingly, you can no longer request a private letter ruling to avoid the application of section 877.
- If you are subject to section 877, you must file Form 8854 for the year of your expatriation or termination of residency and, if you are subject to the rules for the alternative tax of section 877(b), for each tax year for which the alternative tax applies.
- Form 8854 is no longer filed with a U.S. Embassy or consulate. It is now filed in the Philadelphia Service Center. See Where To File on page 2.
- Failure to file Form 8854 will result in a $\$ 10,000$ penalty.
- If, during a calendar year ending in a tax year during the 10-year period in which you are otherwise subject to section 877, you return to the United States for more than 30 days, you will be treated for that tax year as a U.S. citizen or resident, despite the legal termination of your citizenship or permanent resident status under the Immigration and Nationality Act.


## Purpose of Form

If you expatriated or terminated your long-term resident status after June 3, 2004, use Form 8854 to provide the information required by section 6039G.

## Expatriation or Termination of Residency

For purposes of immigration and nationality law, the date of your expatriation or termination of residency depends on when certain acts occurred. The specific acts that must have occurred depend on whether you are a former U.S. citizen or a former U.S. long-term resident (LTR). The specific acts are described below.

## Former U.S. Citizens

If you were a U.S. citizen, you expatriated:

- On the date you renounced your U.S. citizenship outside the United States before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349 of the Immigration and Nationality Act, provided there is a determination of loss of citizenship by the Secretary of

State, as reflected by your receipt of an approved Certificate of Loss of Nationality, or

- On the date you voluntarily performed an act of expatriation with the specific and contemporaneous intention of giving up your U.S. citizenship, provided there is a determination of loss by the Secretary of State, as reflected by your receipt of an approved Certificate of Loss of Nationality. An act of expatriation is any act defined as a potentially expatriating act either by paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act or by any other Act of Congress defining expatriating acts.

While your citizenship may have ended because a federal court revoked your naturalization under section 340 of the Immigration and Nationality Act, this type of loss of citizenship is not treated as an expatriating event for purposes of section 877 and this form, if after the revocation, you hold the status under the Immigration and Nationality Act of an alien lawfully admitted for permanent residence.

## Former U.S. Long-Term Residents (LTRs)

If you were a U.S. long-term resident (LTR) (see Definitions below), you terminated your residency:

- On the date you voluntarily abandoned your lawful permanent resident (LPR) status by filing Department of Homeland Security Form I-407 with a U.S. consular or immigration officer, and the Department of Homeland Security determines that you have, in fact, abandoned your LPR status,
- On the date you became subject to a final administrative order for your removal from the United States under the Immigration and Nationality Act and you actually left the United States as a result of that order, or
- If you were a dual resident of the United States and a country with which the United States has an income tax treaty, on the date you commenced to be treated as a resident of that country and you determined that, for purposes of the treaty, you are a resident of the treaty country. See Treas. Reg. Section 301.7701(b)-7 for information on other filing requirements for such individuals.


## Definitions

Former U.S. LTR. You are a former U.S. LTR if you were a lawful permanent resident of the United States for at least 8 of the 15 consecutive tax years ending with the date of your termination of residency.
LPR. You are an LPR of the United States if you have been given the privilege, according to U.S. immigration laws, of residing permanently in the United States as an immigrant. You generally have this status if the Immigration and Naturalization Service (now the U.S. Citizenship and Immigration Services (USCIS)) has issued you an alien registration card, also known as a "green card."

## Date of Tax Expatriation

Until you file Form 8854 and notify the Department of State or the Department of Homeland Security of your expatriating act or termination of residency, your expatriation or termination of residency for immigration purposes will not relieve you of your obligation to file U.S. tax returns and
report your worldwide income as a citizen or resident of the United States. For purposes of U.S. tax rules, the date of your expatriation or termination of residency will be the later of the date you notify the relevant agency of your expatriating act or termination of residency, or the date this form is filed in accordance with these instructions. For purposes of determining the date on which this form is filed, apply the rules of section 7502. Generally, this is the postmark date.

## Who Must File

You must file Form 8854 to:

- Establish that you have expatriated or terminated your

LTR status for tax purposes, or

- Comply with the annual information reporting
requirements of section 6039G, if you are subject to tax under section 877.
Note. If you were a naturalized citizen, but lost your citizenship because a federal court revoked your naturalization under section 340 of the Immigration and Nationality Act, you do not need to complete this form if, after the revocation, you hold the status under the Immigration and Nationality Act of an alien lawfully admitted for permanent residence. You must complete this form, however, if you were a naturalized citizen and you gave up your citizenship by expatriation under section 349 of the Immigration and Nationality Act.
Taxation under section 877. You are subject to taxation under section 877 if you are a former U.S. citizen or former LTR, and
- Your average annual net income tax liability for the 5 years ending before the date of your expatriation or termination of residency is more than a set amount (\$124,000 for 2004),
- Your net worth is $\$ 2$ million or more on the date of your expatriation or termination of residency, or
- You fail to certify on Form 8854 that you have complied with all of your U.S. federal tax obligations for the 5 years preceding the date of your expatriation or termination of residency.


## Exceptions to Section 877

Provided you have certified that you have met your tax obligations for the 5 tax years prior to your expatriation or termination of residency, you will not be subject to tax under section $877(\mathrm{~b})$ if either of the following exceptions applies.

- You became at birth a U.S. citizen and a citizen of another country, you continue to be a citizen of the other country, and you have no substantial contacts with the United States.
- You became at birth a U.S. citizen, neither of your parents was a U.S. citizen at the time of your birth, your loss of citizenship occurred before you attained age $181 / 2$, and you were not present in the United States for more than 30 days during any of the 10 calendar years preceding your loss of citizenship.

See the instructions for lines 9 and 10 on page 3.

## Tax Consequences of Presence in the United States After Expatriation or Termination of Residency

If, for any tax year during the 10-year period in which you are otherwise subject to section 877, you are present in the United States for more than 30 days in a calendar year ending in such tax year, you will be treated as a U.S. citizen or resident for that tax year. You will be subject to U.S. tax on your worldwide income unless the following exception applies.

Exception. You can be present in the United States for up to 60 days without being treated as a U.S. citizen or resident if you are performing personal services in the United States for an employer who is not related (within the meaning of sections 267 and 707) to you and you meet either of the following requirements.

- You were a U.S. citizen and, within a reasonable period following your expatriation, you became a citizen or resident fully liable to tax in the country in which either you, your spouse, or either of your parents were born, or
- For each year in the 10-year period ending on the date of expatriation or termination of residency, you were physically present in the United States for 30 days or less.

See Pub. 519, U.S. Tax Guide for Aliens, for details about what constitutes a day of presence in the United States.

## When To File

## Initial Information Statement

If you are filing this form because you ceased to be a U.S. citizen (expatriated) or terminated your U.S. residency during the tax year, there is no due date for filing this form. However, until you both file this form with the Internal Revenue Service and notify either the Department of State or the Department of Homeland Security of your expatriation or termination of residency, you will continue to be treated, for tax purposes, as if you were still a U.S. citizen or resident. The date of your tax expatriation (the date you are no longer subject to U.S. taxation on a worldwide basis) is the date on which you have satisfied both requirements.

## Annual Information Statement

If you are a nonresident alien filing this form to comply with the annual information reporting requirements of section 6039G, this form should be attached to a timely filed Form 1040NR, U.S. Nonresident Alien Income Tax Return, and a copy of the form should be sent to the address below. If you are not required to file Form 1040NR, submit this form to the address below by the due date for filing Form 1040NR.

If you are present in the United States following your expatriation and are subject to tax as a U.S. citizen or resident, file Form 8854 with your Form 1040 and send a copy to the address listed below.

## Where To File

Internal Revenue Service
11511 Roosevelt Boulevard
Drop Point S607-F8854
Philadelphia, PA 19154

## Specific Instructions

## Initial or Annual Information Statement

Check the Initial Information Statement box if you are filing this form as your initial expatriation information statement to establish that you have expatriated or terminated your LTR status for tax purposes. Check the Annual Information Statement box if you have already expatriated or terminated your LTR status, are subject to the tax rules of section 877(b), and are filing this form as your annual expatriation information statement.

## Part I - General Information

This section is to be completed by all filers.

## Line 1

Generally, this number is your U.S. social security number. An incorrect or missing identifying number may result in failure to expatriate or terminate residency and/or a penalty of $\$ 10,000$. If you were never issued a social security number, please attach a statement explaining the reason.

## Line 2

If you have a P.O. box, enter your box number instead of your street address only if your post office does not deliver mail to the street address.

## Line 3

Enter the information in the following order: street address, city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

## Line 4

Enter the country of which you are considered a resident for tax purposes if different from the country in which your principal foreign residence is located.

## Line 5

Date of notification, termination, or claim. In order to expatriate for tax purposes (to no longer be subject to U.S. tax as a U.S. citizen or LTR), you must (a) give notice of an expatriating act or termination of residency (with the requisite intent to relinquish citizenship or terminate residency) to the Secretary of State or the Secretary of Homeland Security, and (b) provide a statement in accordance with the information reporting requirements of section 6039G. The date of your expatriation is the date on which the latter of these two events occurs.

You will be considered to have given notice of an expatriating act (with the requisite intent to relinquish citizenship) to the Secretary of State as of the date that you either:

- Renounced your U.S. citizenship outside the United States before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act, or
- Submitted to a U.S. Embassy or consulate a signed statement affirming your voluntary and intentional relinquishment of U.S. citizenship accompanied by documentation confirming the performance of an act defined as potentially expatriating by paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act provided that such notification is ultimately confirmed by the issuance of a Certificate of Loss of Nationality from the Department of State.

You will be considered to have given notice of a termination of residency (with the requisite intent to terminate residency) to the Secretary of Homeland Security as of the date that you complete Form I-407, Abandonment of Lawful Permanent Resident Status, before a diplomatic or consular officer of the United States or at a Port of Entry of the United States before a U.S. immigration official.

You should retain written evidence of your notification.
Box a. Check this box if you are a former U.S. citizen, and enter the date on which you gave notice of your expatriation to the Department of State.
Box b. Check this box if you are a former LTR, and enter the date on which you gave notice of termination of your LPR status to the Department of Homeland Security.

Box c. Check this box if you are an LTR with dual residency in a treaty country, and enter the date you commenced to be treated for tax purposes as a resident of the treaty country (see Former U.S. Long-Term Residents (LTRs) on page 1).

If you have not yet notified the Secretary of State or Secretary of Homeland Security in connection with your expatriating act or termination of residency, you must file an amended Form 8854 stating the date on which such notification occurs.

## Part II-Initial Expatriation or Termination Information Statement

This section and Schedules A (Balance Sheet) and B (Income Statement) must be completed by all individuals who expatriate or terminate residency during the tax year.

## Line 7

Use the balance sheet in Schedule A to arrive at your net worth.

## Line 9

You have no substantial contacts with the United States if you (a) were never a resident of the United States (as defined in section 7701(b)), (b) never held a U.S. passport, and (c) were not present in the United States for more than 30 days during any of the 10 calendar years preceding your loss of U.S. citizenship.

## Line 10

Check the "Yes" box if:

- You are a minor who became a U.S. citizen at birth,
- Neither of your parents was a U.S. citizen at the time of your birth,
- Your loss of citizenship occurred before you attained age $181 / 2$, and
- You were not present in the United States for more than 30 days in any of the 10 calendar years preceding your loss of U.S. citizenship.


## Line 11

Check the "Yes" box if you have complied with your tax obligations for the 5 tax years ending before the date on which you expatriated or terminated your residency, including but not limited to, your obligations to file income tax, employment tax, gift tax, and information returns, if applicable, and your obligation to pay all relevant tax liabilities, interest, and penalties. You will be subject to tax under section 877 if you have not complied with these obligations, regardless of whether your average annual income tax liability or net worth exceeds the applicable threshold amounts.

## Part III-Annual Information Reporting Under Section 6039G

If section 877 applies to you, you must complete Part III and Schedules A (Balance Sheet) and B (Income Statement) for the 10 tax years beginning with the year that includes the date of your expatriation or termination of residency, whether or not you owe tax under section 877 for the tax year. This means that if you perform an expatriating act or terminate residency, you must complete both Parts II and III of this form for the year in which that event occurs.

If you are subject to tax under section 877, you are no longer taxed as a citizen or resident on your worldwide income. However, you must compute your tax as a nonresident in accordance with the special rules of section 877. These rules expand the categories of income and gain on which you owe tax. You are also subject to special rules
for gift and estate tax purposes that differ from those applicable to other nonresident aliens.

## Exceptions to Filing Part III

Section 877 does not apply to you if your net worth is less than $\$ 2$ million as of the date of your tax expatriation, your average annual net income tax liability for the 5 tax years prior to the date of your tax expatriation was not more than $\$ 124,000$ (for 2004), and you certify that you have met your tax obligations for the 5 years prior to expatriation.

If you exceed these dollar thresholds and you certify that you have met your tax obligations, section 877 may still not apply to you if you meet one of the exceptions for dual citizens at birth with no substantial presence or for certain minors. See Exceptions to Section 877 on page 2.

You do not need to complete Part III of this form if: - Your average annual net income tax liability for the 5 tax years ending before the date of expatriation (see line 6 on the form) was $\$ 124,000$ or less (if you expatriated in 2004), your net worth on line 7 was less than $\$ 2$ million, and you checked the "Yes" box on line 11.

- You checked the "Yes" box on line 8, and the "No" box on line 9, and you checked the "Yes" box on line 11, or
- You checked the "Yes" box on lines 10 and 11.


## Line 12a

List all foreign countries of which you are a citizen.

## Line 12b

Indicate how you became a U.S. citizen. For example, if you acquired citizenship at birth, write "At Birth." If you acquired citizenship through naturalization, write "Naturalized Citizen."

## Line 12c

Provide the date on which you became a citizen of each country listed on line 12a.

## Line 13

If you were physically present in the United States for more than 60 days during the tax year, you will be taxed as a U.S. citizen or resident and must file Form 1040 for the current tax year. If in a subsequent year within the 10 year period you are not physically present more than 30 days during the year, you will again be subject to section 877 and file Form 1040 NR. If you were present more than 60 days during the year, skip line 14.

## Line 14

If you were physically present in the United States more than 30 days but not more than 60 days during the tax year, complete lines 14a and b. If you answer "No" to either question, you will be taxed as a U.S. citizen or resident and must file Form 1040 for the current tax year. If you answer "Yes" to both questions, you remain subject to section 877 for the tax year.

## Signature

Form 8854 is not considered valid unless you sign it. If you have someone else prepare Form 8854, you are still responsible for its correctness.
Paid preparers. Generally, anyone you pay to prepare Form 8854 must sign it in the space provided. The preparer must give you a copy for your records. Someone who prepares Form 8854 but does not charge you a fee should not sign it.

## Schedule A-Balance Sheet

Note. If there have been significant changes in your assets and liabilities for the period that began 5 years prior to your expatriation and ended on the date that you file Form 8854,
you must attach a statement explaining the changes. Also, attach a similar statement if you expect significant changes in the 10-year period after expatriation or termination of residency.

## Columns (a) and (b)

List the fair market value (in U.S. dollars) of each class of assets and your U.S. adjusted basis (in U.S. dollars) in the class of assets. You can use good faith estimates of fair market value and basis. Formal appraisals are not required.

## Column (c)

Subtract the amounts in column (b) from the amounts in column (a) and show the gain or (loss) in column (c). Enter negative amounts in parentheses.

## Column (d)

If you are a former U.S. LTR, it may benefit you to complete column (d). For more details, see section 877(e)(3)(B). Only former U.S. LTRs should complete column (d).

Enter in column (d) the fair market value of each asset on the date you first became a U.S. resident for tax purposes.
Note. The date you first became a U.S. resident for tax purposes is not always the same as the date you first became a U.S. LPR. For details on U.S. residency (including the substantial presence test), see Pub. 519.

## Line 5a

List the appropriate amount in each column for all nonmarketable stock and securities issued by foreign corporations that would be controlled foreign corporations if you were still a U.S. citizen or resident. Note that these amounts are already included on line 5. Do not include amounts on this line in the total on line 20.

## Line 8

List the total value of all your partnership interests. If you hold an interest in one or more partnerships, you must attach a statement to Form 8854 that lists each partnership separately. Include the employer identification number (EIN), if any, for each partnership. Describe the assets and liabilities of each partnership (using the categories on the balance sheet on page 3 of Form 8854) attributable to your interest in the partnership.

## Line 9

List the total value of all assets held by trusts that you are considered to own for tax purposes. You must attach a statement to Form 8854 that lists each trust separately. Include the EIN (if any) for each trust. Describe the assets and liabilities of each trust (using the categories on the balance sheet on page 3 of Form 8854) attributable to your interest in the trust.
Note. To determine if you are an owner of a trust, see sections 671 through 679.

## Line 10

List the total value of all assets held by nongrantor trusts in which you are considered to have a beneficial interest. You must attach a statement to Form 8854 that lists each trust separately. Include the EIN (if any) for each trust. Describe the assets and liabilities of each trust (using the categories on the balance sheet on page 3 of Form 8854) attributable to your interest in the trust.
Note. To determine if you are a beneficiary of a nongrantor trust, you must allocate the property interests of the trust based on all relevant facts and circumstances. To determine the value of your beneficial interest, use the valuation principles under section 2512. See section III of Notice 97-19 for examples of how the property interests of a nongrantor trust should be allocated to the beneficiaries of
the trust. You can find Notice 97-19 on page 40 of Internal Revenue Bulletin 1997-10 at www.irs.gov/pub/irs-irbs/ irb97-10.pdf.

## Lines 11 and 12

Intangible property includes any of the following items that have substantial value independent of the services of any individual.

- Patent, invention, formula, process, design, pattern, or know-how.
- Copyright, literary, musical, or artistic composition.
- Trademark, trade name, or brand name.
- Franchise, license, or contract.
- Method, program, system, procedure, campaign, survey, study, forecast, estimate, customer list, or technical data.
- Any similar item.


## Line 19

Attach a statement describing and listing the total value of any other assets you have that are not included on lines 1 through 18.

## Line 20

Add lines 1 through 5 and 6 through 19, not including any amounts on line 5 a . The amounts on line 5 a are included in determining the amounts on line 5 .

## Line 23

Attach a statement describing and listing the total value of any other liabilities you have that are not included on lines 21 and 22.

## Schedule B-Income Statement

Schedule B is required to satisfy the requirements of section $6039 \mathrm{G}(\mathrm{b})(5)$, and must be completed without regard to whether you have income subject to tax under section 877 for the tax year.
Note. If you are subject to section 877 for all or a portion of the tax year, and you derive income subject to tax under section 877 for the taxable year, you are liable for tax on that income as provided in section 1 or section 55, if the tax computed under such sections exceeds the tax that would be imposed on you under section 871 . This generally means that you must report all income subject to tax under section 877 on Form 1040NR, whether or not it is effectively connected with the conduct of a trade or business in the United States, and you are not permitted to exclude certain types of income, such as portfolio interest or capital gains, which normally would be exempt from tax in the hands of a nonresident alien.

## Treaty Residents

Most U.S. tax treaties do not prevent the United States from continuing to tax former citizens and former LTRs under domestic law. Unless the treaty prevents it, you will be subject to the rules of section 877 .

## Specific Line Instructions

Lines 3 through 6 require reporting of income which, but for the application of section 877 (d), would be income from sources outside the United States. If you report income on these lines, you must also report this income as taxable income on Form 1040NR.

## Line 5

If you owned (within the meaning of section 958(a) or (b)) at any time during the 2 -year period ending on the date of your expatriation or termination of residency, more than $50 \%$ of the vote or value of a foreign corporation, income or gain you receive from the foreign corporation during the tax year will be treated as from sources within the United States, to
the extent such income or gain is not more than the earnings and profits from such stock which were earned or accumulated before the date of your expatriation or termination of residency while such ownership requirements were met.

## Line 6

If, during the current tax year, you exchanged any property, and (a) the gain would not (but for this paragraph) be recognized on such exchange in whole or in part, (b) income derived from such property was from sources within the United States (or, if no income was so derived, would have been from such sources), and (c) income derived from the property acquired in the exchange would be from sources outside the United States, then the property will be treated as sold for its fair market value on the date of the exchange, in accordance with Section V of Notice 97-19, 1997-1 C.B. 394. The removal of appreciated property with an aggregate fair market value in excess of $\$ 250,000$, from the United States is an exchange of property covered by this provision.

Enter on line 5 the total amount of gain resulting from any such exchanges during the tax year, and if you have elected to enter into a gain recognition agreement with the IRS deferring the gain, attach a copy of the agreement to your Form 1040NR. If you dispose of any property covered by a gain recognition agreement during the tax year, also list the gain realized on this line. See Section V of Notice 97-19, for additional information on exchanges and gain recognition agreements.

## Line 7

If, during the 10 -year period beginning on the date of your expatriation or termination of residency, or during the 5 year period prior to your expatriation or termination of residency, you contributed U.S. source property to a foreign corporation that would be a controlled foreign corporation had you remained a U.S. citizen or LTR, any income or gain on that property received or accrued by the foreign corporation during the tax year is treated as received or accrued by you. See Section VI of Notice 97-19 for additional information.

## Line 8

Add lines 1 f through 7 to report your total income from U.S. sources.

## Line 9

List the total amount of all other income or gain for the tax year.

## Penalties

If you are subject to section 877 and required to file Form 8854 for any tax year, and you fail to file or do not include all the information required by the form or the form includes incorrect information, you will owe a penalty of $\$ 10,000$ for that year, unless it is shown that such failure is due to reasonable cause and not willful neglect.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:


If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File on page 2.

## 2005 Form 8853, Archer MSAs and Long-Term Care Insurance Contracts

Purpose: This is the first circulated draft of the 2005 Form 8853 for your review and comments. The major changes are shown below.

TPCC Meeting: None, but may be arranged if requested.
Instructions: The 2005 Form 8853 instructions will be circulated at a later date.

Prior version: The 2004 Form 8853 is available at: http://www.irs.gov/pub/irs-pdf/f8853.pdf

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft products.html
Comments: Please email, fax, call, or mail any comments by May 23, 2005.

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Tax Forms and Publications
SE:W:CAR:MP:T:I:F
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Fax: 202-927-6234

Major Changes to 2005 Form 8853

1. Line references to Form 1040 have been updated.
2. In Section C, line 23 has been updated per Rev. Proc. 2004-71, section 3.36.

Section A. Archer MSAs. If you have only a Medicare Advantage MSA, skip Section A and complete Section B.
Part I General Information. See page 2 of the instructions.

1a Did you or your employer make contributions to your Archer MSA for 2005?
b If "Yes," were you uninsured when the MSA was established (see page 2 of the instructions)?.
c If line 1 a is "Yes," indicate coverage under high deductible health plan: $\square$ Self-Only or $\square$ Family
2a If married, did your spouse or spouse's employer make contributions to your spouse's Archer MSA for 2005?
b If "Yes," was your spouse uninsured when the MSA was established (see page 2 of the instructions)?
c If line 2 a is "Yes," indicate coverage under high deductible health plan: $\square$ Self-Only or $\square$ Family
Part II Archer MSA Contributions and Deductions. See page 2 of the instructions before completing this part. If you are filing jointly and both you and your spouse have high deductible health plans with self-only coverage, complete a separate Part II for each spouse (see page 2 of the instructions).
3 Total employer contributions to your Archer MSA(s) for 2005.
4 Archer MSA contributions you made for 2005, including those made from January 1, 2006, through April 17, 2006, that were for 2005. Do not include rollovers (see page 4 of the instructions)
5 Limitation from the worksheet on page 3 of the instructions
6 Compensation (see page 3 of the instructions) from the employer maintaining the high deductible health plan. (If self-employed, enter your earned income from the trade or business under which the high deductible health plan was established.)
7 Archer MSA deduction. Enter the smallest of line 4, 5, or 6 . Also include this amount in the total on Form 1040, line 36. On the dotted line next to line 36, enter "MSA" and the amount

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| 4 |  |  |
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| 6 |  |  |
| 7 |  |  | Caution: If line 4 is more than line 7 , you may have to pay an additional tax (see page 4 of the instructions).

## Part III Archer MSA Distributions

8a Total distributions you and your spouse received in 2005 from all Archer MSAs (see page 4 of the instructions)
b Distributions included on line 8a that you rolled over to another Archer MSA or a health savings account. Also include any excess contributions (and the earnings on those excess contributions) included on line 8a that were withdrawn by the due date of your return (see page 4 of the instructions)
c Subtract line 8b from line 8a
9 Unreimbursed qualified medical expenses (see page 4 of the instructions).
10 Taxable Archer MSA distributions. Subtract line 9 from line 8c. If zero or less, enter -0-. Also include this amount in the total on Form 1040, line 21. On the dotted line next to line 21, enter "MSA" and the amount
11a If any of the distributions included on line 10 meet any of the Exceptions to the Additional $15 \%$ Tax (see page 4 of the instructions), check here
b Additional $15 \%$ tax (see page 4 of the instructions). Enter $15 \%$ (.15) of the distributions included on line 10 that are subject to the additional $15 \%$ tax. Also include this amount in the total on Form 1040, line 63. On the dotted line next to line 63, enter "MSA" and the amount

| 8 a |  |  |
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| 8 b |  |  |
| 8 c |  |  |
| 9 |  |  |
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| 10 |  |  |
|  |  |  |
| 11 b |  |  |

Section B. Medicare Advantage MSA Distributions. If you are filing jointly and both you and your spouse received distributions in 2005 from a Medicare Advantage MSA, complete a separate Section B for each spouse (see page 5 of the instructions).
12 Total distributions you received in 2005 from all Medicare Advantage MSAs (see page 5 of the instructions)
13 Unreimbursed qualified medical expenses (see page 5 of the instructions)
14 Taxable Medicare Advantage MSA distributions. Subtract line 13 from line 12. If zero or less, enter -0 -. Also include this amount in the total on Form 1040, line 21. On the dotted line next to line 21, enter "Med MSA" and the amount
15a If any of the distributions included on line 14 meet any of the Exceptions to the Additional 50\% Tax (see page 5 of the instructions), check here
b Additional $\mathbf{5 0 \%}$ tax (see page 5 of the instructions). Also include this amount in the total on Form 1040, line 63. On the dotted line next to line 63, enter "Med MSA" and the amount

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| :---: | :--- | :--- |
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| 14 |  |  |
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| $15 b$ |  |  |


| For Paperwork Reduction Act Notice, see page 8 of the instructions. Cat. No. 24091H | Form 8853 (2005) |
| :--- | :--- | :--- | :--- |

## Section C. Long-Term Care (LTC) Insurance Contracts. See Filing Requirements for Section C on page 6 of the instructions before completing this section.

## If more than one Section C is attached, check here

16a Name of insured $\qquad$ b Social security number of insured $\qquad$

17 In 2005, did anyone other than you receive payments on a per diem or other periodic basis under a qualified LTC insurance contract covering the insured or receive accelerated death benefits under a life insurance policy covering the insured? $\qquad$ $\square$ Yes YesNo

18 Was the insured a terminally ill individual? $\square$ Yes
Note: If "Yes" and the only payments you received in 2005 were accelerated death benefits that were paid to you because the insured was terminally ill, skip lines 19 through 27 and enter -0- on line 28.

19 Gross LTC payments received on a per diem or other periodic basis. Enter the total of the amounts from box 1 of all Forms 1099-LTC you received with respect to the insured on which the "Per diem" box in box 3 is checked

Caution: Do not use lines 20 through 28 to figure the taxable amount of benefits paid under an LTC insurance contract that is not a qualified LTC insurance contract. Instead, if the benefits are not excludable from your income (for example, if the benefits are not paid for personal injuries or sickness through accident or health insurance), report the amount not excludable as income on Form 1040, line 21.

20 Enter the part of the amount on line 19 that is from qualified LTC insurance contracts
21 Accelerated death benefits received on a per diem or other periodic basis. Do not include any amounts you received because the insured was terminally ill (see page 7 of the instructions)

22 Add lines 20 and 21.

Note: If you checked "Yes" on line 17 above, see Multiple Payees on page 7 of the instructions before completing lines 23 through 27.

23 Multiply $\$ 240$ by the number of days in the LTC period.
24 Costs incurred for qualified LTC services provided for the insured during the LTC period (see page 7 of the instructions)

25 Enter the larger of line 23 or line 24
26 Reimbursements for qualified LTC services provided for the insured during the LTC period

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| :--- | :--- | :--- |
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| 24 |  |  |
| 25 |  |  |
| 26 |  |  |


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Caution: If you received any reimbursements from LTC contracts issued before August 1, 1996, see page 7 of the instructions.

27 Per diem limitation. Subtract line 26 from line 25

28 Taxable payments. Subtract line 27 from line 22. If zero or less, enter -0-. Also include this amount in the total on Form 1040, line 21. On the dotted line next to line 21, enter "LTC" and the amount.


Initial or Annual Information Statement. Check the box that applies.
$\square$ Initial Information Statement. Complete Parts I and II and Schedules A and B. Skip Part III (see instructions).
$\square$ Annual Information Statement. Complete Parts I and III and Schedules A and B. Skip Part II (see instructions).

## Part I General Information. All filers must complete Part I. See instructions.

1 Identifying number (see instructions)

2 Mailing address and telephone number where you can be reached after expatriation

3 Address of principal foreign residence (if different from 2) $\qquad$

4 Country of tax residence (if different from 3)

5 Date of notification of expatriating act, termination of residency, or claim of treaty benefits. Check the box that applies and enter the appropriate date.
aCitizen. Date notification given to Department of State (see instructions).
bLong-term resident. Date notification given to Homeland Security (see instructions).
cLong-term resident with dual residency in a treaty country. Date commencing to be treated, for tax purposes, as a resident of the treaty country $\qquad$ .

## Part II Initial Expatriation or Termination Information Statement

6 Enter your U.S. income tax liability (after foreign tax credits) for the 5 tax years ending before the date of expatriation.

| 1st Year | 2nd Year | 3rd Year | 4th Year |
| :---: | :---: | :---: | :---: |$\quad$| 5th Year |
| :---: |
| Before Expatriation |$\quad$ Before Expatriation $\quad$ Before Expatriation $\quad$ Before Expatriation $\quad$ Before Expatriation

\$
$\$$ $\qquad$ \$ $\qquad$ \$ $\qquad$ \$ $\qquad$

7 Enter your net worth on the date of your expatriation for tax purposes
\$ $\qquad$

8 Did you become at birth a U.S. citizen and a citizen of another country, and do you continue to be a citizen of that other country?Yes No

9 Do you have substantial contacts with the United States? (see instructions) . . . . . . . . $\square$ Yes $\square$ No
10 Are you a minor described in section 877(c)(3)? (see instructions) . . . . . . . . . . . $\square$ Yes $\square$ No
11 Do you certify under penalty of perjury that you have complied with all of your tax obligations for the 5 preceding tax years? (see instructions)
$\square$ Yes

## Part III Annual Information Reporting under Section 6039G

Do not complete this part if:

- Your average annual net income tax liability for years 1-5 (line 6) was $\$ 124,000$ or less and your net worth on line 7 was under \$2,000,000, and you checked "Yes" to line 11, or
- You checked 'Yes" to line 8 and "No" to line 9, and you checked "Yes" to line 11, or
- You checked 'Yes" to line 10, and you checked 'Yes" to line 11.

12 List all countries (other than the United States) of which you are a citizen.
a Name of country $\qquad$
b How you became a citizen $\qquad$
c Date you became a citizen
13 Number of days you were physically present in the United States during the current year. If you were present in the United States more than 60 days, skip line 14

14 Were you physically present in the United States for more than 30 days but not more than 60 days during the tax year?

Yes
a Were you performing services for an unrelated employer?Yes
No
b If you checked 'Yes" to line 14a, are you a citizen or resident, fully liable for income tax, in the country in which you were born, your spouse was born, or either of your parents were born?Yes

|  | Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best <br> of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than filer) is based on all information of which <br> preparer has any knowledge. |
| :--- | :--- | :--- |
| Sign   <br> Here Your signature Date <br>   Preparer's signature | Date |

## Schedule A Balance Sheet

- If this is an initial information statement, list in U.S. dollars the fair market value (column (a)) and the U.S. adjusted basis (column (b)) of your assets and liabilities as of the date of your expatriation for tax purposes.
- If this is an annual information statement, list in U.S. dollars the fair market value (column (a)) and the U.S. adjusted basis (column (b)) of your assets and liabilities as of the end of the tax year for which you are filing this form.
- If you are a former U.S. long-term resident (LTR), it may benefit you to complete column (d). Only former LTRs should do so. For more details, see the separate instructions.

| Assets | (a) Fair Market Value (FMV) | (b) U.S. adjusted | (c) Gain or (Loss). Subtract column (b) from column (a) | (d) FMV on beginning date of U.S. residency (optional, for LTRs only) |
| :---: | :---: | :---: | :---: | :---: |
| 1 Cash, including bank deposits |  |  |  |  |
| 2 Marketable stock and securities issued by U.S. companies |  |  |  |  |
| 3 Marketable stock and securities issued by foreign companies |  |  |  |  |
| 4 Nonmarketable stock and securities issued by U.S. companies |  |  |  |  |
| 5 Nonmarketable stock and securities issued by foreign companies |  |  |  |  |
| a Separately state stock issued by foreign companies that would be controlled foreign corporations if you were still a U.S. citizen or permanent resident (see instructions) |  |  |  |  |
| b Provide the name, address and EIN, if any, of any such company $\qquad$ |  |  |  |  |
| 6 Pensions from services performed in the United States |  |  |  |  |
| 7 Pensions from services performed outside the United States |  |  |  |  |
| 8 Partnership interests (see instructions) |  |  |  |  |
| 9 Assets held by trusts you own under sections 671-679 (see instructions) |  |  |  |  |
| 10 Beneficial interests in nongrantor trusts (see instructions) |  |  |  |  |
| 11 Intangibles used in the United States |  |  |  |  |
| 12 Intangibles used outside the United States |  |  |  |  |
| 13 Loans to U.S. persons . |  |  |  |  |
| 14 Loans to foreign persons |  |  |  |  |
| 15 Real property located in the United States |  |  |  |  |
| 16 Real property located outside the United States |  |  |  |  |
| 17 Business property located in the United States |  |  |  |  |
| 18 Business property located outside the United States |  |  |  |  |
| 19 Other assets (see instructions) |  |  |  |  |
| 20 Total assets. Add lines 1 through 5 and lines 6 through 19. Do not include amounts on line 5a in this total |  |  |  |  |
| Liabilities | Amount |  |  |  |
| 21 Installment obligations |  |  |  |  |
| 22 Mortgages, etc. |  |  |  |  |
| 22 Mortgages, et |  |  |  |  |
| 23 Other liabilities (see instructions) |  |  |  |  |
| 24 Total liabilities. Add lines 21 through 23 |  |  |  |  |
| 25 Net worth. Subtract line 24 from line 20, column (a) |  |  |  |  |

## Schedule B Income Statement

- If this is an initial information statement, provide income information for that portion of the year that ends on the date of your expatriation for tax purposes.
- If this is an annual information statement, provide income information for the tax year for which you are filing the form.

1 U.S. source gross income not effectively connected with the conduct of a U.S. trade or business.
a Interest
b Dividends
c Royalties
d Pension distributions
e Other.

| $1 a$ |  |  |
| :---: | :--- | :--- |
| $1 b$ |  |  |
| $1 c$ |  |  |
| $1 d$ |  |  |
| $1 e$ |  |  |

f Total, add lines a through e

2 Gross income that is effectively connected with the conduct of a U.S. trade or business .
3 Income from the performance of services in the United States
4 Gains from the sale or exchange of:
a Property (other than stock or debt obligations) located in the United States
b Stock issued by a U.S. domestic corporation
c Debt obligations of U.S. persons or of the United States, a state or political subdivision thereof, or the District of Columbia
d Total, add lines a through c
5 Income or gain derived from certain foreign corporations to the extent of your share of earnings and profits earned or accumulated before the date of expatriation (see instructions).

6 Gains on certain exchanges of property that would ordinarily not be recognized (see instructions)
7 Income received or accrued by certain foreign corporations (see instructions)
8 Add lines 1f, 2, 3, 4d, 5, 6, and 7
9 Gross income from all other sources
10 Total, add lines 8 and 9


Form 8854 (Rev. 5-2005)

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## Note: Do not complete Parts I and II if you only have a credit carryforward from 2004.

## Part I General Information

A Address of home qualifying for the credit (if different from the address shown on Form 1040)

| Information from <br> settlement statement <br> or deed | B Lot number Square number | D Settlement or closing date |
| :--- | :--- | :--- | :--- |

## Part II Tentative Credit

## Part III Credit Carryforward From 2004

7 Enter the amount from line 12 of your 2004 Form 8859

| 7 |  |  |
| :--- | :--- | :--- |

## Part IV Tax Liability Limit

8 Enter the amount from Form 1040, line 46
9 Enter the total of the amounts from Form 1040, lines 47 through 53, plus any mortgage interest credit from Form 8396, line 11

10 Subtract line 9 from line 8. If zero or less, enter -0- here and on line 11 and go to line 12
11 Current year credit. If you completed Part II, enter the smaller of line 6 or line 10. If you completed Part III, enter the smaller of line 7 or line 10. Also include this amount on Form 1040, line 54, and check box $\mathbf{b}$ on that line

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| :---: | :--- | :--- |
| 9 |  |  |
| 10 |  |  |
|  |  |  |
| 11 |  |  |
| 12 |  |  |
| Form 8859 (2005) |  |  |



## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8860 to claim the qualified zone academy bond (QZAB) credit. A QZAB is a taxable bond issued after 1997 by a state or local government, the proceeds of which are used to improve certain eligible public schools. In lieu of receiving periodic interest payments from the issuer, the holder of the bond is generally allowed an annual income tax credit while the bond is outstanding. The credit compensates the holder for lending money to the issuer and functions as interest paid on the bond.

## Who May Claim the Credit

An eligible taxpayer may claim the QZAB credit by filing Form 8860 for each tax year in which it holds a QZAB on the credit allowance date. To be an eligible taxpayer, the taxpayer must be a bank, insurance company, or other corporation actively engaged in the business of lending money. In addition, the shareholder of an S corporation may claim the credit from an S corporation that is an eligible taxpayer. The credit allowance date is the last day of (a) the 1-year period beginning on the date the bond was issued and (b) each successive 1-year period thereafter. The credit is deemed paid on the credit allowance date.

## Specific Instructions

## Part I <br> Current Year Credit

## Line 1, Column (c)

Caution. Shareholders do not complete line 1. See the instructions for line 2.
Enter the face amount of the bond minus any payments of principal received.

## Line 1, Column (d)

For bonds sold before July 1, 1999, the credit rate is $110 \%$ of the long-term applicable federal rate (AFR), compounded annually, for the month and year the bond is issued. The IRS announced the long-term AFR monthly in a series of revenue rulings published in the Internal Revenue Bulletin.

For bonds sold after June 30, 1999, the credit rate is the rate published daily by the Bureau of the Public Debt under "SLGS and Other Special Investments" on its Internet website at www.publicdebt.treas.gov. The rate is applied to the bond on the first day on which there is a binding contract in writing for the sale or exchange of the bond. The rate is determined by the Department of the Treasury based on its estimate of the yield on outstanding AA rated corporate bonds of a similar maturity for the business day immediately prior to the date on which there is a binding contract in writing for the sale or exchange of the bond.

## Line 2

Complete line 2, not line 1, for a credit you received as a shareholder of an S corporation. If you received a QZAB credit from more than one S corporation, attach a schedule showing the EIN and credit amount for each S corporation and enter the total credit on line 2 a .

## Line 3

The current year credit on line 3 is deemed to be a payment of qualified stated interest (as defined in Regulations section 1.1273-1(c)) on the credit allowance date. Therefore, a holder on the accrual method must accrue the credit amount as taxable interest income over the 1-year period that ends on the credit allowance date. If the holder is an S corporation, the S corporation reports the interest income.

If the holder buys a bond between credit allowance dates, the interest (credit) accrued at the time of purchase is not interest income, and is not taxable as interest when paid. Instead, the payment of the interest (credit) on the credit allowance date is treated as a return of capital (to the extent of the accrued interest (credit) at the time of purchase), which reduces the holder's cost basis in the bond. If the holder sells a bond between credit allowance dates, part of the sales price is treated as interest accrued to the date of sale and must be reported as interest income.

## Part II

## Allowable Credit

S corporations complete only Part I of Form 8860 and pro-rate the credit on line 3 to their shareholders.
Corporations filing Form 8895, Section 965(f) Election for Corporations That are U.S. Shareholders of a Controlled Foreign Corporation, must see the instructions for Form 8895 for the amounts to enter on lines 4 through 7 g .

## Line 7f

If you are filing Form 3800, General Business Credit, enter the credit from Form 3800. If you are not filing Form 3800, enter the credit allowed for the current tax year (after the tax liability limit) from the general business credit form you are filing. See the instructions for Form 3800 to find out which credits are included in the general business credit. Also include any credit from Form 8844, Empowerment Zone and Renewal Community Employment Credit, Form 6478, Credit for Alcohol Used as Fuel, or Section B of Form 8835, Renewable Electricity and Refined Coal Production Credit.

## Line 9

If you cannot use all of the credit on line 3 because of the tax liability limit in Part II (i.e., line 3 is more than line 9), a deduction is allowed for any unused credit for the tax year that includes the credit allowance date. Because this deduction may further reduce the tax liability limit, the holder may need to refigure the tax liability limit and the unallowed credit. Refigure the unallowed credit until it equals the deduction. It may be necessary to use the "trial and error" method. If the holder is an S corporation, the shareholder, not the S corporation, takes the deduction.
Note: To the extent the unallowed credit is attributable to bonds sold after September 25, 2000, you may deduct the unallowed credit in the next tax year instead of the current tax year. See Regulations sections $1.1397 \mathrm{E}-1(f)(2)$ and (k).

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 5 hr ., 15 min ; Learning about the law or the form, 24 min ; Preparing and sending the form to the IRS, 30 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Part I Current Year Credit

1 Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who began work for you before January 1, 2006, and are certified as long-term family assistance recipients. Members of a controlled group, see instructions.
a Qualified first-year wages $\$$
$\times 35 \%$ (.35)
b Qualified second-year wages. \$ $\times 50 \%$ (.50)
2 Add lines 1 a and 1 b . You must subtract this amount from your deduction for salaries and wages
3 Welfare-to-work credits from pa -ti lugh. enti s :

| - If you are a- |  |
| :--- | :--- |
| a Shareholder : |  |
| b Partner. |  |
| c Beneficiary : |  |
| d Patron |  | Then enter the total of the credits fromSchedule K-1 (Form 1120S), box 13, code F, G, or K Schedule K-1 (Form 1065), box 15, code F, G, or K Schedule K-1 (Form 1041), box 13, code E'. Written statement from cooperative

4 Current year credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, egulated investment companies, and real estate investment trusts, see instructions.)

## Identifying number

|  |  |  |
| :---: | :--- | :--- |
| 1a |  |  |
| $1 b$ |  |  |
| 2 |  |  |
|  |  |  |
| 3 |  |  |
|  |  |  |
| 4 |  |  |

Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
5 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
6 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56
7 Add lines 5 and 6
8a Foreign tax credit
b Credits from Form 1040, lines 48 through 54.
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 8 a through 8 e .
9 Net income tax. Subtract line $8 f$ from line 7. If zero, skip lines 10 through 13 and enter -0- on line 14
10 Net regular tax. Subtract line $8 f$ from line 5. If zero or less, enter -0 -
11 Enter $25 \%$ (.25) of the excess, if any, of line 10 over $\$ 25,000$ (see instructions)
12 Tentative minimum tax (see instructions):
- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
13 Enter the greater of line 11 or line 12
14 Subtract line 13 from line 9. If zero or less, enter -0-.
15 Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions



## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

The credit is not allowed with respect to wages for services of employees who began work for you after December 31, 2005.

## Purpose of Form

Use Form 8861 to claim the welfare-to-work credit for wages you paid to or incurred for long-term family assistance recipients during the tax year. The credit is $35 \%$ of qualified first-year wages and $50 \%$ of qualified second-year wages paid or incurred during the tax year.

You can claim or elect not to claim the welfare-to-work credit any time within 3 years from the due date of your return on either your original return or on an amended return.

## How To Claim the Credit

To claim the welfare-to-work credit, you must request and be issued a certification for each employee from the state employment security agency (SESA). The certification proves that the employee is a long-term family assistance recipient. You must receive the certification by the day the individual begins work, or you must complete Form 8850,
Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits, on or before the day you offer the individual a job.

If you complete Form 8850, it must be signed by you and the individual and submitted to the SESA by the 21 st calendar day after the individual begins work. If the SESA denies the request, it will provide a written explanation of the reason for denial. If a certification is revoked because it was based on false information provided by the worker, wages paid after the date you receive the notice of revocation do not qualify for the credit.
Long-term family assistance recipient. An employee may be certified as a long-term family assistance recipient if the employee is a member of a family that:

- Received assistance payments from Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hiring date,
- Received assistance payments from TANF for any 18 months (whether or not consecutive) beginning after August 5, 1997, and the employee is hired not more than 2 years after the end of the earliest 18-month period, or
- After August 5, 1997, stopped being eligible for assistance payments from TANF because federal or state law limits the maximum period such assistance is payable, and the employee is hired not more than 2 years after the date the eligibility for such assistance ended.


## Additional Information

For more details, see Pub. 954, Tax Incentives for Distressed Communities, and section 51A.

## Specific Instructions

## Part I-Current Year Credit

Note. If you only have a credit allocated to you from a pass-through entity, skip lines 1 and 2 and go to line 3.

Line 1
Enter on the applicable line and multiply by the percentage shown the total qualified first-year or second-year wages paid or incurred to employees certified as long-term family assistance recipients. Qualified first-year wages are qualified wages you paid or incurred for work performed during the 1 -year period beginning on the date the certified individual begins work for you. Qualified second-year wages are qualified wages you paid or incurred for work performed during the 1-year period beginning on the day after the last day of the first-year wage period. The amount of qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account for any employee is limited to $\$ 10,000$ per year.

## Qualified Wages

Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, that employee's wages subject to social security and Medicare taxes are qualified wages. For a special rule that applies to railroad employees, see section $51(\mathrm{~h})(1)(\mathrm{B})$. Qualified wages for any employee must be reduced by the amount of any work supplementation payments you received under the Social Security Act for the employee.

Qualified wages also include the following amounts you paid or incurred for the employee that are excludable from the employee's gross income.

- Premiums and other amounts you paid or incurred under an accident and health plan excluded under section 105 or 106 (the amount must be based on the reasonable cost of coverage, but may not exceed the "applicable premium" under section 4980B(f)(4)).
- Educational assistance excluded under section 127, if paid or incurred to a person not related to the employer.
- Dependent care benefits excluded under section 129.

The amount of qualified wages for any employee is zero if:

- The employee did not work for you for at least 400 hours or 180 days,
- The employee worked for you previously,
- The employee is your dependent,
- The employee is related to you (see section 51(i)(1)), or
- $50 \%$ or less of the wages the employee received from you were for working in your trade or business.

Qualified wages do not include:

- Wages paid to any employee during any period for which you received payment for the employee from a federally funded on-the-job training program, and
- Wages for services of replacement workers during a strike or lockout at a plant or facility.
Successor employer. For successor employers, the 1-year period begins on the date the employee first began work for the previous employer and any qualified first-year wages paid by the successor employer are reduced by the qualified first-year wages paid by the previous employer. See section 51(k)(1) and Regulations section 1.51-1(h).

A successor employer is an employer that acquires substantially all of the property used in a trade or business (or a separate unit thereof) of another employer (the previous employer) and immediately after the acquisition the successor employs in his/her trade or business an individual who was employed immediately prior to the acquisition in the trade or business of the previous employer.

Special instructions for controlled group members. The group member proportionately contributing the greatest first-year wages figures the group credit in Part I and skips Part II. See sections 52(a) and 1563. On separate Forms 8861, that member and every other member of the group should skip line 1 and enter its share of the group credit on line 2. Each member then completes lines 3, 4, and 5 through 15 (or Form 3800, if required) on its separate form. Each member must attach to its Form 8861 a schedule showing how the group credit was divided among all the members. The members share the credit in the same proportion that they contributed qualifying wages.

## Line 2

In general, you must reduce your deduction for salaries and wages by the amount on line 2 . This is required even if you cannot take the full credit this year and must carry part of it back or forward.

The exceptions to this rule are as follows.

- If you capitalized any salaries and wages on which you figured the credit, reduce the amount capitalized by the amount of the credit on those salaries and wages.
- You used the full absorption method of inventory costing which required you to reduce your basis in inventory for the credit.

If either of the above exceptions applies, attach a statement explaining why the amount on line 2 differs from the amount by which you reduced your deduction.

## Line 3

Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron of a cooperative.

## Line 4

S corporations and partnerships. Allocate the credit on line 4 among the shareholders and partners. Attach Form 8861 to the return and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships include this credit in "general credits."
Estates and trusts. Allocate the credit on line 4 between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line next to line 4, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in Part II (or Form 3800, if required) to figure the credit to claim on Form 1041.
Cooperatives. Most tax-exempt organizations cannot take the credit. However, a cooperative described in section 1381(a) takes the credit to the extent it has tax liability. Any excess is shared among its patrons.

## Regulated investment companies and real estate

 investment trusts. Reduce the allowable credit to the company's or trust's ratable share of the credit. For details, see Regulations section 1.52-3(b).
## Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- A welfare-to-work credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits. See the instructions for Form 3800 to find out which credits are included in the general business credit.


## Line 11

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 12

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule and enter the TMT on line 12.

## Line 15

If you cannot use all of the credit because of the tax liability limit (line 14 is smaller than line 4), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | $6 \mathrm{hr} ., 42 \mathrm{~min}$. |
| :---: | :---: |
| Learning about the law or the form | $1 \mathrm{hr} ., 35 \mathrm{~min}$. |
| Preparing and sending the form to the IRS | $1 \mathrm{hr} ., 46 \mathrm{~min}$. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## 2005 Form 8862

## Information To Claim Earned Income Credit After Disallowance

Purpose: This is the first circulated draft of the 2005 Form 8862 for your review and comments. The major changes are shown below.

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Form 8862 can be viewed by clicking on the following link:
http://publish.no.irs.gov/FORMS/PUBLIC/PDF/25145L04.PDF
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by July 29, 2005.

## Major Changes to Form 8862

- Updated years as appropriate.
- One page 1 under "Before you begin," we deleted the fourth item (concerning years prior to 2002) and deleted the words "for a year after 2001" from the third item. This information is no longer needed due to expiration of the statute of limitations for years prior to 2002 for most taxpayers.
- For the same reason, we deleted the caution in the instructions that advised taxpayers to not use this form for a year prior to 2002.

| FROM: | EMAIL: | PHONE: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Bob Black |  |  |  |  |  |
| Robert.G.Black@irs.gov | 202-622-- <br> 2008 | 202-622- <br> 5002 |  |  |  |
| 6138 |  |  |  |  |  |

# Information To Claim Earned Income Credit After Disallowance 

See your tax return instructions or Pub. 596, Earned Income Credit (EIC), for the year for which you are filing this form to make sure you can take the earned income credit (EIC) and to find out who is a qualifying child.
If you have a qualifying child, complete Schedule EIC before you fill in this form.
Do not file this form if you are taking the EIC without a qualifying child and the only reason your EIC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.

## Part I All Filers

1 Enter the year for which you are filing this form (for example, 2005)
2 If the only reason your EIC was reduced or disallowed in the earlier year was because you incorrectly reported your earned income or investment income, check "Yes." Otherwise, check "No"Yes No Caution. If you checked "Yes," stop. Do not fill in the rest of this form. But you must attach it to your tax return to take the EIC. If you checked "No," continue.
3 Could you (or your spouse if filing jointly) be claimed as a qualifying child of another person for the year shown on line 1?
Caution. If you checked "Yes," stop. You cannot take the EIC. If you checked "No," continue.

## Part II Filers Without a Qualifying Child

4 Enter the number of days during the year shown on line 1 that you lived in the United States . . $\square \square \square$ Caution. If you entered less than 183 (184 if the year on line 1 is 2004), stop. You cannot take the EIC. See the instructions.
5 If married filing a joint return, enter the number of days during the year shown on line 1 that your spouse lived in the United States Caution. If you entered less than 183 ( 184 if the year on line 1 is 2004), stop. You cannot take the EIC. See the instructions.

## Part III Filers With a Qualifying Child or Children

Note. Child 1 and Child 2 are the same children you listed as Child 1 and Child 2 on Schedule EIC for the year shown on line 1 above.
6 Enter the number of days each child lived with you in the United States during the year shown on line 1 above:
a Child 1
b Child 2.
Caution. If you entered less than 183 for either child (184 if the year on line 1 is 2004), you cannot take the EIC based on that child, unless the special rule for a child who was born or died during the year shown on line 1 applies. See the instructions.
7 If your child was born or died during the year shown on line 1, enter the month and day the child was born and/or died. Otherwise, skip this line.

8 Enter the address where you and the child lived together during the year shown on line 1. If you lived with the child at more than one address during the year, attach a list of the addresses where you lived:
a Child $1>$ Number and street
City or town, state, and ZIP code
b Child $2-$ If same as shown for child 1, check this box. $\square$ Otherwise, enter below:
Number and street
City or town, state, and ZIP code
9 Did any other person (except your spouse, if filing jointly, and your dependents under age 19) live with child 1 or child 2 for more than half the year shown on line 1?.YesNo If "Yes," enter that person's name and relationship to the child below. If more than one other person lived with the child for more than half the year, attach a list of each person's name and relationship to the child:
a Other person living with child 1 :
Name
Relationship to child 1
b Other person living with child 2: If same as shown for child 1, check this box. $\square$ Otherwise, enter below:
Name
Relationship to child 2
Caution. The IRS may ask you to provide additional information to verify your eligibility to claim the EIC.
For Paperwork Reduction Act Notice, see back of form. Cat. No. 25145E Form 8862 (Rev. 12-2005)

## General Instructions

## Purpose of Form

You must complete Form 8862 and attach it to your tax return if both of the following apply.

1. Your EIC was reduced or disallowed for any reason other than a math or clerical error for a year after 1996.
2. You now want to claim the EIC and you meet all the requirements.

But do not file Form 8862 if either of the following applies.

- After your EIC was reduced or disallowed in an earlier year (a) you filed Form 8862 (or other documents) and your EIC was then allowed, and (b) your EIC has not been reduced or disallowed again for any reason other than a math or clerical error.
- You are taking the EIC without a qualifying child and the only reason your ElC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not your qualifying child.

Also, do not file Form 8862 or take the credit for the:

- 2 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to reckless or intentional disregard of the EIC rules, or
- 10 years after the most recent tax year for which there was a final determination that your EIC was reduced or disallowed due to fraud.


You also must attach Schedule EIC to your return if you have a qualifying child or children. In addition to filing Form 8862 and, if required, Schedule EIC, you may be asked to provide other information before any refund claimed on your return is issued. The process of establishing your eligibility to take the EIC will delay your refund.

## Additional Information

For more details on the EIC, including the definition of a qualifying child and who is eligible to take the EIC, see your tax return instructions or Pub. 596, Earned Income Credit (EIC), for the year for which you are filing Form 8862.

## Specific Instructions

## Need More Space for an Item?

If you do, attach a statement that is the same size as Form 8862. Number each entry on the statement to correspond with the line number on Form 8862. Put your name and social security number on the statement and attach it at the end of your return.

## Lines 4 and 5

Enter the number of days you lived in the United States during the year shown on line 1.

Example. You are single and are filing Form 8862 for 2005. Your home was in the United States for all of 2005. On line 4, you would enter "365."
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. Include your active duty time on line 4 and your spouse's, if applicable, on line 5. See Pub. 596 for the definition of extended active duty.

## Lines 6 and 7

Temporary absences, such as for school, vacation, medical care, or detention in a juvenile facility, count as time lived at home.
Child born or died. If your child was born or died during the year entered on line 1 and your home was the child's home for the entire time he or she was alive during that year, replace the number entered on line 6 for that child with "365."

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . . . 26 min.
Learning about the law or the form . . . . . . 9 min.
Preparing the form . . . . . . . . . . . 16 min.

## Copying, assembling, and sending <br> the form to the IRS

 20 min.If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

| 005 | Education Credits <br> (Hope and Lifetime Learning Credits) <br> See instructions. <br> Attach to Form 1040 or Form 1040A. | OMB No. 1545-1618 |
| :---: | :---: | :---: |
| Form 000 |  | $2005$ |
| Department of the Treasury Internal Revenue Service (99) |  | Attachment <br> Sequence No. 50 |
| Name(s) shown on return |  | Your social security number |
|  |  |  |  | line 19) for the same student in the same year.

## Part I Hope Credit. Caution: You cannot take the Hope credit for more than $\mathbf{2}$ tax years for the same student.

| (a) Student's name |
| :---: |
| (as shown on page 1 |
| of your tax return) |
| First name |
| Last name |

(b) Student's social security number (as shown on page 1 of your tax return)
(c) Qualified
expenses (see
instructions). Do
not enter more
than $\$ 2,000$ for
each student.
(d) Enter the
smaller of the amount in column (c) or \$1,000
(e) Add column (c) and column (d)
(f) Enter one-half
of the amount in column (e)

2 Tentative Hope credit. Add the amounts on line 1, column (f). If you are taking the lifetime learning credit for another student, go to Part II; otherwise, go to Part III

## Part II Lifetime Learning Credit

3 Caution: You cannot take the Hope credit and the lifetime learning credit for the same student in the same year.
4 Add the amounts on line 3, column (c), and enter the total
5 Enter the smaller of line 4 or \$10,000
6 Tentative lifetime learning credit. Multiply line 5 by $20 \%(.20)$ and go to Part ill

## Part III Allowable Education Credits

7 Tentative education credits. Add lines 2 and 6
8 Enter: \$107,000 if married filing jointly; \$53,000 if single, head of household, or qualifying widow(er)
9 Enter the amount from Form 1040, line 38*, or Form 1040A, line 22
10 Subtract line 9 from line 8. If zero or less, stop; you cannot take any education credits
11 Enter: \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)

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12 If line 10 is equal to or more than line 11, enter the amount from line 7 on line 13 and go to line 14. If line 10 is less than line 11, divide line 10 by line 11. Enter the result as a decimal (rounded to at least three places)
13 Multiply line 7 by line 12
14 Enter the amount from Form 1040, line 46, or Form 1040A, line 28
15 Enter the total, if any, of your credits from Form 1040, lines 47 through 49, or Form 1040A, lines 29 and 30
16 Subtract line 15 from line 14. If zero or less, stop; you cannot take any education credits
17 Education credits. Enter the smaller of line 13 or line 16 here and on Form 1040, line 50, or Form 1040A, line 31

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* If you are filing Form $2555,2555-E Z$, or 4563 , or you are excluding income from Puerto Rico, see Pub. 970 for the amount to enter.

Caution: You cannot claim any amounts on Form 8864 that you claimed (or will claim) on Schedule C (Form 720), Form 8849, or Form 4136.

## Part I Current Year Credit

Claimant has a certificate from the producer or importer of the biodiesel which identifies the percentage of biodiesel or agri-biodiesel in the product, and has no reason to believe the information in the certificate is false.


Part II Allowable Credit (See Who must file Form 3800 to find out if you complete the lines below or file Form 3800.)
8 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
9 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

10 Add lines 8 and 9
11a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 11a through 11e
12 Net income tax. Subtract line 11 f from line 10. If zero, skip lines 13 through 16 and enter -0 - on line 17
13 Net regular tax. Subtract line 11 f from line 8. If zero or less, enter -0-
14 Enter $25 \%$ (.25) of the excess, if any, of line 13 over $\$ 25,000$ (see instructions)
15 Tentative minimum tax (see instructions)
16 Enter the greater of line 14 or line 15
17 Subtract line 16 from line 12. If zero or less, enter -0-
18 Credit allowed for the current year. Enter the smaller of line 7 or line 17 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 17 is smaller than line 7, see instructions.

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## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Use Form 8864 to figure your biodiesel fuels credit. You claim the credit for the tax year in which the sale or use occurs. This credit consists of the:

- Biodiesel (or agri-biodiesel) mixture credit, and
- Biodiesel (or agri-biodiesel) credit.

Caution: Before claiming a credit on Form 8864, the qualified biodiesel mixture credit should be taken against any section 4081 liability on Form 720. Any credit in excess of the section 4081 liability can be taken as a claim for payment on Form 8849 or as an income tax credit on Form 4136.

## Definitions and Special Rules

## Biodiesel

Biodiesel means the monoalkyl esters of long chain fatty acids derived from plant or animal matter which meet the registration requirements for fuels and fuel additives established by the Environmental Protection Agency (EPA) under section 211 of the Clean Air Act, and the requirements of the American Society of Testing and Materials (ASTM) D6751.

## Agri-Biodiesel

Agri-biodiesel means biodiesel derived solely from virgin oils, including esters derived from virgin vegetable oils from corn, soybeans, sunflower seeds, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, and mustard seeds, and from animal fats.

## Biodiesel (or Agri-Biodiesel) Mixture

The biodiesel (or agri-biodiesel) must be used to make a qualified mixture. A qualified mixture combines biodiesel (or agri-biodiesel) with diesel fuel (defined below), determined without regard to any use of kerosene. The producer of the mixture either:

- Used it as fuel, or
- Sold it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

## Diesel Fuel

Diesel fuel means

- Any liquid that, without further processing or blending, is suitable for use as a fuel in a diesel-powered highway vehicle or diesel-powered train,
- Transmix, and
- Diesel fuel blendstocks (when identified by the IRS).

A liquid is suitable for this use if the liquid has practical and commercial fitness for use in the propulsion engine of a diesel-powered highway vehicle or diesel-powered train. A liquid may possess this practical and commercial fitness even though the specified use is not the liquid's predominant use. However, a liquid does not possess this practical and commercial fitness solely by reason of its possible or rare use as a fuel in the propulsion engine of a diesel-powered highway vehicle or diesel-powered train. Diesel fuel does not include gasoline, kerosene, excluded liquid, No. 5 and No. 6 fuel oils covered by ASTM specification D 396, or F-76 (Fuel Naval Distillate) covered by military specification MIL-F-16884.

An excluded liquid is any liquid that (a) contains less than $4 \%$ normal paraffins, or (b) has a (i) distillation range of $125^{\circ} \mathrm{F}$ or less, (ii) sulfur content of 10 parts per million or less, and (iii) minimum color of +27 Saybolt.

Transmix means a by-product of refined products created by the mixing of different specification products during pipeline transportation.

## Certification

You must obtain and keep as part of your records a certification from the producer or importer of the biodiesel. The certificate is required for any credit claimed on lines 1-5. The certificate must identify the product produced and the percentage of biodiesel and agri-biodiesel in the product. If the producer or importer of the biodiesel is also the taxpayer claiming the biodiesel credit, the certificate is still required. See Publication 510, Excise Taxes for 2006, or Notice 2005-4 for a model certificate.

## Straight Biodiesel (or Agri-Biodiesel)

The biodiesel must not be a mixture. The credit is for biodiesel (or agri-biodiesel) which during the tax year you:

- Used as a fuel in a trade or business, or
- Sold at retail to another person and put in the fuel tank of that person's vehicle.

However, no credit is allowed for biodiesel (or agri-biodiesel) you used as a fuel in a trade or business if that biodiesel (or agri-biodiesel) was sold in a retail sale described above.
Caution: You may be liable for a 24.4 cents per gallon excise tax on the biodiesel used in a qualified biodesiel or agri-biodiesel mixture that you used or sold for use in your trade or business. Report the tax liability on Form 720 on the line for IRS No. 60(c), for the quarter in which the mixture was sold or used. For more information, see the Instructions for Form 720.

## Registration

All producers and importers of biodiesel must be registered with the IRS. See Form 637, Application for Registration (For Certain Excise Tax Activities).

## Coordination With Excise Tax Credit

Only one credit may be taken with respect to any gallon of biodiesel. If any amount is claimed (or will be claimed), with respect to any gallon of biodiesel on Form 720, Quarterly Federal Excise Tax Return, Form 8849, Claim for Refund of Excise Taxes, or Form 4136, Credit for Federal Tax Paid on Fuels, then a claim cannot be made on Form 8864 for that gallon of biodiesel.

## Recapture of Credit

You must pay a tax on each gallon of biodiesel (or the biodiesel in the mixture) at the rate you used to figure the credit if you:

- Separate the biodiesel from the mixture,
- Use the mixture other than as a fuel,
- Mix straight biodiesel on which the credit was allowed for the retail sale, or
- Use the straight biodiesel other than as a fuel.

Report the tax on Form 720, Quarterly Federal Excise Tax Return.

## Additional Information

See Pub. 378, Fuel Tax Credits and Refunds.

## Specific Instructions

## Part I. Current Year Credit

Use lines 1 through 5 to figure any biodiesel fuels credit from your own trade or business.

Skip lines 1 through 5 if you are claiming only a credit that was allocated to you from a pass-through entity (that is, an S corporation, partnership, estate, or trust).

## S Corporations, Partnerships, Estates, and Trusts

Figure the total credit on lines 1 through 7. Then, allocate the line 7 credit to each shareholder, partner, and beneficiary in the same way that income and loss are divided. Electing large partnerships include this credit in "general credits."

## Line 5

Include this amount in income, under "other income" on the applicable line of your income tax return, even if you cannot use all of the credit because of the tax liability limit. However, if you are subject to alternative minimum tax (AMT), this amount is not income in computing AMT and must be subtracted when figuring your alternative minimum taxable income. Do this by including this amount on line 26 of Form 6251, line 23 of Schedule I, Form 1041, or line 20 of Form 4626.

## Line 6

Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary.

## Line 7

For an estate or trust, the credit on line 7 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. In the margin to the right of line 7, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in lines 8 through 18 (or Form 3800 General Business Credit) to figure the credit to claim on Form 1041. Also, enter and identify the total beneficiaries' share of the credit to the right of line 7 and attach a schedule showing how the total credit was divided.

## Part II. Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A biodiesel fuels credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 for a list of credits included in the general business credit.

## Line 14

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

## Line 15

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter -0-. Otherwise, complete and attach the applicable AMT form or schedule. Enter on line 15 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 12.
- Estates and trusts: Form 1041, Schedule I, line 54.

Line 18
If you cannot use all of the credit because of the tax liability limit (line 17 is smaller than line 7), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.
Note. Any unused credit cannot be carried back to a tax year ending before 2005.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

```
Recordkeeping 7 hrs., 24 min.
```

Learning about the
law or the form . . . . . . . . . . 45 min.
Preparing and sending the form
to the IRS . . . . . . . . . . . . . 2 hrs., 7 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.


Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box b, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.


Schedule A-2 Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a $10 \%$ interest.

| Name | Address | EIN <br> (if any) | Total ordinary <br> income or loss | Check if <br> foreign <br> partnership |
| :--- | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

## Schedule B Income Statement-Trade or Business Income

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

1a Gross receipts or sales

| $1 a$ |  |  |  |
| :---: | :--- | :--- | :--- |
| $1 b$ |  |  | 1 c |

b Less returns and allowances.
Cost of goods sold
3 Gross profit. Subtract line 2 from line 1c
4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)
5 Net farm profit (loss) (attach Schedule F (Form 1040))
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)
7 Other income (loss) (attach statement).
8 Total income (loss). Combine lines 3 through 7
9 Salaries and wages (other than to partners) (less employment credits)
10 Guaranteed payments to partners
Deductions (see instructions for limitations)
11 Repairs and maintenance .
12 Bad debts
13 Rent
14 Taxes and licenses
15 Interest
16a Depreciation (if required, attach Form 4562)
b Less depreciation reported elsewhere on return
17 Depletion (Do not deduct oil and gas depletion.).
18 Retirement plans, etc.
19 Employee benefit programs
20 Other deductions (attach statement)
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20.
22 Ordinary business income (loss) from trade or business activities. Subtract line 21 from line 8

|  |  |  |
| :---: | :--- | :--- |
| 1 c |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |
|  |  |  |
| 8 |  |  |
| 9 |  |  |
| 10 |  |  |
| 11 |  |  |
| 12 |  |  |
| 13 |  |  |
| 14 |  |  |
| 15 |  |  |
| $16 c$ |  |  |
| 17 |  |  |
| 18 |  |  |
| 19 |  |  |
| 20 |  |  |
| 21 |  |  |
| 22 |  |  |

Schedule D Capital Gains and Losses

## Part I Short-Term Capital Gains and Losses-Assets Held One Year or Less

| (a) Description of property |
| :---: |
| (e.g., 100 shares |
| of "Z" Co.) |

## Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year

|  | (a) Description of property (e.g., "Z"" shares of "Z" Co.) | (b) Date acquired (month, day, year) | (c) Date sold (month, day, year) | (d) Sales price (see instructions) | (e) Cost or other basis (see instructions) |  | (f) Gain or (loss) Subtract (e) from (d) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 6 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| 7 | Long-term capital gain from installment sales from Form 6252, line 26 or |  |  |  |  | 7 |  |
|  | Long-term capital gain (loss) from like-kind exchanges from Form 8824. |  |  |  |  | 8 |  |
| $9$ | Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts. |  |  |  |  | 9 |  |
|  | Capital gain distribution | . . . . | - . . - | - • - | . . . | 10 |  |
| 11 | Net long-term capital Form 8865, Schedule K | ss). Combine 11. | 6 through 10 in | lumn (f). Enter | here and on | 11 |  |



| Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Beginning of tax year |  | End of tax year |  |
| Assets | (a) | (b) | (c) | (d) |
| 1 Cash |  |  |  |  |
| 2a Trade notes and accounts receivable |  |  |  |  |
| b Less allowance for bad debts . . . | - |  |  |  |
| 3 Inventories . . . . . . |  |  |  |  |
| 4 U.S. government obligations |  |  |  |  |
| 5 Tax-exempt securities . . |  |  |  |  |
| 6 Other current assets (attach statement) |  |  |  |  |
| 7 Mortgage and real estate loans . |  |  |  |  |
| 8 Other investments (attach statement) |  |  |  |  |
| 9a Buildings and other depreciable assets. |  |  |  |  |
| b Less accumulated depreciation |  |  |  |  |
| 10a Depletable assets. |  |  |  |  |
| b Less accumulated depletion |  |  |  |  |
| 11 Land (net of any amortization). |  |  |  |  |
| 12a Intangible assets (amortizable only) |  |  |  |  |
| b Less accumulated amortization |  |  |  |  |
| 13 Other assets (attach statement) |  |  |  |  |
| 14 Total assets. |  |  |  |  |
| Liabilities and Capital |  |  |  |  |
| 15 Accounts payable. . . . . . . . . . . |  |  |  |  |
| 16 Mortgages, notes, bonds payable in less than 1 year. |  |  |  |  |
| 17 Other current liabilities (attach statement) . . . |  |  |  |  |
| 18 All nonrecourse loans . . . . . . . . |  |  |  |  |
| 19 Mortgages, notes, bonds payable in 1 year or more . |  |  |  |  |
| 20 Other liabilities (attach statement) . . . . . |  |  |  |  |
| 21 Partners' capital accounts . |  |  |  |  |
| 22 Total liabilities and capital |  |  |  |  |

1 Total U.S. assets
2 Total foreign assets:
a Passive income category
b Listed categories (attach statement)
c General limitation income category
Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. (Not required if Item G9, page 1 , is answered "Yes.")

1 Net income (loss) per books
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):
3 Guaranteed payments (other than health insurance)
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 161 (itemize):
a Depreciation \$
b Travel and entertainment \$
5 Add lines 1 through 4

6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):
Tax-exempt interest \$ .-........
7 Deductions included on Schedule K, lines 1 through 13d, and 16 not charged against book income this year (itemize):
a Depreciation \$ $\qquad$
$\qquad$
$\qquad$
8 Add lines 6 and 7 .
9 Income (loss). Subtract line 8 from line 5
(b)

End of tax year

Schedule M-2 Analysis of Partners' Capital Accounts. (Not required if Item G9, page 1, is answered "Yes.")


Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities
Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).


Department of the Treasury
Internal Revenue Service

# Use with the November 2002 revision of Form 8866) <br> Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method 

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## What's New

- The tax rates used for the interest computation have changed. See the instructions for Line 6 on page 3.
- The address for making comments or suggestions on this form has changed.
See Privacy Act and Paperwork
Reduction Act Notice on page 4.


## Purpose of Form

Use Form 8866 to figure the interest due or to be refunded under the look-back method of section 167(g)(2) for property placed in service after September 13, 1995, that is depreciated under the income forecast method as described in section 167(g).

The income forecast method
generally is limited to depreciation of:

- Motion picture films,
- Video tapes,
- Sound recordings,
- Copyrights,
- Books, and
- Patents.


## Who Must File

## General Rule

You generally must file Form 8866 to figure interest under the look-back method for each recomputation year for property placed in service after September 13, 1995, that you depreciate under the income forecast method.
Exception. The look-back method does not apply for any property that had an unadjusted basis (total capitalized cost) of $\$ 100,000$ or less at the end of the recomputation year.

## Recomputation Year

A recomputation year is generally the 3rd and 10th tax years after the tax year in which the property was placed in service.

## Exception. A tax year is not a

 recomputation year for the property if, for each year before the recomputation year, the actual income from the property is within $10 \%$ of the estimated income taken into account in determining the depreciation deductionfor the property under the income forecast method.

## Additional Costs

Any costs incurred after the property was placed in service (that is not treated as separate property-see below) is taken into account by discounting (using the Federal mid-term rate determined under section 1274(d) as of the time the cost was incurred) the cost to its value as of the date the property was placed in service. However, you may elect not to apply this discounting rule to any property.
Separate property. The following costs are treated as separate property. - Any costs incurred related to any property after the 10th tax year after the tax year the property was placed in service.

- Any other costs incurred if they are significant and give rise to a significant increase in the income from the property which was not included in the estimated income from the property.


## Pass-Through Entities

A pass-through entity (partnership, S corporation, or trust) that is not closely held must apply the look-back method at the entity level to any property for which substantially all of the gross income is from U.S. sources. A pass-through entity is considered closely held if, at any time during any tax year for which there is income related to the property, $50 \%$ or more (by value) of the beneficial interests in the entity is held (directly or indirectly) by or for five or fewer persons. For this purpose, rules similar to the constructive ownership rules of section 1563(e) apply.

If you are an owner of an interest in a pass-through entity for every year in which any property was depreciated under the income forecast method and the entity is not subject to the look-back method at the entity level for that property, you must file this form for your tax year that ends with or includes the end of the entity's recomputation year. The pass-through entity will provide the information you need to complete this form on Schedule K-1.

## Change of Taxpayer

If the taxpayer deducting depreciation under the income forecast method
changes prior to the recomputation year, the taxpayer as of the end of the recomputation year will be responsible for the payment of interest, if any, due for any year in which the property was depreciated under the income forecast method. Generally, only the taxpayer that had depreciated property under the income forecast method in a year that an overpayment occurred may request a refund of interest on the overpayment.

## Filing Instructions

## Interest You Owe

If you owe interest, or no interest is to be refunded to you, attach Form 8866 to your income tax return. Neither you nor any paid preparer is required to complete the Signature section on Form 8866.

For taxpayers other than partnerships (that are not electing large partnerships), include any interest due in the amount to be entered for total tax (after credits and other taxes) on your return (for example, 2002 Form 1040, line 61; 2002 Form 1120, Schedule J, line 11, etc.). Next to the entry space, write "From Form 8866" and the amount of interest due.

For partnerships (other than electing large partnerships), write "From Form 8866" and any interest due in the bottom margin of the tax return, and attach a check or money order for the full amount payable to "United States Treasury." Write the partnership's employer identification number (EIN), daytime phone number, and "Form 8866 Interest" on the check or money order.

## Interest To Be Refunded

If interest is to be refunded to you, do not attach Form 8866 to your income tax return. Instead, file Form 8866 separately with the IRS at the applicable address listed below.

- Individuals:

Philadelphia, PA 19255-0001

- All others:

Cincinnati, OH 45999-0001
Complete the Signature section on Form 8866 following the instructions for the Signature section of your income tax return. A paid preparer must also complete the Signature section. If
additional Forms 8866 are needed (to show more than 3 prior tax years), sign only the first Form 8866.

File Form 8866 by the date you are required to file your income tax return (including extensions). Keep a copy of Form 8866 and any attached schedules for your records.

## Filing a Corrected Form 8866

You must file a corrected Form 8866 only if the amount shown on line 6 for any prior year changes as a result of an error you made, an income tax examination, or the filing of an amended tax return.

When completing line 1 of the corrected Form 8866, follow the instructions on the form but do not enter the adjusted taxable income from line 3 of the original Form 8866. When completing line 5 of the corrected Form 8866, do not include the interest due, if any, from line 10 of the original Form 8866 that was included in your total tax when Form 8866 was filed with your tax return.

- If both the original and corrected

Forms 8866 show interest you owe, file an amended income tax return following the filing instructions on page 1 and the amended return instructions for your tax return.

- If both the original and corrected Forms 8866 show interest to be refunded to you, write "Amended" in the top margin of the corrected Form 8866, and file it separately following the filing instructions beginning on page 1.
- If your original Form 8866 shows interest you owe and the corrected Form 8866 shows interest to be refunded to you, you must:

1. File an amended tax return showing $\$ 0$ interest from Form 8866 and
2. File the corrected Form 8866 separately (but do not write "Amended" at the top of the form because this is the first Form 8866 that you will file separately for this recomputation year). Follow the filing instructions beginning on page 1 and the amended return instructions for your tax return.

- If the original Form 8866 shows interest to be refunded to you and the corrected Form 8866 shows interest you owe, you must:

1. File the corrected Form 8866 separately (with "Amended" written at the top) showing $\$ 0$ interest to be refunded and
2. File an amended income tax return and attach a copy of the corrected Form 8866. Follow the filing instructions on page 1 and the amended return instructions for your tax return.

## Attachments

If you need more space, attach separate sheets to the back of Form
8866. Put your name and identifying number on each sheet.

## Specific Instructions

## Recomputation Year

If you were an owner of an interest in a pass-through entity that has depreciated one or more properties under the income forecast method, enter your tax year that ends with or includes the end of the entity's recomputation year.

## Name

Enter the name shown on your Federal income tax return for the recomputation year. If you are an individual filing a joint return, also enter your spouse's name as shown on Form 1040.

## Address

Enter your address only if you are filing this form separately. Include the apartment, suite, room, or other unit number after the street address.

## P.O. Box

Enter your box number instead of your street address 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, and country. Follow the country's practice for entering the postal code. Please do not abbreviate the country name.

## Identifying Number

If you are an individual, enter your social security number. Other filers must use their EIN.
Columns (a), (b), and (c)
Enter at the top of each column the ending month and year for:

- Each tax year prior to the recomputation year in which you depreciated property under the income forecast method to which this form applies and
- Any other tax year affected by such years.
Note. If there are more than 3 prior tax years, attach additional Forms 8866 as needed. On the additional Forms 8866, enter your name, identifying number, and tax year. Complete lines 1 through 8 (as applicable), but do not enter totals in column (d). Enter totals only in column (d) of the first Form 8866.


## Line 1

Do not reduce taxable income or increase a loss on line 1 by any carryback of a net operating loss, net section 1256 contracts loss, or capital loss, except to the extent that carryback resulted from or was adjusted by the redetermination of depreciation under
the income forecast method for look-back purposes.

## Line 2

In each column, show a net increase to taxable income as a positive amount and a net decrease as a negative amount.

In figuring the net adjustment to be entered in each column on line 2, be sure to take into account any other income and expense adjustments that may result from the increase (or decrease) to depreciation under the income forecast method (for example, for an individual, a change to adjusted gross income may affect charitable contributions or medical expenses).

Include the following on an attached schedule.

1. Identify each property depreciated under the income forecast method to which this form applies.
2. For each property, report in columns for each prior year: (a) the amount of depreciation previously deducted based on estimated future income and (b) the amount of depreciation allowable for each prior year based on actual income earned before the end of the recomputation year and estimated future income to be earned after the recomputation year. Total the columns for each prior year and show the net adjustment to depreciation.
3. Identify any other adjustments that result from a change in depreciation under the income forecast method and show the amounts in the columns for the affected years so that the net adjustment shown in each column on the attached schedule agrees with the amounts shown on line 2.

An owner of an interest in a pass-through entity is not required to provide the detail listed in 1 and 2 with respect to prior years. The entity should provide the line 2 amounts with Schedule K-1 or on a separate statement for its recomputation year.
Note. Taxpayers reporting line 2 amounts from more than one Schedule K-1 (or a similar statement) must attach a schedule detailing by entity the net change to depreciation under the income forecast method.

## Lines 4 and 5

Reduce the tax liability to be entered on lines 4 and 5 by allowable credits (other than refundable credits, for example, the credit for taxes withheld on wages, the earned income credit, the additional child tax credit, the credit for Federal tax paid on fuels, etc.), but do not take into account any credit carrybacks to the prior year in computing the amount to enter on lines 4 and 5 (except to the extent of carrybacks that resulted from or were adjusted by the redetermination of depreciation for look-back purposes).

Include on lines 4 and 5 any taxes (such as alternative minimum tax) required to be taken into account in the computation of your tax liability (as originally reported or as redetermined).

## Line 6

Pass-through entities. Multiply the amount on line 2 by the applicable regular tax rate for each prior year shown in column (a), (b), or (c). The applicable regular tax rate is as follows. 1. Pass-through entities in which, at all times during the year, more than $50 \%$ of the interests in the entity are held by individuals directly or through other pass-through entities-For tax years beginning:

| a. In 2000 or earlier . . . . . . . . . | $39.6 \%$ |
| :--- | :--- | :--- |
| b. In 2001 . . . . . . . . . . . . | $39.1 \%$ |
| c. In 2002 . . . . . . . . . . . | $35.0 \%$ |
| d. In 2003 or later . . . . . |  |

2. All other pass-through entities not included in 1 above: $35 \%$.

## Lines 7 and 8

For the increase or decrease in tax for each prior year, interest due or to be refunded must be computed at the adjusted overpayment rate determined under section 460(b)(7) and compounded on a daily basis, generally from the due date (not including extensions) of the return for the prior year until the earlier of:

- The due date (not including extensions) of the return for the recomputation year, or
- The date the return for the recomputation year is filed and any income tax due for that year has been fully paid.


## Exceptions

- If a net operating loss, capital loss, net section 1256 contracts loss, or credit carryback is being increased or decreased as a result of the adjustment made to net income due to refiguring depreciation under the income forecast method, the interest due or to be refunded must be computed on the increase or decrease in tax attributable to the change to the carryback only from the due date (not including extensions) of the return for the prior year that generated the carryback and not from the due date of the return for the year in which the carryback was absorbed. See section 6611(f).
- In the case of a decrease in tax on line 6 , if a refund has been allowed for any part of the income tax liability shown on line 5 for any year as a result of a net operating loss, capital loss, net section 1256 contracts loss, or credit carryback to such year, and the amount of the refund exceeds the amount on line 4 , interest is allowed on the amount of such excess only until the due date (not including extensions) of the return for the year in which the carryback arose.


## Note. If a different method of interest

 computation must be used to produce the correct result in your case, use that method and attach an explanation of how the interest was computed.You must determine the adjusted overpayment rate for each interest accrual period. The interest accrual period starts on the day after the return due date (not including extensions) for each prior tax year and ends on the return due date for the following tax year. The adjusted overpayment rate in effect for the entire interest accrual period is the overpayment rate determined under section 6621(a)(1) for the calendar quarter in which the interest accrual period begins. Taxpayers other than corporations use Table 1 on this page to figure the interest for each interest accrual period that began during the applicable period shown in the table. Corporations generally use Table 2, for each interest accrual period that began during the applicable period shown in that table on page 4, but must use Table 3 to figure the interest on any portion of the increase or decrease in tax exceeding \$10,000.

Tables of interest factors to compute daily compound interest were published in Rev. Proc. 95-17, 1995-1 С.B. 556. The overpayment rate in effect for each calendar quarter in which an interest accrual period begins and the table and corresponding page number in 1995-1 C.B. for calendar quarters through September 30, 2005, are shown in Table 1 below and in Tables 2 and 3 on page 4.

For periods beginning after September 30, 2005, use the applicable overpayment rate under section $6621(a)(1)$ in the revenue rulings published quarterly in the Internal Revenue Bulletin.

## Line 9

Additional interest to be refunded for periods after the due date of the return, if any, will be computed by the IRS and included in your refund. Report the amount on line 9 (or the amount refunded by the IRS if different) as interest income on your income tax return for the tax year in which it is received or accrued.

## Line 10

Corporations (other than S corporations) may deduct this amount (or the amount computed by the IRS if different) as interest expense for the tax year in which it is paid or incurred. For individuals and other taxpayers, this interest is not deductible.

Table 1 Interest Rates for Taxpayers Other
Than Corporations

| From | Through | Rate | Table | Page |
| ---: | ---: | :---: | :---: | :---: |
| 9/14/95 | $9 / 30 / 95$ | $8 \%$ | 21 | 575 |
| $10 / 1 / 95$ | $12 / 31 / 95$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 96$ | $3 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 96$ | $6 / 30 / 96$ | $7 \%$ | 67 | 621 |
| $7 / 1 / 96$ | $9 / 30 / 96$ | $8 \%$ | 69 | 623 |
| $10 / 1 / 96$ | $12 / 31 / 96$ | $8 \%$ | 69 | 623 |
| $1 / 1 / 97$ | $3 / 31 / 97$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 97$ | $6 / 30 / 97$ | $8 \%$ | 21 | 575 |
| $7 / 1 / 97$ | $9 / 30 / 97$ | $8 \%$ | 21 | 575 |
| $10 / 1 / 97$ | $12 / 31 / 97$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 98$ | $3 / 31 / 98$ | $8 \%$ | 21 | 575 |
| $4 / 1 / 98$ | $6 / 30 / 98$ | $7 \%$ | 19 | 573 |
| $7 / 1 / 98$ | $9 / 30 / 98$ | $7 \%$ | 19 | 573 |
| $10 / 1 / 98$ | $12 / 31 / 98$ | $7 \%$ | 19 | 573 |
| $1 / 1 / 99$ | $3 / 31 / 99$ | $7 \%$ | 19 | 573 |
| $4 / 1 / 99$ | $6 / 30 / 99$ | $8 \%$ | 21 | 575 |
| $7 / 1 / 99$ | $9 / 30 / 99$ | $8 \%$ | 21 | 575 |
| $10 / 1 / 99$ | $12 / 31 / 99$ | $8 \%$ | 21 | 575 |
| $1 / 1 / 00$ | $3 / 31 / 00$ | $8 \%$ | 69 | 623 |
| $4 / 1 / 00$ | $6 / 30 / 00$ | $9 \%$ | 71 | 625 |
| $7 / 1 / 00$ | $9 / 30 / 00$ | $9 \%$ | 71 | 625 |
| $10 / 1 / 00$ | $12 / 31 / 00$ | $9 \%$ | 71 | 625 |
| $1 / 1 / 01$ | $3 / 31 / 01$ | $9 \%$ | 23 | 577 |
| $4 / 1 / 01$ | $6 / 30 / 01$ | $8 \%$ | 21 | 575 |
| $7 / 1 / 01$ | $9 / 30 / 01$ | $7 \%$ | 19 | 573 |
| $10 / 1 / 01$ | $12 / 31 / 01$ | $7 \%$ | 19 | 573 |
| $1 / 1 / 02$ | $3 / 31 / 02$ | $6 \%$ | 17 | 571 |
| $4 / 1 / 02$ | $6 / 30 / 02$ | $6 \%$ | 17 | 571 |
| $7 / 1 / 02$ | $9 / 30 / 02$ | $6 \%$ | 17 | 571 |
| $10 / 1 / 02$ | $12 / 31 / 02$ | $6 \%$ | 17 | 571 |
| $1 / 1 / 03$ | $9 / 30 / 03$ | $5 \%$ | 15 | 569 |
| $10 / 1 / 03$ | $12 / 31 / 03$ | $4 \%$ | 13 | 567 |
| $1 / 1 / 04$ | $3 / 31 / 04$ | $4 \%$ | 61 | 615 |
| $4 / 1 / 04$ | $6 / 30 / 04$ | $5 \%$ | 63 | 617 |
| $7 / 1 / 04$ | $9 / 30 / 04$ | $4 \%$ | 61 | 615 |
| $10 / 1 / 04$ | $12 / 31 / 04$ | $5 \%$ | 63 | 617 |
| $1 / 1 / 05$ | $3 / 31 / 05$ | $5 \%$ | 15 | 569 |
| $4 / 1 / 05$ | $9 / 30 / 05$ | $6 \%$ | 17 | 571 |
|  |  |  |  |  |


| Table 2 General Interest Rates for Corporations |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| From | Through | Rate | Table | Page |
| 9/14/95 | 9/30/95 | 8\% | 21 | 575 |
| 10/1/95 | 12/31/95 | 8\% | 21 | 575 |
| 1/1/96 | 3/31/96 | 8\% | 69 | 623 |
| 4/1/96 | 6/30/96 | 7\% | 67 | 621 |
| 7/1/96 | 9/30/96 | 8\% | 69 | 623 |
| 10/1/96 | 12/31/96 | 8\% | 69 | 623 |
| 1/1/97 | 3/31/97 | 8\% | 21 | 575 |
| 4/1/97 | 6/30/97 | 8\% | 21 | 575 |
| 7/1/97 | 9/30/97 | 8\% | 21 | 575 |
| 10/1/97 | 12/31/97 | 8\% | 21 | 575 |
| 1/1/98 | 3/31/98 | 8\% | 21 | 575 |
| 4/1/98 | 6/30/98 | 7\% | 19 | 573 |
| 7/1/98 | 9/30/98 | 7\% | 19 | 573 |
| 10/1/98 | 12/31/98 | 7\% | 19 | 573 |
| 1/1/99 | 3/31/99 | 6\% | 17 | 571 |
| 4/1/99 | 6/30/99 | 7\% | 19 | 573 |
| 7/1/99 | 9/30/99 | 7\% | 19 | 573 |
| 10/1/99 | 12/31/99 | 7\% | 19 | 573 |
| 1/1/00 | 3/31/00 | 7\% | 67 | 621 |
| 4/1/00 | 6/30/00 | 8\% | 69 | 623 |
| 7/1/00 | 9/30/00 | 8\% | 69 | 623 |
| 10/1/00 | 12/31/00 | 8\% | 69 | 623 |
| 1/1/01 | 3/31/01 | 8\% | 21 | 575 |
| 4/1/01 | 6/30/01 | 7\% | 19 | 573 |
| 7/1/01 | 9/30/01 | 6\% | 17 | 571 |
| 10/1/01 | 12/31/01 | 6\% | 17 | 571 |
| 1/1/02 | 3/31/02 | 5\% | 15 | 569 |
| 4/1/02 | 6/30/02 | 5\% | 15 | 569 |
| 7/1/02 | 9/30/02 | 5\% | 15 | 569 |
| 10/1/02 | 12/31/02 | 5\% | 15 | 569 |
| 1/1/03 | 9/30/03 | 4\% | 13 | 567 |
| 10/1/03 | 12/31/03 | 3\% | 11 | 565 |
| 1/1/04 | 3/31/04 | 3\% | 59 | 613 |
| 4/1/04 | 6/30/04 | 4\% | 61 | 615 |
| 7/1/04 | 9/30/04 | 3\% | 59 | 613 |
| 10/1/04 | 12/31/04 | 4\% | 61 | 615 |
| 1/1/05 | 3/31/05 | 4\% | 13 | 567 |
| 4/1/05 | 9/30/05 | 5\% | 15 | 569 |

Table 3
Interest Rates for Corporate Increases or Decreases in Tax Exceeding \$10,000

| From | Through | Rate | Table | Page |
| :---: | ---: | :---: | :---: | :---: |
| $9 / 14 / 95$ | $9 / 30 / 95$ | $6.5 \%$ | 18 | 572 |
| $10 / 1 / 95$ | $12 / 31 / 95$ | $6.5 \%$ | 18 | 572 |
| $1 / 1 / 96$ | $3 / 31 / 96$ | $6.5 \%$ | 66 | 620 |
| $4 / 1 / 96$ | $6 / 30 / 96$ | $5.5 \%$ | 64 | 618 |
| $7 / 1 / 96$ | $9 / 30 / 96$ | $6.5 \%$ | 66 | 620 |
| $10 / 1 / 96$ | $12 / 31 / 96$ | $6.5 \%$ | 66 | 620 |
| $1 / 197$ | $3 / 31 / 97$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 97$ | $6 / 30 / 97$ | $6.5 \%$ | 18 | 572 |
| $7 / 1 / 97$ | $9 / 30 / 97$ | $6.5 \%$ | 18 | 572 |
| $10 / 1 / 97$ | $12 / 31 / 97$ | $6.5 \%$ | 18 | 572 |
| $1 / 1 / 98$ | $3 / 31 / 98$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 98$ | $6 / 30 / 98$ | $5.5 \%$ | 16 | 570 |
| $7 / 1 / 98$ | $9 / 30 / 98$ | $5.5 \%$ | 16 | 570 |
| $10 / 1 / 98$ | $12 / 31 / 98$ | $5.5 \%$ | 16 | 570 |
| $1 / 1 / 99$ | $3 / 31 / 99$ | $4.5 \%$ | 14 | 568 |
| $4 / 1 / 99$ | $6 / 30 / 99$ | $5.5 \%$ | 16 | 570 |


| From | Through | Rate | Table | Page |
| ---: | ---: | :---: | :---: | :---: |
| $7 / 1 / 99$ | $9 / 30 / 99$ | $5.5 \%$ | 16 | 570 |
| $10 / 1 / 99$ | $12 / 31 / 99$ | $5.5 \%$ | 16 | 570 |
| $1 / 1 / 00$ | $3 / 31 / 00$ | $5.5 \%$ | 64 | 618 |
| $4 / 1 / 00$ | $6 / 30 / 00$ | $6.5 \%$ | 66 | 620 |
| $7 / 1 / 00$ | $9 / 30 / 00$ | $6.5 \%$ | 66 | 620 |
| $10 / 1 / 00$ | $12 / 31 / 00$ | $6.5 \%$ | 66 | 620 |
| $1 / 1 / 01$ | $3 / 31 / 01$ | $6.5 \%$ | 18 | 572 |
| $4 / 1 / 01$ | $6 / 30 / 01$ | $5.5 \%$ | 16 | 570 |
| $7 / 1 / 01$ | $9 / 30 / 01$ | $4.5 \%$ | 14 | 568 |
| $10 / 1 / 01$ | $12 / 31 / 01$ | $4.5 \%$ | 14 | 568 |
| $1 / 1 / 02$ | $3 / 31 / 02$ | $3.5 \%$ | 12 | 566 |
| $4 / 1 / 02$ | $6 / 30 / 02$ | $3.5 \%$ | 12 | 566 |
| $7 / 1 / 02$ | $9 / 30 / 02$ | $3.5 \%$ | 12 | 566 |
| $10 / 1 / 02$ | $12 / 31 / 02$ | $3.5 \%$ | 12 | 566 |
| $1 / 1 / 03$ | $9 / 30 / 03$ | $2.5 \%$ | 12 | 566 |
| $10 / 1 / 03$ | $12 / 31 / 03$ | $1.5 \%$ | 8 | 562 |
| $1 / 1 / 04$ | $3 / 31 / 04$ | $1.5 \%$ | 56 | 610 |
| $4 / 1 / 04$ | $6 / 30 / 04$ | $2.5 \%$ | 58 | 612 |
| $7 / 1 / 04$ | $9 / 30 / 04$ | $1.5 \%$ | 56 | 610 |
| $10 / 1 / 04$ | $3 / 31 / 05$ | $2.5 \%$ | 10 | 564 |
| $4 / 1 / 05$ | $9 / 30 / 05$ | $3.5 \%$ | 12 | 566 |

## 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 tell you our legal right to ask for it, 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 or mandatory under the law.

Section 167(g) provides special rules for computing interest under the look-back method for property depreciated under the income forecast method. Section 6001 and its regulations say that you must file a return or statement with us for any tax for which you are liable. Your response is mandatory under this section and its regulations. Section 6109 and its regulations say that you must show your identifying number (social security number or employer identification number) on what you file. This is so we know who you are and can process your return and other papers.

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 section 6103.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to figure and collect or refund the correct amount of interest.

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

If you do not file Form 8866, do not provide the information we ask for, or provide fraudulent information, you may forfeit any refund of interest otherwise owed to you, be charged penalties, or be subject to criminal prosecution.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

## Recordkeeping <br> $\qquad$ $9 \mathrm{hr} ., 34 \mathrm{~min}$. <br> Learning about the law or the form hr., 5 min.

Preparing, copying,
assembling, and sending
the form to the IRS . . . . 1 hr ., 18 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:E:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, IR-6406, Washington, DC 20224. Do not send your tax forms to this address. Instead, see Filing Instructions on page 1.

- See separate instructions.

Sequence $N$
126

Internal Revenue Service
Identifying number

## Part I Elections and Other Information

1 Check the box if you are electing under section $942(\mathrm{a})(3)$ to exclude a portion of your gross receipts from foreign trading gross receipts on line 15. Attach a schedule indicating which receipts are being excluded
2 Check the box if you are electing to apply the extraterritorial income exclusion provisions to certain transactions involving a FSC (see instructions). Attach a schedule listing the affected transactions
3 Check the box if the taxpayer is a foreign corporation electing to be treated as a domestic corporation (see instructions) . . $\square$
4a Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are $\$ 5$ million or less?
$\square$ Yes $\square$ No
b If "No," check the applicable box to indicate how you met the foreign economic process requirements:
(1) $\square$ You met the $50 \%$ foreign direct cost test (see instructions).
(2) $\square$ You met the alternative $85 \%$ foreign direct cost test (see instructions).

5 See page 3 of the instructions before completing lines 5a through 5c. Note: For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1).
a Business activity code
b Product or product line
c Check the applicable box to indicate the basis of your reporting:
(1) Transaction-by-transaction:
(a) Aggregate on Form 8873
(b) $\square$ Aggregate on tabular schedule
(c) $\square$ Tabular schedule of transactions
(2) $\square$ Group of transactions (see instructions for an important change made to reflect the American Jobs Creation Act of 2004)

## Part II Foreign Trade Income and Foreign Sale and Leasing Income

Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property on page 2 of the instructions.
6 Sale, exchange, or other disposition of qualifying foreign trade property
7 Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States
8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns.
9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property
10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States
11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns.
12 Engineering or architectural services for construction projects outside the United States
13 Managerial services provided to unrelated persons (see instructions)
14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines $7,8,10$, or 11 in column (b)
15 Foreign trading gross receipts. Add lines 6 through 13 in column (a).
16 Add lines 7 through 14 in column (b)
17 Cost of goods sold:
a Inventory at beginning of year
b Purchases
c Cost of labor
d Additional section 263A costs (attach schedule)
e Other costs (attach schedule)
f Total. Add lines 17a through 17e
g Inventory at end of year
h Subtract line 17 g from line 17 f
18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16
19 Other expenses and deductions (see instructions) (attach schedule)
20 Foreign trade income. In column (a), subtract line 19 from line 18. If -0or less, stop here. You do not qualify for the exclusion
21 Foreign sale and leasing income. In column (b), subtract line 19 from line 18

| (a) Foreign Trade <br> Income |  | (b) Foreign Sale and <br> Leasing Income |  |  |
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| 17 a |  |  |  |  |
| 17 b |  |  |  |  |
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| 17 d |  |  |  |  |
| 17 e |  |  |  |  |
| 17 f |  |  |  |  |
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| Cat. No. 30732 F |  |  |  |  |

For Paperwork Reduction Act Notice, see page 4 of the instructions.

Part III Marginal Costing (Note: If you are not using Marginal Costing, skip Part III and go to Part IV.) Section A - Foreign Trade Income Using Marginal Costing Method
22 Foreign trading gross receipts. Enter the amount from line 15.
23 Costs and expenses allocable to the amount reported on line 22:
a Cost of direct material attributable to property sold
b Cost of direct labor attributable to property sold
c Add lines 23a and 23b
24 Subtract line 23c from line 22
25 Worldwide gross receipts from sales of the product or product line
26 Costs and expenses allocable to the amount reported on line 25:
a Cost of goods sold attributable to property sold
b Other expenses and deductions attributable to gross income
c Add lines 26a and 26b


27 Subtract line 26c from line 25. (Note: If-0-or less, stop here. You may not use Part III to determine your qualifying foreign trade income. Go to line 37.)
28 Overall profit percentage. Divide line 27 by line 25 . Carry the result to at least three decimal places
29 Overall profit percentage limitation. Multiply line 22 by line 28
30 Foreign trade income using marginal costing. Enter the smaller of line 24 or line 29
30

## Section B - 15\% of Foreign Trade Income Method

## 31 Multiply line 30 by $15 \%$ (.15)

32 Foreign trade income using full costing. Enter the amount from line 20
33 Enter the smaller of line 31 or line 32

| 31 |  |  |
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| 33 |  |  |

## Section C-1.2\% of Foreign Trading Gross Receipts Method

34 Multiply line 22 by $1.2 \%$ (.012)
35 Multiply line 30 by $30 \%$ (.30).

| 34 |  |  |
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| 35 |  |  |
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Part IV Extraterritorial Income Exclusion (Net of Disallowed Deductions)
37 Enter your foreign trade income from line 20
38 Multiply line 37 by $15 \%$ (.15).
39 Enter your foreign trading gross receipts from line 15
40 Multiply line 39 by $1.2 \%$ (.012)
41 Multiply line 38 by 2.0
42 Enter the smaller of line 40 or line 41
43 Enter your foreign sale and leasing income from line 21
44 Multiply line 43 by $30 \%$ (.30).
45 Enter the greatest of lines $33,36,38,42$, or 44 . If you are using the alternative computation, see instructions for the amount to enter
Note. If you do not have a reduction for international boycott operations, illegal bribes, kickbacks, etc. (see the instructions for line 50), skip lines 46 through 51 and enter on line 52 the amount from line 45.
46 If line 44 equals line 45 , divide the amount on line 45 by the amount on line 43. Otherwise, divide the amount on line 45 by the amount on line 37. Carry the result to at least three decimal places.
47 If line 44 equals line 45 , enter the amount from line 19, column (b). Otherwise, enter the amount from line 19, column (a).
48 Multiply line 46 by line 47
49 Add lines 45 and 48
50 Reduction for international boycott operations, illegal bribes, kickbacks, etc. (see instructions)
51 Qualifying foreign trade income. Subtract line 50 from line 49. If -0- or less, stop here. You do not qualify for the exclusion
52 Extraterritorial income exclusion (net of disallowed deductions). Subtract line 48 from line 51
53a Enter the amount from line 52 that is attributable to $100 \%$ transactions (see instructions).
b Enter the amount from line 52 that is attributable to $80 \%$ transactions (see instructions).
c Enter the amount from line 52 that is attributable to $60 \%$ transactions (see instructions).
54 Add lines 53a through 53c. Enter the result here and include it on the "other deductions" line of your tax return or schedule (see instructions).

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| $53 a$ |  |  |
| $53 b$ |  |  |
| $53 c$ |  |  |
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Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or Form 3800)
4 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b
5 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

6 Add lines 4 and 5
7a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 7a through 7e
8 Net income tax. Subtract line $7 f$ from line 6. If zero, skip lines 9 through 12 and enter -0- on line 13.
9 Net regular tax. Subtract line 7 f from line 4. If zero or less, enter -0-.
10 Enter $25 \%$ (.25) of the excess, if any, of line 9 over $\$ 25,000$ (see instructions)
11 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33 .
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
12 Enter the greater of line 10 or line 11
13 Subtract line 12 from line 8. If zero or less, enter -0-
14 Credit allowed for the current year. Enter the smaller of line 3 or line 13 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 3 is greater than line 13, see instructions

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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

Use Form 8874 to claim the new markets credit for qualified equity investments made in qualified community development entities (CDEs). This credit is part of the general business credit.

## Definitions

## Qualified CDE

A qualified CDE is a domestic corporation or partnership that meets the following requirements.

- Its primary mission is serving, or providing investment capital for, low-income communities or persons.
- It maintains accountability to residents of low-income communities through their representation on any governing board or advisory board of the entity.
- It is certified as a qualified CDE by the Community Development Financial Institutions (CDFI) Fund of the Department of the Treasury.
Qualified CDEs also include specialized small business investment companies and community development financial institutions. See section 45D(c)(2).


## Qualified Equity Investment

A qualified equity investment is an interest in a qualified CDE in the form of stock (other than nonqualified preferred stock) in a corporation or a capital interest in a partnership that meets all of the following requirements.

- You acquired the investment solely for cash at its original issue (or from a taxpayer for whom the investment was a qualified equity investment). The cash may be from borrowed funds, including a nonrecourse loan.
- Substantially all (at least $85 \%$ ) of the cash is used to make qualified low-income community investments. The $85 \%$ requirement is reduced to $75 \%$ for the seventh year of the 7 -year credit period.
- The investment was designated as a qualified equity investment by the CDE on its books and records for purposes of the new markets credit.

Generally, a qualified CDE can designate an equity investment as a qualified equity investment only if it applied for and received a new markets credit allocation and entered into an allocation agreement with the CDFI Fund before the equity investment was made.
Exceptions. An equity investment in an entity that otherwise qualifies as a qualified equity investment is eligible to be designated as a qualified equity investment if made prior to an allocation agreement only if either of the following applies.

- The equity investment was made on or after April 20, 2001, and the designation of the equity investment as a qualified equity investment is made for a credit allocation received under an allocation application submitted to the CDFI Fund no later than August 29, 2002. If the entity in which the equity investment is made does not receive an allocation under an allocation application submitted no later than August 29, 2002, the equity investment will not be eligible to be designated as a qualified equity investment. For details, see Regulations sections $1.45 \mathrm{D}-1$ (c)(3)(ii)(A) and 1.45D-1(c)(3)(iii).
- The equity investment was made on or after the date the CDFI Fund publishes a Notice of Allocation Availability (NOAA)
in the Federal Register, and the designation of the equity investment as a qualified equity investment is made for a credit allocation received under an allocation application submitted to the CDFI Fund under that NOAA. If the entity in which the equity investment is made does not receive an allocation under that NOAA, the equity investment will not be eligible to be designated as a qualified equity investment. For details, see Regulations sections 1.45D-1(c)(3)(ii)(B) and $1.45 \mathrm{D}-1$ (c)(3)(iii).
The maximum amount of equity investments so designated by the qualified CDE cannot exceed the amount of the allocation it received from the CDFI Fund. The names and addresses of qualified CDEs that have received an allocation for each allocation round and the amount of that allocation is listed on the CDFI Fund website at www.cdfifund.gov/awardees.


## How To Figure the Credit

A credit generally is allowed to the holder of the qualified equity investment on each of 7 credit allowance dates. The credit allowance dates are the date you make the initial investment and each of the next 6 anniversary dates. The credit is equal to the qualified equity investment multiplied by $5 \%$ ( $6 \%$ for the 4th through 7th years). However, the credit is not allowed for a credit allowance date if the investment is not a qualified equity investment on that date.

## Recapture of the Credit

You may have to increase your tax by a credit recapture amount if at any time within 7 years from the date of the original issuance of the qualified equity investment:

- The entity ceases to be a qualified CDE,
- Substantially all of the proceeds of the investment cease to be used to make qualified low-income community investments, or
- The investment is redeemed or otherwise cashed out by the entity.
Exception. If a qualified equity investment fails to use substantially all of the proceeds to make qualified low-income community investments, the CDE may avoid recapture of the credit if the CDE corrects the failure within 6 months after the date it becomes aware (or reasonably should have become aware) of the failure. Only one correction is permitted for each qualified equity investment during the 7 -year credit period.

See section 45D(g) and Regulations section 1.45D-1(e) for details, including how to figure the credit recapture amount. Generally, include the credit recapture amount on the line for recapture taxes on your income tax return for the year in which the recapture event occurs. For example, the credit recapture amount on a 2005 Form 1040 is reported on line 63 (total tax) and the amount on a 2005 Form 1120 is reported on Schedule J, line 10 (Other taxes).
You are not subject to recapture of the credit solely because you sell or otherwise dispose of your investment. However, you cannot claim the credit for any credit allowance date after the disposition.

## Basis Reduction

You must reduce your basis in your qualified equity investment by the amount of the new markets credits allowed (even if part or all of the credit is not allowed for the current year and is carried forward). However, do not reduce your basis for purposes of figuring the exclusion of gain for:

- Qualified small business stock under section 1202,
- Certain DC zone assets under section 1400B, or
- Certain qualified community assets under section 1400F.


## Additional Information

For more details, see Pub. 954, Tax Incwentives for Distressed Communities, section 45D, Regulations section 1.45D-1, or www.cdfifund.gov.

## Specific Instructions

## Part I—Current Year Credit

Figure the credit for qualified equity investments in a qualified CDE you own on line 1. Complete line 2 (instead of line 1) for a credit that was allocated to you by an $S$ corporation or a partnership from a qualified equity investment it made in a qualified CDE, either directly or through another pass-through entity.

## Line 1

Enter the information requested for each qualified equity investment held directly by you on a credit allowance date in the current tax year. In column (e), enter the credit rate. For the first, second, or third year of the 7-year credit period, enter " 5 ." For any later year, enter " 6 ."

If you need more space, attach a statement showing all the information requested for each qualified equity investment. On the last row on line 1, write "See attached" in column (a) and enter the total of the credit amounts from the attached statement in column (f).

## Line 2

If you have a new markets credit from more than one pass-through entity, attach a statement showing the employer identification number (EIN) and credit amount for each pass-through entity, write "See attached" in the entry space for the EIN, and enter the total of the credit amounts on line 2.

## Line 3

S corporations and partnerships complete lines 1 and 2 and allocate the credit on line 3 to their shareholders or partners on Schedule K-1. Electing large partnerships must include this credit in "general credits."

## Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- Another credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835) or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.
Line 10
See section 38(c)(5) for special rules that apply to married couples filing separate returns and controlled corporate groups.

Line 11
Although you may not owe the alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your allowable credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule and enter the TMT on line 11.

## Line 14

If you cannot use all of your credit because of the tax liability limit (line 13 is smaller than line 3 ), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 instruction must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, returns and return information are confidential, as required by section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . 6 hr., 13 min.
Learning about the
law or the form . . . . . . . . . . . 1 hr., 12 min.
Preparing and sending
the form to the IRS. . . . . . . . . . 1 hr., 20 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions of the tax return with which this form is filed.

# 2005 Form 8878 <br> IRS e-file Signature Authorization for Application for Extension of Time To File 

Purpose: This is the first circulated draft of the 2005 Form 8878, IRS e-file Signature Authorization for Application for Extension of Time To File, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Form 8878 may be accessed at: http://www.irs.gov/pub/irspdf/f8878.pdf

Other Products: Circulations of draft tax forms and instructions are posted at: http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by August 5, 2005.

Note. Form 8878 and its instructions have been revised to reflect that Form 2688, Application for Additional Extension of Time To File U.S. Income Tax Return, will become obsolete and Form 4868 will be used for an automatic 6 -month extension of time to file. This change is based upon expected revised regulations for IRC 6081. If these regulations are not issued, Form 8878 and its instructions will be revised. See major changes on next page.

| FROM: <br> Mary Jane Dowling <br> SE:W:CAR:MP:T:I:F | PHONE: <br> (202) 927-9894 | EMAIL: <br> Mary.J.Dowling@irs.gov | FAX: <br> (202) 927- <br> 6234 | ROOM: <br> IR-6423 | DATE: <br> $7 / 11 / 05$ |
| :--- | :--- | :--- | :--- | :--- | :--- |

## Major Changes to the 2005 Form 8878

## Form

- We are deleting line 2 of Part I to reflect the obsoleting of Form 2688 (pending Chief Counsel action that would allow it to be obsoleted). The subsequent line has been renumbered.
- In Part II, we added the Electronic Funds Withdrawal Consent statement from Pub. 1346 and made other revisions to the text of the jurat at the suggestion of the Submission Processing IMF e-file analysts. (SE:W:CAS:SP:IEF:P)


## Instructions

- We are revising the last entry in the "When and How To Complete" chart on page 2 to reflect that Form 2688 is obsolete.
- We are revising the language of the Privacy Act to reflect the extension of certain disclosures for anti-terrorism pursuant to sec. 6103(i) as renewed by Sec. 320 of P.L. 108-696.
- Do not send to the IRS. This is not an application for an extension of time to file.

Internal Revenue Service
-Keep this form for your records. See instructions.
Declaration Control Number (DCN)

| Taxpayer's name | Social security number |
| :--- | :---: |
| Spouse's name | Spouse's social security number |
| $\vdots$ |  |

## Part I <br> Information from Extension Form-Tax Year Ending December 31, 2005 (Whole Dollars Only)

Check the box and complete the line(s) for the form you authorize your ERO to sign and file. Check only one box.
 Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return Amount you are paying from line 7 of Form 4868.
2 Form 2350, Application for Extension of Time To File U.S. Income Tax Return
a I request an extension of time until this date as shown on line 1 of Form 2350 2a
b Amount you are paying from line 5 of Form 2350 . . . . . . . . . . . . . . . . . . . . . . . . 2 2b

## Part II Taxpayer Declaration and Signature Authorization

Under penalties of perjury, I declare that I have examined a copy of my electronic application for extension of time to file for the tax year ending December 31,2005 , and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the information listed above is the information from my electronic application for extension of time to file. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send this form to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the form. In addition, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic application for extension of time to file and, if applicable, my Electronic Funds Withdrawal Consent.

## Taxpayer's PIN: check one box only

I authorize
to enter my PIN

as my signature
for my electronic application for extension of time to file for the tax year ending December 31, 2005.
$\square$ I will enter my PIN as my signature for my electronic application for extension of time to file for the tax year ending December 31, 2005. Check this box only if you are entering your own PIN and your extension form is filed using the Practitioner PIN method. The ERO must complete Part III below.
$\qquad$
Spouse's PIN: check one box only
$\square$ I authorize ERO firm name to enter my PIN ERO firm name
 as my signature for my electronic application for extension of time to file for the tax year ending December 31, 2005.
$\square$ I will enter my PIN as my signature for my electronic application for extension of time to file for the tax year ending December 31, 2005. Check this box only if you are entering your own PIN and your extension form is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature

## Practitioner PIN Method for Form 4868 Only-continue below

## Part III Certification and Authentication-Practitioner PIN Method for Form 4868 Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN.

do not enter all zeros
I certify that the above numeric entry is my PIN, which is my signature to authorize submission of the electronic Form 4868 and electronic funds withdrawal for the taxpayer(s) indicated above. I confirm that I am submitting Form 4868 in accordance with the requirements of the Practitioner PIN method and Publication 1345, Handbook for Authorized e-file Providers.
ERO's signature
Date
ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

## Purpose of Form



Form 8878 is not an application for an extension of time to file. Taxpayers must file the appropriate extension form listed in Part I of this form.

Complete Form 8878 when Form 4868 is filed using the Practitioner PIN method, or when the taxpayer authorizes the electronic return originator (ERO) to enter the taxpayer's personal identification number (PIN) on an application for extension of time to file. See the chart below for more details.

## When and How To Complete

See the chart below to determine when and how to complete Form 8878.

| IF e-filing... | THEN . . . |
| :--- | :--- |
| - Form 4868, and | Complete Form 8878, |
| - Authorizing an electronic | Parts I, II, and III. |
| funds withdrawal, and |  |
| - The ERO is using the |  |
| Practitioner PIN method. |  |
| - Form 4868, and | Complete Form 8878, |
| - Authorizing an electronic | Parts I and II. |
| funds withdrawal, and |  |
| - Authorizing the ERO to |  |
| enter or generate the |  |
| taxpayer's PIN, and |  |
| - The ERO is not using the |  |
| Practitioner PIN method. |  |
| - Form 4868, and | Do not complete |
| - Authorizing an electronic | Form 8878. |
| funds withdrawal, and |  |
| - The taxpayer is entering |  |
| his or her own PIN, and |  |
| - The ERO is not using the |  |
| Practitioner PIN method. |  |
| - Form 4868, and | Do not complete |
| - The taxpayer is not | Form 8878. |
| authorizing an electronic |  |
| funds withdrawal. |  |
| - Form 2350 | Complete Form 8878, <br> Parts I and II only if <br> the taxpayer <br> authorizes the ERO <br> to enter the <br> taxpayer's PIN. |

## ERO Responsibilities

The ERO will:

- Enter the name(s) and social security number(s) of the taxpayer(s) at the top of the form.
- Complete Part I by entering the required information from the taxpayer(s) extension form.
- Enter or generate, if authorized by the taxpayer, the taxpayer's PIN and enter it in the boxes provided in Part II.
- Enter on the authorization line in Part II the ERO firm name (not the name of the individual preparing the return) if the ERO is authorized to enter the taxpayer's PIN.
- Give the taxpayer Form 8878 for completion and review. This can be done in person or by using the U.S. mail, a private delivery service, email, or an Internet website.
- Enter the 14-digit Declaration Control Number (DCN) assigned to the taxpayer's extension form, after the taxpayer completes Part II. See Part I of Pub. 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns.


## Taxpayer Responsibilities

Taxpayers have the following responsibilities: (a) to verify the accuracy of the prepared application for an extension of time to file, (b) to check the appropriate box in Part II to authorize the ERO to enter their PIN or to do it themselves, (c) to indicate or verify their PIN when authorizing the ERO to enter it (the PIN must be five numbers other than all zeros), (d) to sign and date Form 8878, and (e) to return the completed Form 8878 to the ERO by hand delivery, U.S. mail, private delivery service, or fax. Your application for extension of time to file will not be transmitted to the IRS until the ERO receives your signed Form 8878.

## Important Notes for EROs

- Do not send Form 8878 to the IRS unless requested to do so. Retain the completed Form 8878 for 3 years from the return due date or IRS received date, whichever is later. Form 8878 may be retained electronically in accordance with the recordkeeping guidelines in Rev. Proc. 97-22, which is on page 9 of Internal Revenue Bulletin 1997-13 at www.irs.gov/pub/irs-irbs/irb97-13.pdf.
- You should confirm the identity of the taxpayer(s). For additional guidance, see Pub. 1345, Handbook for Authorized e-file Providers.
- Provide the taxpayer with a copy of the signed Form 8878 for his or her records upon request.
- Provide the taxpayer with a corrected copy of Form 8878 if changes are made to the extension form (for example, based on taxpayer review).
- Enter the taxpayer's PIN(s) on the input screen only if the taxpayer has authorized you to do so. If married filing jointly, it is acceptable for one spouse to authorize the ERO to enter his or her PIN, and for the other spouse to enter his or her own PIN. It is not acceptable for a taxpayer to select or enter the PIN of an absent spouse.
- If the taxpayer is making a payment by electronic funds withdrawal and for Form 4868 the ERO is not using the Practitioner PIN method, the ERO must enter the taxpayer's date of birth and prior year adjusted gross income amount from the taxpayer's originally filed tax return. This information will be required on the input screen. Do not use an amount from an amended return or a math error correction made by the IRS.
- Complete Part III only if you are filing Form 4868 using the Practitioner PIN method.
- You must receive the completed and signed Form 8878 from the taxpayer before the application for extension of time to file is transmitted (or released for transmission).
- For more information, see Pub. 1345 and Pub. 1345A, Filing Season Supplement for Authorized IRS e-file Providers. Also, go to www.irs.gov/efile and select e-file For Tax Professionals.

Privacy Act and Paperwork Reduction Act
Notice. We ask for this information to carry out the Internal Revenue laws of the United States. Section 6061(a) of the Internal Revenue Code requires taxpayers to sign their tax returns or other documents. Section 6061(b) permits the IRS to accept electronic signatures under certain circumstances. Section 6109 requires you to provide your social security number. This form is to permit you to use a personal identification number (PIN) which will be your electronic signature for your application for an extension of time to file, and for you to authorize an electronic return originator (ERO) to enter the PIN on your behalf. You are not required to authorize your ERO to enter your PIN as your signature on your behalf; you may personally enter your PIN at the time of transmission or file a paper application for an extension of time to file. Routine uses of this information include giving it to the Department of Justice for use in civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Providing false or fraudulent information may subject you to penalties.

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 Internal Revenue Code section 6103.

The time needed to complete this form will vary depending on individual circumstances.

The estimated average time is:

## Learning about the

law or the form . . . . . . 4 min.
Preparing the form . . . . . 12 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224.
Do not send the form to this address. Instead, keep it for your records.

## Tax Year 2005 RIS Notification

Form 8878-SP, Autorización de Firma para Presentar por medio del IRS e-file - Solicitud de Prörroga del Plazo para Presentar

| To: | Symbols: | Initials: | Date: |
| :--- | :--- | :--- | :---: |
| 1. Section Chief: Rebecca Bish | SE:W:CAR:MP:T:T:SB | RB | $2 / 24$ |
| 2. Reviewer: Rebecca Bish | SE:W:CAR:MP:T:T:R | RB | $2 / 24$ |
| 3. Review Chief: Carole Barnette | SE:W:CAR:MP:T:T:R | CAb | $2 / 24$ |
| 4. Branch Chief: Frances Royal | SE:W:CAR:MP:T:T | gh for FR | $2 / 24$ |
| 5. Senior Technical Advisor: Bob Erickson | SE:W:CAR:MP:T | BB or Rhe | $2 / 24 / 05$ |
| 6. Designated Person: Diane Creed | SE:W:CAR:MP:T:T:SB | DKC | $2 / 24 / 05$ |
| 7. \&W\&I M\&P TFP RIS Distribution List |  |  |  |
| 8. Initiator (TLS):Timothy W. Onasch | SE:W:CAR:MP:T:T:SB |  | $2 / 24 / 05$ |

Attached is a marked up draft that can be used to develop any necessary RIS(s) for the 2006 processing year. The major changes are as follows:

Line 2 in Part I of the current version of the form has been deleted to reflect the obsoleting of Form 2688 (pending Chief Counsel action that will allow Form 2688 to be obsoleted). The subsequent line has been renumbered.

$\checkmark$
We do not anticipate the need for any further changes that would affect a RIS.We may need to make further changes that would affect this RIS.

$\square$This transmittal can be used to create a Placeholder RIS. We expect to make further changes.

If you have any questions, please contact the tax law specialist shown below, or the reviewer on line 2 (above).

| From: <br> Timothy W. Onasch | Initials: Two tho | Room: 6033 | Email: <br> Timothy.W.Onasch@irs.gov |
| :---: | :---: | :---: | :---: |
| Tax Law Specialist SE:W:CAR:MP:T:T:SB | $\begin{array}{\|l\|} \hline \text { Date: } \\ 02 / 24 / 2005 \end{array}$ | Phone Number: (202) 622-3892 | Fax Number: (202) 622-5015 |

Depertment of the Treasury Internal Reveriue Service

# Autorización de Firma para Presentar por medio del IRS e-file - Solicitud de Prórroga del Plazo para Presentar 

- Por favor, no la envie al IRS. Ésta no es una solicitud para prorrogar el plazo para presentar.

Número de Control de la Declaración (DCN)
Nombre della) contribuyente
Númoro de seguro social
Nombre della) cornyuge
Nûm. de seguro social del(la) conyuge
Parte 1 Información obtenida de la forma de prórroga - para el año tributario que fermina el 31 de diciembre del 200 d (sólo en dólares enteros)
Marque el encasillado y complete la(s) línea(s) de la forma por la cual usted autoriza a su ERO para que firme y presente. Marque sólo un encasillado.
$1 \square$ Forma 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return (Solicitud para una prórroga automática de tiempo para presentar la declaración), en inglés, Cantidad que usted paga de la linea 7 de la Forma 4868

$2 \square$
$a$
$b$Forma 2688, Application for Additional Extension of Time To Fila U.S. Individual Income Tax Retum (Solicitud) para una prórroga de tiempo adicional nara-presentar ta declaración), en inglés,
a Solicite una prórrega-det trempo hasta la fecha que selnulca er ta linea 1 de la Forma 2688 ¿Hia presentado usted una Forma 4868 para solicitar una prórroga automática de tiempo para presentar para
 eateafe-delencasillado marcado en la linea 3 de la Eorma 2688)?
$27 \square$ Forma 2350, Application for Acditional Extension of Time To File U.S. Income Tax Return (Solicitud para una prórroga autornática de tiempo para presentar la declaración), en inglés.
a Solicito una prórroga del tiempo hasta la fecha que se indica en la linea 1 de la Forma 2350
b Cantidad que usted paga de la linea 5 de la Forma 2350

## Parte Il Declaración del(la) contribuyente y autorización para la firma

Bajo perta de perjurio, declaro que he examinado una copia do mi solicitud electrónica para una prörroga de tiempo para presentar para el año tributario que termina el 31 de diciambre del $200 / \mathrm{y}$, según mi mojor saber y entender, es verídica, correcta y completa, Declaro además que la información provista arriba es la misma información indicada en la copia de mi solicitud electrónica para una prórroga de tiempo para presentar. Consiento permitir que mi (a) acuse de recibo o justificación de rechazo de la transmisión y (b) la razón por cualquier demora en al envie asta forma al IRS y que reciba del mismo: que he leldo el Consentimiento para la transterencia de fondos por vias electrónicas incluido en la copia de mi solicitud eloctrónica. Si se mo aplica, afirmo tiempo para presentar y concuerdo con las disposiciones contenidas adentro. He escogido un nu copia de mi solicitud electrónica para una prórroga de como firma para mi solicitud electrónica para una prórroga de tiempo para prosentar y sido un número de identificación personal (PIN - siglas en inglés) por vias electrónicas.
PIN del(la) contribuyente: marque sólo un encasillado
Autorizo a para mi solicitud electrónica para una prórroga de tiempo para presentar para al año tributario que termina el 31 de diciembre del $200 /$. 5


Anotaré mi PIN como mi firma para mi solicitud electrónica para una prórroga de tiempo para presentar para el afho tributario que termina el 31 de diciembre del 200/. Marque este encasillado únicamente si anota su propio PIN y su solicitud para una prórroga conforme al Método del PIN del(la) preparador(a) profesional. E(lla) ERO debe Ilenar la Parte III, más abajo.
Su tirma -
PIN del(la) cónyuge: marque sólo un encasillado

Autorizo a $\qquad$ que anote mi PIN $\square$ como mi firma no anote cero para todos los números para mi solicitud electrónica para una prórroga de tiempo para presentar para el año tributario que termina el 31 de diciembre del 200 f. 5
Anotaré mi PIN como mif firma para mi solicitud electrónica para una prórroga de tiempo para presentar para el año tributario que termina el 31 de diciembre del 200\%, Marque este encasillado únicamente si usted anota su propio PIN y presenta su solicitud para una prórroga conforme al Método del PIN del(la) preparador(a) profesional. El(la) ERO debe ilenar la Parte III, más abajo.
Firma del(la) cobnyuge $>$ $\qquad$
Método del PIN del(la) preparador(a) profesional sólo para la Forma 4868 - siga con la parte a continuación Parte III Certificación y autentificación - Método del PIN del(la) preparador(a) profesional sólo para la Forma 4868
EFIN/PIN del(la) ERO. Anote su EFIN de seís cifras seguido de su PIN de cinco cifras

Certifico que el nuimero anotado arriba es mi PIN, el cual sive de mi firms para autorizar a presentaión no anote cero para todos los nùmeros Cer medios electronicos en nombre del(a) (los) col cual sirve de mi firma para autorizar la presentación de la Forma 4868 electrónica y el retiro de fondos por medios electrónicos en nombre del(la) (los) contribuyentes indioado(a)(s) arriba. Contirmo que preserto la Forma 4368 de acuerdo con los requisitos del Mátodo del PIN della) preparador(a) profesional y la Publicación 1345, Handbook for Authorized e-file Providers (Gufa para los provisores autorizados de e-file).
Firma del(la) ERO
Fecha
El(la) ERO debe guardar esta forma - Vea las instrucciones No presente esta forma al IRS a menos que se le requiera hacerlo

## 2005 Form 8879 <br> IRS e-file Signature Authorization

Purpose: This is the first circulated proof of the 2005 Form 8879, IRS e-file Signature Authorization, for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but may be arranged if requested.
Prior Revisions: The 2004 Form 8879 may be accessed at http://www.irs.gov/pub/irspdf/f8879.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html.

Comments: Please call, mail, email, or fax any comments by May 25, 2005.

## Major Changes

- In Part I, lines 1 through 5, we revised the line references to Form 1040 to reflect the changes made to that form.
- In Part II, we revised the text of the last sentence of the paragraph at the suggestion of the Submission Processing IMF e-file analysts.
(SE:W:CAS:SP:IEF:P)

| FROM: | PHONE: | EMAIL: | FAX: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Mary Jane Dowling | (202) 927-9894 | Mary.J.Dowling@irs.gov | $(202)$ 927- | IR-6423 | 4/25/05 |
| SE:W:CAR:MP:T:I:F |  |  | 6234 |  |  |

Department of the Treasury
Internal Revenue Service

- Do not send to the IRS. Keep this form for your records.
- See instructions.

Declaration Control Number (DCN)

| Taxpayer's name | Social security number |
| :--- | :--- | :--- |
| Spouse's name | Spouse's social security number |

## Part I Tax Return Information-Tax Year Ending December 31, 2005 (Whole Dollars Only)

1 Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)
2 Total tax (Form 1040, line 63; Form 1040A, line 38; Form 1040EZ, line 10)
3 Federal income tax withheld (Form 1040, line 64; Form 1040A, line 39; Form 1040EZ, line 7)
4 Refund (Form 1040, line 73a; Form 1040A, line 45a; Form 1040EZ, line 11a).
5 Amount you owe (Form 1040, line 75; Form 1040A, line 47; Form-1040EZ, line 12)

| 1 |  |
| :--- | :--- |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)
Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2005, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of my electronic income tax return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I acknowledge that I have read the Electronic Funds Withdrawal Consent included on the copy of my electronic income tax return and I agree to the provisions contained therein. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

## Taxpayer's PIN: check one box only

I authorizeERO firm name
to enter my PIN
 as my signature on my tax year 2005 electronically filed income tax return.

I will enter my PIN as my signature on my tax year 2005 electronically filed income tax return. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature $\qquad$ Date - $\qquad$
Spouse's PIN: check one box onlyI authorize
ERO firm name
to enter my PIN
 as my signature on my tax year 2005 electronically filed income tax return.

I will enter my PIN as my signature on my tax year 2005 electronically filed income tax return. Check this box only if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature
Date

## Practitioner PIN Method Returns Only—continue below

## Part III Certification and Authentication-Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit PIN.

do not enter all zeros
I certify that the above numeric entry is my PIN, which is my signature for the tax year 2005 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and Publication 1345, Handbook for Authorized e-file Providers.

ERO's signature $\longrightarrow$ Date -

ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

## Purpose of Form

Complete Form 8879 when the Practitioner PIN method is used or when the taxpayer authorizes the electronic return originator (ERO) to enter the taxpayer's personal identification number (PIN) on his or her e-filed income tax return.

Do not send this form to the IRS. The ERO must retain Form 8879.
When and How To Complete
See the chart below to determine when and how to complete Form 8879.

| IF the ERO is . . | THEN . . . |
| :--- | :--- |
| Using the Practitioner PIN <br> method and is authorized <br> to enter the taxpayer's PIN | Complete Form 8879, <br> Parts I, II, and III. |
| Using the Practitioner PIN <br> method and the taxpayer <br> enters his or her own PIN | Complete Form 8879, <br> Parts I, II, and III. |
| Not using the Practitioner <br> PIN method and is <br> authorized to enter the <br> taxpayer's PIN | Complete Form 8879, <br> Parts I and II. |
| Not using the Practitioner <br> PIN method and the <br> taxpayer enters his or her <br> own PIN | Do not complete <br> Form 8879. |
| Submitting Form 8453 | Do not complete |
| Form 8879. |  |

## ERO Responsibilities

## The ERO will:

- Enter the name(s) and social security number(s) of the taxpayer(s) at the top of the form.
- Complete Part I using the amounts (zeros may be entered when appropriate) from the taxpayer's 2005 tax return.
- Enter or generate, if authorized by the taxpayer, the taxpayer's PIN and enter it in the boxes provided in Part II.
- Enter on the authorization line in Part II the ERO firm name (not the name of the individual preparing the return) if the ERO is authorized to enter the taxpayer's PIN.
- Give the taxpayer Form 8879 for completion and review. This can be done in person or by using the U.S. mail, a private delivery service, email, or an Internet website.
- Enter the 14-digit Declaration Control Number (DCN) assigned to the tax return, in accordance with the requirements in Part I of Pub. 1346, Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns, after the taxpayer completes Part II.


You must receive the completed and signed Form 8879 from the taxpayer before the electronic return is transmitted (or released for transmission).

## Taxpayer Responsibilities

Taxpayers have the following responsibilities: (a) to verify the accuracy of the prepared income tax return, including direct deposit
information, (b) to check the appropriate box in Part II to authorize the ERO to enter their PIN or to do it themselves, (c) to indicate or verify their PIN when authorizing the ERO to enter it (the PIN must be five numbers other than all zeros), (d) to sign and date Form 8879, and (e) to return the completed Form 8879 to the ERO by hand delivery, U.S. mail, private delivery service, or fax. Your return will not be transmitted to the IRS until the ERO receives your signed Form 8879.

Refund information. You can check on the status of your 2005 refund if it has been at least 3 weeks from the date your return was filed. To check the status of your 2005 refund, do one of the following: - Go to www.irs.gov, click on "Where's My Refund."

- Call 1-800-829-4477 and follow the recorded instructions. - Call 1-800-829-105


## Important Notes for EROs

- Do not send Form 8879 to the IRS unless requested to do so. Retain the completed Form 8879 for 3 years from the return due date or IRS received date, whichever is later. Form 8879 may be retained electronically in accordance with the recordkeeping guidelines in Rev. Proc. 97-22, which is on page 9 of Internal Revenue Bulletin 1997-13 at www.irs.gov/pub/irs-irbs/irb97-13.pdf.
- You should confirm the identity of the taxpayer(s). For additional guidance, see Pub. 1345, Handbook for Authorized e-file Providers.
- Complete Part III only if you are filing the return using the Practitioner PIN method. You are not required to enter the taxpayer's date of birth and prior year adjusted gross income for the Authentication Record of the electronically filed return.
- Enter, for the Authentication Record of the taxpayer's electronically filed return, the taxpayer(s) date of birth and adjusted gross income from the taxpayer's prior year originally filed return if you are not using the Practitioner PIN method. Do not use an amount from an amended return or a math error correction.
- Enter the taxpayer's PIN(s) on the input screen only if the taxpayer has authorized you to do so. If married filing jointly, it is acceptable for one spouse to authorize you to enter his or her PIN, and for the other spouse to enter his or her own PIN. It is not acceptable for a taxpayer to select or enter the PIN of an absent spouse.
- Generally, most taxpayers can use a PIN to sign their return instead of filing Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return. However, they cannot use a PIN signature if they must use Form 8453 to send attachments to the IRS.
- Provide the taxpayer with a copy of the signed Form 8879 for his or her records upon request.
- Provide the taxpayer with a corrected copy of Form 8879 if changes are made to the return (for example, based on taxpayer review).
- For more information, see Pub. 1345 and Pub. 1345A, Filing Season Supplement for Authorized IRS e-file Providers. Also, go to www.irs.gov/efile and select e-file For Tax Professionals.

Privacy Act and Paperwork Reduction Act
Notice. We ask for this information to carry out the Internal Revenue laws of the United States. Section 6061(a) of the Internal Revenue Code requires taxpayers to sign their tax returns. Section 6061(b) permits the IRS to accept electronic signatures under certain circumstances. Section 6109 requires you to provide your social security number. This form is to permit you to use a personal identification number (PIN) as your signature which will be your electronic signature for your individual income tax return, and for you to authorize an electronic return originator (ERO) to enter the PIN on your behalf. You are not required to authorize your ERO to enter your PIN on your behalf; you may personally enter your PIN at the time of transmission or complete Form 8453. Routine uses of this information include giving it to the Department of Justice for use in civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Providing false or fraudulent information may subject you to penalties.
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 Internal Revenue Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

## Learning about the law

or the form . . . . . . . 8 min .
Preparing the form . . . . . 15 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224.

Do not send the form to this address. Instead, keep it for your records.

## Tax Year 2005 RIS Notification

Form 8879-SP, Autorización de Firma para Presentar por medio del IRS e-file

| To: | Symbols: | Initials: | Date: |  |  |  |  |
| :--- | :--- | :--- | :---: | :---: | :---: | :---: | :---: |
| 1. Section Chief: Rebecca Bish | SE:W:CAR:MP:T:T:SB | RB | $2 / 24$ |  |  |  |  |
| 2. Reviewer: Rebecca Bish | SE:W:CAR:MP:T:T:R | RB | $2 / 24$ |  |  |  |  |
| 3. Review Chief: Carole Barnette | SE:W:CAR:MP:T:T:R | CAB | $2 / 24$ |  |  |  |  |
| 4. Branch Chief: Frances Royal | SE:W:CAR:MP:T:T | guN fu FR | $2 / 24$ |  |  |  |  |
| 5. Senior Technical Advisor: Bob Erickson | SE:W:CAR:MP:T | BBPor Rae | $2 / 24 / 05$ |  |  |  |  |
| 6. Designated Person: Diane Creed | SE:W:CAR:MP:T:T:SB | QKC | $2 / 24 / 05$ |  |  |  |  |
| 7. \&W\&I M\&P TFP RIS Distribution List |  |  |  |  |  |  |  |
| 8. Initiator (TLS):Timothy W. Onasch |  |  |  |  | SE:W:CAR:MP:T:T:SB |  | $2 / 24 / 05$ |

Attached is a marked up draft that can be used to develop any necessary RIS(s) for the 2006 processing year. The major changes are as follows:

Lines 1-5 in Part I of the current version of the form contains references to lines on Form 1040. As these change every year, the new line numbers must be changed in Part I of Form 8879-SP, accordingly.We do not anticipate the need for any further changes that would affect a RIS.We may need to make further changes that would affect this RIS.This transmittal can be used to create a Placeholder RIS. We expect to make further changes.
If you have any questions, please contact the tax law specialist shown below, or the reviewer on line 2 (above).

| From: <br> Timothy W. Onasch | $\begin{aligned} & \text { Initials; } \\ & \text { Two /hro } \end{aligned}$ | $\text { Room: } 6033$ | Email: <br> Timothy.W.Onasch@irs.gov |
| :---: | :---: | :---: | :---: |
| Tax Law Specialist SE:W:CAR:MP:T:T :SB | $\begin{aligned} & \text { Date: } \\ & 02 / 24 / 2005 \end{aligned}$ | Phone Number: (202) 622-3892 | $\begin{aligned} & \text { Fax Number: } \\ & \text { (202) 622-5015 } \end{aligned}$ |



PIN del(la) contribuyente: marque sólo un encasillado
$\square$ Autorizo a
Nombre de la empresa ERO
que anote mi PIN para mi declaración electronica del impuesto federal sobre el ingreso para el 200 f .
 todos los números
como mi firmaAnotaré mi PIN como mi firma para mi declaración electrónica del impuesto federal sobre el ingreso del 200\%. Marque este encasillado únicamente si usted anota su propio PIN y presenta su declaración conforme al Método del PIN del(la) preparador(a) profesional. E(IIa) ERO debe llenar la Parte III, más abajo.
Su firma - $\qquad$ Fecha
PIN del(la) cónyuge: marque sólo un encasillado
$\square$ Autorizo a $\qquad$ que anote mi PIN Nombre de la emprosa ERO
para mi declaración electrónica del impuesto federal sobre el ingreso para el 200\%.

como mi firma Anota Anotaré mi PIN como mi firma para mi declaración electrónica del impuesto federal sobre el ingreso del 200/. Marque este encasilado únicamente si usted anota su propio PIN y presenta su declaración electrónica del impuesto federal sobre el ingreso conforme al Método del PIN del(la) preparador(a) profesional. El(la) ERO debe llenar la Parte III, más abajo.
Firma del(ta) cobnyuge * Fecha >

## Método del PIN del(la) preparador(a) profesional sólo-siga con la parte a continuación

## Parte III Certificación y autentificación-Método del PIN del(la) preparador(a) profesional sólo

EFIN/PIN del(la) ERO. Anote su EFIN de seis cifras seguido de su PIN de cinco cifras

no anote cero para todos los números

Certifico que el número anotado arriba es mi PIN, el cual sirve de mi firma para autorizar la presentación electrónica de la declaración del impuesto sobre los ingresos del 200 / para el(la)(los) contribuyente(s) indicados arriba. Confirmo que presento esta declaración de acuerdo con los requisitos del Método del PIN del(la) preparador(a) profesional y la Publicación 1345, Handbook for Authorized e-file Providers (Guia para los provisores autorizados de e-file), en inglés.

Firma dell(a) ERO -
Fectra -

## El(la) ERO debe guardar esta forma - Vea las instrucciones No presente esta forma al IRS a menos que se le requiera hacerlo

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

|  | Credit for Qualified Retirement Savings Contributions <br> Attach to Form 1040 or Form 1040A. <br> See instructions on back. |  | OMB No. 1545-1805 |
| :---: | :---: | :---: | :---: |
| Form <br> 0000 <br> Department of the Treasury Internal Revenue Service |  |  | $2005$ <br> Attachment Sequence No. |
| Name(s) shown on return |  | Your s | security number |

You cannot take this credit if either of the following applies.

- The amount on Form 1040, line 38, or Form 1040A, line 22, is more than $\$ 25,000$ ( $\$ 37,500$ if head of household; $\$ 50,000$ if married filing jointly).
- The person(s) who made the qualified contribution or elective deferral (a) was born after January 1, 1988, (b) is claimed as a dependent on someone else's 2005 tax return, or (c) was a student (see instructions).

1 Traditional and Roth IRA contributions for 2005. Do not include rollover contributions

2 Elective deferrals to a 401(k) or other qualified employer plan, voluntary employee contributions, and 501(c)(18)(D) plan contributions for 2005 (see instructions)
3 Add lines 1 and 2
4 Certain distributions received after 2002 and before the due date (including extensions) of your 2005 tax return (see instructions). If married filing jointly, include both spouses' amounts in both columns. See instructions for an exception
5 Subtract line 4 from line 3. If zero or less, enter -0-

6 In each column, enter the smaller of line 5 or \$2,000
7 Add the amounts on line 6. If zero, stop; you cannot take this credit
8 Enter the amount from Form 1040, line 38*, or Form 1040A, line 22.


9 Enter the applicable decimal amount shown below:

| If line 8 is- |  | And your filing status is- |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Over- | But not <br> over- | Married <br> filing jointly <br> Enter on line 9- | Head of <br> household | Single, Married filing <br> separately, or <br> Qualifying widow(er) |
| --- | $\$ 15,000$ | .5 | .5 | .5 |
| $\$ 15,000$ | $\$ 16,250$ | .5 | .5 | .2 |
| $\$ 16,250$ | $\$ 22,500$ | .5 | .5 | .1 |
| $\$ 22,500$ | $\$ 24,375$ | .5 | .2 | .1 |
| $\$ 24,375$ | $\$ 25,000$ | .5 | .1 | .1 |
| $\$ 25,000$ | $\$ 30,000$ | .5 | .1 | .0 |
| $\$ 30,000$ | $\$ 32,500$ | .2 | .1 | .0 |
| $\$ 32,500$ | $\$ 37,500$ | .1 | .1 | .0 |
| $\$ 37,500$ | $\$ 50,000$ | .1 | .0 | .0 |
| $\$ 50,000$ | --- | .0 | .0 | .0 |

Note: If line 9 is zero, stop; you cannot take this credit.
10 Multiply line 7 by line 9
11 Enter the amount from Form 1040, line 46, or Form 1040A, line 28
12 Enter the total of your credits from Form 1040, lines 47 through 50, or Form 1040A, lines 29 through 31


13 Subtract line 12 from line 11. If zero, stop; you cannot take this credit
14 Credit for qualified retirement savings contributions. Enter the smaller of line 10 or line 13 here and on Form 1040, line 51, or Form 1040A, line 32

## Part I Current Year Credit (Members of controlled groups or businesses under common control, see instructions.)

1 Qualified startup costs incurred during the tax year. Do not enter more than \$1,000
2 Enter one-half of line 1.
3 Form 8881 credits from pass-through entities:


4 Add lines 2 and 3
5 Current year credit. Enter the smaller of line 4 or \$500


Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
6 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
7 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

8 Add lines 6 and 7
9a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27 ).
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20).
f Add lines 9a through 9e
10 Net income tax. Subtract line $9 f$ from line 8. If zero, skip lines 11 through 14 and enter -0 - on line 15

| 9 a |  |  |
| :---: | :--- | :--- |
| 9 b |  |  |
| 9 c |  |  |
| 9 d |  |  |
| 9 e |  |  |


|  |  |  |
| :--- | :--- | :--- |
| 6 |  |  |
|  |  |  |
| 7 |  |  |
| 8 |  |  |

11 Net regular tax. Subtract line $9 f$ from line 6. If zero or less, enter -0-
12 Enter 25\% (.25) of the excess, if any, of line 11 over $\$ 25,000$ (see instructions)
13 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
14 Enter the greater of line 12 or line 13
15 Subtract line 14 from line 10. If zero or less, enter - 0-
16 Credit allowed for the current year. Enter the smaller of line 5 or line 15 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2 c ; or the applicable line of your return. If line 15 is smaller than line 5 , see instructions



| $9 f$ |  |  |  |
| :---: | :---: | :---: | :---: |
| 10 |  |  |  |
|  |  |  |  |
|  |  |  |  |
| 14 |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

## General Instructions

Section references are to the Intemal Revenue Code.

## Purpose of Form

Eligible small employers use Form 8881 to claim the credit for qualified startup costs incurred in establishing or administering an eligible employer plan. The credit is allowed only for costs paid or incurred in tax years beginning after 2001 with respect to qualified employer plans first effective after 2001.

The credit is allowed under section 45E and is part of the general business credit. You may elect, however, to have section 45E not apply for your tax year beginning in 2005 by not filing Form 8881 with your 2005 tax return.

## S Corporations and Partnerships

A partnership or S corporation that is an eligible small employer completes Part I of the form to figure the credit to pass through to its partners and shareholders. Show on Schedule K-1 each shareholder's or partner's allocable portion of the line 5 credit. Electing large partnerships must include this credit in "general credits."

## How To Figure the Credit

For an eligible small employer, the credit is $50 \%$ of the qualified startup costs paid or incurred during the tax year. The credit is limited to $\$ 500$ per year for the first credit year and each of the following 2 tax years. No credit is allowed for any other tax year.
Eligible small employer. To be an eligible small employer, you must have had no more than 100 employees during the tax year preceding the first credit year who received at least $\$ 5,000$ of compensation from you during that tax year. However, you are not an eligible small employer if, during the 3 tax years preceding the first credit year, you established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the new qualified employer plan. See section 45E(c) for rules for controlled groups and predecessor employers.
Qualified startup costs. Qualified startup costs are expenses paid or incurred in connection with (a) establishing or administering an eligible employer plan or (b) the retirement-related education of employees about the plan.
Eligible employer plan. An eligible employer plan is a qualified employer plan (as defined in section 4972(d)) with at least one employee eligible to participate who is not a highly compensated employee. All eligible employer plans of the same employer are treated as one eligible employer plan.
First credit year. The first credit year generally is your tax year that includes the date that the eligible employer plan becomes effective. However, you may elect to have the preceding tax year be the first credit year, and claim the credit for qualified startup costs paid or incurred during that tax year. For example, a calendar-year eligible small employer whose eligible plan is first effective on J anuary 1, 2006, may elect to treat 2005 as the first credit year and claim the credit on its 2005 tax return for qualified startup costs incurred in 2005.

## No Deduction Allowed for Credit Amount

You must reduce your otherwise allowable deduction for startup costs by the credit amount on line 2 .

## Controlled Groups

All persons treated as a single employer under section 52(a), 52(b), 414(m), or $414(0)$ are treated as one person for purposes of the credit. If the group qualifies as an eligible small employer, the group member with the greatest startup costs figures the group credit on lines 1 and 2 and skips the rest of the form. On separate Forms 8881, each member skips line 1 and enters its share of the group credit on line 2 . Each member then
completes the remaining applicable lines on its separate Form 8881 (and Form 3800, if required). Each member must also attach a statement showing how the group credit was divided among all members. The members share the credit in the same proportion as they contributed qualified startup costs.

## Additional Information

For more details, see section 45E.

## Specific Instructions

## Part I. C urrent Year Credit

If you paid or incurred qualifed startup costs, complete lines 1 and 2. Complete line 3 for credits that were allocated to you from an S corporation or a partnership.

## Part II. Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have: - A credit for small employer pension plan startup costs from a passive activity,

- More than one of the credits included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

## Line 12

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, and estates and trusts.

## Line 13

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your allowable credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule and enter the TMT on line 13.

## Line 16

If you cannot use all of the credit because of the tax liability limit (line 15 is smaller than line 5), carry the unused credit back one year and then forward up to 20 years. See the instructions for Form 3800 for details.
Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 5 hr ., 58 min .; Learning about the law or the form, 53 min .; Preparing and sending the form to the IRS, 1 hr ., 1 min . If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

## Before you begin: See Definitions and Special Rules that begin on page 2.

Do not complete this form if you can be claimed as a dependent on someone else's 2005 tax return.

## Part I Complete This Part To See if You Are Eligible To Take This Credit

1 Check the boxes below for each month in 2005 that all of the following statements were true on the first day of that month.

- You were an eligible trade adjústment assistance (TAA) recípient, alternative TAA recipient, or Pension Benefit Guaranty Corporation (PBGC) pension recipient.
- You were covered by a qualified health insurance plan for which you paid the premiums (including months for which you paid premiums to "U.S. Treasury-HCTC").
- You were not entitled to Medicare Part A or enrolled in Medicare Part B.
- You were not enrolled in Medicaid or State Children's Health Insurance Program (SCHIP).
- You were not enrolled in the Federal Employees Health Benefits Program or eligible to receive benefits under the U.S. military health system (TRICARE)
- You were not imprisoned under Federal, state, or local authority.
- You were not covered by, or eligible for coverage under, any employer-sponsored health insurance plan (including any employer-sponsored health insurance plan of your spouse) (see instructions that begin on page 3).JanuaryFebruaryMarch
$\square$ AprilMayJune
$\square$ July
$\square$ AugustSeptemberOctoberNovember
December


## Part II Health Coverage Tax Credit

2 Amount paid for qualified health insurance coverage for all months checked on line 1 (see instructions on page 4). Include qualified health insurance premiums paid to "U.S. Treasury-HCTC" and advance payments from Form 1099-H, box 1

Note. You must attach invoices and proof of payment for any amounts included on line 2 for which you did not receive an advance payment (see instructions on page 4).

3 Enter the total amount of any (a) Archer MSA and health savings account distributions used to pay amounts included on line 2 and (b) National Emergency Grants you received for health insurance in 2005

4 Subtract line 3 from line 2. If zero or less, stop; you cannot take the credit

5 Multiply line 4 by 65\% (.65) and enter the result

6 Advance payments, if any, from Form 1099-H, box 1.

7 Health coverage tax credit. Subtract line 6 from line 5 . If zero or less, enter $-0-$. Also include on Form 1040, line 70, or Form 1040NR, line 64, and check box con that line


| 8886 | Reportable Transaction Disclosure Statement |  |  |  | OMB No. 1545-1800 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| (Rev. December 2005) | - Attach to your tax return. |  |  |  | Attachment 137 |
| Department of the Treasury Internal Revenue Service | - See separate instructions. |  |  |  | Sequence No. 137 |
| Name(s) shown on return |  |  |  |  | Identifying number |
| Number, street, and room or suite no. |  |  |  |  |  |
| City or town, state, and ZIP code |  |  |  |  |  |
| A Enter the form number of the tax return that this form is attached to Enter the year of the tax return with which this form is filed |  |  |  |  |  |
| Check the box(es) that apply (see instructions).Protective disclosureDisclosure of previously undisclosed listed transaction (see instructions). Enter the year(s) participated in transaction |  |  |  |  |  |
| 1a Name of reportable transaction |  | 1b Tax shelter registration number (11 digits or 9 digits) |  |  |  |
| 1c Initial year participated in transaction |  |  |  |  |  |

2 Identify the type of reportable transaction. Check all the box(es) that apply (see instructions).
a

Listed transaction
b Confidential Contractual protection

Loss
Significant book-tax difference
Brief asset holding period

3 If the transaction is a "listed transaction" or substantially similar to a listed transaction, identify the listed transaction (see instructions)

4 Enter the number of transactions reported on this form
5 If you invested in the transaction through another entity, such as a partnership, an S corporation, or a foreign corporation, provide the information below for the entity.
a Name
b Type of entity
c Form number of tax return filed
d Employer identification number (EIN)
6 Enter below, the name and address of each person to whom you paid a fee with regard to the transaction if that person promoted, solicited, or recommended your participation in the transaction, or provided tax advice related to the transaction. (Attach additional sheet, if necessary.)

## a Name

Number, street, and room or suite no.

> City or town, state, and ZIP code

## b Name

Number, street, and room or suite no.

City or town, state, and ZIP code

## c Name

Number, street, and room or suite no.

> City or town, state, and ZIP code

7 Facts. Describe the facts of the transaction that relate to the expected tax benefits, including your participation in the transaction. For listed transactions identified in item 2a, also provide the complete name, address, and nature of involvement of all parties to the transaction (see instructions).


8 Expected tax benefits. Describe the expected tax benefits, including deductions, exclusions from gross income, nonrecognition of gain, tax credits, adjustments (or the absence of adjustments) to the basis of property, etc. (see instructions for more details).

9 Estimated tax benefits. Provide a separate estimate of the amount of each of the expected tax benefits described above for each affected tax year (including prior and future years).

## Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Before you begin: Complete Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, if required.
HSA Contributions and Deduction. See page 2 of the instructions before completing this part. If you are filing jointly and both you and your spouse each have separate HSAs, complete a separate Part I for each spouse (see page 2 of the instructions).
1 Check the box to indicate your coverage under a high-deductible health (HDHP) plan during 2005 (see page 2 of the instructions)
2 HSA contributions you made for 2005 (or those made on your behalf), including those made from January 1, 2006, through April 17, 2006, that were for 2005. Do not include employer contributions or rollovers (see page 2 of the instructions)
3 If you were under age 55 at the end of 2005, and on the first day of every month during 2005, you were an eligible individual with the same annual deductible and coverage, enter the smaller of:

- Your annual deductible (see page 3 of the instructions), or
- \$2,650 (\$5,250 for family coverage).

All others, enter the limit from the worksheet on page 3 of the instructions
4 Enter the amount you and your employer contributed to your Archer MSAs for 2005 from Form 8853, lines 3 and 4. If you or your spouse had family coverage under an HDHP at any time during 2005, also include any amount contributed to your spouse's Archer MSAs
5 Subtract line 4 from line 3. If zero or less, enter -0-
6 Enter the amount from line 5. But if you and your spouse each have separate HSAs and had family coverage under an HDHP at any time during 2005, see the instructions on page 4 for the amount to enter.
7 If you were age 55 or older at the end of 2005, married, and you or your spouse had family coverage under an HDHP at any time during 2005, enter your additional contribution amount (see page 4 of the instructions)
8 Add lines 6 and 7
9 Employer contributions made to your HSAs for 2005
10 Subtract line 9 from line 8. If zero or less, enter -0-
11 HSA deduction. Enter the smaller of line 2 or line 10 here and on Form 1040, line 25 Caution: If line 2 is more than line 11, you may have to pay an additional tax (see page 4 of the instructions).

| Self-only $\quad \square$ Family   <br>    <br> 2   <br>    <br> 3   <br>    <br> 4   <br> 5   <br> 6   <br> 7   <br> 8   <br> 9   <br> 10   <br> 11   <br>    |
| :--- |

Part II HSA Distributions. If you are filing jointly and both you and your spouse each have separate HSAs, complete a separate Part II for each spouse.
12a Total distributions you received in 2005 from all HSAs (see page 5 of the instructions) . . .
b Distributions included on line 12a that you rolled over to another HSA. Also include any excess contributions (and the earnings on those excess contributions) included on line 12a that were withdrawn by the due date of your return (see page 5 of the instructions)
c Subtract line 12b from line 12a
13 Unreimbursed qualified medical expenses (see page 5 of the instructions)
14 Taxable HSA distributions. Subtract line 13 from line 12c. If zero or less, enter $-0-$. Also, include this amount in the total on Form 1040, line 21. On the dotted line next to line 21, enter "HSA" and the amount
15a If any of the distributions included on line 14 meet any of the Exceptions to the Additional 10\% Tax (see page 5 of the instructions), check here
b Additional 10\% tax (see page 5 of the instructions). Enter 10\% (.10) of the distributions included on line 14 that are subject to the additional $10 \%$ tax. Also include this amount in the total on Form 1040, line 63. On the dotted line next to line 63, enter "HSA" and the amount

| $12 a$ |  |  |
| :---: | :--- | :--- |
|  |  |  |
| $12 b$ |  |  |
| $12 c$ |  |  |
| 13 |  |  |
|  |  |  |
| 14 |  |  |
|  |  |  |
| $15 b$ |  |  |

# 2005 Form 8891 <br> U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans 

Purpose: This is the first circulated proof of the 2005 Form 8891, U.S. Information return for beneficiaries of certain Canadian Registered Retirement Plans, for your review and comments. A major change is explained below.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.

Prior Revisions: The 2004 Form 8891 can be viewed by clicking on the following link: http://www.irs.gov/pub/irs-pdf/f8891.pdf

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/draft products.html. Draft publications are not available.

Comments: Please email, call, mail, or fax any comments by August 26, 2005.

Major Change to Form 8891
The directions on line 5 for annuitants have been simplified as suggested by Chief Counsel (Int').

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## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Form 8891 must be used by certain taxpayers who hold interests in Canadian registered retirement savings plans (RRSPs) or registered retirement income funds (RRIFs) to comply with the reporting requirements of Notice 2003-75, which is available at www.irs.gov.

Generally, a U.S. citizen or resident who is a beneficiary of a Canadian RRSP or RRIF is subject to U.S. income tax on any income from that plan for the year, even if the income is accrued, but not distributed, that year. Income from the plan may not be subject to Canadian income tax until the year in which actually distributed. This could result in double taxation.

Article XVIII(7) of the treaty provides that an individual who is a citizen or resident of the United States and the beneficiary of a Canadian pension, retirement, or employee benefit plan that is exempt from Canadian income tax can elect to defer U.S. income tax on income from the plan that is accrued, but not distributed, until the income is distributed (either from the plan or from another plan to which it is transferred in a tax-free rollover).

The procedures for making the election to defer United States income tax on the beneficiary's share of the income are described in Revenue Procedure 2002-23, which is available at www.irs.gov. Taxpayers who have not previously made the election under Revenue Procedure 2002-23 can make it on this form.

Form 8891 is used by United States citizens or residents to (a) report distributions received from Canadian registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs), (b) to report contributions and undistributed earnings, and (c) to make the election to defer U.S. income tax on income from an RRSP or an RRIF that has been accrued, but not distributed.

## Who Must File

Form 8891 must be completed and attached to Form 1040 by any U.S. citizen or resident who is a beneficiary of an RRSP or RRIF. A U.S. citizen or resident who is an annuitant of an RRSP or RRIF must file the form for any year in which he or she receives a distribution from the RRSP or RRIF.

A separate Form 8891 must be filed for each RRSP or RRIF for which there is a filing requirement. If you and your spouse both must file Form 8891, you each must file a separate Form 8891.

## Definitions

Beneficiary. A beneficiary of an RRSP or RRIF is an individual who is subject to current U.S. income taxation on income accrued in the RRSP or RRIF or would be subject to current income taxation had the individual not made the election under Article XVIII(7) of the U.S.-Canada income tax treaty to defer U.S. income taxation of income accrued in the RRSP or RRIF.
Annuitant. An annuitant of an RRSP or RRIF is an individual who is designated pursuant to the RRSP or RRIF as an annuitant.

## Record Retention

Taxpayers must retain supporting documentation relating to the information reported on Form 8891, including Canadian forms T4RSP, T4RIF, or NR4, and periodic or annual statements issued by the custodian of the RRSP or RRIF.

## Other Reporting Requirements

Pursuant to section 6048(d)(4), annuitants and beneficiaries who are required to file Form 8891 will not be required to file Form 3520, and will not be subject to the associated penalties described in section 6677 on such RRSPs or RRIFs.

## Specific Instructions

## Name

Even if you are filing a joint Form 1040 with your spouse, enter only your name.

## Identifying number

Enter your U.S. social security number (SSN) or individual taxpayer identification number (ITIN). Do not enter a Canadian identifying number.

## Beneficiaries

A beneficiary who has previously made the election to defer income on the plan or is making it initially by checking the box on line 6 c , must only complete lines 1 through 8 of the form.

## Annuitants

If you are an annuitant, you should complete only lines 1 through 5, 7a, 7b, and 8.

## Line 6

If the election you made previously was made under Rev. Proc. 89-45, check the "No" box. If an election (other than an election under Rev. Proc. 89-45) was made for an RRSP, and amounts from the RRSP were rolled over tax-free to an RRIF or another RRSP, the election is considered to have been made for the plan which received the tax-free rollover.

## Line 7(b)

For information on figuring taxable distributions, see section 72 and Pub. 939, General Rule for Pensions and Annuities.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 Internal Revenue Code section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 1 hr., 5 min.; Learning about the law or the form, 7 min .; Preparing the form, 24 min.; and Copying, assembling, and sending the form to IRS, 20 min .
If you have comments concerning the accuracy of these estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040.

Low Sulfur Diesel Fuel Production Credit

- Attach to your tax return.


## Part I Current Year Credit

1 Low sulfur diesel fuel produced (in gallons)
2 Multiply line 1 by $\$ .05$
3 Qualified capital costs limitation (see instructions)
4 Total low sulfur diesel fuel production credits allowed for all prior tax years
5 Subtract line 4 from line 3
6 Enter the smaller of line 5 or line 2
7 Low sulfur diesel If you are a- $\quad$ Then enter the credit(s) fromfuel production
credits from a Shareholder. Schedule K-1 (Form 1120S), box 13, code F, G, or U credits from pass-through entities:
8 Current year credit. Add lines 6 and 7
Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
9 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 44
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
10 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56

11 Add lines 9 and 10
12a Foreign tax credit
b Credits from Form 1040, lines 48 through 54
c Possessions tax credit (Form 5735, line 17 or 27
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 12a through 12e
13 Net income tax. Subtract line $12 f$ from line 11. If zero, skip lines 14 through 17 and enter -0 - on line 18
14 Net regular tax. Subtract line 12 f from line 9. If zero or less, enter -0-
15 Enter 25\% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions)
16 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
17 and enter -0- on line 18

| 14 |  |
| :---: | :---: |
| 15 |  |
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| 16 |  |

17 Enter the greater of line 15 or line 16
18 Subtract line 17 from line 13. If zero or less, enter -0-
19 Credit allowed for the current year. Enter the smaller of line 8 or line 18 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G , line 2c; or the applicable line of your return. If line 18 is smaller than line 8, see instructions

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| :--- | :--- | :--- |
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| 129 |  |  |
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| 18 |  |  |
|  |  |  |

## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Use Form 8896 to claim the low sulfur diesel fuel production credit.

The credit generally is 5 cents for every gallon of low sulfur diesel fuel produced by a qualified small business refiner during the tax year. However, the total credits allowed for all tax years cannot be more than the
refiner's qualified capital costs limitation on line 3. This credit is part of the general business credit.

## Definitions

## Low Sulfur Diesel Fuel

This is diesel fuel with a sulfur content of 15 parts per million or less.

## Small Business Refiner

A small business refiner generally is a refiner of crude oil with an average daily domestic refinery run or average retained
production for all facilities that did not exceed 205,000 barrels for the 1-year period ending on December 31, 2002. To figure the average daily domestic refinery run or retained production, only include refineries that were refineries of the refiner or a related person (within the meaning of section 613A(d)(3)) on April 1, 2003. However, a refiner is not a small business refiner for a tax year if more than 1,500 individuals are engaged in the refinery operations of the business on any day during the tax year.

## Qualified Capital Costs

For each facility, qualified capital costs are costs paid or incurred to comply with the highway diesel fuel sulfur control requirements of the Environmental Protection Agency (EPA) during the period beginning January 1, 2003, and ending on the earlier of:

- The date 1 year after the date on which the refiner must comply with these EPA requirements with respect to such facility or
- December 31, 2009.

Qualified capital costs include costs for the construction of new process operation units or the dismantling and reconstruction of existing process units to be used in the production of low sulfur diesel fuel, associated adjacent or offsite equipment (including tankage, catalyst, and power supply), engineering, construction period interest, and site work.

In addition, the small business refiner must obtain certification from the IRS (which will consult with the EPA) that the taxpayer's qualified capital costs will result in compliance with the applicable EPA regulations. This certification must be obtained not later than the date that is 30 months after the first day of the first tax year in which the credit is determined.

## Additional Information

For more details, including basis reduction, see section 45 H .

## Specific Instructions

## Part I <br> Current Year Credit

Use lines 1 through 6 to figure any low sulfur diesel fuel production credit from your own trade or business.

Skip lines 1 through 6 if you are claiming only a credit that was allocated to you from a pass-through entity (that is, an S corporation, partnership, or cooperative).

## Cooperative Election to Allocate Credit to Patrons

A cooperative described in section 1381(a) can elect to allocate any part of the low sulfur diesel fuel production credit among the patrons of the cooperative. The credit is allocated among the patrons eligible to share in patronage dividends on the basis of the quantity or value of business done with or for such patrons for the tax year.

To make an election, attach a statement to your timely filed return (including extensions) indicating the amounts you would report on lines 1 through 6 of Form 8896 without an election, the amounts you are electing to allocate to patrons, and any amounts that will not be allocated.

If you timely file your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Enter "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election cannot be revoked.

## S Corporations and Partnerships

Figure the total credit on lines 1 through 6. Then, allocate the line 6 credit to each shareholder or partner in the same way that income and loss are divided. Electing large partnerships include this credit in "general credits."

## Line 1

Enter the number of gallons of diesel fuel produced with a sulfur content of 15 parts per million or less.
Line 3
On line 3, enter $25 \%$ of the qualified capital costs (defined above) for the facility that produced the fuel reported on line 1 if your average daily domestic refinery runs were not more than 155,000 barrels for the 1 -year period ending on December 31, 2002. If your average daily domestic refinery runs were more than 155,000 barrels, the $25 \%$ is reduced (but not below zero) by multiplying it by 1 minus your excess over 155,000 barrels divided by 50,000 barrels.

Example. Your average daily domestic refinery runs were 165,000 barrels for the 1 -year period ending on December 31, 2002. First divide 10,000 (your excess over 155,000 barrels) by 50,000 to get .2. Next subtract .2 from 1 to get . 8 . Then multiply $25 \%$ by .8 to get $20 \%$. On line 3 , enter $20 \%$ of the qualified capital costs for the facility that produced the fuel reported on line 1.

## Line 4

Enter the total low sulfur diesel fuel production credits allowed for all prior tax years (as determined for line 6).

## Part II

## Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A low sulfur diesel fuel production credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 6478, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

## Line 15

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups,
regulated investment companies, real estate investment trusts, and estates and trusts.
Line 16
Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter -0-. Otherwise, complete and attach the AMT form or schedule and enter the TMT on line 16.

## Line 19

If you cannot use all of your credit because of the tax liability limit (line 18 is smaller than line 8 ), carry the unused credit back 1 year and then forward up to 20 years. See the instructions for Form 3800 for details.

## Paperwork Reduction Act Notice. We

 ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 13 min .; Learning about the law or the form, 45 min.; Preparing and sending the form to the IRS, $1 \mathrm{hr} ., 5 \mathrm{~min}$.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

# Form 8898, Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession (July 2005) 

Purpose: This is the second circulated draft of the new Form 8898 (July 2005) for your review and comments. See below for a discussion of the major changes. This is the draft we plan to send to print.

The first draft is available at: http://taxforms.web.irs.gov/Products/Drafts/05f8898_d1.pdf
TPCC Meeting: None, but may be arranged if requested.
Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft products.html

Comments: Please email, fax, call, or mail any comments by July 26, 2005.

## Major Changes to the Form 8898 (July 2005)

The major changes since our last circulation dated 05/16/2005 are:
We reduced the number of pages from four pages to two pages. The leading between the lines was reduced.

We removed the attachment sequence number 118 because the form will not be an attachment to Form 1040 per Karen Van Fossan, SBSE International Policy Office.

We added an amount box for line 3 per a comment from Karen Van Fossan, SBSE International Policy Office.

In Part II, we added a Note after line 4b because the presence test does not apply to taxpayers under the new rules in the 2004 tax year.

On lines $4 a$ and $b$, the entry lines for the date are flush right.
We moved the Note from the Part II header to follow line 5b and precede line 6.
On line 10, we deleted "and explain."
We clarified line 21 by adding a Note.
We changed the Sign Here block to reflect that the form will not be an attachment to Form 1040.
Gerald J. Shields
Tax Forms and Publications
SE:W:CAR:MP:T:I:S
Email: Gerald.j.shields@irs.gov
Phone: 202-622-9759 Fax: 202-622-5022
(July 2005)
Department of the Treasury
Internal Revenue Service
Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession

- See separate instructions.

Name. If married, file a separate form for each spouse required to file Form 8898.

Current Address

Address in Possession (if C
rant from current address)

## Part I General Information

1 I am notifying the IRS that I (check box a or b below and enter the tax year in the space provided):
$\left.\begin{array}{l}\text { a } \square \text { became } \\ \mathbf{b} \quad \square \text { ceased to be }\end{array}\right\}$ a bona fide resident of a U.S. possession in tax year
c Of which U.S. possession did you become (or cease to be) a bona fide resident:
$\square$ American Samoa $\quad \square$ Guam $\quad \square$ Commonwealth of the Northern Mariana Islands (CNMI)
$\square$ Commonwealth of Puerto Rico
Are you a U.S. citizen or resident alien (see instructions)? .
Enter your average worldwide gross income for the three-year period prior to the tax year you became
(or ceased to be) a bona fide resident of the possession (see instructions) . . . . . . . . . $\quad \square$
$\square$

Part II Presence in the United States or Possession
4a If you checked box a on line 1 above, enter the date (month/day/year) you moved to the possession to establish bona fide residence .
b If you checked box b on line 1 above, enter the date (month/day/year) you moved from the possession to end bona fide residence
Note. Skip line 5 if you are filing Form 8898 for the tax year that begins before October 23, 2004, and ends after October 22, 2004.
5a Enter the number of days you were present in the United States during the tax year (see instructions)
b Enter the number of days you were present in the possession during the tax year (see instructions) Note. Skip line 6 if you are filing Form 8898 for a tax year beginning before October 23, 2004.
6 Did you have a permanent connection to the United States during the tax year (see instructions)? . . . $\square$ Yes $\square$ No

## Part III Closer Connection to the United States, Foreign Country, or Possession

7 Did you have a tax home outside the possession at any time during the tax year (see instructions)? . . . $\square$ Yes $\square$ No If "Yes," where was your tax home during the tax year?
8 Did you have a closer connection to the United States or a foreign country than to the possession at any time during the tax year?
$\square$ Yes No If "Yes," where?
9 Where was your regular or principal permanent home located during the tax year (see instructions)?

10 If you had more than one permanent home available to you at all times during the tax year, list the location of each:

11 Where was your immediate family located during the tax year?
12 Where was your automobile(s) located during the tax year?
13 Where was your automobile(s) registered during the tax year?
14 Where were your personal belongings, furniture, etc., located during the tax year?
15 List social, cultural, religious, professional, and political organizations (including but not limited to country clubs and chambers of commerce) you participated in during the tax year and the location of each:
a
b
$\qquad$
$\qquad$

| Location |  |
| :--- | :--- |
| Location |  |
| Location |  |
| Location |  |
| Location |  |

Where was the bank(s) with which you conducted your routine personal banking activities during the tax year located?
c
d
Yes
No If "Yes," where?
18a Where was your driver's license issued?
b If you hold a second driver's license, where was it issued?
19 Were you registered to vote during the tax year?
$\square$ Yes
No If "Yes," where?

21 When completing official documents, forms, etc., what address did you list as your residence?
Note. If you used more than one address, specify the type of documents, forms, etc., and the addresses used.
a
b

Where (for example, in the United States, possession, documents?
23 Where (for example, from the United States, possession, other country) did you derive the majority of your income for the tax year?
24 Did you have any income from U.S. Sources for the tax year (see instructions)?
If "Yes," what type(s)?
Address
Address
Address
Address Address $\square$ Yes No

25 Did you have any income from possession sources for the tax year (see instructions)?YesIf "Yes," what type(s)?

List any charitable organizations to which you made contributions during the tax year and their locations:
$\qquad$ Location Location Location Location



28 During the tax year, did you have an office in the possession from which you conducted a trade or business?
If "Yes," provide the address of that office and a short description of your trade or business:

29 During the tax year, did you receive compensation for personal services?
Yes $\square \mathrm{N}$ If "Yes," where did you perform these services?

30 During the tax year, did you manufacture an article in the possession for sale to customers?
31 Did you sell or exchange appreciated property during the tax year after becoming a resident of the possession?
$\square$ Yes
No If "Yes," provide a short description of the property and the amount of the gain (see instructions).

32 If you conducted a trade or business in the possession during the tax year, did that business consist of:
a Receiving rents or royalties for the use of intangible property?

b Receiving dividends or interest in connection with a banking, financing, or similar business? . . . $\square$ Yes $\square$ No
c The sale or exchange (outside the possession) of personal property consisting of stock in trade or inventory?
$\square$ Yes
No
Note. If you have any other information to substantiate your closer connection to the United States or the possession, or you wish to explain in more detail any of your responses, you may attach a statement to this form or write your explanation in the area below.

| Sign | Under penalties of perjury, I declare that I have examined this form and the accompanying attachments and to the best of my knowledge and <br> belief, they are true, correct, and complete. |  |
| :--- | :--- | :--- |
| Here |  |  |
| Keep a copy for <br> your records. | Your signature | Date |

## New 2005 Form 8901, Information on Qualifying Children Who Are Not Dependents

$$
\begin{array}{ll}
\text { Purpose: } & \begin{array}{l}
\text { This is the first circulated draft of this new } 2005 \text { Form } 8901 \text { for your } \\
\text { review and comments. }
\end{array}
\end{array}
$$

TPCC Meeting: None, but may be arranged if requested.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html
Comments:
Please email, fax, call, or mail any comments by August 19, 2005.

## Major Changes to Form 8901

This is a new form for 2005. Under prior law, section 24(c)(1)(A) required that a qualifying child for purposes of the child tax credit be claimed as a dependent. Because of the changes made to Internal Revenue Code sections 24(c) and 152 by PL 108-311, it is now possible to have a child who is a qualifying child for purposes of the child tax credit but who is not a dependent.

Taxpayers claiming the child tax credit for one or more children that are not the taxpayer's dependent must provide the Internal Revenue Service information about that child on this new form. Taxpayers will provide the child's name, social security number, and the child's relationship to the taxpayer.

This form may become obsolete prior to release.
$\left.\begin{array}{|l|l|l|l|l|l|}\hline \text { FROM: } & \begin{array}{l}\text { EMAIL: } \\ \text { Diedrich Wolff } \\ \text { SE:W:CAR:MP:T:I:P }\end{array} & \text { Deidrich.wolf@irs.gov } & \begin{array}{l}\text { PHONE: } \\ 202-622- \\ 4077\end{array} & \begin{array}{l}\text { FAX: } \\ 202-622- \\ 5002\end{array} & \begin{array}{l}\text { ROOM: } \\ 6138\end{array}\end{array} \begin{array}{l}\text { DATE: } \\ \text { July 22, } \\ 2005\end{array}\right]$


## General Instructions

## Purpose of Form

Use Form 8901 to give the IRS information on any qualifying child (defined on back) who is not your dependent. To figure the amount of your child tax credit, see the instructions for Form 1040, line 52, or Form 1040A, line 33.

## Who Must File

Use Form 8901 if your qualifying child is not your dependent because either of the following apply.

- You, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2005 return.
- Your qualifying child is married and files a joint return for 2005 (other than a joint return filed only as a claim for a refund and no tax liability would exist for either spouse if they had filed separate returns).


## Specific Instructions

## Column (b)

If your child was born and died in 2005 and you do not have an SSN for the child, you can attach a copy of the child's birth certificate instead and enter "Died" in column (b).

If you do not have an SSN for the child because you tried to adopt the child but were unsuccessful or the adoption was not final by the end of 2005, enter "See page 2" in column (b). Then, on the bottom of page 2, enter the name and address of any agency or agent (such as an attorney) that assisted in the attempted adoption.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 Internal Revenue code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, XX min.; Learning about the law or the form, XX min.; Preparing the form, XX min.; and Copying, assembling, and sending the form to the IRS, XX min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the Instructions for Form 1040 or Form 1040A.

## Qualifying Child for Child Tax Credit

## A qualifying child is a child who is your . . .

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew)


Did not provide over half of his or her own support for 2005 (see Pub. 501)

## AND

who . . .
Lived with you for more than half of 2005 . If the child did not live with you for the required time, see Exception to "time lived with you" condition on page XX of the Form 1040A instructions or page 21 of the Form 1040 instructions.

## AND

who . . .
Was a U.S. citizen, U.S. national, or a resident of the United States. If the child was adopted, see Exception to citizen test on page XX of the Form 1040A instructions or page 21 of the Form 1040 instructions.

For more information, including definitions and specials rules relating to an adopted child, foster child, and qualifying child of more than one person, see the instructions for Form 1040 or Form 1040A, line 6 c.

Domestic Production Activities Deduction

- Attach to your tax return. - See separate instructions.

1 Domestic production gross receipts
2 Allocable cost of goods sold
3 Directly allocable deductions, expenses, or losses

4 Indirectly allocable deductions, expenses, or losses
5 Add lines 2 through 4
6 Subtract line 5 from line 1

7 Qualified production activities

If you are a- $\quad$ Then enter the total qualified production activities income fromincome
from passthrough entities: c Beneficiary a Shareholder
b Partner
c Beneficiary Schedule K-1 (Form 1120S), box 12, code P Schedule K-1 (Form 1065), box 13, code T, or Schedule K-1 (Form 1065-B), box 9, code S1
Schedule K-1 (Form 1041), box 14, code B

8 Qualified production activities income. Add lines 6 and 7. If zero or less, enter $-0-$ here, skip lines 9 through 15, and enter -0- on line 16

9 Income limitation (see instructions):

- Individuals. Enter your adjusted gross income figured without the domestic production activities deduction
- All others. Enter your taxable income figured without the domestic production activities deduction

10 Enter the smaller of line 8 or line 9. If zero or less, enter - 0 - here, skip lines 11 through 15, and enter -0 - on line 16

11 Enter 3\% of line 10
12 Form W-2 wages (see instructions)


14 Add lines 12 and 13
15 Form W-2 wage limitation. Enter 50\% of line 14
16 Enter the smaller of line 11 or line 15

17 Domestic production activities deduction from cooperatives. Enter deduction from Form 1099-PATR, box 6

18 Expanded affiliated group allocation (see instructions)
19 Domestic production activities deduction. Combine lines 16 through 18 and enter the result here and on Form 1040, line 35; Form 1120, line 25; Form 1120-A, line 21; or the applicable line of your return


## Part II Timber Depletion (see instructions)

1 Name of block and title of account


## Part III Profit or Loss From Land and Timber Sales (see instructions)

1 Name of block and title of account

2 Location of property (by legal subdivisions or map survěs)


6 Total amount received for property. Add lines 4a, 4b, 4c, and 5a.


Part IV Reforestation and Timber Stand Activities (see instructions)

| Account, block, tract, area, or stand ID for each <br> Qualified Timber Property (QTP) | Kind of activity (burning, chopping, <br> spraying, planting, seeding, thinning, <br> pruning, fertilizing, etc.) | Number of <br> acres treated | Total <br> expenditures |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
| $\mathbf{1}$ |  |  |  |  |  |
|  |  |  |  |  |  |

## Part V Land Ownership

Show all changes in land accounts. Attach as many additional sheets as needed, following the format of lines 1 through 6.

| 1 Name of block and title of account | Acres | Total cost or other basis. Give amount of March 1, 1913 appreciation, if included | Average rate per acre |
| :---: | :---: | :---: | :---: |
| 2 Balance at beginning of year |  |  |  |
| 3 Acquisitions during year. |  |  |  |
| 4 Sales during year. |  |  |  |
| 5 Other changes. . |  |  |  |
| 6 Balance at end of year. Add lines 2 and 3, subtract line 4 and add or subtract line 5 |  |  |  | Additional Information.

## 2005 Form W-4 <br> Employee's Withholding Allowance Certificate

Contents: This is the first circulated draft of the 2005 Form W-4, Employee's Withholding Allowance Certificate, and the instructions. See below for an explanation of the major changes.

TPCC Meeting: None scheduled.
Prior version: You may view the prior version of the form and instructions by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10220Y04.PDF.

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/Draft products.html.

Comments: Please submit any comments by Augustly 20, 2004. Phone comments must be followed up with mail, fax, or email.

## Ron Gamble

Tax Law Specialist, SE:W:CAR:MP:T:T:SB
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Fax: (202) 622-5015 (fax)
Email: Ronald.W.Gamble@irs.gov

## Major Changes

## Form W-4, Employee's Withholding Allowance Certificate (2005)

1. Xs are used as placeholders throughout the form for dollar amounts that will be available later in 2004.
2. Dates were revised throughout the form and instructions.
3. We revised the jurat above the space for the employee's signature to cover the entire form and to be similar to the jurat on Form 1040. We did this to try to improve withholding compliance and reduce the number of name/TIN mismatches based on a suggestion from LMSB.
4. On page 2, we reversed the order of the first two columns in Table I of the Two-Earner/Two-Job Worksheet because the computation above considers the lowest paying job first.
5. We revised the Privacy Act and Paperwork Reduction Act Notice to reflect current law and expiration of the authority to disclose tax information to combat terrorism.

## Form W-4 (2005)

Purpose. Complete Form W-4 so that your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.
Exemption from withholding. If you are exempt, complete only lines $1,2,3,4$, and 7 and sign the form to validate it. Your exemption for 2005 expires February 16, 2006. See Pub. 505, Tax Withholding and Estimated Tax.
Note: You cannot claim exemption from withholding if: (a) your income exceeds \$XXX and includes more than \$XXX of unearned income (e.g., interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the Personal Allowances Worksheet below. The worksheets on page 2 adjust your withholding allowances based on itemized
deductions, certain credits, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.
Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than $50 \%$ of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.
Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the Personal Allowances Worksheet below. See Pub. 919, How Do I Adjust My Tax Withholding? for information on converting your other credits into withholding allowances.
Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using

Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.
Two earners/two jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others.
Nonresident alien. If you are a nonresident alien, see the Instructions for Form 8233 before completing this Form W-4.
Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2005. See Pub. 919, especially if your earnings exceed \$XXX,XXX (Single) or $\$ X X X, X X X$ (Married).
Recent name change? If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 to initiate a name change and obtain a social security card showing your correct name.

Personal Allowances Worksheet (Keep for your records.)
A Enter " 1 " for yourself if no one else can claim you as a dependent. . . . . . . . . . . . . . . . . A
B Enter "1" if: $\left\{\begin{array}{l}\text { - You are single and have only one job; or } \\ \text { - You are married, have only one job, and your spouse does not work; or } \\ \text { - Your wages from a second }\end{array}\right.$
C Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)

C
D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return . . . . . . D
E Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)
F Enter "1" if you have at least $\$ X, X X X$ of child or dependent care expenses for which you plan to claim a credit . . F
(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)
G Child Tax Credit (including additional child tax credit):

- If your total income will be less than $\$ X X, X X X(\$ X X, X X X$ if married), enter "2" for each eligible child.
- If your total income will be between $\$ X X, X X X$ and $\$ X X, X X X(\$ X X, X X X$ and $\$ X X X, X X X$ if married), enter "1" for each eligible child plus "1" additional if you have four or more eligible children.

G
H Add lines A through $G$ and enter total here. Note: This may be different from the number of exemptions you claim on your tax return. $\quad$ H
For accuracy, ( - If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions complete all and Adjustments Worksheet on page 2.
worksheets that apply.

- If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed $\$ \mathrm{XX}, \mathrm{XXX}$ ( $\$ X X, X X X$ if married) see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld. - If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.

Cut here and give Form W-4 to your employer. Keep the top part for your records.

## Employee's Withholding Allowance Certificate

- Your employer must send a copy of this form to the IRS if: (a) you claim more than 10 allowances or (b) you claim "Exempt" and your wages are normally more than $\$ 200$ per week.
$3 \quad \square$ Single Married $\square$ Married, but withhold at higher Single rate.

City or town, state, and ZIP code

Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card.

5 Total number of allowances you are claiming (from line $\mathbf{H}$ above or from the applicable worksheet on page 2)
6 Additional amount, if any, you want withheld from each paycheck
\$
7 I claim exemption from withholding for 2005, and I certify that I meet both of the following conditions for exemption:

- Last year I had a right to a refund of all Federal income tax withheld because I had no tax liability and
- This year I expect a refund of all Federal income tax withheld because I expect to have no tax liability.

If you meet both conditions, write "Exempt" here
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.
Employee's signature
(Form is not valid


## Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2005 tax return.
1 Enter an estimate of your 2005 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of $7.5 \%$ of your income, and miscellaneous deductions. (For 2005, you may have to reduce your itemized deductions if your income is over \$XXX,XXX (\$XX, XXX if married filing separately). See Worksheet 3 in Pub. 919 for details.)

1 \$
$\$ X, X X X$ if married filing jointly or qualifying widow(er)
$\$ X, X X X$ if head of household
2 \$
2 Enter:

## $\$ \mathrm{X}, \mathrm{XXX}$ if single

$\$ \mathrm{X}, \mathrm{XXX}$ if married filing separately
3 Subtract line 2 from line 1 . If line 2 is greater than line 1 , enter " $0-$ "
3 \$
4 Enter an estimate of your 2005 adjustments to income, including alimony, deductible IRA contributions, and student loan interest
5 Add lines 3 and 4 and enter the total. (Include any amount for credits from Worksheet 7 in Pub. 919).
6 Enter an estimate of your 2005 nonwage income (such as dividends or interest)
7 Subtract line 6 from line 5. Enter the result, but not less than "-0-"
4

Divide the amount on line 7 by $\$ 3,000$ and enter the result here. Drop any fraction
5

9 Enter the number from the Personal Allowances Worksheet, line H, page 1
9
10 Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1.10

## Two-Earner/Two-Job Worksheet (See Two earners/two jobs on page 1.)

Note: Use this wol h only if the instructions under line $H$ on page 1 direct you here.
1 Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)
2 Find the number in Table 1 below that applies to the LOWEST paying job and enter it here . . . . 2
3 If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. Do not use the rest of this worksheet

3
Note: If line 1 is less than line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.
4 Enter the number from line 2 of this worksheet 4

5 Enter the number from line 1 of this worksheet 5
6 Subtract line 5 from line 4
7 Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here
8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed
7 \$

9 Divide line 8 by the number of pay periods remaining in 2005. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2004. Enter the result here and on Form W-4, line_6 page_1 This is the additional amount to be withheld from each paycheck

9 \$

| Table 1: Two-Earner/Two-Job Worksheet |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Married Filing Jointly |  |  | Married Filing Jointly |  |  | All Others |  |
| If wages from LOWEST paying job are- | AND, wages from HIGHEST paying job are- | Enter on line 2 above | If wages from LOWEST paying job are- | AND, wages from HIGHEST paying job are- | Enter on line 2 above | If wages from LOWEST paying job are- | Enter on line 2 above |
| \$0-\$X,XXX | \$0-\$XX, X XX | 0 | XX,XXX - XX,XXX | \$XX,XXX and over | X | \$0-\$X,XXX | 0 |
| X,XXX - X,XXX |  | X | XX,XXX - XX,XXX |  | X | X,XXX - XX, XXX | X |
| X,XXX - XX,XXX |  | X | XX,XXX - XX,XXX |  | X | XX,XXX - XX,XXX | X |
| XX, XXX and over |  | X | XX,XXX - XX,XXX |  | X | XX,XXX - XX,XXX | X |
|  |  |  | XX,XXX - XX,XXX |  | XX | XX,XXX - XX, XXX | X |
| \$0- \$X,XXX | \$XX,XXX and over |  | XX,XXX - XX,XXX |  | XX | XX,XXX - XX, XXX | X |
| X,XXX - X,XXX |  | X | XX,XXX - XX,XXX |  | XX | XX,XXX - XX,XXX | X |
| X,XXX - XX,XXX |  | X | XX,XXX - XXX, XXX |  | XX | XX, XXX - XX, XXX | X |
| XX,XXX - XX,XXX |  | X | XXX,XXX - XXX,XXX |  | $x X$ | XX, XXX - XX, XXX | X |
|  |  | X | XXX, XXX and over |  | XX | $X X, X X X-X X X, X X X$ | X |
| XX,XXX - XX,XXX |  | X |  |  |  | XXX,XXX and over | XX |

Table 2: Two-Earner/Two-Job Worksheet

| Married Filing Jointly | All Others |  |  |
| :---: | :---: | :---: | :---: |
| If wages from HIGHEST <br> paying job are- | Enter on <br> $\$ 0-\$ X X, X X X$ | line 7 above | paying job are- |

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections $3402(f)(2)(A)$ and 6109 and their regulations. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may also subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this intormation to other countries under a tax treaty, to reaeral and state agencies to enforce Federal nontax criminal laws. The authority to disclose information to to enforce Federal noxpired on December 31, 2003. Legislation is pending that would reinstate this authority.

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.
The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 46 min.; Learning about the law or the form, 13 min .; Preparing the form, 59 min . If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form W-4 to this address. Instead, give it to your employer.

## 2005 Form W-4P <br> Withholding Certificate for Pension or Annuity Payments

Contents: This is the first circulated draft of the 2005 Form W-4P, Withholding Certificate for Pension or Annuity Payments, and the instructions. See below for an explanation of the major changes.

TPCC Meeting: None scheduled.
Prior version: You may view the prior version of the form and instructions by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10225Y04.PDF.

Comments: Please submit any comments by August 27, 2004. Phone comments must be followed up with mail, fax, or email

## Ron Gamble

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## Major Changes

## Form W-4P, Withholding Certificate for Pension or Annuity Payments (2005)

1. Xs are used as placeholders throughout the form for dollar amounts that will be available later in 2004.
2. Dates and years were revised throughout the form and instructions.
3. We made minor editorial changes throughout the form and instructions.
4. We deleted most of the second paragraph under "Payments Outside the United States" based on an inquiry from CC:INTL about whether the deleted language was consistent with section 1.1441-4(b)(1)(ii) of the regulations, which provides that withholding on qualified plan distributions (and certain other payments) to nonresident aliens is exclusively under section 1441of the Code.
5. We revised the Privacy Act and Paperwork Reduction Act Notice in the instructions to reflect expiration of the authority to disclose tax information to combat terrorism.

## Withholding Certificate for Pension or Annuity Payments

Purpose. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities, including commercial annuities, and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of Federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution as explained on
pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2005.
What do I need to do? Complete lines A through $G$ of the Personal Allowances Worksheet. Use the additional worksheets on page 2 to adjust your withholding allowances for itemized deductions, adjustments to income, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any income tax withheld, you can skip the worksheets and go directly to the Form W-4P below.
Sign this form. Form $\mathrm{W}-4 \mathrm{P}$ is not valid unless you sign it.

## Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for yourself if no one else can claim you as a dependent
A

B

- You are married, have only one pension, and your

B Enter "1" if: $\quad$ spouse has no income subject to withholding; or

- Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is $\$ 1,000$ or less.

| Personal Allowances Worksheet (Keep fo |
| :---: |
| A Enter "1" for yourself if no one else can claim you as a dependent |
| B Enter "1" if: $\left\{\begin{array}{l}\bullet \text { You are single and have only one pension; or } \\ \bullet \begin{array}{l}\text { You are married, have only one pension, and your } \\ \text { spouse has no income subject to withholding; or } \\ \text { Your income from a second pension or a job, or your spouse's } \\ \text { pension or wages (or the total of all) is } \$ 1,000 \text { or less. }\end{array}\end{array}\right)$ |

C
D
D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return
E
F Child Tax Credit (including additional child tax credit):

- If your total income will be less than $\$ X X, X X X(\$ X X, X X X$ if married), enter " 2 " for each eligible child.
- If your total income will be between $\$ X X, X X X$ and $\$ X X, X X X(\$ X X, X X X$ and $\$ X X X, X X X$ if married), enter " 1 " for each eligible child plus " 1 " additional if you have four or more eligible children
F $\qquad$
G Add lines A through F and enter total here. Note: This may be different from the number of exemptions you claim on your tax return $\qquad$
For - If you plan to itemize or claim adjustments to income and want to reduce your withholding,
accuracy, complete all worksheets that apply.
- If you have more than one source of income subject to withholding or a spouse with income subject to withholding and your combined income from all sources exceeds \$XX,XXX (\$XX,XXX if married), see the Multiple Pensions/More-Than-One-Income Worksheet on page 2 to avoid having too little tax withheld.
- If neither of the above situations applies, stop here and enter the number from line G on line 2 of Form W-4P below.

Cut here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records.


## Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2005 tax return.
1 Enter an estimate of your 2005 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of $7.5 \%$ of your income, and miscellaneous deductions. (For 2005, you may have to reduce your itemized deductions if you :rome is over $\$ \mathrm{XXX}, \mathrm{XXX}$ ( $\$ \mathrm{XX}, \mathrm{XXX}$ if married filing separately). See Worksheet 3 in Pub. 919 for details.)

1 \$
$2-\operatorname{ser}:\left\{\begin{array}{l}\$ X, X X X \text { if married filing jointly or qualifying widow(er) } \\ \$ X, X X X \text { if head of household }\end{array}\right.$ Enter: $\left\{\begin{array}{l}\$ X, X X X \text { if head of household } \\ \$ X, X X X \text { if single } \\ \$ X, X X X \text { if married filing separately }\end{array}\right\}$


3 Subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-"
4 Enter an estimate of your 2005 adjustments to income, including alimony, deductible IRA contributions, and student loan interest
5 Add lines 3 and 4 and enter the total. (Include any credit amounts from Worksheet 7 in Pub. 919.)
6 Enter an estimate of your 2005 income not subject to withholding (such as dividends or interest).
7 Subtract line 6 from line 5. Enter the result, but not less than "-0-"
8 Divide the amount on line 7 by \$X,XXX and enter the result here. Drop any fraction
2 \$

9 Enter the number from the Personal Allowances Worksheet, line G, page 1 . . . . . . . . 9
3 \$

0 Add lines 8 and 9 and enter the total hire. If you use the Multiple Pensions/More-Than-One-Income Worksheet, also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4P, line 2, page 1

## Multiple Pensions/More-Than-One-Income Worksheet

Note: Complete only if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).
1 Enter the number from line G, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1
2 Find the number in Table 1 below that applies to the LOWEST paying pension or job and enter it here 2
3 If line 1 is more than or equal to line 2 , subtract line 2 from line 1 . Enter the result here (if zero, enter "-0-") and on Form W-4P, line 2, page 1. Do not use the rest of this worksheet

1
2

3
Note: If line 1 is less than line 2, enter "-0-" on Form W-4P, line 2, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.
4 Enter the number from line 2 of this worksheet . . . . . . . . . . . . 4
5 Enter the number from line 1 of this worksheet . . . . . . . . . . . . 5
6 Subtract line 5 from line 4. . . . . . . . . . . . . . . . . . . . . . . . . . 6
7 Find the amount in Table 2 below that applies to the HIGHEST paying pension or job and enter it here
8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed .
9 Divide line 8 by the number of pay periods remaining in 2005. For example, divide by 12 if you are paid every month and you complete this form in December 2004. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment . . . . . . . $9 \$$

| Table 1: Multiple Pensions/More-Than-One-Income Worksheet |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Married Filing Jointly |  |  |  |  |  | All Others |  |
| If amount from HIGHEST paying pension or job is- | AND, amount from LOWEST paying pension or job is- | Enter on line 2 above | If amount from HIGHEST paying pension or job is- | AND, amount from LOWEST paying pension or job is- | Enter on line 2 above | If amount from LOWEST paying pension or job is- | Enter on line 2 above |
| \$0-\$XX,XXX | \$0 \$X,XXX <br> $X, X X X$ $X, X X X$ <br> $X, X X X ~-~ X X, X X X ~$  <br> $X X, X X X ~ a n d ~ o v e r ~$  | $\begin{aligned} & 0 \\ & X \\ & X \\ & X \\ & X \end{aligned}$ | \$XX,XXX and over | $\begin{array}{r} \text { \$XX,XXX - } \$ X X, X X X \\ X X, X X X ~-~ X X, X X X \\ X X, X X X ~-~ X X, X X X \\ X X, X X X ~-~ X X, X X X \\ X X, X X X-X X, X X X \end{array}$ | $\begin{aligned} & \mathrm{X} \\ & \mathrm{X} \\ & \mathrm{X} \\ & \mathrm{X} \end{aligned}$ | $\begin{array}{r} \$ 0-\$ X, X X X \\ X, X X X-X X, X X X \\ X X, X X X-X X, X X X \\ X X, X X X ~-~ X X, X X X ~ \end{array}$ $X X, X X X-X X, X X X$ | $\begin{aligned} & \hline 0 \\ & X \\ & X \\ & X \\ & X \end{aligned}$ |
| \$XX,XXX and over | $\begin{array}{rr} \text { \$0 - } & \text { XX,XXX } \\ X, X X X- & X, X X X \\ X, X X X- & X X, X X X \\ X X, X X X- & X X, X X X \\ X X, X X X- & X X, X X X \\ X X, X X X- & X X X X X \\ \hline \end{array}$ | $\begin{aligned} & 0 \\ & \mathrm{X} \\ & \mathrm{X} \\ & \mathrm{X} \\ & \mathrm{X} \\ & \mathrm{X} \\ & \hline \end{aligned}$ |  | $\begin{array}{r} X X, X X X ~-~ X X, X X X \\ X X, X X X ~-~ X X, X X X \\ X X, X X X ~-~ X X, X X X \\ X X, X X X ~-~ X X X, X X X \\ X X X, X X X ~-~ X X X, X X X ~ \\ X X X, X X X \text { and over } \end{array}$ | $\begin{aligned} & X X \\ & X X \\ & X X \\ & X X \\ & X X \end{aligned}$ | $\begin{gathered} \text { XX,XXX - XX,XXX } \\ \text { XX,XXX - XX,XXX } \\ X X, X X X ~-~ X X, X X X ~ \\ X X, X X X ~-~ X X, X X X ~ \\ X X, X X X ~-~ X X, X X X ~ \\ X X, X X X ~-~ X X X, X X X ~ \\ X X X, X X X ~ a n d ~ o v e r ~ \end{gathered}$ | $\begin{array}{r} X \\ X \\ X \\ X \\ X \\ X \\ X X \end{array}$ |

Table 2: Multiple Pensions/More-Than-One-Income Worksheet

| Married Filing Jointly |  | All Others |  |
| :---: | :---: | :---: | :---: |
| If amount from HIGHEST paying pension or job is- | Enter on line 7 above | If amount from HIGHEST paying pension or job is- | Enter on line 7 above |
| $\begin{array}{r} \$ 0-\$ X X, X X X \\ X X, X X X-X X X, X X X \\ X X X, X X X-X X X, X X X \\ X X X, X X X-X X X, X X X \\ X X X, X X X \text { and over } \\ \hline \end{array}$ | $\begin{array}{r} \text { \$XXX } \\ \text { XXX } \\ \text { XXX } \\ \text { X,XXX } \\ \text { X,XXX } \end{array}$ | $\begin{array}{r} \text { \$0 - \$XX,XXX } \\ \text { XX,XXX - XX,XXX } \\ \text { XX,XXX - XXX,XXX } \\ \text { XXX,XXX - XXXXXXX } \\ \text { XXX,XXX and over } \end{array}$ | $\begin{array}{r} \text { \$XXX } \\ \text { XXX } \\ \text { XXX } \\ \text { X,XXX } \\ \text { X,XXX } \end{array}$ |

## Additional Instructions

Section references are to the Internal Revenue Code.
When should I complete the form? Complete Form $\mathrm{W}-4 \mathrm{P}$ and give it to the payer as soon as possible. Get Pub. 919, How Do I Adjust My Tax Withholding? to see how the dollar amount you are having withheld compares to your projected total tax for 2005. You may also use the Withholding Calculator on the IRS website at www.irs.gov/individuals for help in determining how many withholding allowances to claim on your Form W-4P.
Multiple pensions/more than one income. To figure the number of allowances that you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form W-4P for the highest source of income subject to withholding.
Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 1-800-TAX-FORM (1-800-829-3676) to get Form 1040-ES and Pub. 505, Tax Withholding and Estimated Tax. You can also get forms and publications from the IRS website at www.irs.gov.
Note: Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

## Withholding From Pensions and Annuities

Generally, Federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. However, qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. The method and rate of withholding depends on the kind of payment that you receive. Also, because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.
Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can choose not to have income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's EIN in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See Eligible rollover distribution-20\% withholding on page 4. Also, this choice does not apply to certain recipients who have payments delivered outside the United States or its possessions. See Payments Outside the United States on page 4.

Caution: There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.
Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.
If you want income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3. If you do not want any income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer.
Caution: If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least $\$ X, X X X$ a month.

If you submit a Form W-4P that does not contain your correct taxpayer identification number (TIN), the payer must withhold as if you are single claiming zero withholding allowances even if you choose not to have income tax withheld.

There are some kinds of periodic payments for which you cannot use Form W-4P because they are already defined as wages subject to income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and compensation plans of exempt organizations described in section 457. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have Federal income tax withheld or to change your choice.
Nonperiodic payments-10\% withholding. Your payer must withhold at a flat $10 \%$ rate from nonperiodic payments (but see Eligible rollover distribution- $20 \%$ withholding on page 4) unless you choose not to have income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have income tax withheld from a nonperiodic payment by submitting Form W-4P (containing your correct TIN) to your payer and checking the box on line 1. Generally, your choice not to have income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

Caution: If you submit a Form W-4P that does not contain your correct TIN, the payer cannot honor your request not to have income tax withheld and must withhold $10 \%$.

Eligible rollover distribution-20\% withholding. Distributions that you receive from qualified pension or annuity plans (e.g., 401(k) pension plans, IRAs, and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat $20 \%$ withholding rate. The $20 \%$ withholding rate is required, and you cannot choose not to have income tax withheld from eligible rollover distributions. See Pub. 505 for details. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P and submit the form to your payer.

Note: The payer will not withhold income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA, qualified pension plan, governmental section 457(b) plan (if allowed by the plan), or tax-sheltered annuity.

## Payments Outside the United States

If you are a U.S. citizen or resident alien receiving periodic or nonperiodic payments that are delivered outside the United States or its possessions, withholding is required. You cannot choose not to have income tax withheld on line 1 of Form W-4P.

Foreign persons are subject to withholding under section 1441 and should complete Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, if applicable.

## Changing Your "No Withholding" Choice

Periodic payments. If you previously chose not to have income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want income tax withheld at the rate set by law (married with three allowances), write "Revoked" next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have income tax withheld and you now want withholding, write "Revoked" next to the checkbox on line 1 and submit Form W-4P to your payer.

## Statement of Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., showing the total amount of your pension or annuity payments and the total income tax withheld during the year.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to: (a) request Federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional Federal income tax withholding from your pension or annuity, (c) choose not to have income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s).

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. The authority to disclose information to combat terrorism expired on December 31,2003 . Legislation is pending that would reinstate this authority.

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 section 6103.
The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . 39 min.
Learning about the
law or the form . . . . . . . . . . 24 min.
Preparing and sending the form . . . . . . 59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form W-4P to this address. Instead, submit it to your payer.

## 2005 Form W-4S

## Request for Federal Income Tax Withholding From Sick Pay

Contents: This is the first circulated draft of the 2005 Form W-4S, Request for Federal Income Tax Withholding From Sick Pay, and the instructions. See below for an explanation of the major changes.

TPCC Meeting: None scheduled.
Prior version: You may view the prior version of the form and instructions by clicking on the following link: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10226Y04.PDF.

Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/Draft products.html.

Comments: Please submit any comments by August 20, 2004. Phone comments must be followed up with mail, fax, or email

## Ron Gamble

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## Major Changes

Form W-4S, Request for Federal Income Tax Withholding From Sick Pay (2005)

1. Xs were inserted as placeholders throughout the form for dollar amounts that will be available later in the year.
2. Years were revised throughout the form and instructions as needed.
3. We made a minor editorial change in the instructions.

|  | Request for Federal Income Tax Withholding From Sick Pay <br> Give this form to the third-party payer of your sick pay. |  |  | OMB No. 1545-0717 |
| :---: | :---: | :---: | :---: | :---: |
| Form <br> Department of the Treasury Internal Revenue Service |  |  |  | 2005 |
| Type or print your full name |  |  |  | social security number |
| Home address (number and street or rural route) |  |  |  |  |
| City or town, state, and ZIP code |  |  |  |  |
| Claim or identification number (if any) |  |  |  |  |
| I request income tax withholding from my sick pay payments. I want the following amount to be withheld from each payment. (See Worksheet below.) |  |  |  | \$ | Cut here and give the top part of this form to the payer. Keep the lower part for your records.

## Worksheet (Keep for your records. Do not send to the Internal Revenue Service.)

1 Enter amount of adjusted gross income that you expect in 2005
2 If you plan to itemize deductions on Schedule A (Form 1040), enter the estimated total of your deductions. For 2005, you may have to reduce your itemized deductions if your income is over $\$ \times X X, X X X$ ( $\$ \mathrm{XX}, \mathrm{XXX}$ if married filing separately). See Pub. 919, How Do I Adjust My Tax Withholding? for details. Call 1-800-829-3676 or visit the IRS website at www.irs.gov to order forms and publications. If you do not plan to itemize deductions, enter the standard deduction (See the instructions on page 2 for the standard deduction amount, including additional amounts for age and blindness.) .
3 Subtract line 2 from line 1.
4 Exemptions. Multiply $\$ \mathrm{X}, \mathrm{XXX}$ by the number of personal exemptions. For 2005, your personal exemption(s) amount is reduced if your income is over $\$ \mathrm{XXX}, \mathrm{XXX}$ if single, $\$ \mathrm{XXX}, \mathrm{XXX}$ if married filing jointly or qualifying widow(er), $\$ \mathbf{X X X}, \mathrm{XXX}$ if married filing separately, or $\$ \mathrm{XXX}, \mathrm{XXX}$ if head of household. See Pub. 919 for details.
5 Subtract line 4 from line 3.
6 Tax. Figure your tax on line 5 by using the 2005 Tax Rate Schedule X, Y, or $Z$ on page 2. Do not use the Tax Table or Tax Rate Schedule X, Y, or Z in the 2004 Form 1040, 1040A, or 1040EZ instructions
7 Credits (child tax and higher education credits, credit for child and dependent care expenses, etc.) .
8 Subtract line 7 from line 6 .
9 Estimated income tax withheld and to be withheld from other sources (including amounts withheld due to a prior Form $\mathrm{W}-4 \mathrm{~S}$ ) during 2005 or paid with Form 1040-ES.
10 Subtract line 9 from line 8 .
11 Enter the number of sick pay payments you expect to receive this year to which this Form W-4S will apply
12 Divide line 10 by line 11. Round to the nearest dollar. This is the amount that should be withheld from each sick pay payment. Be sure it meets the requirements for the amount that should be withheld, as explained under Amount to be withheld below. If it does, enter this amount on Form W-4S above

## General Instructions

Purpose of form. Give this form to the third-party payer of your sick pay, such as an insurance company, if you want federal income tax withheld from the payments. You are not required to have federal income tax withheld from sick pay paid by a third party. However, if you choose to request such withholding, Internal Revenue Code sections 3402(o) and 6109 and their regulations require you to provide the information requested on this form. Do not use this form if your employer (or its agent) makes the payments because employers are already required to withhold income tax from sick pay.
Note: If you receive sick pay under a collective bargaining agreement, see your union representative or employer.
Definition. Sick pay is a payment that you receive:

1. Under a plan your employer takes part in and
2. In place of wages for any period when you are temporarily absent from work because of sickness or injury.
Amount to be withheld. Enter on this form the amount that you want withheld from each payment. The amount that you enter:

- Must be in whole dollars (for example, $\$ 35$, not $\$ 34.50$ ).
- Must be at least $\$ 20$ a week.
- Must not reduce the net amount of each sick pay payment that you receive to less than $\$ 10$.
For payments larger or smaller than a regular full payment of sick pay, the amount withheld will be in the same proportion as your regular withholding from sick pay. For example, if your regular full payment of $\$ 100$ a week normally has $\$ 25$ (25\%) withheld, then $\$ 20$ $(25 \%)$ will be withheld from a partial payment of $\$ 80$.
Caution: Generally, you may be subject to a penalty if your tax payments during the year are not at least $90 \%$ of the tax shown on your tax return. For exceptions and details, see Pub. 505, Tax Withholding and Estimated Tax. You may pay tax during the year through withholding or estimated tax payments or both. To avoid a penalty, make sure that you have enough tax withheld or make estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. You may estimate your income tax liability by using the worksheet above.
(continued on back)

Sign this form. Form $\mathrm{W}-4 \mathrm{~S}$ is not valid unless you sign it. Statement of income tax withheld. After the end of the year, you will receive a Form W-2, Wage and Tax Statement, reporting the taxable sick pay paid and income tax withheld during the year. These amounts are reported to the Internal Revenue Service. Changing your withholding. Form $\mathrm{W}-4 \mathrm{~S}$ remains in effect until you change or revoke it. You may do this by giving a new Form W-4S or a written notice to the payer of your sick pay. To revoke your previous Form W-4S, complete a new Form W-4S and write "Revoked" in the money amount box, sign it, and give it to the payer.

## Specific Instructions for Worksheet

You may use the worksheet on page 1 to estimate the amount of income tax that you want withheld from each sick pay payment. Use your tax return for last year and the worksheet as a basis for estimating your tax, tax credits, and withholding for this year.

You may not want to use Form W-4S if you already have your total tax covered by estimated tax payments or other withholding.

If you expect to file a joint return, be sure to include the income deductions, credits, and payments of both yourself and your spouse in figuring the amount you want withheld.
Caution: If any of the amounts on the worksheet change after you give Form $W-4 S$ to the payer, you may use a new Form $W-4 S$ to request a change in the amount withheld.

## Line 2-Deductions

Itemized deductions. You may have to reduce your itemized deductions if your income is over $\$ \times X X, X X X(\$ X X, X X X$ if married filing separately). See Pub. 919 for details.
Standard deduction, individuals (other than the elderly or blind).
For 2005, the amounts are:

*If you are age 65 or older or blind, add to the standard deduction amount the additional amount that applies to you as shown in the next paragraph. If you can be claimed as a dependent on another person's return, see Limited standard deduction for dependents below.

Additional amount for the elderly or blind. An additional standard deduction of \$XXX is allowed for a married individual (filing jointly or separately) or qualifying widow(er) who is 65 or older or blind, $\$ X, X X X$ if 65 or older and blind. If both spouses are 65 or older or blind, an additional $\$ \mathrm{X}, \mathrm{XXX}$ is allowed on a joint return ( $\$ X, X X X$ on a separate return if you can claim an exemption for your spouse). If both spouses are 65 or older and blind, an additional $\$ X, X X X$ is allowed on a joint return ( $\$ \times, X X X$ on a separate return if you can claim an exemption for your spouse). An additional \$X,XXX is allowed for an unmarried individual (single or head of household) who is 65 or older or blind, $\$ \times, X X X$ if 65 or older and blind.
Limited standard deduction for dependents. If you can be claimed as a dependent on another person's return, your standard deduction is the greater of: (a) \$XXX or (b) your earned income plus $\$ X X X$ (up to the regular standard deduction for your filing status). If you are 65 or older or blind, see Pub. 505 for additional amounts that you may claim.
Certain individuals not eligible for standard deduction. For the following individuals, the standard deduction is zero:

- A married individual filing a separate return if either spouse itemizes deductions.
- A nonresident alien individual.
- An individual filing a return for a period of less than 12 months because of a change in his or her annual accounting period.


## Line 7-Credits

Include on this line any tax credits that you are entitled to claim, such as the child tax and higher education credits, credit for child and dependent care expenses, earned income credit, or credit for the elderly or the disabled.

## Line 9—Tax Withholding and Estimated Tax

Enter the income tax that you expect will be withheld this year on income other than sick pay and any payments that you made using Form 1040-ES. Include income tax withheld from wages and pensions.

## 2005 Tax Rate Schedules

## Schedule X—Single

| If line 5 is: |  | The tax is: |  |
| :---: | :---: | :---: | :---: |
|  | But not |  | amount |
| Over- | over- |  | over- |
| \$0 | \$X,XXX | ----- - XX\% | \$0 |
| X, XXX | XX, XXX | \$XXX.XX + XX\% | $\mathbf{X , X X X}$ |
| $X X, X X X$ | XX, XXX | $\mathbf{X , X X X} . \mathbf{X X}+\mathbf{X X \%}$ | $\mathbf{X X , X X X}$ |
| XX, XXX | XXX, XXX | XX,XXX.XX + XX\% | XX, XXX |
| XXX, XXX | XXX, XXX | $\mathbf{X X}, \mathbf{X X X} . \mathbf{X X}+\mathbf{X X} \%$ | XXX, XXX |
| XXX, XXX |  | XX,XXX.XX + XX\% | XXX, XXX |

Schedule Y-1—Married filing jointly or Qualifying widow(er)
If line 5 is:

| If line 5 is: |  |  |  |
| ---: | :---: | ---: | ---: |
| Over- | But not <br> over- |  | The tax is: |

## Schedule Z—Head of household

| If line 5 is: Over- | But not over- | The tax is: | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$XX, XXX | XX\% | \$0 |
| XX, XXX | XX, XXX | \$ $\mathbf{X , X X X}$. $\mathbf{X X}$ + XX\% | $\mathbf{X X , X X X}$ |
| XX, XXX | XXX,XXX | $\mathbf{X , X X X} . \mathbf{X X}+\mathbf{X X} \%$ | $\mathbf{X X , X X X}$ |
| XXX,XXX | XXX,XXX | XX,XXX. XX + XX\% | XXX,XXX |
|  | XXX, XXX | $\mathbf{X X} \mathbf{X} \mathbf{X X X} \mathbf{X} \mathbf{X X}$ + $\mathbf{X X} \%$ | XXX, XXX |
| XXX,XXX |  | XX,XXX.XX + XX\% | XXX,XXX |

## Schedule Y-2—Married filing separately

| If line 5 is: Over- | But not over- | The tax is: | of the amount over- |
| :---: | :---: | :---: | :---: |
| \$0 | \$X,XXX | XX\% | \$0 |
| X, XXX | XX, XXX | \$XXX.XX + XX\% | X, XXX |
| $X X, X X X$ | XX, XXX | $\mathbf{X , X X X} . \mathbf{X X}+\mathbf{X X \%}$ | $\mathbf{X X , X X X}$ |
| XX, XXX | XX, XXX | $\mathbf{X X}$, XXX. $\mathbf{X X}+\mathbf{X X \%}$ | XX,XXX |
| XX, XXX | XXX, XXX | $\mathbf{X X , X X X} \mathbf{X X}$ + XX\% | $\mathbf{X X , X X X}$ |
| XXX, XXX |  | XX,XXX. XX + XX\% | XXX, XXX |

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States.

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.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping-39 min.; Learning about the law or the form-10 min.; Preparing and sending the form-41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form W-4S to this address. Instead, give it to your payer.

## 2006 Form W-5 Earned Income Credit Advance Payment Certificate

Contents: $\quad$ This is the first circulated draft of the 2006 Form W-5 for your review. There are no major changes.<br>TPCC Meeting: No meeting is planned; however, one can be arranged at your request.<br>Prior Version: The Form W-5 may be accessed at: http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10227Y05.PDF<br>Other Products: Circulations of draft tax forms and instructions are posted at http://taxforms.web.irs.gov/Draft products.htm|<br>Comments: $\quad$ Please email, fax, call, or mail any comments by July 7, 2005<br>Yvette Lawrence<br>Tax Law Specialist, SE:W:CAR:MP:T:T:SB<br>Phone: 202-622-3776<br>Fax: 202-622-5004<br>Email: Yvette.B.Lawrence@irs.gov

## Changes

There are no major changes, however, Xs are used as placeholders for inflationary amounts under IRC section 1 which are generally released in November.

## Instructions

## Purpose of Form

Use Form W-5 if you are eligible to get part of the earned income credit (EIC) in advance with your pay and choose to do so. See Who Is Eligible To Get Advance EIC Payments? below. The amount you can get in advance generally depends on your wages. If you are married, the amount of your advance EIC payments also depends on whether your spouse has filed a Form W-5 with his or her employer. However, your employer cannot give you more than \$X,XXX throughout 2006 with your pay. You will get the rest of any EIC you are entitled to when you file your tax return and claim the EIC.

If you do not choose to get advance payments, you can still claim the EIC on your 2006 tax return.

## What Is the EIC?

The EIC is a credit for certain workers. It reduces the tax you owe. It may give you a refund even if you do not owe any tax.

## Who Is Eligible To Get Advance EIC Payments?

You are eligible to get advance EIC payments if all three of the following apply.

1. You expect to have at least one qualifying child. If you do not expect to have a qualifying child, you may still be eligible for the EIC, but you cannot receive advance EIC payments. See Who Is a Qualifying Child? below.
2. You expect that your 2006 earned income and adjusted gross income (AGI) will each be less than \$XX,XXX (\$XX, XXX if you expect to file a joint return for 2006). Include your spouse's income if you plan to file a joint return. As used on this form, earned income does not include amounts inmates in penal institutions are paid for their work, amounts received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan, or nontaxable earned income.
3. You expect to be able to claim the EIC for 2006. To find out if you may be able to claim the EIC, answer the questions on page 2.

## How To Get Advance EIC Payments

If you are eligible to get advance EIC payments, fill in the 2006 Form W-5 at the bottom of this page. Then, detach it and give it to your employer. If you get advance payments, you must file a 2006 Form 1040 or 1040A income tax return.
You may have only one Form W-5 in effect at one time. If you and your spouse are both employed, you should file separate Forms W-5.

This Form W-5 expires on December 31, 2006. If you are eligible to get advance EIC payments for 2007, you must file a new Form W-5 next year.
TIP) You may be able to get a larger credit when you file your 2006 return. For details, see Additional Credit on page 3.

## Who Is a Qualifying Child?

A qualifying child is any child who meets all three of the following conditions.

1. The child is:
a. Your son, daughter, adopted child (including a child lawfully placed with you for legal adoption even if the adoption is not final), stepchild, or a descendant of any of them (for example, your grandchild), or
b. Your brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew), or
c. A foster child (any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction).
(continued on page 3)

- Give this certificate to your employer.
- This certificate expires on December 31, 2006.

Note: If you get advance payments of the earned income credit for 2006, you must file a 2006 federal income tax return. To get advance payments, you must have a qualifying child and your filing status must be any status except married filing a separate return.

1 I expect to have a qualifying child and be able to claim the earned income credit for 2006 , I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC paymentsYesNo
2 Check the box that shows your expected filing status for 2006:
$\square$ Single, head of household, or qualifying widow(er) $\square$ Married filing jointly
3 If you are married, does your spouse have a Form W-5 in effect for 2006 with any employer?.
Yes $\square$ No Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

## Questions To See if You May Be Able To Claim the EIC for 2006

You cannot claim the EIC if you plan to file either Form 2555 or Form 2555-EZ (relating to foreign earned income) for 2005. You also cannot claim the EIC if you are a nonresident alien for any part of 2006 unless you are married to a U.S. citizen or resident, file a joint return, and elect to be taxed as a resident alien for all of 2006.

1 Do you expect to have a qualifying child? Read Who Is a Qualifying Child? that starts on page 1 before you answer this question. If the child is married, be sure you also read Married child on page 3.No. ${ }^{\text {STOP }}$ You may be able to claim the EIC but you cannot get advance EIC payments.Yes. Continue.

!If the child meets the conditions to be a qualifying child for both you and another person, see Qualifying child of more than one person on page 3.
2 Do you expect your 2006 filing status to be married filing a separate return?

No. Continue.

5
If you expect to file a joint return for 2006, include your spouse's income when answering questions 3 and 4 .
3 Do you expect that your 2006 earned income and AGI will each be less than: $\$ \mathrm{XX}, \mathrm{XXX}$ ( $\$ \mathrm{XX}, \mathrm{XXX}$ if married filing jointly) if you expect to have 1 qualifying child; $\$ X X, X X X$ ( $\$ X X, X X X$ if married filing jointly) if you expect to have 2 or more qualifying children?

No stopYes. Continue. But remember, you cannot get advance EIC payments if you expect your 2006 earned income or AGI will be \$XX,XXX (\$XX,XXX or more if married filing jointly) or more.

4 Do you expect that your 2006 investment income will be more than $\$ X, X X X$ ? For most people, investment income is the total of their taxable interest, ordinary dividends, capital gain distributions, and tax-exempt interest. However, if you plan to file a 2006 Form 1040, see the 2005 Form 1040 instructions to figure your investment income.

Yes. ${ }^{\text {STOP }}$No. Continue.
5 Do you expect that you, or your spouse if filing a joint return, will be a qualifying child of another person for 2006?No. You may be able to claim the EIC.Yes. You cannot claim the EIC.
2. At the end of 2006, the child is under age 19, or under age 24 and a student, or any age and permanently and totally disabled. A student is a child who during any 5 months of 2005 (a) was enrolled as a full-time student at a school or (b) took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or night school.
3. The child lives with you in the United States for over half of 2006. But you do not have to meet this condition if (a) the child was born or died during the year and your home was this child's home for the entire time he or she was alive in 2006, or (b) the child is presumed by law enforcement authorities to have been kidnapped by someone who is not a family member and the child lived with you for over half of the part of the year before he or she was kidnapped.

Note. Temporary absences, such as for school, vacation, medical care, or detention in a juvenile facility, count as time lived at home. Members of the military on extended active duty outside the United States are considered to be living in the United States.
Married child. A child who is married at the end of 2006 is a qualifying child only if:

1. You may claim him or her as your dependent, or
2. You are the custodial parent and would be able to claim the child as your dependent, but the noncustodial parent claims the child as a dependent because:
a. You signed Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child for 2006, or
b. You have a pre-1985 divorce decree or separation agreement that allows the noncustodial parent to claim the child and he or she gives at least $\$ 600$ for the child's support in 2006.

Other rules may apply. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for more information on children of divorced or separated parents.
Qualifying child of more than one person. If the child meets the conditions to be a qualifying child of more than one person, only one person may treat that child as a qualifying child for 2006. If more than one person actually claims the credit based on the same qualifying child, the IRS will apply the "tie-breaker" rules to determine which person can treat the child as a qualifying child for 2006. The "tie-breaker" rules are in Table 2, When More Than One Person Claims EIC Using Same Child, in Pub. 596, Earned Income Credit (EIC).
Caution. A qualifying child whom you use to claim the EIC must have a valid social security number unless he or she was born and died in 2006.

## What if My Situation Changes?

If your situation changes after you give Form W-5 to your employer, you will probably need to file a new Form W-5. For example, you must file a new Form W-5 if any of the following applies for 2006.

- You no longer expect to have a qualifying child. Check "No" on line 1 of your new Form W-5.
- You no longer expect to be able to claim the EIC for 2006. Check "No" on line 1 of your new Form W-5.
- You no longer want advance payments. Check "No" on line 1 of your new Form W-5.
- Your spouse files Form W-5 with his or her employer. Check "Yes" on line 3 of your new Form W-5.
Note. If you get advance EIC payments and find you are not eligible for the EIC, you must pay back these payments when you file your 2006 federal income tax return.


## Additional Information

How To Claim the EIC
If you are eligible, claim the EIC on your 2006 tax return. See your 2006 tax return instruction booklet.

## Additional Credit

You may be able to claim a larger credit when you file your 2006 Form 1040 or Form 1040A because your employer cannot give you more than \$X,XXX throughout the year with your pay. You may also be able to claim a larger credit if you have more than one qualifying child. But you must file your 2005 tax return to claim any additional credit.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3507 and 6109 and their regulations require you to provide the information requested on Form W-5 and to give it to your employer if you want advance payment of the EIC. As provided by law, we may give the information to the Department of Justice and other federal agencies. In addition, we may give it to cities, states, and the District of Columbia so they may carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide the requested information may prevent your employer from processing this form; providing false information may subject you to penalties.

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.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 min.; Learning about the law or the form, 12 min.; and Preparing the form, 25 min .

We welcome comments on forms. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send Form W-5 to this address. Instead, give it to your employer.

## Form W-7 Application for IRS Individual Taxpayer

Identification Number (Rev. January 2005)

Purpose: This is the first circulated proof of Form W-7 (Rev. January 2005) for your review and comments.

TPCC Meeting: There is no TPCC meeting scheduled, but you may request one.

Prior Revisions: Form W-7 (Rev. Dec. 17, 2003) can be viewed by clicking on the following link http://publish.no.irs.gov/FORMS/PUBLIC/PDF/10229L03.PDF

Comments: Please email, call, mail, or fax any comments by January 12, 2005.

## Changes

Style Guide--We have revised the instructions to incorporate the changes in our new style guide. These changes are not highlighted, however, two of the major changes are: the elimination of bold face text and references to websites are referenced in italics.

- We revised the instructions for item f, and exceptions 2 and 4 per Chief Counsel.
- We made other minor editorial changes based on suggestions from the ITIN unit and SE:W:CAR:MP:T:I:F.

| FROM: | EMAIL: | PHONE: | ROOM: | DATE: |
| :--- | :--- | :--- | :--- | :--- |
| Robyn Magruder-Matthews | mailto:robyn.t.magruder- | 202-622-4182 | 6423 | $1 / 4 / 04$ |
| W:CAR:MP:T:I:F | matthews@irs.gov | FAX: |  |  |
|  |  | $202-927-6234$ |  |  |

An IRS individual taxpayer identification number (ITIN) is for federal tax purposes only.

## Before you begin:

- Do not submit this form if you have, or are eligible to obtain, a U.S. social security number (SSN).
- Getting an ITIN does not change your immigration status or your right to work in the United States and does not make you eligible for the earned income credit.

Reason you are submitting Form W-7. Read the instructions for the box you check. Caution: If you check box b, $\mathbf{c}, \mathrm{d}, \mathrm{e}$, or g , you must file a tax return with Form W-7 unless you meet one of the exceptions (see instructions).



|  | 6e Have you previously received a U.S. temporary Taxpayer Identification Number (TIN) or Employer Identification Number (EIN)?No/Do not know. Skip line 6f.Yes. Complete line 6f. If more than one, list on a sheet and attach to this form (see instructions). |  |  |
| :---: | :---: | :---: | :---: |
|  |  |  |  |
|  | 6 g Name of college/university/company (see instructions) City and State <br> Length of stay |  |  |
| Sign <br> Here | Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN), including any previously assigned taxpayer identifying number. |  |  |
| Keep a copy for your records. | Name of delegate, if applicable (type or print) | Delegate's relationship to applicant | Parent $\square$ Court-appointed guardian Power of Attorney |
| Acceptance | - Signature | Date (month, day, year) | Phone ( ) |
|  |  | 1 | Fax ( ) |
| Agent's Use ONLY | Name and title (type or print) | Name of company | EIN |

## General Instructions

## Purpose of Form

Use Form W-7 to apply for an IRS individual taxpayer identification number (ITIN). An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required for U.S. tax purposes to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a social security number (SSN).
The ITIN is for federal tax purposes only. It does not entitle you to social security benefits and does not change your immigration status or your right to work in the United States. Also, individuals filing tax returns using an ITIN are not eligible for the earned income credit (EIC).
SSNs. Do not complete Form W-7 if you have an SSN or you are eligible to obtain an SSN. You are eligible for an SSN if you are a U.S. citizen or if you have been admitted by the United States for permanent residence or U.S. employment.

If you have an application for an SSN pending, do not file Form W-7. Complete Form W-7 only if the Social Security
Administration (SSA) notifies you that an SSN cannot be issued.

To obtain an SSN, see Form SS-5,
Application for a Social Security Card. To get Form SS-5 or to find out if you are eligible to obtain an SSN, go to www.socialsecurity.gov or contact an SSA office.

## Who Must Apply

Any individual who is not eligible to obtain an SSN but who must furnish a taxpayer identification number must apply for an ITIN on Form W-7. Examples are:

- A nonresident alien individual eligible to obtain the benefit of reduced withholding under an income tax treaty. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.
- A nonresident alien individual not eligible for an SSN who is required to file a U.S. tax return or who is filing a U.S. tax return only to claim a refund.
- A nonresident alien individual not eligible for an SSN who elects to file a joint U.S. tax return with a spouse who is a U.S. citizen or resident.
- A U.S. resident alien (based on the substantial presence test) who files a U.S. tax return but who is not eligible for an SSN. For information about the substantial presence test, see Pub. 519, U.S. Tax Guide for Aliens.
- An alien spouse claimed as an exemption on a U.S. tax return who is not eligible to obtain an SSN.
- An alien individual eligible to be claimed as a dependent on a U.S. tax return but who is not eligible to obtain an SSN. To determine if an alien individual is eligible to be claimed as a dependent on a U.S. tax return, see Pub. 501, Exemptions, Standard Deduction, and Filing Information, and Pub. 519.
- A nonresident alien student, professor, or researcher who is required to file a U.S. tax return but who is not eligible for an SSN.
- A dependent/spouse of a nonresident alien holding a U.S. visa who is not eligible for an SSN.

ITIN not needed for Forms 4868, 2688, $1040-E S$, or $1040-E S(N R)$. If you are filing an application for an extension of time to file using Form 4868 or Form 2688, or making an estimated tax payment using Form 1040-ES or Form 1040-ES(NR), do not file Form W-7 with these forms. Enter "ITIN TO BE REQUESTED" wherever your SSN or ITIN is requested. An ITIN will be issued only after you file a tax return and meet all other requirements.

## Additional Information

Publications. For details on resident and nonresident alien status, see Pub. 519.
For details on individuals who can be claimed as dependents and on obtaining an SSN for a dependent, see Pub. 501.

These publications are available free from the IRS. To order the publications, call
1-800-TAX-FORM (1-800-829-3676) if you are in the United States. If you have a foreign address, write to:


You can also get these publications on the IRS website at www.irs.gov.
Telephone help. If, after reading these instructions and our free publications, you are not sure how to complete your application or have additional questions, call
1-800-829-1040 if you are in the United States. If you are outside the United States, you can contact any of our overseas offices in Berlin, London, or Paris.

## How To Apply

Your application must include all of the following.

1. Your completed Form W-7.
2. Your original, completed tax return(s) for which the ITIN is needed. Attach Form W-7 to the front of your tax return.
After your Form W-7 has been processed, the IRS will assign an ITIN to the return and process the return. The tax return will be processed as if it were filed at the address listed in the tax return instructions. Do not send a copy of the return to any other IRS office.

If you are not required to file a tax return or if you fail to file a completed tax return with your Form $W-7$, you will not be issued an ITIN, unless one of the exceptions explained on page 3 applies. If an exception applies, include instead the documents described under that exception.
3. The original documents, or certified or notarized copies of documents, that substantiate the information provided on the Form W-7. The supporting documentation must be consistent with the applicant's information provided on Form W-7. For example, the name, date of birth, and country of citizenship must be the same as on Form W-7, lines 1a, 4, and 6a.

If you submit an original valid passport (or a notarized or certified copy of a valid passport), you do not need to submit any other documents from the list below. Otherwise, you must submit at least two or more of the documents listed below. The documents must be current and verify your identity (that is, contain your name). At least
one document must contain your photograph and one must support your claim of foreign status. Do not attach expired documents.
a. National identification card (must show photo, name, current address, date of birth, and expiration date).
b. U.S. driver's license.
c. Civil birth certificate.
d. Foreign driver's license.
e. U.S. state identification card.
f. Foreign voter's registration card.
g. U.S. military identification card.
h. Foreign military identification card.
i. U.S. visa issued by the U.S. Department of State.
j. U.S. Citizenship and Immigration Services (USCIS) photo identification.
k. Medical records (dependents only).
l. School records (dependents and/or students only).
You can submit copies of original
documents if the copies are:

- Certified by the issuing agency or official custodian of the original record, or
- Notarized by a U.S. notary public legally authorized within his or her local jurisdiction to certify that the document is a true copy of the original. To do this, the notary must see the valid, unaltered original document and verify that the copy conforms to the original. U.S. notaries public are available at U.S. embassies and consulates worldwide. Foreign notaries are acceptable as outlined by the Hague Convention.

Original documents you submit will be returned to you. You do not need to provide a return envelope. If your original documents are not returned within 60 days, you can call the IRS (see Telephone help on this page). Copies of documents will not be returned.

Keep a copy of your application for your records.

## When To Apply

Complete and attach Form W-7 when you file the tax return for which the ITIN is needed. However, if you meet one of the exceptions on page 3, complete and submit Form W-7 as soon as possible after you determine you are covered by that exception.

Allow 4 to 6 weeks for the IRS to notify you in writing of your ITIN. If you have not received your ITIN or correspondence at the end of the 6-week period, you can call the IRS to find out the status of your application (see Telephone help on page 2).

## Where To Apply

By mail. Mail Form W-7, your tax return (or other documents required by an exception on this page), and the documentation listed in item (3) under How To Apply on page 2 to:

Internal Revenue Service
Philadelphia Service Center
ITIN Unit
P.O. Box 447

Bensalem, PA 19020
Do not use the mailing address in the instructions for your tax return.

In person. You can apply for an ITIN by bringing your completed forms and documentation to any IRS Taxpayer Assistance Center in the United States and most IRS offices abroad. Before applying at an IRS office abroad, find out if that office accepts Form W-7 applications.
Through Acceptance Agent. You can also apply through an acceptance agent authorized by the IRS. To obtain a list of agents, visit the IRS website at www.irs.gov.

## Specific Instructions

If you are completing this form for someone else, answer the questions as they apply to that person.

## Reason For Applying

You must check the box to indicate the reason you are completing Form W -7. If more than one box applies to you, check the box that best explains your reason for submitting Form W-7.

GAUTIONIf you check box b, c, d, e, or g, you must file a completed tax return by attaching it to Form $W-7$. You must do this even if the ITIN is for a spouse or
dependent. If you are applying for more than one ITIN for the same return (such as for a spouse or dependent), attach all Forms W-7 to the same return.
a. Nonresident alien required to obtain ITIN to claim tax treaty benefit. Certain nonresident aliens must obtain an ITIN to claim a tax treaty benefit even if they do not have to file a U.S. tax return. If you check this box to claim the benefits of a U.S. income tax treaty with a foreign country, also check box $h$. On the lines next to box h, enter "Exception 1" or "Exception 2," whichever applies (see this page), and the name of the foreign country and treaty article number. Also attach the documents required under whichever exception applies. For more details on tax treaties, see Pub. 901, U.S. Tax Treaties.

## b. Nonresident alien filing a U.S. tax return

 and not eligible for an SSN. This category includes:- A nonresident alien who must file a U.S. tax return to report income effectively or not effectively connected with the conduct of a trade or business in the United States.
- A nonresident alien who is filing a U.S. tax return only to obtain a refund.


## c. U.S. resident alien (based on days

 present in the United States) filing a U.S. tax return and not eligible for an SSN. A foreign individual living in the United States who does not have permission to work from the USCIS, and is thus ineligible for an SSN, may still be required to file a U.S. tax return. These individuals must check this box.d. Dependent of U.S. citizen/resident alien. This is an individual who can be claimed as a dependent on a U.S. tax return and is not eligible to obtain an SSN.
e. Spouse of U.S. citizen/resident alien. This category includes:

- A nonresident alien husband or wife who is not filing a U.S. tax return (including a joint return) and who is not eligible to obtain an SSN but who, as a spouse, can be claimed as an exemption.
- A nonresident alien electing to file a U.S. tax return jointly with a spouse who is a U.S. citizen or resident.
f. Nonresident alien student, professor, or researcher filing a U.S. tax return and not eligible for an SSN. This is an individual who has not abandoned his or her residence in a foreign country and who is a bona fide student, professor, or researcher coming temporarily to the United States solely to attend classes at a recognized institution of education, to teach, or to perform research. If you check this box, you must complete lines 6 c and 6 g , provide your passport with a valid J.S. visa, and a letter from an ofticial of the school or institution stating that you have not been offered, and have not secured other employment. If applicable, enter the name of the foreign country and the treaty article number that applies on the lines next to boxh.
g. Dependent/spouse of a nonresident alien holding a U.S. visa. This is an individual who can be claimed as a dependent or a spouse on a U.S. tax return and who is unable, or not eligible, to obtain an SSN and has entered the United States with a nonresident holding a U.S. visa. For example, the primary visa holder has a $\mathrm{B}-1$ visa; the dependent or spouse has a B-2 visa.
h. Other. If the reason for your ITIN request is not described in a through g, check this box. Describe in detail your reason for requesting an ITIN and attach supporting documents. If any of the following exceptions apply to you, you will not need to attach a tax return to your Form $W-7$. Check box $h$ and enter the number of the exception that applies (for example, "Exception 3") on the line next to box h.


## Exception 1. Passive income-treaty

 benefits (box a) or third party withholding (box h). To obtain an ITIN under this exception, you must include documentation with the Form W-7 showing you own an asset that generates income subject to information reporting or withholding requirements. Examples include:- Evidence that you opened an account with a financial institution and you have an ownership interest in that account.
- For a partnership interest-the partnership agreement togethor with the partnership's EIN or other eviden $\overline{\overline{ }}$ at the partnership is conducting busiKess in the United States.
Exception 2. Other income (wages, salary, compensation)-treaty benefits (box a).


Applicants with a U.S. visa that is valid for employment should first apply for an SSN with the Social Security Administration (SSA). You are not eligible for an ITIN if you are eligible to obtain an SSN.

If you are an individual receiving pay for personal services, your Form W-7 will be processed if you provide proof that your application for an SSN (Form SS-5) was
rejected by the SSA and include a Form 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual.

If you are a nonresident alien visitor with gaming winnings, your Form W-7 will be processed if submitted through the appropriate gaming official serving as an acceptance agent.
Exception 3. Third party reportingmortgage interest (box h). To obtain an ITIN under this exception, you must include documentation with the Form W-7 showing evidence of a home mortgage loan on real property located in the United States. This documentation could include a loan commitment letter from the financial institution, a broker's listing agreement, or similar documentation.
Exception 4. Disposition by foreign person of U.S. real property interest
(box h). If a transfer or transferee does not have a TIN, and an amount withheld is due, attach completed Forms 8288, U.S.
Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interest, and 8288-A, Statement of Wihtholding on Dispositions by Foreign Persons of U.S. Real Property Interests, to the completed Form W-7.

If you are applying for a withholding certificate to reduce or eliminate withholding on dispositions of U.S. real property, you must attach a copy of the contract for sale and a completed application for a withholding certificate to the completed Form W-7. The application for a withholding certificate must comply with the provisions of Regulations sections 1.1445-3 and 1.1445-6 and Rev. Proc. 2000-35, 2000-35 I.R.B. 211. You can find Rev. Proc. 2000-35 on page 211 of Internal Revenue Bulletin 2000-35 at www.irs.gov/pub/irs-irbs/irb00-35.pdf. You may be able to use Form 8288-B, Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests, for this purpose. See Form 8288-B for details.

## Line Instructions

Enter N/A (not applicable) on all lines that do not apply to you. Do not leave any lines blank.
Line 1a. Enter your legal name on line 1a as it appears on your documents. This entry should reflect your name as it will appear on a U.S. tax return.


Your ITIN will be established using this name. If you do not use this name on the U.S. tax return, the processing of the U.S. tax return may be delayed.
Line 1b. Enter your name as it appears on your birth certificate if it is different from your entry on line 1a.
Line 2. Enter your complete foreign address in the country where you permanently or normally reside. If you no longer have a permanent residence, due to your relocation to the United States, enter only the foreign country where you last resided on line 2 and enter your complete mailing address on line 3. If you are claiming a benefit under an income tax treaty with the United States, line 2 must show the treaty country.


Do not use a post office box or an "in care of" (c/o) address. If you do, your application will be rejected.

Line 3. Enter your complete mailing address if it is different from the address on line 2. This is the address the IRS will use to return your original documents and send written notification of your ITIN.
Note. If the U.S. Postal Service will not deliver mail to your physical location, enter the U.S. Postal Service's post office box number for your mailing address. Contact your local U.S. Post Office for more information. Do not use a post office box owned and operated by a private firm or company.
Line 4. To be eligible for an ITIN, your birth country must be recognized as a foreign country by the U.S. Department of State.
Line 6a. Enter the country or countries (in the case of dual citizenship) in which you are a citizen. Enter the complete country name; do not abbreviate.
Line 6b. If your country of residence for tax purposes has issued you a tax identification number, enter that number on line 6b. For example, if you are a resident of Canada, enter your Canadian Social Insurance Number.

Line 6c. Enter only U.S. nonimmigrant visa information. Include the USCIS classification, number of the U.S. visa, and the expiration date in month/day/year format. For example, if you have a B-1/B-2 visa with the number 123456 that has an expiration date of December 31, 2004, enter "B-1/B-2,"
"123456," and "12/31/2004" in the entry space.
Note. If the visa has been issued under a "duration of stay" label by USCIS, enter "D/S" as the expiration date.
Line 6d. Check the box indicating the type of document(s) you are submitting for identification.

You must submit documents as explained in item (3) under How To Apply on page 2. Enter the name of the state or country or other issuer, the identification number (if any) appearing on the document(s), the expiration date, and the date on which you entered the United States. Dates must be entered in the month/day/year format. Also, you may be required to provide a certified translation of foreign language documents.

Note. Any visa information shown on a passport must be entered on line 6c.

Line 6e. If you ever received a temporary Taxpayer Identification Number (TIN) or an Employer Identification Number (EIN), check the "Yes" box and enter the number on line 6 f . If you never had a temporary TIN or an EIN, or you do not know your temporary TIN, check the "No/Do not know" box.
A temporary TIN is a nine-digit number issued by the IRS to persons who file a return or make a payment without providing a TIN. You would have been issued this number if you filed a U.S. tax return and did not have a social security number. This temporary TIN will appear on any correspondence the IRS sent you concerning that return.

An EIN is a nine-digit number (for example, 12-3456789) assigned by the IRS to businesses, such as sole proprietorships. Line 6f. If you have both a temporary TIN and an EIN, attach a separate sheet listing both. If you were issued more than one temporary TIN, attach a separate sheet listing all the temporary TINs you received.
Line $\mathbf{6 g}$. If you checked reason f , you must enter the name of the educational institution and the city and state in which it is located. You must also enter your length of stay inther United States.

If you are temporarily in the United States for business purposes, you must enter the name of the company with whom you are conducting your business and the city and state in which it is located. You must also enter your length of stay in the United States.
Signature. You must sign Form W-7.
However, if the applicant is a minor under 14 years of age, a delegate (parent or court-appointed guardian) should sign for him or her. Type or print the delegate's name in the space provided and check the appropriate box that indicates his or her relationship to the applicant. If the delegate is signing as a court-appointed guardian, attach a copy of the court-appointment papers showing the legal guardianship.

If the applicant is 14 years of age or over, the applicant can appoint an authorized agent to sign. The authorized agent must print his or her name in the space provided for the name of the delegate and attach Form 2848, Power of Attorney and Declaration of Representative.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Learning about the law or the form, 13 min.; Preparing the form, $29 \mathrm{~min} . ;$ Copying, assembling, and sending the form to the IRS, 20 min .
We Welcome Comments on Forms. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see Where To Apply on page 3.
(Rev. febrero del 2005)
Department of the Treasury Internal Revenue Service

Solicitud de Número de Identificación Personal del Contribuyente del Servicio de Impuestos Internos

- Para uso de personas físicas que no son ciudadanos o residentes permanentes de los Estados Unidos.

Se utiliza este número del IRS únicamente para propósitos del impuesto federal sobre el ingreso.
Sírvase tener en cuenta lo siguiente antes de empezar:

- No presente esta forma si usted tiene o es elegible para tener un número de seguro social (SSN) de los Estados Unidos.
- La obtención de un número de identificación personal del contribuyente (ITIN) del Servicio de Impuestos Internos no afectará en nada su calidad migratoria ni su derecho de trabajar legalmente en los Estados Unidos; tampoco le da derecho a reclamar el crédito por ingreso del trabajo (EIC).

PARA USO EXCLUSIVO DEL IRS

Razón por la que usted presenta la Forma W-7(SP). Lea las instrucciones para el encasillado que usted desea marcar. Aviso: Si marca el encasillado b, c, d, e o g, usted tiene que presentar una declaración de impuestos junto con la Forma W-7(SP) a menos que usted reúna una de las excepciones (vea las instrucciones).

Extranjero(a) no residente obligado(a) a obtener un ITIN para poder reclamar beneficios de un tratado tributario. Extranjero(a) no residente que debe presentar declaración de impuestos estadounidense y no es elegible para obtener un número de seguro social (SSN).Extranjero(a) residente de los EE.UU. (basado en la cuantía de días en que está presente en este país) que presenta declaración de impuestos del país y que no es elegible para obtener un SSN. Dependiente económico de un ciudadano/extranjero residente de los EE.UU. Cónyuge de un ciudadano/residente de los EE.UU. $\}$ instrucciones)
f $\square$ Estudiante, profesor(a) o investigador(a) no residente que presenta declaración de impuestos de los EE.UU. y no es elegible para un SSN.
g $\square$ Dependiente/cónyuge de un extranjero de visado no residente.
h Otra (especifique).


## Nombre

(vea las instrucciones) Nombre al nacer si era diferente

Domicilio del(la) solicitante en el extranjero (vea las instrucciones)

Domicilio Postal
(sólo si es diferente al anterior)

## Nacimiento

## Información

 Diversa| $\mathbf{4}$ | Fecha de nacimiento (mes, día, año) <br> $/$ | País de nacimiento | Ciudad y estado o provincia (optativos) | $\mathbf{5}$ | $\square$ | Masc. |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Fem. |  |  |  |  |  |  |

6d Documentación de identificación credencial (vea las instrucciones):


6e ¿Ha recibido anteriormente un número temporal de identificación personal como contribuyente de los EE.UU. (TIN) o un número de identificación patronal (EIN)?
$\square$ No/Desconozco. En este caso omita la línea 6 f.
Sí. Conteste la línea 6 . Si necesita más espacio, utilice una hoja adicional y adjúntela a esta forma (vea las instrucciones).
$6 f$ Anote: TIN o EIN
Nombre conforme al cual se emitió
6 gombre del colegio/universidad o entidad (vea las instrucciones) Ciudad y estado

Duración de permanencia

## Firme <br> aquí

Conserve una copia de
esta forma para sus registros contables.

Para uso EXCLUSIVO del agente tramitador

Bajo pena de periurio, yo (solicitante/delegado/agente tramitador) declaro que he examinado esta solicitud, incluyendo las declaraciones y documentación que le acompañan y que, según mi mejor saber y conocimiento, la información asentada es verdadera, correcta y completa. Autorizo al IRS a proporcionarle a mi agente tramitador las declaraciones, o la información contenida en ellas, que sea necesaria para resolver asuntos concernientes con el otorgamiento de mi número de identificación personal del contribuyente del IRS (ITIN), incluyendo cualquier otro número de identificación utilizado anteriormente.


Nombre del delegado, si corresponde (escriba a máquina o con letras de molde)

Firma

Nombre y título (escriba a máquina o con letras de molde)

## Instrucciones Generales

## Propósito de esta forma

Utilice la Forma $\mathrm{W}-7(\mathrm{SP})$ para solicitar un número de identificación personal del contribuyente, conocido por sus siglas en inglés, ITIN. EI ITIN es un número de nueve dígitos que el Servicio de Impuestos Internos (IRS) de los EE.UU. otorga a las personas físicas que están obligadas, para propósitos tributarios de los EE.UU., a tener un número que los identifique como contribuyentes y que, no teniéndolo, tampoco son elegibles para obtener un número de seguro social (SSN).

EI ITIN es para usos tributarios federales exclusivamente. El ITIN no le permitirá tener derecho a recibir beneficios del seguro social, ni tendrá efecto alguno sobre la condición migratoria de un(a) extranjero(a) o sobre el derecho del(la) mismo(a) de estar empleado(a) legalmente en los Estados Unidos. Las personas que presentan declaraciones de impuestos usando un ITIN tampoco pueden reclamar el crédito por ingreso del trabajo (EIC).

SSN. Por favor, no complete la Forma W-7(SP) si usted tiene un SSN o es elegible para obtener un SSN. Será elegible para obtener un SSN si usted es ciudadano(a) de los EE.UU. o ha sido admitido(a) por los EE.UU. para vivir permanentemente o para trabajar en los EE.UU.

Si tiene una solicitud para un SSN ya pendiente, por favor, no presente la Forma W-7(SP). Llene la Forma W-7(SP) únicamente si la Administración del Seguro Social (SSA) le notifica que no se le puede otorgar un SSN.

Para solicitar un SSN, vea la Forma SS-5, Application for a Social Security Card (Solicitud para una Tarjeta de Seguro Social), en inglés. Para obtener una Forma SS-5 ó para saber si usted es eligible para obtener un SSN, visite el sitio www.socialsecurity.gov o póngase en contacto con una oficina de la SSA.

## Quién debe solicitar la forma

Cualquier persona física que no es elegible para obtener un SSN pero que tiene un número de identificación del contribuyente que debe proporcionar, deberá solicitar un ITIN Ilenando la Forma W-7(SP). Puede ser, por ejemplo:

- Una persona física extranjera no residente que tiene derecho a una tasa de retención reducida de acuerdo con los beneficios de un tratado tributario. Vea la Publicación 515, Withholding of Tax on Nonresident Aliens and Foreign Entities (Retención de Impuestos a Extranjeros No Residentes y Entidades Extranjeras), en inglés.
- Una persona física extranjera no residente que no es elegible para obtener un SSN, pero que debe presentar una declaración de impuestos de los EE.UU. o que presenta una declaración de impuestos de este país únicamente para obtener una devolución de impuestos pagados.
- Una persona física extranjera no residente que no es elegible para obtener un SSN, pero que opta por presentar una declaración de impuestos de los EE.UU. conjuntamente con su cónyuge, el(la) cual es ciudadano(a) o residente del país.
- Extranjero(a) residente (basado en la prueba de presencia considerable) de los EE.UU. que presenta declaración de impuestos de los EE.UU., pero que no es
elegible para obtener un SSN. Para mayor información sobre la prueba de presencia considerable en los EE.UU., vea la Publicación 519, U.S. Tax Guide for Aliens (Guía Tributaria para Extranjeros sobre los Impuestos Estadounidenses), en inglés.
- Una persona física extranjera que es reclamada como cónyuge en una declaración de impuestos estadounidense y que no es elegible para obtener un SSN.
- Una persona física extranjera reclamada como dependiente económico(a) para efectos de exenciones en declaraciones de impuestos de los EE.UU. pero que no puede o no es elegible para obtener un SSN. Para determinar si una persona física extranjera puede ser reclamada como dependiente en la declaración de impuestos federales de Ios EE.UU., vea las Publicaciones 501, Exemptions, Standard Deduction, and Filing Information (Información sobre Exenciones, Deducción Estándar y la Presentación de Declaraciones), y 519, ambas en inglés.
- Estudiante, profesor(a) o investigador(a) no residente quien está obligado(a) a presentar una declaración de impuestos estadounidense pero no es elegible para obtener un SSN.
- Dependiente/cónyuge de un(a) extranjero(a) que lleva un visado de no residente de los EE.UU. y no es elegible para obtener un SSN.
No se requiere ITIN para las Formas 4868, 2688, 1040-ES ó 1040-ES(NR). Si usted solicita una prórroga (extensión) para presentar (rendir) la Forma 4868 ó la Forma 2688 ó si hace un pago de impuesto estimado con la Forma 1040-ES o la Forma 1040-ES(NR), por favor, no incluya la Forma W-7(SP) con ninguna de esas formas. Escriba "SE SOLICITA ITIN" en el espacio para su número de seguro social. Se le otorgará un ITIN únicamente después de que se presente (rinda) una declaración de impuestos y se satisfagan todos los demás requisitos.


## Información adicional

Publicaciones. Para obtener información sobre su estado de extranjero(a) residente o no residente, vea la Publicación 519, en inglés.

Para obtener información sobre personas físicas que pueden ser reclamadas como dependientes en una declaración de impuestos y sobre cómo obtener un SSN para un(a) dependiente, vea la sección, Exenciones personales y por dependientes, en la Publicación 579SP, Cómo Preparar la Declaración de Impuesto Federal, en español.

Para más información sobre cómo se puede reclamar el crédito por ingreso del trabajo, vea la Publicación 596SP, Crédito por Ingreso del Trabajo, disponible en español.

Estas publicaciones son gratuitas y están disponibles a solicitud del IRS. Para solicitar dichas publicaciones, llame al 1-800-TAX-FORM (1-800-829-3676) si usted está en los Estados Unidos. Si tiene una dirección en el extranjero, usted puede escribir al:
National Distribution Center
P.O. Box 8903

Bloomington, IL 61702-8903
Usted puede solicitar también esas publicaciones en la página del IRS en www.irs.gov.

Ayuda por teléfono. Si, al leer estas instrucciones y nuestras publicaciones gratuitas, usted aún tiene dudas sobre cómo Ilenar esta solicitud o si tiene cualquier duda adicional, puede llamar al 1-800-829-1040 si está dentro de los Estados Unidos. Si está fuera de los Estados Unidos, usted puede comunicarse con cualquiera de nuestras oficinas en el extranjero en Berlín, Londres, París, Roma o Tokio.

## Cómo se solicita

La solicitud deberá incluir todo lo siguiente: 1. Su Forma W-7(SP) cumplimentada.
2. El (Los) original(es) de su(s) declaración(es) de impuestos debidamente completada(s) por la(s) cual(es) se necesita un ITIN. Adjunte la Forma W -7(SP) a la primera página de su declaración. Una vez procesada su Forma W-7(SP), el IRS le asignará un ITIN a la declaración y, a su vez, la procesará. Se le procesará la declaración de impuestos como si hubiera sido presentada (rendida) a la dirección que aparece en las instrucciones para tal declaración. Por favor, no envíe una copia de la declaración a ninguna otra oficina del IRS.

Si no está obligado(a) a presentar (rendir) una declaración de impuestos o si no presenta (rinde) una declaración debidamente cumplimentada junto con la Forma W-7(SP), no se le expedirá a usted un ITIN, a menos que satisfaga una de las excepciones explicadas en la página 5 . Si le corresponde una de dichas excepciones, incluya entonces los documentos descritos bajo tal excepción.
3. Originales o copias certificadas o autorizadas por notario de la documentación que respalda todo lo informado en la Forma W-7(SP). La documentación de apoyo debe ser compatible con la información proporcionada por el(la) solicitante en la Forma W-7(SP). Por ejemplo, el nombre, fecha de nacimiento y país de ciudadanía tienen que ser idénticos a los mismos que aparecen en las líneas 1a, 4 y 6a de la Forma W-7(SP).

Si usted proporciona el original de un pasaporte válido (o una copia notarizada o certificada de un pasaporte válido), no tiene que proveer ninguno de los documentos descritos en la lista de abajo. De otra manera, usted tiene que proveer una combinación de los varios documentos (por lo menos, dos o más) de la lista. Estos deben ser corrientes y verificar: a) su identidad, o sea, contener su nombre completo y una foto y b) su estado o condición de extranjero(a). Por favor, no incluya ningún documento vencido.
a. Tarjeta de identificación que verifica su nacionalidad (debe mostrar una foto, su nombre, dirección corriente, fecha de nacimiento y fecha de vencimiento)
b. Licencia para conducir en los EE.UU.
c. Acta de nacimiento civil
d. Licencia para conducir en el extranjero
e. Carnet de identidad expedido por una autoridad de un gobierno estatal de los EE.UU.
f. Carnet de registro de votación en el extranjero
g. Carnet de identidad militar los EE.UU.
h. Tarjeta (Carnet) de identidad militar de su país de origen
i. Visados emitidos por el Departamento de Estado de los EE.UU.
j. Tarjeta (Carnet) de identidad personal con foto de la Oficina de Servicios de Ciudadanía e Inmigración de los EE.UU. (U.S. Citizenship and Immigration Services - USCIS, siglas en inglés)
k. Registros médicos (sólo en el caso de dependientes económicos)
I. Registros de instituciones académicas (sólo dependientes y/o estudiantes)

Usted puede facilitar fotocopias de su documentación original. Sin embargo, las mismas tienen que ser:

- Certificadas como tal por la agencia emisora o por el custodio oficial del documento original; o
- Certificadas como tal por un notario de los EE.UU. autorizado a certificar legalmente dentro de su jurisdicción local que el documento es una copia fiel del original. Para cumplir este requisito, el notario debe ver el original del documento, en su forma válida e inalterada, y debe verificar que la copia se conforma con el original. Se pueden hallar los notarios estadounidenses en el extranjero, dentro de las embajadas o consulados de los EE.UU. Las autorizaciones hechas por personas extranjeras serán aceptadas según se estipulan en el Convenio de La Haya.

Se le devolverán los originales de toda su documentación. Usted no tiene que proporcionar un sobre para la devolución. Si no recibe sus documentos dentro del plazo de 60 días, puede llamar al IRS (vea, Ayuda por teléfono, en la página 3). No se le devolverán las copias de su documentación.

Guarde una copia de esta solicitud para su archivo.

## Cuándo se debe solicitar

Complete y adjunte la Forma W-7(SP) al presentar (rendir) una declaración de impuestos por la cual se necesita un ITIN. No obstante, si satisface una de las excepciones descritas en la página 5 , llene y envíe la Forma W-7(SP) lo más pronto posible después de determinar que tal excepción le corresponde.

Por favor, deje que pasen de 4 a 6 semanas para que le notifique el IRS por escrito de su ITIN. Si usted no ha recibido su ITIN al final del período de 6 semanas, puede entonces llamar al IRS para saber el estado de su solicitud (vea, Ayuda por teléfono, en la página 3).

## Adónde se envía la forma

Por correo. Envíe la Forma W-7(SP), su declaración de impuestos (u otros documentos requeridos por una excepción listada bajo, Razón por solicitar, más adelante) y la documentación listada en el artículo 3 bajo, Cómo se solicita, en la página 3 al:
Internal Revenue Service
Philadelphia Service Center
ITIN Unit
P.O. Box 447

Bensalem, PA 19020


Por favor, no utilice la dirección que aparece en las instrucciones para su declaración de impuestos.

En persona. Usted puede solicitar un ITIN llevando sus formas completadas y su documentación comprobante a cualquiera de los centros de servicio al contribuyente
del IRS en los EE.UU. y también en muchas de las oficinas del IRS en el extranjero. Comuníquese con la oficina del IRS en el extranjero para saber si esa oficina acepta las solicitudes por medio de la Forma W-7(SP).

A través de un(a) agente autorizado(a). Usted también puede solicitar un ITIN a través de un(a) agente tramitador(a) autorizado(a) por el IRS. Para obtener una lista de agentes, visite el sitio en la red Internet del IRS www.irs.gov.

## Instrucciones Específicas

Utilice las instrucciones siguientes para llenar la Forma W-7(SP). Si usted está llenando esta forma a nombre de un tercero, por favor, responda a las preguntas tal como se aplican a esa persona.

## Razón por solicitar

Usted deberá marcar uno de los encasillados para indicar la razón por la que llena esta Forma W-7(SP). Si le corresponde a usted más de un solo encasillado, por favor, marque el encasillado que mejor explica la razón por la que usted presenta la Forma W-7(SP).

4
Si marcó el encasillado b, c, d, e o $\boldsymbol{g}$, usted tiene que presentar (rendir) una declaración de impuestos debidamente completada anexándola a la Forma W-7(SP). Debe hacer esto aun cuando el ITIN sea para un(a) cónyuge o dependiente. Si solicita más de un ITIN para la misma declaración (p.e., para su cónyuge o dependiente), adjunte todas las Formas $W$-7(SP) a la misma declaración.
a. Extranjero(a) no residente que solicita un ITIN para poder reclamar beneficios de un tratado tributario. Ciertos extranjeros no residentes deberán obtener un ITIN para poder reclamar beneficios de un tratado tributario aunque no tengan que presentar una declaración de impuestos de los EE.UU. Si marca este encasillado para reclamar beneficios de un tratado tributario con los EE.UU., marque también el encasillado $h$. En la línea de puntos junto al encasillado h, anote "Excepción 1" o "Excepción 2," cualquiera que le corresponda (vea en esta página). Además, anote el nombre del país que tiene un tratado tributario con los EE.UU. y el número del artículo del tratado pertinente en los espacios apropiados debajo del encasillado h. Además, incluya cualquier documentación requerida según estipulada en la excepción en cuestión. Para mayor información sobre los tratados tributarios, vea la Publicación 901, U.S. Tax Treaties (Tratados Tributarios de los EE.UU.), en inglés.
b. Extranjero(a) no residente que presenta declaración estadounidense y no es elegible para obtener un SSN. En esta categoría se incluyen:

- Un(a) extranjero(a) no residente que debe presentar una declaración de impuestos de los EE.UU. para informar ingresos relacionados principalmente o no relacionados principalmente con la operación de un negocio u ocupación dentro de los EE.UU.
- Un(a) extranjero(a) no residente que esenta una declaración de los EE.UU. únicamente para recibir una devolución de su impuesto.
c. Extranjero(a) residente de los EE.UU. (basado en la cuantía de días en que está
presente en este país) que presenta una declaración de impuestos de los EE.UU. y no es elegible para obtener un SSN. Un individuo extranjero que vive en los EE.UU. y que no ha obtenido permiso para trabajar en este país del USCIS, y por consiguiente, no es elegible para un SSN, puede verse obligado a presentar una declaración de impuestos de los EE.UU. Tal individuo deberá entonces marcar este encasillado.


## d. Dependiente

de
un(a) ciudadano(a)/residente de los EE.UU. Esta es una persona física cuya exención de dependencia puede ser reclamada en una declaración de impuestos de los EE.UU. y que no es elegible para obtener un SSN.
e. Cónyuge de un(a) ciudadano(a)/ residente de los EE.UU. En esta categoría se incluyen:

- Un(a) cónyuge extranjero(a) no residente que no presenta una declaración de impuestos de los EE.UU. (incluyendo una declaración conjunta), ni tampoco es elegible para obtener un SSN, pero cuya exención de cónyuge puede ser reclamada en la declaración de impuestos de los EE.UU. de su cónyuge.
- Un(a) extranjero(a) no residente que elige presentar una declaración de impuestos conjuntamente con su cónyuge, el(la) cual es ciudadano(a) o residente de los EE.UU.
f. Estudiante, profesor(a) o investigador(a) no residente que presenta declaración de impuestos de los EE.UU. y no es elegible para un SSN. Este es un individuo que no ha abandonado su residencia en el extranjero y que es un(a) estudiante, profesor(a) o investigador(a) bona fide y viene a los EE.UU. temporalmente sólo para asistir a clases dadas en una institución educativa, enseñar o realizar pesquisas o investigaciones. Si marca este encasillado, usted debe llenar también las líneas 6 c y $\mathbf{6 g}$ de esta forma y facilitar su pasaporte con un visado válido de los EE.UU. y una carta de un funcionario de la escuela o institución educativa declarando que usted nunca fue ofrecido(a) ningún otro empleo ni lo ha obtenido por su cuenta. Si le corresponde, anote el nombre del país con el cual se celebra el tratado en cuestión y el número de artículo del tratado correspondiente en los espacios apropiados debajo del encasillado $h$.
g. Dependiente/cónyuge de un(a) extranjero(a) de visado no residente. Este es un individuo que puede ser reclamado como dependiente o cónyuge en una declaración de impuestos de los Estados Unidos y que no puede, o no es elegible para, obtener un SSN y ha entrado en los EE.UU. con un(a) extranjero(a) que tiene un visado de no residente. Por ejemplo, el(la) que tiene el visado principal tiene la clasificación de B-1; el(la) dependiente/cónyuge tiene la clasificación de B-2.
h. Otra. Si su situación no cae dentro del ámbito de ninguna de las categorías descritas de la a a la g, marque este encasillado. Describa en gran detalle su razón por la que solicita un ITIN y adjunte la documentación comprobante. Si cualquiera de las excepciones siguientes le corresponde, usted no tendrá que incluir una declaración de impuestos con su Forma W-7(SP). Marque el encasillado $\mathbf{h} y$ anote el número de la excepción pertinente (por ejemplo, "Excepción 3") en la linea al lado del encasillado $h$.

Excepción 1. Ingreso de actividades pasivas - beneficios de un tratado tributario (encasillado a) o retención de un tercero (encasillado h). Para obtener un ITIN de acuerdo con esta excepción, usted tiene que incluir la documentación apropiada, junto con la Forma W-7(SP), en la que se muestra que usted posee un activo que produce ingreso sujeto a los requisitos de la declaración de información o a la retención de impuestos. En esto se incluyen los ejemplos siguientes:

- Evidencia que indica que usted abrió una cuenta en una institución financiera y que usted tiene interés propietario en esa cuenta.
- Para una sociedad colectiva, el contrato o acuerdo de asociación, junto con el EIN de la sociedad, u otra evidencia que compruebe que la sociedad opera en los Estados Unidos.
Excepción 2. Otros ingresos (sueldos, salarios $y$ otras remuneraciones) beneficios de un tratado tributario (encasillado a).


Los solicitantes que tienen un visado de los EE.UU. que les permite trabajar deberán primero solicitarle un SSN a la Administración del Seguro Social (SSA, siglas en inglés). No puede solicitar un ITIN si usted es elegible para obtener un SSN.

Si usted es un individuo que recibe remuneraciones por prestar servicios personales, su Forma W-7(SP) será procesada si usted puede comprobar que su solicitud para un SSN (la Forma SS-5) fue rechazada por la SSA. En este caso, usted debe incluir una Forma 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual (Exención de retención del impuesto sobre las remuneraciones de los servicios personales independientes (y algunos servicios dependientes) prestados por un(a) extranjero(a) no residente).

Si usted es un(a) extranjero(a) no residente con visado de visitante que recibió ganancias de juegos de azar, se le procesará su Forma W -7(SP) si la presenta (rinde) mediante un(a) oficial o agente de tales juegos que tiene la autoridad de aceptar su solicitud.

## Excepción 3. Información de un

 tercero-interés hipotecario (encasillado h). Para obtener un ITIN de acuerdo con esta excepción, usted debe incluir la documentación apropiada junto con la Forma $W$-7(SP), en la cual se muestra evidencia de un préstamo hipotecario para bienes ubicados en los EE.UU. Dicha documentación pudiera incluir una carta de compromiso a una hipoteca expedida por una institución financiera, un convenio o contrato de inscripción de un corredor u otra documentación similar.Excepción 4. Disposición (o enajenación) del interés que tiene un(a) extranjero(a) en bienes inmuebles o propiedades localizadas en los EE.UU. (encasillado h). Si un(a) transferidor(a) (cesionario(a)) o un(a)beneficiario(a) de una transferencia no tiene un número de identificación del contribuyente y se le debe una cantidad retenida del impuesto, por favor, adjunte a su Forma W-7(SP) completada una Forma 8288, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests (Declaración Estadouni-
dense del Impuesto Retenido para Enajenaciones Hechas por Extranjeros de Intereses en Bienes Raíces en los EE.UU.) completada, o la Forma 8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests (Informe del Impuesto Retenido para Enajenaciones Hechas por Extranjeros de Intereses en Bienes Raíces en los EE.UU.) completada, ambas formas en inglés.
Si usted solicita un certificado de retención a fin de reducir o eliminar el impuesto retenido sobre las enajenaciones de bienes raíces en los EE.UU., debe adjuntar a su Forma W-7(SP) completada una copia del contrato de venta y una solicitud completada para un certificado de retención. Dicho certificado debe cumplir con las disposiciones estipuladas en las secciones 1.1445-3 y 1.1445-6 de la Reglamentación y del Procedimiento Administrativo (Rev. Proc.) 2000-35, 2000-35 I.R.B. 211. Usted puede hallar el Procedimiento Administrativo (Rev. Proc.) 2000-35 en la página 211 del Internal Revenue Bulletin 2000-35 en www.irs.gov/pub/irsirbs/irb00-35.pdf. Quizás podrá utilizar la Forma 8288-B, Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests (Solicitud del certificado del impuesto retenido para enajenaciones hechas por extranjeros de intereses en bienes raíces en los EE.UU.), en inglés, para tal propósito. Vea la Forma 8288-B para más detalles.

## Instrucciones para las líneas

Escriba "N/A" (No aplica) en toda línea que no aplique en su caso. No deje en blanco ninguna línea.
Línea 1a. Escriba su nombre legal en la línea 1a. Este deberá aparecer exactamente como el mismo aparecerá en una declaración de impuestos de los EE.UU.


Se establecerá su ITIN con este nombre. Si usted no utiliza este nombre en una declaración de impuestos estadounidense, ello podrá demorar la tramitación de la declaración hasta que se resuelvan las discrepancias.
Línea 1b. Escriba aquí su nombre tal como aparece en el acta de nacimiento si es distinto al que aparece en la línea 1a.
Línea 2. Escriba la dirección de su domicilio completo en el país donde reside permanente o normalmente, para efectos del impuesto. Si usted ya no tiene una residencia permanente, debido a que se mudó a los Estados Unidos, escriba en la línea 2 únicamente la residencia donde vivió por último en el extranjero y anote su dirección completa en la línea 3. Si está solicitando la aplicación de los beneficios conforme a un tratado tributario con los Estados Unidos, la línea 2 debe indicar el país con el que se tiene tal tratado.


No anote un número de apartado postal, ni ningún domicilio en el que recibe correspondencia "a cargo de" (c/o), en lugar de su domicilio en la calle donde reside. Si lo hace, su solicitud será rechazada.

Línea 3. Escriba su domicilio postal completo sólo cuando sea distinto al que escribió en la línea 2. Esta es la dirección a la cual el IRS le devolverá su documentación original y le enviará la notificación por escrito de su ITIN.

Aviso: Si el Servicio Postal de los EE.UU. no entregará correo a su vivienda actual, anote aquí el número del apartado en la oficina de correos del Servicio Postal de los EE.UU. para su domicilio postal. Comuníquese con la oficina local del Servicio Postal de los EE.UU. para mayor información. Por favor, no utilice un apartado en una oficina de correos que esté en manos de y operado por una empresa o negocio particular.
Línea 4. Para ser elegible para recibir un ITIN, su país de origen tiene que ser un país extranjero reconocido como tal por el Departamento del Estado de los Estados Unidos.
Línea 6a. Escriba aquí el país o países (en casos de doble nacionalidad) del cual usted es ciudadano(a). Por favor, escriba el nombre completo del país; no utilice abreviaturas.
Línea 6b. Si su país de residencia le ha otorgado algún número de identificación, para efectos del impuesto, anote ese número en la línea 6b. Por ejemplo, si usted es residente del Canadá, anotará su número de seguro social canadiense.
Línea 6c. Escriba únicamente información relacionada con su visado de extranjero(a) no inmigrante de los EE.UU. Incluya la clasificación del USCIS, número del visado y la fecha de vencimiento en el formato siguiente: mes/día/año. Por ejemplo, si usted tiene un visado con la clasificación de $B-1 / B-2$ con el número 123456 que vence el 31 de diciembre del 2006, anotará "B-1/B-2", "123456" y "12/31/2006" en los espacios apropiados.
Aviso: Si se ha expedido el visado de acuerdo con el título de "duraciónde permanencia" del USCIS, escriba"D/S" como la fecha de vencimiento.
Línea 6d. Marque el encasillado que indique la clase de documentación que usted presenta para propósitos de identificación. Debe presentar documentos tales como se explican en el artículo 3 bajo Cómo se solicita en la página 3. Escriba el nombre del estado, país u otro expedidor del documento; el número de identificación (si alguno) que aparece en el documento; la fecha de su vencimiento; y la fecha en la que usted entró en los EE.UU. Hay que escribir las fechas de la manera siguiente: mes/día/año para el tipo de documentación que está facilitando. Además, usted pudiera estar obligado(a) a facilitar una traducción fiel de los documentos provistos en un idioma ajeno.
Importante: Si el pasaporte contiene información sobre su visado, por favor, escriba esta información en la linea 6c.
Línea 6 e. Si usted alguna vez recibió un número temporal de identificación del contribuyente (TIN) o número de identificación patronal (EIN), marque el encasillado Sí $y$ anote el número correspondiente en la línea 6f. Si nunca tuvo un número temporal TIN o EIN o si no sabe su número temporal TIN o EIN, marque el encasillado

## No/Desconozco.

Un TIN temporal es un número de nueve dígitos, emitido por el IRS a ciertas personas físicas que presentan una declaración de impuestos o hacen un pago de impuestos sin facilitar un TIN. A usted se le pudo haber emitido este número si presentó una declaración de impuestos de los EE.UU. y no contaba con un SSN. Ese TIN temporal
aparece en cualquier correspondencia que el IRS le haya mandado relacionada con esa declaración.

Un EIN es un número de nueve dígitos (p.e., 12-3456789), asignado por el IRS a negocios y empresas, tales como una empresa unipersonal.
Línea 6f. Si usted tiene tanto un TIN temporero como un $E I N$, por favor, incluya una hoja por separado que indica los dos números. A usted se le pudo haber emitido más de un TIN temporal. En este caso, adjunte a la Forma W -7(SP) una hoja por separado que enumera todos los TIN temporales que se le han emitido.
Línea 6 g . Si usted marcó la razón f, deberá facilitar el nombre de la institución educativa y también la ciudad y estado donde se ubica. Usted tiene que anotar además la duración de su permanencia en los EE.UU.

Si usted se encuentra temporalmente en los EE.UU. para propósitos comerciales, deberá facilitar el nombre del negocio con el cual usted conduce tratos comerciales ytambién la ciudad y estado donde se ubica. Usted tiene que anotar además la duración de su permanencia en este páis.
Firma. Usted debe firmar la Forma W-7(SP). Sin embargo, si el(la) solicitante tiene menos de 14 años de edad, una persona delegada (uno de sus padres o su tutor legal) deberá firmarla por él o ella. Escriba a máquina o con letras de molde el nombre del(la) delegado(a) en el espacio provisto y marque el encasillado apropiado para indicar su
parentesco con el(la) solicitante. Si el(la) delegado(a) firma como tutor legal (autorizado(a) por el tribunal), sírvase adjuntar una copia de la documentación del tribunal que le permite ser tutor legal.

Si el(la) solicitante tiene 14 años o más de edad, el(la) mismo(a) puede nombrar a un(a) apoderado(a) autorizado(a) a firmar por él o ella. Dicho(a) apoderado(a) deberá escribir con letras de molde su nombre en el espacio provisto para anotar el nombre del(la) delegado(a) y deberá además incluir una Forma 2848, Power of Attorney and Declaration of Representative (Poder legal y declaración del representante), en inglés.

Aviso sobre la Ley de Reducción de Trámites. Solicitamos la información requerida en esta forma para cumplir con las leyes que regulan la recaudación de los impuestos internos de los Estados Unidos. Usted esta obligado(a) a facilitarnos esta información. La necesitamos para asegurar su cumplimiento con dichas leyes y para poder computar y cobrar la cantidad correcta de contribuciones.

Usted no está obligado(a) a facilitar la información solicitada en una forma que está sujeta a la Ley de Reducción de Trámites, a menos que la misma muestre un número de control válido de la OMB (Office of Management and Budget) (Oficina de Administración y Presupuesto). Los libros o registros relativos a esta forma o sus
instrucciones deberán ser conservados mientras su contenido pueda ser utilizado en la administración de cualquier ley federal de impuestos internos. Por regla general, las declaraciones de impuestos y cualquier información pertinente son confidenciales, como lo requiere la sección 6103 del Código Federal de Impuestos Internos.

El tiempo que se necesita para llenar y presentar esta forma variará, dependiendo de las circunstancias individuales. El promedio de tiempo que se calcula para llenar esta forma es el siguiente: Aprender sobre la ley o la forma, 13 min .; Completar la forma, 33 min.; Copiar, preparar y enviar la forma al IRS, 20 min .
Agradeceremos sus comentarios sobre nuestras formas. Si desea hacer cualquier comentario sobre la exactitud de estos tiempos estimados o hacer cualquier sugerencia que ayude a que esta forma sea más sencilla, por favor, envíenos los mismos. Puede escribirnos al Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, IR-6406, Washington, DC 20224. No envíe, por favor, esta forma a tal dirección. En vez de eso, vea en la página 4 la sección titulada, Adónde se envía la forma. Internal Revenue Service

## Part I U.S. Transferor Information (see instructions)



If not, list the controlling shareholder(s) and their identifying number(s):

| Controlling shareholder | Identifying number |
| :--- | :--- |
|  |  |
|  |  |
|  |  |

c If the transferor was a member of an affiliated group filing a consolidated return, was it the parent corporation?YesNo
If not, list the name and employer identification number (EIN) of the parent corporation:

| Name of parent corporation | EIN of parent corporation |
| :--- | :---: |
|  |  |
| $\mathbf{2}$If the transferor was a partner in a partnership that was the actual transferor (but is not treated as such under section 367) <br> list the name and EIN of the transferor's partnership: |  |


| Name of partnership | EIN of partnership |
| :---: | :---: |
|  |  |

## Part II Transferee Foreign Corporation Information (see instructions)

3 Name of transferee (foreign corporation) $\quad 4$ Identifying number, if any
5 Address (including country)
6 Country of incorporation or organization

7 Foreign law characterization (see instructions)

| 8 | Is the transferee foreign corporation a controlled foreign corporation? . . . . . . . . . . . . . . . $\quad \square$ | Yes $\quad \square$ No |  |
| :--- | :--- | :--- | :--- |
| For Paperwork Reduction Act Notice, see page 4. | Cat. No. 16982D |  | Form 926 (Rev. 12-2003) |

Part III Information Regarding Transfer of Property (see instructions)

| $\mathbf{9}$ Date of transfer | $\mathbf{1 0}$ Type of nonrecognition transaction (see instructions) |
| :--- | :--- |

11 Description of property transferred:

12 Did this transfer result from a change in the classification of the transferee to that of a foreign corporation?Yes No
13 Was the transferor required to recognize income under Temporary Regulations sections 1.367(a)-4T through 1.367(a)-6T (e.g., for tainted property, depreciation recapture, branch loss recapture, etc.)?Yes No
14a Was intangible property (within the meaning of section 936(h)(3)(B)) transferred as a result of the transaction? Yes No
b If yes, describe the nature of the rights to the intangible property that was transferred in the transfer:

## General Instructions

## Purpose of Form

Use Form 926 to report certain transfers of tangible or intangible property to a foreign corporation required by section 6038B.

## Who Must File

Generally, a U.S. citizen or resident, a domestic corporation, or a domestic estate or trust must file Form 926 to report transfers of property described in section $6038 \mathrm{~B}(\mathrm{a})(1)(\mathrm{A})$ to a foreign corporation.

## Special Rules

- Transfers by a partnership. If the transferor is a partnership (domestic or foreign), the domestic partners of the partnership, not the partnership itself, are required to comply with section 6038B and file Form 926. Each domestic partner is treated as a transferor of its proportionate share of the property.
- Transfers by a husband and wife. A husband and wife may file Form 926 jointly, but only if they file a joint income tax return.
- Transfers of cash. A U.S. person that transfers cash to a foreign corporation must report the transfer on Form 926 if (a) immediately after the transfer the person holds directly or indirectly at least $10 \%$ of the total voting power or the total value of the foreign corporation or (b) the amount of cash transferred by the person to the foreign corporation during the 12 -month period ending on the date of the transfer exceeds $\$ 100,000$. See Regulations section 1.6038B-1(b)(3).


## Exceptions to Filing

1. For exchanges described in section 354, a U.S. person does not have to file Form 926 if:
a. The U.S. person exchanges stock of a foreign corporation in a reorganization described in section 368(a)(1)(E) or
b. The U.S. person exchanges stock of a domestic or foreign corporation for stock of a foreign corporation under an asset reorganization described in section 368(a)(1)(C), (D), or (F), that is not treated as an indirect stock transfer under section 367(a).
2. Generally, a domestic corporation that distributes stock or securities of a domestic corporation under section 355 is not required to file Form 926. However, this exception does not apply if the distribution is of stock or securities of a foreign controlled corporation to a distributee shareholder who is not a U.S. citizen or resident or a domestic corporation.
3. A U.S. person that transfers stock or securities under section 367(a) does not have to file Form 926 if either a or $\mathbf{b}$ below applies.
a. The U.S. transferor owned less than 5\% of both the total voting power and the total value of the transferee foreign corporation immediately after the transfer and either:

- The U.S. transferor qualified for nonrecognition treatment with respect to the transfer, or
- The U.S. transferor is a tax-exempt entity and the income was not unrelated business income, or
- The transfer was taxable to the U.S. transferor and such person properly reported the income on its timely filed return, or
- The transfer is considered to be to a foreign corporation solely by reason of Regulations section 1.83-6(d)(1) and the fair market value of the property transferred did not exceed $\$ 100,000$.
b. The U.S. transferor owned 5\% or more of the total voting power or the total value of the transferee foreign corporation immediately after the transfer and either:
- The transferor (or one or more successors) properly entered into a gain recognition agreement, or
- The U.S. transferor is a tax-exempt entity and the income was not unrelated business income, or
- The transfer was taxable to the U.S. transferor and such person properly reported the income on its timely filed return, or
- The transfer is considered to be to a foreign corporation solely by reason of Regulations section 1.83-6(d)(1) and the fair market value of the property transferred did not exceed \$100,000.


## When and How To File

Form 926 (and the additional information required under Regulations section 1.6038B-1(c) and Temporary Regulations sections $1.6038 \mathrm{~B}-1 \mathrm{~T}(\mathrm{c})(1)$ through (5) and 1.6038B-1T(d)) must be filed with the U.S. transferor's income tax return for the tax year that includes the date of the transfer.

## Other Forms That May Be Required

Persons filing this form may be required to file
Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

A U.S. transferor that is required to enter into a gain recognition agreement under section 367 to qualify for nonrecognition treatment must file Form 8838, Consent To Extend the Time To Assess Tax Under Section 367-Gain Recognition Agreement, or a similar statement, to extend the statute of limitations with respect to the gain realized but not recognized on the transfer.

## Penalties for Failure To File

If a taxpayer fails to comply with section 6038B, the penalty equals $10 \%$ of the fair market value of the property at the time of the transfer. The penalty will not apply if the failure to comply is due to reasonable cause and not to willful neglect. The penalty is limited to $\$ 100,000$ unless the failure to comply was due to intentional disregard. Moreover, the period of limitations for assessment of tax upon the transfer of that property is extended to the date that is 3 years after the date on which the information required to be reported is provided.

## Specific Instructions

## Part I-U.S. Transferor Information

## Identifying Number

The identifying number of an individual is his or her social security number (SSN). The identifying number of all others is their employer identification number (EIN).

## Lines 1 and 2

Line la. If you answered "Yes" to question la and the asset is a tangible asset, section 367(a)(5) may require basis adjustments. If you answered "No" to question 1a and the asset is a tangible asset, the transfer is taxable under sections $367(\mathrm{a})(1)$ and (a)(5). If the asset transferred is an intangible asset, see section 367 (d) and its regulations.
Line $\mathbf{1 b}$. If the transferor went out of existence pursuant to the transfer (e.g., as in a reorganization described in section 368(a)(1)(C)), list the controlling shareholders.
Line $\mathbf{1 c}$. If the transferor was a member of an affiliated group filing a consolidated tax return (see sections 1501 through 1504), but was not the parent corporation, list the name and EIN of the parent corporation and file Form 926 with the parent corporation's consolidated return.
Line 2. If the actual transferor was a partnership, the domestic partners of the partnership, not the partnership itself, are deemed to be the transferors. See Temporary Regulations section 1.367(a)-1T(c)(3). List the name and identification number of the partnership.

## Part II-Transferee Foreign Corporation Information

Line 7. List the entity classification (e.g., partnership, corporation, etc.) of the transferee foreign corporation under the laws of the country of incorporation or organization.
Line 8. See section 957(a) to determine whether the corporation is a controlled foreign corporation immediately after the transfer.

## Part III— Information Regarding Transfer of Property

Line 10. List the type of nonrecognition transaction that gave rise to the reporting obligation (e.g., section 332 , $351,354,356$, or 361 ).
Line 11. Give a brief description of the property transferred and attach to Form 926 the information required under Regulations sections $1.6038 \mathrm{~B}-1$ (c) and Temporary Regulations sections $1.6038 \mathrm{~B}-1 \mathrm{~T}$ (c)(1) through $1.6038 \mathrm{~B}-1 \mathrm{~T}(\mathrm{c})(5)$ and $1.6038 \mathrm{~B}-1 \mathrm{~T}(\mathrm{~d})$.
Line 12. If this transfer resulted from a change in the classification of the transferee to that of a foreign corporation (a deemed transfer resulting from a
classification change on Form 8832, Entity Classification Election, or a termination of a section 1504(d) election), check the "Yes" box. If the transfer was an actual transfer of property to a foreign corporation, check the "No" box.
Line 13. See Temporary Regulations sections 1.367(a)-4T through 1.367-6T for instances in which a transferor must recognize income on the transfer of tangible property that qualifies for nonrecognition treatment (see section 367(a)(3) and Temporary Regulations section 1.367(a)-2T). Additional information is required to be attached to this form. See Temporary Regulations sections $1.6038 \mathrm{~B}-1 \mathrm{~T}(\mathrm{c})(4)(\mathrm{iii})$ and (vii), and $1.6038 \mathrm{~B}-1 \mathrm{~T}(\mathrm{c})(5)$.
Line 14a. If you checked the "Yes" box, additional information is required to be attached to this form. See Temporary Regulations section $1.6038 \mathrm{~B}-1 \mathrm{~T}$ (d).
Line 14b. See Temporary Regulations section 1.6038B-1T(d).

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . $5 \mathrm{hr} ., 30 \mathrm{~min}$.
Learning about the law or the form . . $4 \mathrm{hr}, 10 \mathrm{~min}$.
Preparing and sending
the form to the IRS . . . . . . $4 \mathrm{hr},, 26 \mathrm{~min}$.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Number, street and room or suite no. (If a P.O. box, see instructions.)

## City, state, and ZIP code

1 The shareholder named above agrees to include \$ beginning
in gross income on its tax return for the tax year This amount is treated as a taxable dividend (Month, day, year)
to the shareholder on the stock of the (Name of corporation)
(Number, street, and room or suite no., city, state, and ZIP code (If a P.O. box, see instructions.))

Important Note.-If the amount to be included in gross income (on line 1, above) is different than the total shown on line 4, Schedule A, attach a statement to Form 972 explaining the reason and authority for the discrepancy.

## Schedule A.-Statement of Shares in Each Class of Stock Owned by the Shareholder on the Last Day of the Corporation's Tax Year

2 Enter the last day of the corporation's tax year (Month, day, year)

Consent is given to include a specific amount in gross income based on the shares of stock owned on the last day of the corporation's tax year as shown below.


## Signature

Under penalties of perjury, I declare that I have examined this consent, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

## Consenting shareholder

## Title -

For Paperwork Reduction Act Notice, see back of form.

## Date -

## General Instructions

Purpose of form. Form 972 is used by a shareholder who agrees to report a consent dividend as taxable income in the form of a dividend on the shareholder's own tax return even though the shareholder receives no actual distribution of the consented amounts. A dividend is a consent dividend only if it would have been included in the shareholder's gross income if it was actually paid. If the shareholder agrees to treat the dividend as
taxable, the corporation may be able to claim a consent dividend deduction on its income tax return. Also, the shareholder increases its basis in the stock of that corporation in the amount of the consent dividend for which the shareholder is taxed.
Who may file. A shareholder who agrees to treat the consent dividend as a taxable dividend must complete and send Form 972 to the corporation that will claim the consent dividend as a deduction.
When and where to file. Send the completed Form 972 to the corporation by the due date of the corporation's tax return for the tax year the corporation will claim the consent dividends as a deduction.

The corporation must attach Form 973, Corporation Claim for Deduction for Consent Dividends, and a copy of each completed Form 972 to its income tax return.
Note: The shareholder must report the consent dividend as a taxable dividend in the same tax year the corporation will claim the consent
dividend deduction. For example, the corporation has a fiscal tax year that starts J uly 1, 1999, and ends $J$ une 30, 2000. In November 1999, a calendar year shareholder agrees to a consent dividend and sends a completed Form 972 to the corporation. The corporation claims the consent dividend deduction on its tax return for the fiscal year ending J une 30, 2000. The shareholder reports the consent dividend as a taxable dividend on its tax return filed for the calendar year ending December 31, 2000.
Identifying number. Individuals enter their social security number. All others enter their employer identification number.
Address. Include the room, suite, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the shareholder has a P.O. box, show the box number instead of the street address.
Signature. Form 972 must be signed by the shareholder. If the shareholder is a partnership, one of the partners must sign. If the shareholder is a fiduciary, the fiduciary or officer representing the fiduciary must sign. For a corporate shareholder, the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other authorized officer (such as tax officer) must sign the consent.

The shareholder's attorney or agent may sign this consent if he or she is specifically authorized by a power of attorney which, if not previously filed, must accompany Form 972.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | 13 min . |
| :---: | :---: |
| Learning about the law or the form | 4 min . |
| Preparing the form | 14 min . |
| Copying, assembling and sending the form to the IRS | 31 min . |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

Do not send the tax form to this office. Instead, see When and where to file on this page.


## Part III Consent of Corporation to Adjustment of Basis of its Property Under Section 1082(a)(2)

Under section 1081(b), the corporation named above has excluded \$
from its gross income for the tax year beginning
, and ending Under that section the corporation consents to have the basis of its property adjusted in accordance with the regulations prescribed under section 1082(a)(2) in effect at the time of filing its income tax return for that year. The corporation is organized under the laws of
(State of incorporation)
Note: You must attach a description of the transactions resulting in the nonrecognition of gain under section 1081.

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of form. Generally, the amount by which you benefit from the discharge of indebtedness is included in your gross income. However, under certain circumstances described in section 108, you may exclude the amount of discharged indebtedness from your gross income. Unless you check the box on line 1d or make the election on line 5, the amount excluded from gross income reduces certain tax attributes either dollar for dollar or 33 cents per dollar (see below).

Use Part I of Form 982 to indicate why any amount received from the discharge of indebtedness should be excluded from gross income.

Use Part II to report your reduction of tax attributes. The reduction must be made in the following order:

- Any net operating loss (NOL) for the tax year of the discharge (and any NOL carryover to that year) (dollar for dollar);
- Any general business credit carryover to or from the tax year of the discharge ( 33 cents per dollar);
- Any minimum tax credit as of the beginning of the tax year immediately after the tax year of the discharge ( 33 cents per dollar);
- Any net capital loss for the tax year of the discharge (and any capital loss carryover to that tax year) (dollar for dollar);
- Basis of property (dollar for dollar);
- Any passive activity loss (dollar for dollar) and credit (33 cents per dollar) carryovers from the tax year of the discharge; and
- Any foreign tax credit carryover to or from the tax year of the discharge ( 33 cents per dollar).

Use Part III to exclude from gross income under section 1081(b) any amounts of income attributable to the transfer of property described in that section.
Definitions. A "title 11 case" is a case under title 11 of the United States Code (relating to bankruptcy), but only if you are under the jurisdiction of the court in the case and the discharge of indebtedness is granted by the court or is under a plan approved by the court.

The term "discharge of indebtedness" conveys forgiveness of, or release from, an obligation to repay.

You are "insolvent" to the extent your liabilities exceed the fair market value (FMV) of your assets immediately before the discharge.

For details, get Pub. 908, Bankruptcy Tax Guide.
When to file. File Form 982 with your timely filed federal income tax return (including extensions) in a year a discharge of indebtedness is excluded from your income under section 108(a). Also file this form if you elect to reduce the basis of depreciable property under section 108(b)(5) or if you are making the election on line 1d of Part I regarding the discharge of qualified real property indebtedness.

These elections may be revoked only with the consent of the IRS.

If you timely filed your tax return without making the election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Write "Filed pursuant to section $301.9100-2$ " on the amended return and file it at the same place you filed the original return.

## Specific Instructions

## Part I

Lines 1a through 1c. If you check any of these boxes, you may elect, by completing line 5 , to apply all or a part of the debt discharge amount to first reduce the basis of depreciable property (including property you elected on line 3 to treat as depreciable property). Any balance of the debt discharge amount will then be applied to reduce the tax attributes in the order listed on lines 6 through 13. For lines $1 a$ and $1 b$ only, if after reducing the tax attributes there remains a balance of the debt discharge, the excess is permanently excluded from your gross income. You must attach a statement describing the transactions that resulted in the reduction in basis and identifying the property for which you reduced the basis. If you do not make the election on line 5 , complete lines 6 through 13 to reduce your attributes. See section 1017(b)(2) and (c) for limitations of reductions in basis on line 10.
The exclusion relating to insolvency does not apply to a discharge that occurs in a title 11 case. Also, the exclusions relating to qualified farm indebtedness and qualified real property business indebtedness do not apply to a discharge that occurs in a title 11 case or to the extent the taxpayer is insolvent.
"Qualified farm indebtedness" is the amount of indebtedness incurred directly in connection with the trade or business of farming. In addition, 50\% or more of your aggregate gross receipts for the 3 tax years preceding the tax year in which the discharge of such indebtedness occurs must be from the trade or business of farming. For more information, see sections 108(g) and 1017(b)(4).

The discharge must have been made by a qualified person. Generally, a "qualified person" is an individual, organization, etc., who is actively and regularly engaged in the business of lending money. This person cannot be related to you, be the person from whom you acquired the property, or be a person who receives a fee with respect to your investment in the property. Also, a qualified person includes any federal, state, or local government or agency or instrumentality thereof.
If you checked line 1c and did not make the election on line 5, the debt discharge amount will be applied to reduce the tax attributes in the order listed on lines 6 through 9. Any remaining amount will be applied to reduce the tax attributes in the order listed on lines 11a through 13.

You cannot exclude more than the total of your: (a) tax attributes (determined under section 108(g)(3)(B)); and (b) basis of property used or held for use in a trade or business or for the production of income. Any excess is included in income.
Line 1d. If you check this box, the discharge of qualified real property business indebtedness is applied to reduce the basis of depreciable real property on line 4.
"Qualified real property business indebtedness" is indebtedness (other than qualified farm indebtedness) that: (a) is incurred or assumed in connection with real property used in a trade or business; (b) is secured by that real property; and (c) with respect to which you have made an election under this provision. This provision does not apply to a corporation (other than an S corporation).
Indebtedness incurred or assumed after 1992 is not qualified real property business indebtedness unless it is either: (a) debt incurred to refinance qualified real property business indebtedness incurred or assumed before 1993 (but only to the extent the amount of such debt does not exceed the amount of debt being refinanced) or (b) qualified acquisition indebtedness.
"Qualified acquisition indebtedness" is
(a) debt incurred or assumed to acquire, construct, reconstruct, or substantially improve real property that is secured by such debt; and (b) debt resulting from the refinancing of qualified acquisition indebtedness, to the extent the amount of such debt does not exceed the amount of debt being refinanced.

You cannot exclude more than the excess of the outstanding principal amount of the debt (immediately before the discharge) over the net FMV (as of that time) of the property securing the debt, reduced by the outstanding principal amount of other qualified real property business indebtedness secured by that property (as of that time). The amount excluded is further limited to the aggregate adjusted basis (as of the first day of the next tax year, or if earlier, the date of disposition) of depreciable real property (determined after any reductions under sections 108(b) and (g)) you held immediately before the discharge (other than property acquired in contemplation of the discharge). Any excess is included in income.
Line 2. Enter the total amount excluded from your gross income due to discharge of indebtedness under section 108. If you checked line 1a, 1 b , and/or 1c, this amount will not necessarily equal the total reductions on lines 5 through 13 because the debt discharge amount may exceed the total tax attributes.

See section 382(l)(5) for a special rule regarding a reduction of a corporation's tax attributes after certain ownership changes.
Line 3. You may elect under section 1017(b)(3)(E) to treat all real property held primarily for sale to customers in the ordinary course of a trade or business as if it were depreciable property. This election does not apply to the discharge of qualified real property business indebtedness. To make the election, check the "Yes" box.

## Part II

Line 7. If you have a general business credit carryover to or from the tax year of the discharge, you must reduce that carryover by 33 cents for each dollar excluded from gross income. See Form 3800, General Business Credit, for more details on the general business credit, including rules for figuring any carryforward or carryback.
Line 10. In the case of a title 11 case or insolvency (except when an election under section 108(b)(5) is made), the reduction in basis is limited to the aggregate of the basis of your property immediately after the discharge over the aggregate of your liabilities immediately after the discharge.

## Part III

Adjustment to basis. Unless it specifically states otherwise, the corporation, by filing this form, agrees to apply the general rule for adjusting the basis of property (as described in Regulations section 1.1082-3(b)).

If the corporation desires to have the basis of its property adjusted in a manner different from the general rule, it must attach a request for variation from the general rule. The request must show the precise method used and the allocation of amounts.

Consent to the request for variation from the general rule will be effective only if it is incorporated in a closing agreement entered into by the corporation and the Commissioner of Internal Revenue under the rules of section 7121. If no agreement is entered into, then the general rule will apply in determining the basis of the corporation's property.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 5 hr., 44 min.; Learning about the law or the form, 2 hr ., 10 min.; Preparing and sending the form to the IRS, 2 hr ., 22 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

# Instructions for Form 1128 

Department of the Treasury
Internal Revenue Service
(Rev. September 2003)
Application To Adopt, Change, or Retain a Tax Year
Section references are to the Internal Revenue Code unless otherwise noted.

## Changes To Note

- Partnerships must now file Form 1128 to change to a required tax year.
- A taxpayer that wants to change from a 52-53-week tax year that references a particular month to a non-52-53-week tax year that ends on the last day of that month, or vice versa, must file Form 1128.
Note: If the applicant qualifies, the above changes must be made using the automatic approval procedures. See the instructions for Part II on page 3 for details.


## General Instructions

## Purpose of Form

File Form 1128 to request a change in tax year. Partnerships, S corporations, or personal service corporations (PSCs) may be required to file the form to adopt or retain a certain tax year. For more information, see Pub. 538, Accounting Periods and Methods.

## Who Must File

Generally, all taxpayers must file Form 1128 to adopt, change, or retain a tax year. However, see Exceptions below.

The common parent of a consolidated group that files a consolidated return files one Form 1128 for the consolidated group. In addition, the common parent corporation must (a) indicate that the Form 1128 is for the common parent corporation and all its subsidiaries and (b) answer all relevant questions on the application for each member of the consolidated group.

If a consolidated group filing a consolidated return wants to change its tax year by using Rev. Proc. 2002-37, 2002-1 C.B. 1030, every member of the group must meet the revenue procedure requirements.

If a controlled foreign corporation (CFC) or a foreign personal holding company (FPHC) does not have a U.S. trade or business, then the

CFC's controlling U.S. shareholder(s) or the FPHC's U.S. shareholders must file Form 1128 on behalf of such foreign corporation to change its tax year (except as provided above with respect to a controlling U.S. shareholder that is a member of a consolidated group). See Regulations section 1.964-1 (c)(5) for the definition of controlling U.S. shareholders of a CFC.

## Exceptions

Do not file Form 1128 in the following circumstances.

## Corporations

- A corporation adopting its first tax year.
- A corporation required to change its tax year to file a consolidated return with its new common parent (see Regulations sections 1.442-1(c) and 1.1502-76(a)).
- A foreign sales corporation (FSC) or an interest charge domestic international sales corporation (IC-DISC) changing to the tax year of the U.S. shareholder with the highest percentage of voting power (see section 441 (h)). Also see Temporary Regulations section 1.921-1T(b)(4). However, a FSC or IC-DISC must file Form 1128 to change its tax year concurrently, if a tax year change has been made by the U.S. shareholder


## Partnerships, S Corporations, and Personal Service Corporations

- A newly formed partnership adopting a required tax year or a 52-53 week tax year with reference to such required tax year.
- A partnership, S corporation, or PSC terminating its section 444 election (see Temporary Regulations section $1.444-1 \mathrm{~T}(\mathrm{a})(5)$ ).
- A newly formed partnership, an electing S corporation, or a newly formed PSC that elects under section 444 a tax year other than the required tax year by filing Form 8716, Election To Have a Tax Year Other Than a Required Tax Year.
- A corporation electing to be treated as an $S$ corporation and filing Form

2553, Election by a Small Business Corporation.

## Individuals

Newly married individuals changing to the tax year of the other spouse in order to file a joint return (Regulations section 1.442-1(d) must be followed).

## Exempt Organizations

An organization exempt under section 501(a) does not file Form 1128 unless the organization has changed its tax year at any time within a 10-calendar-year period, and the organization has had an annual filing requirement during that 10 -year period (see Rev. Proc. 85-58, 1985-2 C.B. 740). This exception does not apply to organizations exempt from tax under section $521,526,527$, or 528; organizations described in section 401(a); and organizations involved in a group change in tax year for all its subordinate organizations.

## Trusts

- A trust (other than a tax-exempt trust or a grantor trust under Rev. Rul. 90-55, 1990-2 C.B. 161) that adopts the calendar year as required by section 645 .
- Certain revocable trusts electing to be treated as part of an estate.
- An employee plan or trust filing Form 5308, Request for Change in Plan/Trust Year, to change its plan or trust year.


## When To File

## Tax Year Adoption, Change, or Retention

- To request a ruling to adopt, change, or retain a tax year, file by the due date (not including extensions) of the Federal income tax return for the first effective year. Do not file earlier than the day following the end of the first effective year.
- To request automatic approval to change a tax year under Rev. Proc. 2002-37 (Part II, Section A) or Rev. Proc. 2002-38 (Part II, Section B), file by the due date of the return (including extensions) for the first effective year required by the change.
- For an individual filing to change to a calendar year under Rev. Proc.
2003-62, 2003-32 I.R.B. 299 (Part II, Section C), Form 1128 must be filed on or before the due date (including extensions) for filing the Federal income tax return for the short period required to effect the change.
- To change a tax year under Rev. Proc. 85-58 (Part II, Section D), file by the 15th day of the 5th calendar month after the first effective year ends.


## Late Applications

Generally, an application filed after the appropriate due date stated above is considered late.

However, applications filed within 90 days after the due date may be considered as timely filed under Regulations section 301.9100-1 when the applicant establishes that:

1. The taxpayer acted reasonably and in good faith and
2. Granting relief will not prejudice the interests of the government.

Applications that are filed more than 90 days after the due date are presumed to jeopardize the interests of the Government, and will be approved only in unusual and compelling circumstances.

Under either circumstance an extension request must be filed under Procedure and Administration Regulations section 301.9100-3 and is a ruling request under Rev. Proc. 2003-1, 2003-1 I.R.B. 1 (updated annually), and is subject to public inspection under section 6110. See section 8 of Rev. Proc. 2003-1 for information on requesting a ruling. Note: An extension request under Rev. Proc. 2003-1 (or its successor), requires payment of a user fee.

## Early Applications

Generally, an application to adopt or change a tax year will not be considered if it is submitted before the close of the first effective year.

## Where To File

## Part II—Automatic Approval Request

If the applicant completes Part II (automatic approval request), file Form 1128 with the Internal Revenue Service Center, Attention: Entity Control, where the applicant's income tax return is filed. The applicant also must attach a copy of Form 1128 to the Federal income tax return filed for
the short period required to effect the change. A shareholder filing the form on behalf of an applicant that is a CFC or FPHC should file the form with the service center where the shareholder's income tax return is filed.
Applications prior to an election to become an S corporation. If a corporation is requesting to change its tax year prior to making an election to become an Scorporation, it may be necessary to file Form 1128 with Form 2553 to ensure that the $S$ corporation is permitted the tax year requested on Form 2553. See line 2 of Part II on Form 1128. Form 1128 must be filed with Form 2553 instead of the above address for automatic approval requests if:

- The corporation is requesting to change its tax year under the automatic approval request procedures,
- The corporation intends to elect to be an $S$ corporation for the tax year immediately following the short period, and
- The requested tax year is a permitted tax year for $S$ corporations (e.g., a calendar tax year).


Do not file a request for automatic approval with either address below. Doing so will result in a significant delay in the processing of your request.

## Part III—Ruling Request

If the applicant completes Part III (ruling request), file Form 1128 and the appropriate user fee with the IRS National Office. Mail Form 1128 to: Internal Revenue Service, Associate Chief Counsel (Income
Tax and Accounting)
Attention: CC:PA:T:CRU,
P.O. Box 7604, Ben Franklin

Station,
Washington DC 20044-7604.
The IRS will acknowledge receipt of the application within 45 days. You can inquire about the status of the application by writing to:

Control Clerk, CC:ITA,
Internal Revenue Service, Room 4516,
1111 Constitution Ave., NW,
Washington DC 20224-0002.
The applicant will receive
notification of its approval or denial. If no communication is received from the IRS regarding the application within 90 days, contact the Control Clerk.

Exempt organizations requesting a ruling should send Form 1128 and the application user fee to:

Internal Revenue Service
Commissioner, Tax Exempt and
Government Entities
Attention: T:EO
P.O. Box 27720

McPherson Station
Washington DC 20038
You can inquire about the status of an application for exempt organizations by calling 202-283-2300.

## Who Must Sign

Except as discussed below (regarding certain foreign corporations), Form 1128 must be signed by the applicant as discussed below. A valid signature by the individual or an officer of the organization is required on Form 1128. If the form does not have a valid signature, it will not be considered.

## Individuals

If this application is for a husband and wife, enter both names on the line "Name of applicant." Both husband and wife must sign the application on the line "Applicant or officer's signature and date."

## Partnerships

Show the partnership name, followed by the signature of a general partner on behalf of a state law partnership, or a member-manager on behalf of a limited liability company.

## Estates

Show the name of the estate and the signature and title of the fiduciary or other person legally authorized to sign.

## Tax-Exempt Organizations

Show the name of the organization and the signature of a principal officer or other person authorized to sign, followed by his or her title.

## All Other Applicants

The application must show the name of the company and the signature of the president, vice president, treasurer, assistant treasurer, or chief accounting officer (such as tax officer) authorized to sign, and their official title. Receivers, trustees, or assignees must sign any application they are required to file. For a consolidated group filing a consolidated return with its common parent, the form should be signed by
an authorized officer of the common parent corporation.

An application that is filed on behalf of a CFC must be signed by an authorized officer of each of its controlling U.S. shareholder(s). An application that is filed on behalf of a FPHC must be signed by an authorized officer of each of its U.S. shareholder(s). If any such shareholder is a member of a consolidated group, then an authorized officer of the common parent must sign. If multiple signatures are required, the signatures must be provided on a "SIGNATURE ATTACHMENT" to the form under the "declaration under penalties of perjury" (this is the statement that appears on Form 1128 immediately above the relevant signature line). Write "see attached" in the signature area of Form 1128.

## Preparer Other Than Applicant

The preparer cannot sign on behalf of the applicant. Unless you are self-employed, show the name of the firm that employs you. If you file on an applicant's behalf, include a power of attorney. Show any specific acts the power of attorney grants, such as representation before the IRS.
Note: The individual preparing the application must also sign it.

## Specific Instructions

## Part I-General Information

All applicants must complete Part I. Attachments to Form 1128 must show the applicant's name, identifying number, and address. Also indicate that the statement is an attachment to Form 1128.

## Name

If the application is filed for a husband and wife who file a joint income tax return, the names of both should appear in the heading.

## Identifying Number

Individuals enter their social security number (SSN). If the application is for a husband and wife who file a joint return, enter both SSNs. However, if one or both are engaged in a trade or business, enter the employer identification number (EIN) instead of the SSNs. All other applicants enter their EIN.

Except as discussed below (regarding foreign corporations), if the applicant does not have an EIN or SSN, it must apply for one. An EIN may be applied for:

- Online-Click on the EIN link at www.irs.gov/business/small. The EIN is issued immediately once the application information is validated. - By telephone at 1-800-829-4933 from 7:30 am to 5:30 pm in the corporation's local time zone. - By mailing or faxing Form SS-4, Application for Employer Identification Number.

A limited liability company must determine which type of federal tax entity it will be (i.e., partnership, corporation, or disregarded entity) before applying for an EIN (see Form 8832, Entity Classification Election, for details).
Note: The online application process is not yet available for the following types of entities: Entities with addresses in foreign countries or Puerto Rico, REMICs, state and local governments, Federal government/ military entities, and Indian Tribal Government/Enterprise entities. Please call the toll-free Business and Specialty Tax Line at 1-800-829-4933 for assistance in applying for an EIN.

An SSN must be applied for on Form SS-5, Application for a Social Security Card. Form SS-5 can be obtained at SSA offices or by calling the SSA at 1-800-772-1213.

If the applicant has not received its EIN or SSN by the time the application is due, write "Applied for" in the space for the EIN/SSN. See Pub. 583, Starting a Business and Keeping Records.
Note: If the applicant is a foreign corporation that is not otherwise required to have or obtain an EIN, enter "Not applicable" in the space provided for the EIN/SSN.

## Address

Include the suite, room, or other unit number after the street address.

If the Post Office does not deliver mail to the street address and the applicant has a P.O. box, show the box number instead.

## Person To Contact

The person to contact must be the person authorized to sign the Form 1128, or the applicant's authorized representative. If the person to contact is not the applicant or the filer, attach Form 2848, Power of

Attorney and Declaration of Representative.
Line 1. Check all applicable boxes to indicate the type of entity filing this application. For example, an entity that is a domestic corporation may also be a regulated investment company (RIC). That entity would check both the "Domestic corporation" box and the "Other" box, and write, "RIC under sec. 851" on the dotted line.
Lines $\mathbf{2 a}$ and $\mathbf{2 b}$. If the requested year is a 52-53-week tax year, describe the year (e.g., last Saturday in December or Saturday nearest to December 31). A 52-53-week tax year must end on the date a specified day of the week last occurs in a particular month or on the date that day of the week occurs nearest to the last day of a particular calendar month.
Line 2c. The required short period return must begin on the day following the close of the old tax year and end on the day before the first day of the new tax year. An applicant's first tax year generally starts when business operations begin.

A corporation's tax year begins at the earliest date it first:

- Has shareholders,
- Has assets, or
- Begins doing business. The initial year ends on the day before the first day of the new tax year.


## Part II—Automatic Approval Request

Part II is completed by applicants requesting automatic approval of a change in tax year under:

- Rev. Proc. 2002-37 (corporations),
- Rev. Proc. 2002-38 (pass-through entities),
- Rev. Proc. 2003-62 (individuals),
- Rev. Proc. 76-10, 1976-1 C.B. 548 and Rev. Proc. 85-58 (exempt organizations), and
- Rev. Proc. 85-15, 1985-1 C.B. 516 (all filers), to correct an improper tax year.
Note: Applicants requesting an automatic approval, complete Parts I and II only.
Note: A user fee is not required if requesting an automatic approval under any of the sections of Part II listed below.

Complete Part II if the applicant can use the automatic approval rules under one of the sections listed below and the application is filed on time.

| If the applicant is: | Complete <br> only |
| :--- | :--- |
| A corporation (other than <br> an S corporation or a PSC) | Section A |
| A partnership, S <br> corporation, or a PSC | Section B |
| An individual | Section C |
| A tax-exempt organization. | Section D |

If the applicant does not qualify for automatic approval, a ruling must be requested. See Part III for more information.

If the Service Center denies approval because Form 1128 was not filed on time, the applicant may request relief under Regulations section 301.9100-3, discussed earlier under Late Applications on page 2, by completing Part III, as discussed on page 5, and sending Form 1128 to the IRS National Office for consideration.

## Section A-Corporations (Other than S Corporations or Personal Service Corporations)

Rev. Proc 2002-37 provides exclusive procedures for certain corporations to obtain automatic approval to change their annual accounting period under section 442 and Regulations section 1.442-1 (b). A corporation complying with all the applicable provisions of this revenue procedure will be deemed to have established a business purpose and obtained the approval of the IRS to change its accounting period. See Rev. Proc. 2002-37 for more information.

A corporation is not eligible to make an automatic approval request if it:

1. Has changed its annual accounting period at any time within the most recent 48 -month period ending with the last month of the requested tax year. For exceptions, see section 4.02(1) of Rev. Proc. 2002-37.
2. Has an interest in a pass-through entity as of the end of the short period. For exceptions, see section 4.02(2) of Rev. Proc. 2002-37.
3. Is a shareholder of a FSC or IC-DISC, as of the end of the short period. For exceptions, see section 4.02(3) of Rev. Proc. 2002-37.
4. Is a FSC or an IC-DISC.
5. Is an S corporation.
6. Attempts to make an S corporation election for the tax year
immediately following the short period, unless the change is to a permitted tax year.
7. Is a PSC.
8. Is a CFC or a foreign personal holding company (FPHC). For exceptions, see sections 4.01(4) and 4.02(8) of Rev. Proc. 2002-37.
9. Is a tax-exempt organization, other than an organization exempt from tax under section 521, 526,527, or 528 .
10. Has in effect a possessions corporation election under section 936.
11. Is a cooperative association (within the meaning of section 1381(a)) with a loss in the short period required to effect the change of annual accounting period, unless the patrons of the cooperative association are substantially the same in the year before the change of annual accounting period, in the first effective year required to effect the change, and in the year following the change.
12. Has a required tax year (e.g., a real estate investment trust), unless the corporation is changing to its required tax year and is not described in 1 through 11 above.

Line 3. If the answer to question 3 is "Yes," attach a statement providing the names, addresses, and identifying numbers for each U.S. shareholder of the foreign corporation.

Line 4. If a corporation's interest in a pass-through entity, CFC, FSC, or IC-DISC (related entity) is disregarded under section 4.02(2) or 4.02(3) of Rev. Proc. 2002-37
because the related entity is required to change its tax year to the corporation's new tax year (or, in the case of a CFC, to a tax year beginning one month earlier than the corporation's new tax year), the related entity must change its tax year concurrently with the corporation's change in tax year, either under Rev. Proc. 2002-37 or 2002-38. This related party change is required notwithstanding the testing date provisions in section
706(b)(4)(A)(ii), section
898(c)(1)(C)(ii), Temporary
Regulations section 1.921-1T(b)(6), and the special provision in section 706(b)(4)(B).

## Section B—Partnerships, S Corporations, or Personal Service Corporations

A partnership, S corporation, or PSC may be able to adopt, change, or retain its tax year by following Rev. Proc. 2002-38.

Line 5. A partnership, S corporation, or PSC is not eligible to make an automatic approval request if any of the following apply:

1. It is under examination, unless it obtains consent of the appropriate director as provided in section 7.03(1) of Rev. Proc. 2002-38.
2. It is before an appeals office with respect to any income tax issue and its annual accounting period is an issue under consideration by the appeals office.
3. It is before a Federal court with respect to any income tax issue and its annual accounting period is an issue under consideration by the Federal court.
4. On the date the partnership or S corporation would otherwise file its application, the partnership's or S corporation's annual accounting period is an issue under consideration in the examination of a partner's or shareholders's Federal income tax return or an issue under consideration by an area office or by a Federal court with respect to a partner's or shareholder's Federal income tax return.
5. It is requesting a change to, or retention of, a natural business year as described in section 4.01(2) of Rev. Proc. 2002-38 if the entity has changed its annual accounting period at any time in the most recent 48-month period ending with the last month of the requested tax year. For this purpose, the following changes are not considered prior changes in annual accounting period: (a) a change to a required tax year or ownership tax year; (b) a change from a 52-53 week tax year to a non-52-53 week tax year that ends with reference to the same calendar month, and vice versa; or (c) a change in accounting period by a $S$ corporation or PSC, in order to comply with the common tax year requirements of Regulations sections 1.1502-75(d)(3)(v) and 1.1502-76(a)(1).

Line 7. A partnership, S corporation, electing S corporation, or PSC establishes a "natural business year" under Rev. Proc. 2002-38 by
satisfying the following "25-percent gross receipts test:"

1. Prior three years gross receipts.
a. Gross receipts from sales and services for the most recent 12-month period that ends with the last month of the requested annual accounting period are totaled and then divided into the amount of gross receipts from sales and services for the last 2 months of this 12-month period.
b. The same computation as in a above is made for the two preceding 12-month periods ending with the last month of the requested annual accounting period.
2. Natural business year:
a. Except as provided in $\mathbf{b}$ below, if each of the three results described in 1 equals or exceeds 25 percent, then the requested annual accounting period is deemed to be the taxpayer's natural business year.
b. The taxpayer must determine whether any annual accounting period other than the requested annual accounting period also meets the 25-percent test described in a. If one or more other annual accounting periods produce higher averages of the three percentages (rounded to 1/ 100 of a percent) described in 1 than the requested annual accounting period, then the requested annual accounting period will not qualify as the taxpayer's natural business year.
3. Special rules:
a. To apply the 25 -percent gross receipts test for any particular year, the taxpayer must compute its gross receipts under the method of accounting used to prepare its federal income tax returns for such tax year.
b. If the taxpayer has a predecessor organization and is continuing the same business as its predecessor, the taxpayer must use the gross receipts of its predecessor for purposes of computing the 25-percent gross receipts test.
c. If the taxpayer (including any predecessor organization) does not have a 47-month period of gross receipts (36-month period for the requested tax year plus an additional 11-month period for comparing the requested tax year with other potential tax years), then it cannot establish a natural business year under this revenue procedure.
d. If the requested tax year is a 52-53-week tax year, the calendar month ending nearest to the last day of the 52-53-week tax year is treated as the last month of the requested tax year for purposes of computing the 25-percent gross receipts test.

Line 8. For an S corporation, an "ownership tax year" is the tax year (if any) that, as of the first day of the first effective year, constitutes the tax year of one or more shareholders (including any shareholder that concurrently changes to such tax year) holding more than 50 percent of the corporation's issued and outstanding shares of stock. For this purpose, a shareholder that is tax-exempt under section 501(a) is disregarded if such shareholder is not subject to tax on any income attributable to the $S$ corporation. Tax-exempt shareholders are not disregarded, however, if the $S$ corporation is wholly-owned by such tax-exempt entities. A shareholder in an $S$ corporation that wants to concurrently change its tax year must follow the instructions generally applicable to taxpayers changing their tax years contained in Regulations section 1.442-1(b), Rev. Proc. 2002-39, or any other applicable administrative procedure published by the IRS.
Line 9. The partnership must concurrently change its tax year as a term and condition of a related entity change in tax year.

## Section C—Individuals

An individual is eligible for automatic approval if:

- The individual is changing from a fiscal year to a calendar year and - The individual ia not subject to the restrictions of section 4.02 of Rev. Proc. 2003-62 (or its successor).


## Section D-Tax-Exempt Organizations

A tax-exempt organization may request a change to its tax year under the simplified method of either Rev. Proc. 85-58 or Rev. Proc. 76-10.

Under Rev. Proc. 85-58, an organization exempt under section 501(a) does not have to file Form 1128 unless:

1. The organization was required to file an annual information return or Form 990-T, Exempt Organization Business Income Tax Return, at any time during the last 10 calendar years, and
2. The organization has changed its tax year at any time within the last 10 calendar years ending with the calendar year that includes the beginning of the first effective year resulting from the change of tax year.

An organization described in section 501 (c) or (d) is exempt from
tax under section 501(a) unless the exemption is denied under section 502 or 503.

Rev. Proc. 85-58 does not apply to:

- Farmers' cooperatives exempt from Federal income tax under section 521,
- Organizations described in
sections 526, 527, and 528,
- Organizations described in section 401(a), and
- Organizations requesting a change in a tax year on a group basis.

A central organization should follow Rev. Proc. 76-10 to apply for a group change in tax year for all its subordinate organizations.

Rev. Proc. 76-10 does not apply to:

- Farmers' cooperatives exempt from Federal income tax under section 521,
- Certain organizations that have unrelated business taxable income defined in section 512(a), and
- Organizations that are private foundations defined in section 509(a).


## Part III—Ruling Request

Part III is completed only by applicants requesting to adopt, change, or retain a tax year that cannot use the automatic procedures listed in Part II.

Also, the applicant must complete the specific section(s) in Part III that applies to that particular applicant.

| If the applicant is: | Complete <br> only |
| :--- | :--- |
| A corporation (other <br> than an S corporation <br> or CFC) | Sections A and <br> B, plus any <br> other applicable <br> section in Part <br> III |
| An S corporation | Sections A and <br> C |
| A Partnership | Sections A and <br> D |
| A Controlled Foreign <br> Corporation | Sections A and <br> E |

$\Delta$
Do not file a tax return using the requested tax year until this application is approved.
Rev. Proc. 2002-39 provides the general procedures for obtaining approval to adopt, change, or retain a tax year for taxpayers not qualifying under the automatic approval rules or if the application is late.

## Section A-General Information

All applicants must complete this section to request a ruling on an adoption, change to, or retention of a tax year.
Line 1. If the applicant is:

- Under examination. Attach to the application a statement from the director consenting to the change or retention. The applicant must also attach to the application a statement indicating if a copy of the application has been given to the examination agent as required by section 6.06(1)(b) of Rev. Proc. 2002-39, as well as the name and telephone number of the examination agent.
- Before an appeals (area) office. Attach to the application a statement signed by an appropriate person certifying that, to the best of that person's knowledge, the entity's annual accounting period is not an issue under consideration by the appeals (area) office. The applicant must also attach to the application a statement indicating if a copy of the application has been given to the appeals officer as required by section 6.06(2) of Rev. Proc. 2002-39, as well as the name and telephone number of the appeals officer.
- Before a Federal court. Attach to the application a statement signed by an appropriate person certifying that, to the best of that person's knowledge, the entity's annual accounting period is not an issue under consideration by the Federal court. The applicant must also attach to the application a statement indicating if a copy of the application has been given to the government counsel as required by section 6.06(3) of Rev. Proc. 2002-39, as well as the name and telephone number of the government counsel.
Line 4a. Attach an explanation of the legal basis supporting the requested tax year. Include all authority (statutes, regulations, etc.) supporting the requested year. The applicant is encouraged to include all relevant facts and circumstances that may establish a business purpose.
Line 4b. If the applicant requests to establish a natural business year
under the annual business cycle test or seasonal business test of sections 5.03(1) and 5.03(2) of Rev. Proc. 2002-39, it must provide its gross receipts from sales or services and approximate inventory costs (where applicable) for each month in the requested short period and for each month of the three immediately preceding tax years.

If the applicant is requesting to change to a natural business year that satisfies the 25-percent gross receipts test described in section 5.03(3) of Rev. Proc. 2002-39, the applicant must supply the gross receipts for the most recent 47 months for itself (or any predecessor).
Line 14. Applicants filing to request an automatic approval for a change in tax year under Rev. Procs. 2002-37, 2002-38, 2003-62, 85-58, or 76-10 (Part II) are not required to pay a user fee when Form 1128 is filed on time.

Applicants filing to request a letter ruling on a change in tax year under Rev. Proc. 2003-1 and Rev. Proc. 2002-39 must pay a $\$ 1,000$ user fee. A request for an exempt organization letter ruling on a change in tax year under Rev. Proc. 2003-8, 2003-1 I.R.B. 236, requires payment of a $\$ 150$ user fee.

A separate $\$ 1,200$ user fee is also required for applicants filing a letter ruling request for an extension of time to file under Regulations section 301.9100-3 (including requests under Rev. Procs. 2002-37, 2002-38, and 2003-62 (Part II, Sections A, B, and C)).

Note: The user fees referred to in the above paragraphs are published in Rev. Proc. 2003-1 (exempt organizations, see Rev. Proc. 2003-8), or an annual update. The annual updates are published as revenue procedures in the Internal Revenue Bulletin. The Internal Revenue Bulletins can be accessed on the IRS web site, www.irs.gov.

Payment of the user fee (check or money order made payable to the United States Treasury) must be attached to Form 1128 at the time the
form is filed. See Rev. Proc. 2003-1 for more information.

## Section B-Corporations (Other Than S Corporations and Controlled Foreign Corporations)

Corporations must complete this section and any other section in Part III that applies to that particular entity. For example, a PFIC completes Section B and attaches the statement required by Section H. Complete Sections B and F for a tax-exempt organization that is a corporation.

## Section C-S Corporations

An S corporation must have a permitted tax year unless it has elected under section 444 to have a tax year other than the required tax year. A "permitted tax year" is:

1. A tax year that ends on December 31 or
2. Any other tax year if the corporation can establish a business purpose to the satisfaction of the IRS.

For purposes of 2, any deferral of income to shareholders will not be treated as a business purpose. For more information, see Rev. Proc. 2002-38

If any shareholder is applying for a corresponding change in tax year, that shareholder must file a separate Form 1128 to get advance approval to change its tax year.

## Section D—Partnerships

A partnership must obtain advance approval from the IRS to adopt, change, or retain a tax year unless it is not required to file Form 1128, or it meets one of the automatic approval rules discussed in Part II, Section B on page 4. See Exceptions on page 1.

Partners must also get separate advance approval to change their tax years.
Line 23. Enter the first date a business transaction resulted in a tax consequence, such as receiving income or incurring an expense.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Section 442 says that you must obtain IRS approval if you want to adopt, change, or retain a tax year. To obtain approval, you are required to file an application to adopt, change, or retain a tax year. Section 6109 requires that you disclose your taxpayer identification number (SSN or EIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. Failure to provide this information in a timely manner could result in approval of your application being delayed or withheld.

In addition, the Privacy Act requires 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 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.

Our authority to ask for information is sections 6001, 6011, and 6012(a) and their regulations, which require you to file a return or statement with us for any tax for which you are liable. Your response is mandatory under these sections. Section 6109 requires that you provide your SSN or EIN 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 form that apply to you.

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 section 6103.

However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your application to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their laws. We may also disclose this information to Federal and state or local agencies to enforce Federal nontax criminal laws and to combat terrorism.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:

| Preparing <br> and sending <br> the form to <br> the IRS |  |  |  |
| :--- | :---: | :---: | :---: |
| Parts I and II | Recordkeeping | Learning about the <br> law or the form | $6 \mathrm{hr} ., 15 \mathrm{~min}$. |
| Parts I and III | $8 \mathrm{hr} ., 36 \mathrm{~min}$. | $5 \mathrm{hr} ., 51 \mathrm{~min}$. | $7 \mathrm{hr} ., 26 \mathrm{~min}$. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the tax form to this office. Instead, see Where To File on page 2.


## Instructions for the Regulated Investment Company and the Real Estate Investment Trust

Section references are to the Internal Revenue Code.

## Reporting Information

1. Complete Copies A, B, C, and D for each shareholder for whom the regulated investment company (RIC) or real estate investment trust (REIT) paid tax on undistributed capital gains under section $852(\mathrm{~b})(3)(\mathrm{D})$ or $857(\mathrm{~b})(3)(\mathrm{D})$.
2. Attach Copy A of all Forms 2439 to Form 1120-RIC or Form 1120-REIT when it is filed at the appropriate IRS service center.
3. Furnish Copies B and C of Form 2439 to the shareholder by the 60th day after the end of the RIC's or the REIT's tax year.
4. Retain Copy D for your records.

For a shareholder that is an individual retirement arrangement (IRA), send Copies B and C to the trustee or custodian of the IRA. Do not send copies to the owner of the IRA.

RIC's or REIT's name, address, and identification number. Type or print the name and address (including ZIP code) and the employer identification number (EIN) of the RIC or REIT as shown on Form 2438, Undistributed Capital Gains Tax Return.
Shareholder's identifying number, name, and address. Type or print the shareholder's social security number (SSN), name, and address (including ZIP code). If the shareholder is other than an individual, enter the EIN. If a shareholder is an IRA, enter the identification number of the IRA trust. Do not enter the SSN of the person for whom the IRA is maintained.
Box 1a. Enter the amount of undistributed capital gains from line 11, Form 2438, allocable to the shareholder.
Box 1b. Enter the shareholder's allocable portion of the amount from box 1a that has been designated as unrecaptured section 1250 gain from the disposition of depreciable real property.
(Continued on the back of Copy D.)

| Name, address, and ZIP code of RIC or REIT |
| :--- | :--- | :--- | :--- | :--- | :--- |

## Instructions for the Shareholder

Section references are to the Internal Revenue Code.

## Reporting Information

Box 1a. The amount in this box is your total undistributed long-term capital gain from your regulated investment company (RIC) or real estate investment trust (REIT).

Report the total amount as a long-term gain on the appropriate Schedule D. For example, individuals enter this amount on line 11, column (f), of Schedule D (Form 1040). Estates and trusts enter this amount on line 7, column (f), of Schedule D (Form 1041). Corporate filers enter this amount on line 6, Schedule D (Form 1120). If there is an amount in box 1b, 1c, or 1d, special instructions apply for entering those amounts on the appropriate Schedule D. See Undistributed Capital Gains in the Schedule D (Form 1040) and Schedule D (Form 1041) instructions.
Box 1b. The amount in this box is the unrecaptured section 1250 gain. Individual filers and estates and trusts report this amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet in the Schedule D instructions.

Box 1c. The amount in this box applies to the portion of the amount in box 1a attributable to a section 1202 gain (sale of qualified small business stock). Individual filers, estates and trusts, see Exclusion of Gain on Qualified Small Business (QSB) Stock in the Schedule D instructions.
Box 1d. The amount in this box is the collectibles gain (28\% rate gain), portion of the amount in box 1a. Individual filers enter this amount on line 4 of the 28\% Rate Gain Worksheet in the Schedule D (Form 1040) instructions. Estates and trusts enter this amount on line 4 of the $28 \%$ Rate Gain Worksheet in the Schedule D (Form 1041) instructions.
Box 2. This box contains the tax paid by the RIC or REIT on the undistributed long-term capital gains shown in box 1a. You can get a refund or credit of this tax as follows.

Individuals, Nonresident Aliens, and Estates and Trusts.
See line 69 of Form 1040, line 63 of Form 1040NR, or line 24f of Form 1041, and the related instructions.
(Continued on the back of Copy C.)

|  | ECTED |  |  |
| :---: | :---: | :---: | :---: |
| Name, address, and ZIP code of RIC or REIT | OMB No. 1545-0145 2004 <br> Form 2439 | Notice to Shareholde Long-Term Ca <br> For calendar year 2004, or regulated investment co real estate investme beginning $\qquad$ ending | Undistributed Gains <br> tax year of the (RIC) or the (REIT) 04, and ------ - |
| Identification number of RIC or REIT | 1a Total undistributed long-term capital gains |  | Copy C <br> For shareholder's records. |
| Shareholder's identifying number | 1b Unrecaptured section 1250 gain |  |  |
| Shareholder's name, address, and ZIP code | 1c Section 1202 gain | 1d Collectibles (28\%) gain |  |
|  | 2 Tax paid by the RIC or REIT on the box 1a gains |  |  |

## Instructions for the Shareholder (Continued)

Corporations (other than S Corporations). See line 32f of Form 1120 (line 28f of Form 1120-A) or line $6 f$ of Form 1120-F, and the related instructions. All other corporations report this amount on the line designated as "Credit for tax paid on undistributed capital gains."

## S Corporations, Partnerships, and Electing Large

Partnerships. See the Specific Instructions for (Schedules K and K-1, Part III) (Form 1120S and 1065) for details on reporting each item to the shareholders and partners. For Electing Large Partnerships that file Form 1065-B, see the line 27 Instructions for Form 1065-B.
Exempt Organizations and Certain Trustees. See the instructions for Form 990-T if it is filed by:

1. Organizations exempt from tax under section 501(a) filing Form 990-T to claim their refund of income tax paid on undistributed long-term capital gains, or
2. Trustees for individual retirement arrangements (IRAs) described in section 408 (including accounts described in section 408(h)) filing a single composite Form 990-T to claim the refund referred to above.

A trustee or custodian of an IRA should not send a copy of Form 2439 to the owner of the IRA.

1. Complete Copies A, B, C, and D of Form 2439 for each owner. The total undistributed long-term capital gains entered in box 1a, the amounts entered in boxes 1b, 1c, and 1d. The tax shown in box 2 on the Form 2439 for each owner must agree with the amounts on Copy B that you received from the RIC or REIT.
2. Enter your name as "Nominee" and your address in the block for the RIC's or REIT's name and address, and the RIC's or REIT's name and address in the same block.
3. Write "Nominee" in the upper right corner of the Copy B you received from the RIC or REIT and attach it to the Copy A you completed.
4. File the Copy B you received (with an attached Copy A) with the Internal Revenue Service Center where you file your income tax return. (If you are a resident of a foreign country, file with the Internal Revenue Service Center, Philadelphia, PA 19255.)
5. Give the actual owner Copies B and C of the forms you complete.
6. Keep Copy D for yourself.

A nominee has 90 days after the close of the RIC's or REIT's tax year to complete items 1 through 5 above. However, a nominee acting as a custodian of a unit investment trust described in section $851(\mathrm{f})(1)$ has 70 days. A nominee who is a resident of a foreign country has 150 days.

Nominees. If you are not the actual owner of the shares for which this form is issued, you must do the following.

|  | ECTED |  |  |
| :---: | :---: | :---: | :---: |
| Name, address, and ZIP code of RIC or REIT | OMB No. 1545-0145 <br> 2004 <br> Form 2439 | Notice to Shareholder Long-Term Ca <br> For calendar year 2004, or regulated investment com real estate investme beginning $\qquad$ ending | Undistributed Gains <br> tax year of the (RIC) or the st (REIT) 04, and |
| Identification number of RIC or REIT | 1a Total undistributed long-term capital gains |  |  |
| Shareholder's identifying number | 1b Unrecaptured section 1250 gain |  | For records of the regulated investment company or the real estate investment trust. |
| Shareholder's name, address, and ZIP code | 1c Section 1202 gain | 1d Collectibles (28\%) gain |  |
|  | 2 Tax paid by the RIC or REIT on the box 1a gains |  |  |

## Instructions for the Regulated Investment Company and the Real Estate Investment Trust

## (Continued)

Box 1c. The section 1202 gain is the portion of box 1a that is attributable to the sale or exchange by the RIC of qualified small business stock issued after August 10, 1993, and held for more than 5 years. Enter the shareholder's allocable portion of the amount from box 1a attributable to a section 1202 gain. In addition, attach a statement that reports separately for each designated section 1202 gain: the amount of the section 1202 gain, the name of the corporation that issued the stock, the dates on which the RIC acquired and sold the stock, and the shareholder's portion of the RIC's adjusted basis and sales price of the stock.
Box 1d. Enter the shareholder's allocable portion of the amount from box 1a attributable to collectibles gain ( $28 \%$ rate gain). Do not include any section 1202 gain in box 1d.
Box 2. Enter the tax paid on the amount in box 1a.
Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it
to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . . 3 hr., 6 min.
Learning about the
law or the form . . . . . . . . . . . . . 47 min .

## Preparing and sending

## the form to the IRS

 52 min .If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the Instructions for Form 1120-RIC or Form 1120-REIT.

| -2848 | Power of Attorney and Declaration of Representative <br> Type or print. See the separate instructions. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| (Rev. March 2004) |  |  | For IRS Use Only Received by: |  |  |
| (Rev. March 2004) <br> Department of the Treasury Internal Revenue Service |  |  |  |  |  |
|  |  |  | Telephone <br> Function |  |  |
| 1 Taxpayer information. Taxpayer(s) must sign and date this form on page 2, line 9. |  |  | Date | / | / |
| Taxpayer name(s) and address |  | Social security number(s) | Employer identification number |  |  |
|  |  | ! |  |  |  |
|  |  | Daytime telephone number ( ) | Plan number (if | app | icable) |

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

| Name and address |  |
| :---: | :---: |
| Name and address |  |
| Name and address |  |

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:
3 Tax matters

| Type of Tax (Income, Employment, Excise, etc.) <br> or Civil Penalty (see the instructions for line 3) | Tax Form Number <br> (1040, 941, 720, etc.) | Year(s) or Period(s) <br> (see the instructions for line 3) |
| :---: | :---: | :---: |
|  |  |  |
|  |  |  |
|  |  |  |

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific uses not recorded on CAF.
5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative, the power to sign certain returns, or the power to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information.
Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. See Unenrolled Return Preparer on page 2 of the instructions. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Circular 230. See the line 5 instructions for restrictions on tax matters partners.

List any specific additions or deletions to the acts otherwise authorized in this power of attorney:

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE OR CASH, refund checks, initial here and list the name of that representative below.

Name of representative to receive refund check(s)

7 Notices and communications. Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2.
a If you also want the second representative listed to receive a copy of notices and communications, check this box
b If you do not want any notices or communications sent to your representative(s), check this box
8 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here. YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.
9 Signature of taxpayer(s). If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

- IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL bE RETURNED.



## Part II Declaration of Representative

Caution: Students with a special order to represent taxpayers in Qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program, see the instructions for Part II.
Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Treasury Department Circular No. 230 ( 31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
a Attorney-a member in good standing of the bar of the highest court of the jurisdiction shown below.
b Certified Public Accountant-duly qualified to practice as a certified public accountant in the jurisdiction shown below.
c Enrolled Agent-enrolled as an agent under the requirements of Treasury Department Circular No. 230.
d Officer-a bona fide officer of the taxpayer's organization.
e Full-Time Employee-a full-time employee of the taxpayer.
f Family Member-a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
$\mathbf{g}$ Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10.3(d) of Treasury Department Circular No. 230).
h Unenrolled Return Preparer-the authority to practice before the Internal Revenue Service is limited by Treasury Department Circular No. 230, section 10.7 (c)(1)(viii). You must have prepared the return in question and the return must be under examination by the IRS. See Unenrolled Return Preparer on page 2 of the instructions.
- IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. See the Part II instructions.

| Designation—Insert <br> above letter (a-h) | Jurisdiction (state) or <br> identification | Signature | Date |
| :--- | :---: | :---: | :---: |
|  |  |  |  |
|  |  |  |  |
|  |  |  | Form 2848 (Rev. 3-2004) |

# Instructions for Form 3115 

Department of the Treasury
Internal Revenue Service

## Application for Change in Accounting Method

Section references are to the Internal Revenue Code unless otherwise noted.

All references to Rev. Proc. 97-27 refer to Rev. Proc. 97-27, 1997-21 I.R.B. 10 (as modified and amplified by Rev. Proc. 2002-19, 2002-13 I.R.B. 696, as amplified and clarified by Rev. Proc. 2002-54, 2002-35 I.R.B. 432), or its successor.

All references to Rev. Proc. 2002-9 refer to Rev. Proc. 2002-9, 2002-3 I.R.B. 327, (as modified and clarified by Announcement 2002-17, 2002-8 I.R.B. 561, modified and amplified by Rev. Proc. 2002-19, 2002-13 I.R.B. 696, and amplified, clarified and modified by Rev. Proc. 2002-54, 2002-35 I.R.B. 432), or its successor.

All references to Rev. Proc. 2004-1 refer to Rev. Proc. 2004-1, 2004-1 I.R.B. 1, as modified by Announcement 2004-8, 2004-6 I.R.B. 441, or its successor.

## General Instructions

## Purpose of Form

File Form 3115 to request a change in either an overall accounting method or the accounting treatment of any item. File a separate Form 3115 for each unrelated item or submethod, unless the IRS specifically permits (in published guidance) a change for more than one unrelated item or submethod to be requested on a single Form 3115.

Two procedures exist under which an applicant may request a change in accounting method:

Automatic Change Request. You must file under the automatic change request procedures if (a) the accounting method change is included in those procedures for the requested year of change and (b) you are within the scope of those procedures for the requested year of change (see Automatic Change Request Scope Limitations on page 3). A Form 3115 filed under these procedures may be reviewed by the IRS and you will be notified if information in addition to that requested on Form 3115 is required or if your request is denied. No user fee is required. An applicant that timely files and complies with an automatic change request procedure is granted consent to change its accounting method, subject to review by the IRS National Office and operating division director. See the instructions for Part I on page 3 for more information and the List of Automatic Accounting Method Changes beginning on page 8.

Advance Consent Request. If you are not within the scope of the automatic change request procedures for the requested year of change or the accounting method change you are requesting is not included in those procedures for the requested year of change, you may be able to file under the advance consent request procedures (see Advance Consent Request Scope Limitations on page 5). If the requested change is approved, the applicant will receive a letter ruling on the requested change. A user fee is required. See the instructions for Part III on page 5 for more information.

For general rules on changing an accounting method under:

| Automatic change <br> request procedures . . | See Rev. Proc. 2002-9, as modified by <br> Announcement 2002-17, Rev. Proc. <br> 2002-19, and Rev. Proc. 2002-54. |
| :--- | :--- |
| Advance consent <br> request procedures . . . |  |
| See Rev. Proc. 97-27, as modified by <br> Rev. Proc. 2002-19 and Rev. Proc. <br> 2002-54. |  |

For more information, see Rev. Proc. 2004-1, particularly section 9.
When filing Form 3115, applicants must determine if the IRS has published an accounting method revenue procedure, revenue ruling, notice, regulation, or other published guidance relating to the specific method the applicant is requesting to change. This guidance is published in the Internal Revenue Bulletin and, for years after 1995, is available at www.irs.gov.

For more information, see Pub. 538, Accounting Periods and Methods.

## Who Must File

Generally, a Form 3115 must be filed by or on behalf of each applicant seeking consent to change an accounting method. An "applicant" is a taxpayer whose accounting method is being changed.

For a consolidated group of corporations, the parent corporation must file the Form 3115 for a change in accounting method for itself or any member of the consolidated group. For a controlled foreign corporation or 10/50 corporation without a U.S. trade or business, the Form 3115 must be filed, respectively, by the controlling U.S. shareholder(s) or majority domestic corporate shareholder(s). If the U.S. shareholder(s) is a member of a consolidated group, the parent corporation must file Form 3115 for the U.S. shareholder on behalf of the foreign corporation.

Generally, a separate Form 3115 must be filed for each applicant that is part of a related group of corporations. However, a single Form 3115 may be filed by a parent corporation requesting the identical accounting method change on behalf of more than one member of a consolidated group.

## When and Where To File

Automatic change requests. A Form 3115 that is filed under the automatic change request procedures is filed in duplicate. The original must be attached to the filer's timely filed (including extensions) Federal income tax return for the year of change. A copy of the Form 3115 must be filed with the IRS National Office (see page 2) no earlier than the first day of the year of change and no later than when the original is filed with the Federal income tax return for the year of change. See also Late Application on page 2 and instructions for lines 4d and 4e on page 4.
Advance consent requests. A Form 3115 that is filed under the advance consent request procedures must be filed during the tax year for which the change is requested. If the tax year is a short period, file Form 3115 by the last day of the short tax year. File the Form 3115 with the IRS National Office (see page 2). Form 3115 should be filed as early as possible during the year of change to provide adequate time for the IRS to respond prior to the due date of the applicant's return for the year of change. See also Late Application on page 2 and instructions for lines $4 d$ and $4 e$ on page 4 .

File Form 3115 at the applicable IRS address listed below.

|  | For applicants (other than exempt organizations) filing <br> under. . . |  |
| :--- | :--- | :--- |
|  | Advance consent request <br> procedures | Automatic change request <br> procedures |
| Delivery | Internal Revenue Service <br> by mail <br> Attn: CC:PA:LPD <br> P.O. Box 7604 <br> Ben Franklin Station <br> Washington, DC 20044 | Internal Revenue Service <br> Attn: CC:IT\&A (Automatic <br> Rulings Branch) <br> P.O. Box 7604 <br> Ben Franklin Station <br> Washington, DC 20044 |
| Delivery | Internal Revenue Service <br> by <br> Attn: CC:PA:LPD <br> private <br> Relivery <br> 1111 Constitution Ave., NW <br> Wervice | Internal Revenue Service <br> Washington, DC 20224 |

For exempt organizations filing under the advance consent or automatic change request procedures. . .

| By mail ................. | By designated private delivery <br> service. . . |
| :--- | :--- |
| Internal Revenue Service | Internal Revenue Service <br> Tax Exempt \& Government Entities <br> Tax Exempt \& Government Entities <br> Attn: TEGE:EO <br> A.O. Box 27720 |
| Attn: TEGE:EO <br> McPherson Station <br> Washington, DC 20038 | Washington, DC 20038 |

The IRS normally acknowledges receipt of a filed Form 3115 for an advance consent request within 60 days after receipt. If an acknowledgement has not been received within 60 days of filing Form 3115, the filer of an advance consent request can inquire to: Internal Revenue Service, Control Clerk, CC:IT\&A, Room 4516, 1111 Constitution Ave., NW, Washington, DC 20224.

Note: The filer of an automatic change request will not receive an acknowledgment.

## Late Application

In general, a taxpayer that fails to timely file a Form 3115 will not be granted an extension of time to file except in unusual and compelling circumstances. See Regulations section 301.9100-3 for the standards that must be met. For information on the period of limitations, see section 5.02(2) of Rev. Proc. 2004-1.

In certain circumstances, an automatic extension of time to file is available for automatic change requests. For details, see section 6.02(3)(b) of Rev. Proc. 2002-9.

A taxpayer submitting a ruling request for an extension of time to file Form 3115 must pay a user fee for its accounting method change request and a separate user fee for its extension request. For the schedule of user fees, see (A)(3)(b) in Appendix A of Rev. Proc. 2004-1.

## Specific Instructions

## Name(s) and Signature(s)

Enter the name of the filer on the first line of page 1 of Form 3115. In the case of an advance consent request, the Form 3115 and any attached statements required to be signed must be signed and dated by, or on behalf of, the filer. In the case of an automatic consent request, the copy of the Form 3115 that is sent to the IRS National Office must be signed and dated by, or on behalf of, the filer; the Form 3115 attached to the income tax return (including any additional statements) does not need to be signed. The name and signature requirements are discussed below.

In general, the filer of the Form 3115 is the applicant. However, for certain corporations discussed in the following paragraphs, Form 3115 is filed on behalf of the applicant. If such an exception applies, enter the filer name and identification number on the first line of Form 3115 and enter the applicant's name and identification number on the fourth line. If Form 3115 is filed for multiple applicants in a consolidated group of corporations, attach a schedule listing each applicant, its identification number, and principal business activity code (see Principal Business Activity Code on page 3 ). This schedule may be combined with the information requested for Part III, line 23a (regarding the user fee) and Part IV (section 481 (a) adjustment). If multiple names and signatures are required (e.g., as in the case of controlled foreign corporations (CFCs) - see instructions below), attach a schedule labeled "SIGNATURE ATTACHMENT" to the Form 3115 , signed under penalties of perjury using the same language as in the declaration on page 1 of Form 3115. Receivers, trustees, or assignees must sign the Form 3115 they are required to file.
Individuals. If Form 3115 is filed for a husband and wife who file a joint income tax return, enter the names of both on the first line and the signatures of both on the signature line.
Partnerships. Enter the name of the partnership on the first line of Form 3115. In the signature section of Form 3115, enter the signature of one of the general partners or limited liability company members authorized to sign and that person's name and title below the signature.

## Corporations, personal service corporations, S corporations, cooperatives, and insurance companies.

 Enter the name of the filer on the first line of Form 3115. In the signature section of Form 3115, enter the signature of the officer authorized to sign and the officer's name and title below the signature.Consolidated group of corporations. Enter the name of the parent corporation on the first line of Form 3115. Also enter the name(s) of the applicant(s) on the fourth line of Form 3115 if a member of the consolidated group other than, or in addition to, the parent corporation is requesting an accounting method change. Only an officer authorized to sign for the parent corporation may sign Form 3115.
Controlled foreign corporations (CFCs). For a CFC with a U.S. trade or business, use the same rules as other corporations. For a CFC that does not have a U.S. trade or business, enter the name(s) of the controlling U.S. shareholder(s) of the CFC on the first line of Form 3115 and the name of the CFC on the fourth line. All of the controlling U.S. shareholders must sign Form 3115.

However, if any controlling U.S. shareholder is a member of a consolidated group, enter the name of the shareholder's parent corporation rather than the shareholder's name on the first line of Form 3115. A person authorized to sign for the shareholder's parent corporation must sign Form 3115.
10/50 corporations. For a 10/50 corporation with a U.S. trade or business, use the same rules as other corporations. For a 10/50 corporation that does not have a U.S. trade or business, enter the name(s) of the majority domestic corporate shareholder(s) on the first line of Form 3115 and the name of the 10/50 corporation on the fourth line. A person authorized to sign for each of the majority domestic corporate shareholders must sign Form 3115.

However, if any majority domestic corporate shareholder is a member of a consolidated group, enter the name of the shareholder's parent corporation rather than the shareholder's name on the first line of Form 3115. A person authorized to sign for the shareholder's parent corporation must sign Form 3115.
Estates or trusts. Enter the name of the estate or trust on the first line of Form 3115. In the signature section of Form 3115, enter the signature of the fiduciary, personal representative, executor, administrator, etc., having legal authority to sign and that person's name and official title below the signature.
Exempt organizations. Enter the name of the organization on the first line of Form 3115. In the signature section of Form

3115 enter the signature of a principal officer or other person authorized to sign and that person's name and official title below the signature.
Preparer (other than filer/applicant). If the individual preparing the Form 3115 is not the filer or applicant, the preparer also must sign. However, in the case of an automatic change request, the Form 3115 attached to the income tax return does not need to be signed.

## Identification Number

Enter the filer's taxpayer identification number on the first line of Form 3115.

Individuals enter their social security number (SSN) (or individual taxpayer identification number (ITIN) for a resident or nonresident alien). If the Form 3115 is for a husband and wife who file a joint return, enter the identification number of both.

For all others, enter the employer identification number (EIN).

For a consolidated group of corporations enter the EIN of the parent corporation on the first line of Form 3115. Enter the EIN of the applicant on the fourth line if a member of the consolidated group other than, or in addition to, the parent corporation is requesting the accounting method change.

If Form 3115 is filed on behalf of a CFC or 10/50 corporation, and the foreign corporation does not have an EIN, it does not have to obtain one. Instead, enter "N/A" next to the CFC's or 10/50 corporation's name on the fourth line.

## Principal Business Activity Code

For filer(s) that are businesses, enter the six-digit principal business activity (PBA) code of the filer. The principal business activity of the filer is the one generating the largest percentage of its total receipts. The PBA code is based on the North American Industry Classification System (NAICS) codes. See the instructions for the income tax return of the filer for the filer's PBA code and definition of "total receipts."
Note: An applicant requesting to change its accounting method under designated automatic accounting method change numbers 33 and/or 51 in the List of Automatic Accounting Method Changes beginning on page 8 must attach a schedule to the Form 3115 listing the detailed NAICS code associated with the applicant's principal business activity. See Rev. Proc. 2002-28, 2002-18 I.R.B. 815, for further guidance.

## Address

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the filer has a P.O. box, show the box number instead of the street address.

## Contact Person

The contact person must be an individual authorized to sign Form 3115, or the filer's authorized representative. If this person is someone other than an individual authorized to sign Form 3115, you must attach Form 2848, Power of Attorney and Declaration of Representative.

An individual authorized to represent the filer before the IRS, to receive a copy of the requested letter ruling, or to perform any other act(s), must properly reflect the authorization on Form 2848. For further details for an authorized representative and a power of attorney, see section 9.03(8) and (9) of Rev. Proc. 2004-1.
Note: A filer that wants to receive correspondence regarding its Form 3115 (e.g., additional information letters or the letter ruling) by fax must attach to the Form 3115 a statement requesting this service. The attachment must also list the authorized name(s) and fax number(s) of the person(s) who are to receive the fax. The person(s) must be authorized to sign Form 3115 or an authorized representative of the filer that is included on Form 2848. For further details on the fax procedures, see section 9.04(3) of Rev. Proc. 2004-1.

## Type of Accounting Method Change Requested

Check the appropriate box described below indicating the type of change being requested.

- Depreciation or amortization. Check this box for a change in the (a) computation of depreciation or amortization (e.g., the depreciation method or recovery period), (b) treatment of salvage proceeds or costs of removal, (c) method of accounting for retirements of depreciable property, or (d) treatment of depreciable property from a single asset account to a multiple asset account (pooling), or vice versa.
- Financial products and/or financial activities of financial institutions. Check this box for a change in the treatment of a financial product (e.g., accounting for debt instruments, derivatives, mark-to-market accounting, etc.), or in the financial activities of a financial institution (e.g., a lending institution, a regulated investment company, a real estate investment trust, a real estate mortgage investment conduit, a financial asset securitization investment trust, etc.).
- Other. For advance consent requests, check this box if neither of the above boxes applies to the requested change. State the type of method change being requested and, in the space provided, enter a short description of the change (e.g., LIFO to FIFO, change within section 263A costs, deduction of warranty expenses, changes to the completed contract method for long-term contracts, etc.). For automatic change requests, this informational requirement is satisfied by properly completing Part I, line 1 of Form 3115.

Follow the instructions below to correctly complete Form 3115.

- Applicants requesting to change an accounting method using the automatic change request procedures must complete Parts I, II, and IV.
- Applicants requesting a change to an accounting method using the advance consent request procedures must complete Parts II, III, and IV.
- All applicants must complete Schedules A, B, C, D, and E, as applicable, for the change in accounting method requested.
- Attachments submitted with Form 3115 must show the filer's name and identification number. Also, indicate that the information is an attachment to Form 3115.
- Report amounts in U.S. dollars, translated, if necessary, from functional currency with a statement of exchange rates used.
- If more room is needed to respond to any line, attach a schedule labeled with the line number providing the applicable information.


## Part I—Information For Automatic Change Request

## Automatic Change Request Scope Limitations

An applicant may not be eligible to use the automatic change request procedures with respect to an automatic change provided by Rev. Proc. 2002-9 (either in the Appendix or included by reference in other published guidance) if any of the following six scope limitations (section 4.02 of Rev. Proc. 2002-9 as modified by Rev. Proc. 2002-19) apply at the time the copy of the Form 3115 would be filed with the IRS National Office and if the scope limitation(s) is applicable to the requested automatic accounting method change as described in the applicable section of the Appendix of Rev. Proc. 2002-9 or other published guidance.

1. The applicant is under examination, except as provided in section 4.02(1) of Rev. Proc. 2002-9.
2. The applicant is (or was formerly) a member of a consolidated group that is under examination, or before

Appeals, or before a Federal court for the tax year(s) the applicant was a member of the group. For more information, see section 4.02(4) of Rev. Proc. 2002-9.
3. In the case of a partnership or S corporation, the accounting method the applicant is requesting to change is an issue under consideration in an examination, or by an Appeals office, or before a Federal court with respect to a partner, member, or shareholder of the applicant. For more information, see section 4.02(5) of Rev. Proc. 2002-9.
4. The applicant made or applied to make the same change in accounting method within the last 5 tax years, including the year of change. For more information, see section 4.02(6) of Rev. Proc. 2002-9.
5. The applicant engages in a transaction to which section 381(a) applies within the proposed tax year of change. For more information, including exceptions to this limitation, see section 4.02(7) of Rev. Proc. 2002-9.
6. The applicant is in the final tax year of its trade or business as described in sections 4.02(8) and 5.04(3) of Rev. Proc. 2002-9.

Line 1. Enter the designated automatic accounting method change number on line 1(a). These numbers may be found in the List of Automatic Accounting Method Changes beginning on page 8, or in subsequently published guidance. In general, enter a number for only one change. However, in certain limited circumstances, the numbers for two changes may be entered on line 1(a). The List of Automatic Accounting Method Changes specifies which requests for change in accounting method may be made with another request for change.

If the accounting method change is not included in the List of Automatic Accounting Method Changes or assigned a number in subsequently published guidance, the filer should check the box for line 1(b) and identify the revenue procedure or other published guidance under which the accounting method change is being requested.

Filers who properly complete line 1 have fulfilled the label requirements of section 6.02(4)(a) of Rev. Proc. 2002-9 and any similar requirements in other guidance.
Line 2. An applicant filing under the automatic change request procedures should review the applicable accounting method change section in the Appendix of Rev. Proc. 2002-9, or the procedures in other published guidance, if applicable, to determine if the scope limitations of section 4.02 of Rev. Proc. 2002-9, as modified by Rev. Proc. 2002-19, are inapplicable to the specific change in accounting method requested.

Line 2 is asking whether the scope limitations do not apply to the accounting method change being requested. By answering "Yes" on line 2, the applicant is stating that the Appendix of Rev. Proc. 2002-9 or the procedures in other published guidance specifically state that the scope limitations are not applicable to the requested accounting method change. However, the applicant must complete all the lines in Part II, Information For All Requests. If any of the scope limitations apply to the requested accounting method change and apply to the applicant, the applicant may not request an automatic accounting method change. However, the applicant may be eligible to request its change under the advance consent request procedures. See Part III-Information For Advance Consent Request on page 5 of these instructions to determine if these procedures apply to the applicant. The descriptions of the automatic changes in the List of Automatic Accounting Method Changes indicate whether, with respect to a particular change, scope limitations may not apply. Refer to section 4 of Rev. Proc. 2002-9, as modified by Rev. Proc. 2002-19, for specific requirements regarding scope limitations.
Line 3. If the applicant would be required by section 5.04(3)(c) of Rev. Proc. 2002-9 to take the entire amount of the section 481(a) adjustment into account in computing taxable income for the year of change, and if section 4.02(8) of Rev. Proc. 2002-9 applies to the applicant's accounting method change request, the applicant is not eligible to make the change under automatic change request procedures.

## Part II—Information For All Requests

Note: For lines $4 a, 4 b, 4 c, 5 a, 5 c$, and 6 , the reference to "applicant" includes the applicant and any present or former consolidated group in which the applicant was a member during the applicable tax year(s). A reference to "applicable tax year(s)" includes any tax years for which the applicant's present or former consolidated group is under examination, before Appeals, and/or before a Federal court if the applicant was a member of the group in those tax years. For each of the applicable lines (4a, 4b, 4c, 5a, 5c, and/or 6), attach to the Form 3115 a list of the beginning and ending dates of the tax year(s) that the applicant (including its present and former consolidated group) is under examination, before Appeals, and/or before a Federal court. If the method of accounting the applicant is requesting to change is an issue either under consideration, placed in suspense, or pending for any tax year under examination, or if the method of accounting the applicant is requesting to change is an issue under consideration by an Appeals office or by a Federal court, indicate the applicable tax year(s).
Line 4a. The applicant is under examination if it has a Federal income tax return under examination on the date the Form 3115 is filed. For the definition of "under examination," see section 3.07 of Rev. Proc. 97-27 or section 3.08 of Rev. Proc. 2002-9, both as modified by Rev. Proc. 2002-19, as applicable.
Line 4b. The applicant's method of accounting is an issue under consideration if the applicant receives written notification from the examining agent specifically citing the treatment of the item as an issue under consideration. For further details, see section 3.08 of Rev. Proc. 97-27 or section 3.09 of Rev. Proc. 2002-9, as applicable. The applicant's method of accounting is an issue placed in suspense if the examining agent has given the applicant written notification that the issue is placed in suspense.
Line 4c. The applicant's method of accounting is an issue pending if the IRS has given the applicant written notification indicating that an adjustment is being made or will be proposed with respect to the applicant's method of accounting for the tax year(s) under examination. Attach a copy of this written notification to Form 3115. For further details, see section $6.01(5)$ of Rev. Proc. 97-27 or section 6.03(6) of Rev. Proc. 2002-9, both as modified by Rev. Proc. 2002-19, as applicable.
Line 4d. A taxpayer under examination may request to change an accounting method if the operating division director consents to the filing of the Form 3115. The operating division director will consent to the filing of the Form 3115 unless, in the opinion of the operating division director, the method of accounting to be changed would ordinarily be included as an item of adjustment in the year(s) for which the applicant is under examination. The applicant should submit its request for the consent of the operating division director to the examining agent. If the operating division director consents to the filing of the Form 3115, the consent must be attached to the Form 3115 filed with the IRS National Office. Also, the applicant must submit the operating division director copy of Form 3115 to the examining agent at the same time the Form 3115 is filed with the IRS National Office. For applicants filing under the automatic change request procedures, attach to the Form 3115 submitted with the filer's income tax return a written statement certifying that (a) the written consent was obtained from the director and (b) the applicant will retain a copy of the consent for inspection by the IRS. For further details, see section $6.01(4)$ of Rev. Proc. 97-27 or section 6.03(4) of Rev. Proc. 2002-9, as applicable.
Line $4 \mathbf{e}$. The following exceptions apply to the under examination scope limitations:

- 90-day window period. This exception applies during the first 90 days of any tax year if the applicant has been under examination for at least 12 consecutive months as of the first day of the tax year. The 90-day window period exception does not apply if the method the applicant is requesting to change is an issue under consideration or placed in suspense by the examining agent. For further details, including the required
statement, see section 6.01(2) of Rev. Proc. 97-27 or 6.03(2) of Rev. Proc. 2002-9, as applicable.
- 120-day window period. This exception applies during the 120-day period following the date an examination ends regardless of whether a subsequent examination has commenced. For the definition of when an examination ends, see section 3.07 of Rev. Proc. 97-27 or section 3.08 of Rev. Proc. 2002-9, as applicable. The 120-day window period exception does not apply if the method the applicant is requesting to change is an issue under consideration or placed in suspense by the examining agent. Applicants should include the ending date of the examination that qualifies the applicant to file under the 120-day window. For further details, including the required statement, see section 6.01(3) of Rev. Proc. 97-27 or section 6.03(3) of Rev. Proc. 2002-9, as applicable.
Line 5a. If the applicant has any Federal income tax return before Appeals and/or a Federal court, refer to sections 6.02 and 6.03 of Rev. Proc. 97-27 or sections 6.04 and 6.05 of Rev. Proc. 2002-9, both as modified by Rev. Proc. 2002-19, as applicable.
Line 5c. Except as otherwise provided in published guidance, an applicant that is requesting to change a method of accounting that is an issue under consideration by Appeals and/or a Federal court will not receive audit protection for the requested change. For further details, see sections 6.02 and 6.03 of Rev. Proc. 97-27 or 6.04 and 6.05 of Rev. Proc. 2002-9, both as modified by Rev. Proc. 2002-19, as applicable.
Line 6. The information requested on line 6 may be provided in an attachment that includes the information requested on line $4 f$ and/or line 5a, as applicable.
Line 8. Indicate the lack of audit protection by checking the "Yes" box. An applicant filing under the automatic change request procedures should review the applicable accounting method change section in the Appendix of Rev. Proc. 2002-9, or the procedures in other published guidance, if applicable, to determine if, under the specific change in accounting method requested, the applicant will not receive audit protection in connection with the change. Applicants filing under either the automatic change or advance consent request procedures must also indicate lack of audit protection for their change if audit protection does not apply under the provisions of sections $6.01(5), 6.02$ or 6.03 of Rev. Proc. 97-27, or under sections 6.03(6), 6.04 or 6.05 of Rev. Proc. 2002-9, both as modified by Rev. Proc. 2002-19.
Line 13. Each applicant, including each applicant that is a member of a consolidated group filing a single Form 3115 requesting the identical accounting method change, must attach a schedule describing its trade(s) or business(es) for each separate trade or business of the applicant. For guidance regarding the phrase "separate trade or business," see Regulations section 1.446-1(d).
Line 14. Insurance companies must also state whether the proposed method of accounting will be used for annual statement accounting purposes.
Line 16. For details on requesting and scheduling a conference of right, see sections 9.05(4) and 10 of Rev. Proc. 2004-1.
Line 17. For an applicant changing to or from the cash method or changing its method of accounting under sections 263A, 448, 460 , or 471 , enter the gross receipts, as determined under the applicable Code section, of the applicant and other taxpayers, as applicable.


## Part III—Information For Advance Consent Request

## Advance Consent Request Scope Limitations

An applicant may not use the advance consent request procedures if any of the following four scope limitations apply at the time the Form 3115 would be filed with the IRS National Office. See Rev. Proc. 97-27 as modified by Rev. Proc. 2002-19.

1. The change in accounting method is required to be made pursuant to a published automatic change procedure. For more information, see section 4.02(1) of Rev. Proc. 97-27.
2. The applicant is under examination, except as provided in section 4.02(2) of Rev. Proc. 97-27.
3. The applicant is (or was formerly) a member of a consolidated group that is under examination, or before Appeals, or before a Federal court for the tax year(s) the applicant was a member of the group. For more information, see section 4.02(5) of Rev. Proc. 97-27.
4. In the case of a partnership or S corporation, the accounting method the applicant is requesting to change is an issue under consideration in an examination, or by an Appeals office, or before a Federal court with respect to a partner, member, or shareholder of the applicant. For more information, see section 4.02(6) of Rev. Proc. 97-27.
Line 18. If the requested change is covered by an automatic change request procedure, and the procedure applies to the applicant for the requested year of change, the applicant is not eligible to file an advance consent request. If the requested change is covered by an automatic change request procedure, explain why the applicant is requesting to make the change under advance consent request procedures.
Line 19. For further details on what is to be included in the attachment, see sections 9.03(1) (facts and other information), 9.03(4) (analysis of material facts), 7.01(8) and 9.03(1) (statement of supporting authorities), 9.03(2) (statement of contrary authorities), and 9.03(7) (statement identifying pending legislation) of Rev. Proc. 2004-1.
Line 20. True copies of all contracts, agreements, and other documents directly related to the proposed accounting method change must be submitted with the request. See section 9.03(3) of Rev. Proc. 2004-1.
Line 21. For further details on what is to be included in the attachment, see section 7.01(1)(d) of Rev. Proc. 2004-1.
Line 23. Taxpayers filing under the advance consent request procedures must pay a user fee for each Form 3115. See Appendix A of Rev. Proc. 2004-1. (Taxpayers filing under an automatic change request procedure do not pay a user fee.)

A separate user fee must be paid for each member of an affiliated group that files a Form 3115. However, a parent corporation requesting an identical accounting method change for more than one member of a consolidated group qualifies for a reduced user fee (see (A)(5) in Appendix A of Rev. Proc. 2004-1). If a filer qualifies for a reduced user fee under this provision, the filer must submit the additional information required by section 15.07 of Rev. Proc. 2004-1. Only the members of the consolidated group requesting the accounting method change are required to pay a user fee.

Filers whose gross income is less than the amount specified in (A)(4) in Appendix A of Rev. Proc. 2004-1 qualify for a reduced user fee. For the definition of gross income, see (B)(2) and (3) in Appendix A of Rev. Proc. 2004-1. If the filer qualifies for the reduced user fee under this provision, the filer must attach to the Form 3115 the representation required by $(B)(1)$ in Appendix A of Rev. Proc. 2004-1.

For information on user fees for tax-exempt organizations, see Rev. Proc. 2004-8, 2004-1 I.R.B. 240 (or its successor).

The user fee (check or money order payable to the Internal Revenue Service) must be attached to the Form 3115 that is filed with the IRS National Office.

## Part IV—Section 481(a) Adjustment

Line 24. Certain accounting method changes require the use of the cut-off method. In those cases there is no section 481(a) adjustment.
Line 25. Attach a schedule showing the section 481(a) adjustment for each applicant included in the Form 3115. This schedule may be combined with the information requested on the fourth line on page 1 (list of applicants, their identification numbers, and their principal business activity codes) and on line 23 (user fee). Include a summary of the computation of the
section 481(a) adjustment and an explanation of the methodology used to determine it. If the section 481(a) adjustment is based on more than one component of the accounting method being changed, include a summary of the computation for each component. The summary of the computation and explanation of the section 481(a) adjustment need not be extensive but should be sufficient to demonstrate that the section 481(a) adjustment is being computed correctly.

Example. Under its present method, XYZ Corporation is deducting certain costs that are required to be capitalized into inventory under section 263A. XYZ Corporation is proposing to change its method of accounting to properly capitalize such costs. The computation of the section 481 (a) adjustment with respect to the change in method of accounting may be demonstrated as follows:

Beginning inventory for year of change under proposed method
\$120,000
Beginning inventory for year of change under present method

100,000
Difference (positive section 481(a) adjustment)
+\$ 20,000

## Schedule A—Change in Overall Method of Accounting

## Part I—Change in Overall Method

All applicants filing to change their overall method of accounting must complete Part I, including applicants filing under designated automatic accounting method change numbers 30, 32, 33, and 34 in the List of Automatic Accounting Method Changes.
Lines 1a through 1g. Enter the amounts requested on lines 1a through 1g, even though the calculation of some amounts may not have been required in determining taxable income due to the applicant's present method of accounting.

Note: Do not include amounts that are not attributable to the change in method of accounting, such as amounts that correct a math or posting error or errors in calculating tax liability.
Line 1b. Enter amounts received or reported as income in a prior year that were not earned as of the beginning of the year of change. Examples include:

1. An advance payment received in a prior year for goods that were not delivered by the beginning of the year of change may be reported upon delivery if the taxpayer qualifies under Regulations section 1.451-5. If any amounts entered on line 1b are for advance payments, complete Schedule B.
2. A discount on installment loans is reported as income in the year the loans were made instead of in the year(s) the income was received or earned.

Line $\mathbf{1 h}$. The following example illustrates how an applicant calculates the section 481(a) adjustment when changing to an accrual method, a nonaccrual-experience method, and the recurring item exception.

Example. ABC corporation, a calendar year taxpayer using the cash method of accounting, has the following items of unreported income and expense on December 31, 2003:

Accrued income . . . . . . . . . . . . . . . . . . . . . . . . . . . . \$250,000

| Uncollectible amounts based on |
| :--- |
| the nonaccrual-experience method . . . . . . . . . . . . |$\quad 50,000$

Accrued amounts properly
deductible (economic performance has occurred) . . . $\quad 75,000$
Expenses eligible for recurring item exception 5,000
$A B C$ corporation changes to an overall accrual method, a nonaccrual-experience method, and the recurring item exception for calendar year 2004. The section 481(a) adjustment is calculated as follows:

Accrued income . . . . . . . . . . . . . . . \$250,000
Less:
Uncollectible amount
50,000
Net income accrued but not received .
\$200,000
Less:
$\begin{array}{lr}\text { Accrued expenses . . . . . . . . . . . . . } & 75,000 \\ \text { Expenses deducted as recurring item } & 5,000\end{array}$
Total expenses accrued but not paid
80,000
Section 481(a) adjustment
\$120,000
Line 2. If an applicant is requesting to use the recurring item exception (section 461(h)(3)), the section 481(a) adjustment must include the amount of the additional deduction that results from using the recurring item exception.

## Part II-Change to the Cash Method For Advance Consent Request

Limits on cash method use. Except as provided below, C corporations and partnerships with a C corporation as a partner may not use the cash method of accounting. Tax shelters, also, are precluded from using the cash method. For this purpose, a trust subject to tax on unrelated business income under section 511(b) is treated as a C corporation with respect to its unrelated trade or business activities.

The limit on the use of the cash method under section 448 does not apply to:

1. Farming businesses as defined in section 448(d)(1).
2. Qualified personal service corporations as defined in section 448(d)(2).
3. C corporations and partnerships with a C corporation as a partner if the corporation or partnership has gross receipts of $\$ 5$ million or less. See section 448(b)(3) and (c) to determine if the applicant qualifies for this exception.

For farming corporations and partnerships with a C corporation as a partner, see section 447 for limits on the use of the cash method.

Use of the cash method is also limited under Regulations sections $1.471-1$ and 1.446-1(c)(2)(i) if the applicant purchases, produces, or sells merchandise that is an income-producing factor in its business. However, for exceptions to this limitation, see section 5.05 in the Appendix of Rev. Proc. 2002-9 and Rev. Proc. 2002-28.

## Schedule B—Change in Reporting Advance Payments

Line 1. In general, payments received for services to be performed in the future must be included in gross income in the tax year of receipt. However, Rev. Proc. 71-21, 1971-2 C.B. 549, allows applicants on the accrual method, in certain circumstances, to defer for Federal income tax purposes, payments received (or amounts due and payable) in one tax year, if the services are to be performed by the end of the succeeding tax year.
Line 2. Advance payments received from a contract for the sale of goods generally may be deferred for Federal income tax purposes until the second year following the receipt of substantial advance payments on the contract. See Regulations section 1.451-5 for requirements that must be met and for the definition of "substantial advance payments."

## Schedule C—Changes Within the LIFO Inventory Method

Use this schedule to request a change from one LIFO inventory method or submethod to another LIFO inventory method or submethod. All applicants changing within the LIFO inventory method or submethods must complete Part I. Complete Part II only if applicable.

## Part I—General LIFO Information

Line 6. Applicants changing to the IPIC method must use this method for all LIFO inventories. This includes applicants requesting designated automatic accounting method change numbers 61 or 62 in the List of Automatic Accounting Method Changes.

## Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets

## Part I-Change in Reporting Income From Long-Term Contracts

Line 2a. Under section 460(f), the term "long-term contract" means any contract for the manufacture, building, installation, or construction of property that is not completed in the tax year in which it is entered into. However, a manufacturing contract will not qualify as long-term unless the contract involves the manufacture of (a) a unique item not normally included in finished goods inventory or (b) any item that normally requires more than 12 calendar months to complete.

Generally, all long-term contracts entered into after July 10, 1989, that do not meet the exceptions under section 460(e) must be accounted for using the percentage of completion method. See section 460 and the related regulations.
Line 2b. To qualify for the contract exceptions under section 460(e), the contract must be:

1. A home construction contract entered into after June 20, 1988, involving dwelling units in buildings containing four or fewer units or
2. Any other construction contract entered into by the applicant if, at the time the contract is entered into, it is expected to be completed within 2 years and the applicant's average annual gross receipts determined under section 460(e)(2) for the 3 -year period preceding the tax year the contract was entered into did not exceed $\$ 10$ million.

Line 4b. Under the simplified cost-to-cost method, only certain costs are used in determining both (a) costs allocated to the contract and incurred before the close of the tax year and (b) estimated contract costs. These costs are: (1) direct material costs; (2) direct labor costs; and (3) allowable deductions for depreciation, amortization, and cost recovery allowances on equipment and facilities directly used to construct or produce the subject matter of the long-term contract. See Regulations section 1.460-5(c).

## Part II—Change in Valuing Inventories Including Cost Allocation Changes

If the applicant is currently using a LIFO inventory method or submethod and is changing to another LIFO inventory method or submethod, Part II is not applicable. Use Schedule C, Changes Within the LIFO Inventory Method.
Line 3. If an applicant is subject to, but not in compliance with, section 263A, generally on the same Form 3115 the applicant must first comply with section 263A before changing an inventory valuation method. The applicant must complete Schedule D, Part III, Method of Cost Allocation. For exceptions, see Regulations section 1.263A-7(b)(2).
Line 5a. If the applicant properly elected the LIFO inventory method but is unable to furnish a copy of Form(s) 970, attach the following statement to Form 3115:
"I certify that to the best of my knowledge and belief (name of applicant) properly elected the LIFO inventory method by filing Form 970 with its return for the tax year(s) ended (insert date(s)) and otherwise complied with the provisions of section 472(d) and Regulations section 1.472-3."
Line 5c. Attach the three statements required by section 10.01(4) in the Appendix of Rev. Proc. 2002-9.

## Part III—Method of Cost Allocation

Applicants requesting to change their method of accounting for any property (produced or acquired for resale) subject to section 263A or any long-term contracts as described in section 460 must complete this schedule.

If the change is for noninventory property that is subject to section 263A, attach a detailed description of the types of property involved and an explanation detailing how that property was accounted for prior to January 1, 1987.

There are several methods available for allocating and capitalizing costs under section 263A, and for allocating and, where appropriate, capitalizing costs properly allocable to long-term contracts. A change to or from any of these methods is a change in accounting method that requires IRS consent. Using the applicable regulations and notice listed below, the applicant should verify which methods are presently being used and the proposed methods that will be used before completing Schedule D, Part III. These methods are as follows:

## 1. Allocating Direct and Indirect Costs

- Specific identification method—Regulations sections
1.263A-1(f)(2) and 1.460-5.
- Burden rate method—Regulations sections 1.263A-1(f)(3)(i) and 1.460-5.
- Standard cost method-Regulations sections
$1.263 \mathrm{~A}-1$ (f)(3)(ii) and 1.460-5.
- Any other reasonable allocation method-Regulations sections 1.263A-1(f)(4) and 1.460-5.


## 2. Allocating Mixed Service Costs

- Direct reallocation method-Regulations section
1.263A-1(g)(4)(iii)(A).
- Step-allocation method-Regulations section
1.263A-1 (g)(4)(iii)(B).
- Simplified service cost method:

Using the labor-based allocation ratio-Regulations section $1.263 \mathrm{~A}-1(\mathrm{~h})(4)$.
Using the production cost allocation ratio-Regulations section $1.263 \mathrm{~A}-1(\mathrm{~h})(5)$.

- Any other reasonable allocation method-Regulations section 1.263A-1(f)(4).


## 3. Capitalizing Additional Section 263A Costs

- Simplified production method:

Without historic absorption ratio election-Regulations section 1.263A-2(b)(3).
With historic absorption ratio election-Regulations section 1.263A-2(b)(4).

- Simplified resale method:

Without historic absorption ratio election-Regulations section 1.263A-3(d)(3).
With historic absorption ratio election-Regulations section 1.263A-3(d)(4).

- U.S. ratio method-Notice 88-104, 1988-2 C.B. 443.
- Any other reasonable allocation method-Regulations section 1.263A-1(f)(4) (including the methods listed above under Allocating Direct and Indirect Costs).


## Schedule E—Change in Depreciation or Amortization

Automatic change for depreciable property. All applicants requesting to change their method of depreciation or amortization must complete Schedule E of Form 3115. Applicants changing their method of accounting for depreciation or amortization under the automatic change request procedures should see the depreciation changes in the List of Automatic Accounting Method Changes.

Do not file Form 3115:

1. To make an election under sections $167,168,1400$, $1400 \mathrm{~L}(\mathrm{~b})$, or $1400 \mathrm{~L}(\mathrm{c})$, or former section 168 ,
2. To revoke an election made under one of those sections,
3. To make or revoke an election under section 13261(g)(2) or (3) of the Revenue Reconciliation Act of 1993 (relating to section 197 intangibles),
4. To change the placed-in-service date,
5. To change the salvage value (except for a change in salvage value to zero when the salvage value is expressly treated as zero by the Code, the regulations, or other published guidance), or
6. To change a useful life under section 167 (except for a change to or from a useful life, recovery period, or amortization period that is specifically assigned by the Code, the regulations, or other published guidance).

## List of Automatic Accounting Method Changes

Listed below are automatic accounting method changes providing for the filing of Form 3115. The List of Automatic Accounting Method Changes includes regulatory automatic changes, changes provided for in the Appendix of Rev. Proc. 2002-9, and automatic changes provided for in other guidance. These automatic changes may be modified or supplemented with additional automatic changes by subsequently published guidance.

Note: The list provides a brief description of each automatic accounting method change that is included in the list. A filer/applicant may not rely on the list or the descriptions of accounting method changes in the list as authority for making an accounting method change. A filer/applicant that is within the scope of, and complies with, all the applicable provisions of the published guidance that authorizes each listed change may rely on the applicable published guidance as authority for its automatic accounting method change. If any information in the List of Automatic Accounting Method Changes conflicts with published guidance, the published guidance applies.

Each item in the list below:

- Designates an automatic accounting method change number
for each change for entry on line 1a of Form 3115.
- Briefly describes the accounting method change.
- Indicates if scope limitation rules may not apply.
- Indicates if audit protection may not apply.
- Indicates in some cases which schedules of Form 3115 to complete.
- Indicates in some cases any additional reporting requirements.
- Indicates in some cases if the change is made on a cut-off basis.
- Provides a reference to the basic published guidance (e.g., revenue procedure) that provides for the automatic change which filers should review prior to completing Part I, Information For Automatic Change Request, on page 1 of Form 3115.

1. Commodity Credit Corporation Ioans (section 77)— for loans received from the Commodity Credit Corporation, from including the loan amount in gross income for the tax year in which the loan is received to treating the loan amount as a loan. Scope limitations do not apply to this change. This change is made on a cut-off basis. See section 1.01 in the Appendix of Rev. Proc. 2002-9.
2. Lawyers handling cases on a contingent fee basis (section 162)-from treating advances of money to their clients for litigation costs as deductible business expenses to treating those advances as loans. See section 1A. 01 in the Appendix of Rev. Proc. 2002-9.
3. ISO 9000 costs (section 162)-to treating the costs as deductible, except to the extent they result in the creation or acquisition of an asset having a useful life substantially beyond the tax year. Scope limitations do not apply to this change. See section 1A. 04 in the Appendix of Rev. Proc. 2002-9.
4. Restaurant smallwares costs (section 162)-to the smallwares method described in Rev. Proc. 2002-12, 2002-3 I.R.B. 374 (i.e., as materials and supplies that are not incidental under Regulations section 1.162-3). Scope limitations do not apply to this change. The entire section 481(a) adjustment must
be taken into account in the year of change. See section 1A. 06 in the Appendix of Rev. Proc. 2002-9.
5. Bad debts (section 166)—for an applicant other than a bank, from accounting for bad debts using a reserve or other improper method to a specific charge-off method that complies with section 166. See section 1B. 01 in the Appendix of Rev. Proc. 2002-9.
6. Bad debt conformity for banks (section 166)—for banks other than new banks, to the method that conforms to Regulations section 1.166-2(d)(3) for the first time the bank makes this change, or to involuntarily revoke this method. This change does not fall under the procedures of Rev. Proc. 2002-9. Instead, see Regulations section 1.166-2(d)(3).
7. Depreciation or amortization (impermissible) (sections 56, 167, 168, 197, 1400I, 1400L, and former section 168)-from an impermissible method to a permissible method. Complete Schedule E of Form 3115. Attach the statements required by section 2.01(2)(b) in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2004-11, 2004-3 I.R.B. 311. Certain scope limitations do not apply. See section 2.01 in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2003-50, 2003-29 I.R.B. 119, and Rev. Proc. 2004-11.
8. Depreciation (permissible) (sections 56 and 167)from a permissible method to another permissible method. Complete Schedule E of Form 3115. For public utility property, attach the statement required by section 2.02(4)(d) in the Appendix of Rev. Proc. 2002-9. Certain scope limitations do not apply. See section 2.02 in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2004-11, 2004-3 I.R.B. 311.
9. Post-disposition depreciation or amortization (sections 56, 167, 168, 197, 1400l and 1400L, and former section 168)-for an item of depreciable or amortizable property disposed of by the taxpayer during the year of change for which the taxpayer deducted less than the depreciation allowable, from an impermissible method of accounting for depreciation or amortization to a permissible method of accounting for depreciation or amortization. Complete Schedule E of Form 3115. Scope limitations do not apply. Attach the original Form 3115 to the filer's timely filed amended income tax return for the year of change and file the IRS National Office copy no later than when the original Form 3115 is filed with that amended return. The amended income tax return must include the adjustments to taxable income and any collateral adjustments to taxable income or tax liability (e.g., adjustments to the amount or character of the gain or loss) resulting from this change in method of accounting. See Rev. Proc. 2004-11, 2004-3 I.R.B. 311.
10. Sale or lease transactions (sections 61, 162, 167, 168, and 1012)-from treating property as sold to treating property as leased, and vice versa, and from treating property as purchased to treating property as leased, and vice versa. Audit protection does not apply to this change. This change is made on a cut-off basis. See section 2.03 in the Appendix of Rev. Proc. 2002-9.
11. Modern golf course greens (sections 167, 168, and former section 168) -either to capitalization of land preparation costs undertaken in the construction of modern greens that are closely associated with depreciable assets or to the addition to basis of land for earthmoving costs inextricably associated with the land. Complete Schedule E of Form 3115. See section 2.04 in the Appendix of Rev. Proc. 2002-9.
12. Original and replacement tire costs (section 168)—for qualifying vehicles, to the original tire capitalization method. Complete Schedule E of Form 3115. Audit protection and scope limitations do not apply in certain cases. This change is made on a cut-off basis. See Rev. Proc. 2002-27, 2002-17 I.R.B. 802.
13. Depreciation of gas pump canopies (sections 167, 168, and former section 168)-for depreciation of certain stand-alone gasoline pump canopies and their supporting concrete footings, to classifying the gasoline pump canopies in asset class 57.0 of Rev. Proc. 87-56, 1987-2 C.B. 674, and to classifying the supporting concrete footings in asset class 00.3 of Rev. Proc. 87-56. Complete Schedule E of Form 3115. Scope limitations do not apply in certain cases. See Rev. Rul. 2003-54, 2003-23 I.R.B. 982.
14. Depreciation of utility assets (sections 167, 168, and former section 168)-for depreciation of assets owned by a utility used in general business operations, from classifying assets under the present method to classifying assets under Rev. Proc. 87-56,1987-2 C.B. 674. Complete Schedule E of Form 3115. Scope limitations do not apply in certain cases. See Rev. Rul. 2003-81, 2003-30 I.R.B. 126.
15. Depreciation of cable TV fiber optics (section 168)for depreciation of fiber optic node and trunk line of a cable television distribution system, to classifying the unit of property either as providing one-way communication services or two-way communication services. Scope limitations do not apply in certain cases. See Rev. Proc. 2003-63, 2003-32 I.R.B. 304.
16. Amortizable bond premium (section 171)-from amortizing bond premium to not amortizing the premium (revoking the section 171(c) election). Attach the statement required by section 1C.01(4) in the Appendix of Rev. Proc. 2002-9. This change is made on a cut-off basis. See section 1C.01 in the Appendix of Rev. Proc. 2002-9.
17. Research and experimental expenditures (section 174)-from the capitalization method to another permissible method, from the expense method to another permissible method, from the deferred expense method to another permissible method, or from the current period of amortization to a different period of amortization under the deferred expense method. Attach the statement required by section 2A.01(4) in the Appendix of Rev. Proc. 2002-9. Audit protection does not apply to this change. This change is made on a cut-off basis. See section 2A in the Appendix of Rev. Proc. 2002-9.
18. Computer software expenditures (sections 162 and 167) - for costs of developed, acquired, or leased or licensed computer software, to deductible expenses or capital expenditures and amortization (for developed software), to capital expenditures and depreciation or amortization (for acquired computer software), or to deductible expenses under Regulations section 1.162-11 (for leased or licensed computer software). Complete Schedule E of Form 3115 for changes relating to acquired computer software or developed computer software if the change is to capital expenditures and amortization. If applicable, attach the statement required by section 2B. 03 in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2004-11, 2004-3 I.R.B. 311. See section 2B in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2004-11.
19. Package design costs (section 263)—to the capitalization method, to the design-by-design capitalization and 60-month amortization method, or to the pool-of-cost capitalization and 48-month amortization method. For changes to the capitalization method or to the design-by-design capitalization and 60-month amortization method, attach the statement required by section 3.01(2) in the Appendix of Rev. Proc. 2002-9. See section 3.01 in the Appendix of Rev. Proc. 2002-9.
20. Line pack gas or cushion gas costs (section 263)-to treating the costs as capital expenditures, the costs of recoverable amounts as not depreciable, and the costs of unrecoverable amounts as depreciable. A taxpayer that changes its method for the costs of unrecoverable amounts also must change to a permissible method of depreciation for those costs. See section 3.02 in the Appendix of Rev. Proc. 2002-9.
21. Removal costs (section 263)—for certain costs incurred in the retirement and removal of depreciable assets, to a method that conforms with Rev. Rul. 2000-7, 2000-9 I.R.B. 712. For public utility property, attach the statement required by section 3.03(2)(b) in the Appendix of Rev. Proc. 2002-9. Scope limitations do not apply to this change. See section 3.03 in the Appendix of Rev. Proc. 2002-9.
22. Certain uniform capitalization methods used by small resellers, formerly small resellers, and reseller-producers (section 263A)-for qualifying applicants, to a qualifying method or methods. Complete Schedule D, Parts II and III, of Form 3115. Scope limitations do not apply in certain cases. See sections 6.01 and 6.02 of Rev. Proc. 2002-54, and section 4.01(5) in the Appendix of Rev. Proc. 2002-9.
23. Certain uniform capitalization methods used by producers and reseller-producers (section 263A) -for qualifying applicants, to a qualifying method or methods. Complete Schedule D, Parts II and III, of Form 3115. See section 6.03 of Rev. Proc. 2002-54.
24. Research and experimental expenditures under uniform capitalization methods (section 263A)-from capitalizing research and experimental expenditures to inventory to no longer capitalizing these costs to inventory. Complete Schedule D, Part II, of Form 3115, as applicable. Attach the statement required by section 4.04(2) in the Appendix of Rev. Proc. 2002-9. Audit protection does not apply to this change. See section 4.04 in the Appendix of Rev. Proc. 2002-9.
25. Impact fees (section 263A) —for impact fees incurred in connection with the new construction or expansion of a residential building, to treating the costs as capital expenditures allocable to the building. Complete Schedule E of Form 3115 if the building is depreciable. Scope limitations do not apply in certain cases. See Rev. Rul. 2002-9, 2002-10 I.R.B. 614.
26. Related party transactions (section 267) - for losses, expenses, and qualified stated interest incurred in transactions between related parties, to disallowing or deferring certain deductions attributable to such transactions in accordance with section 267. See section 4A. 01 in the Appendix of Rev. Proc. 2002-9.
27. Deferred compensation determination (section 404) -for determining whether an item of compensation is deferred compensation or when the item is paid, from making the determination by reference to when the item is secured to making the determination by reference to when the item is actually received. Audit protection and scope limitations do not apply to this change. The section 481(a) adjustment must be taken into account ratably over three tax years. See section 4B.01 in the Appendix of Rev. Proc. 2002-9.

## 28. Bonus or vacation pay deferred compensation

 (section 404)-for bonuses that are deferred compensation, from treating as deductible or capitalizable when accrued, to treating as deductible or capitalizable in the year in which includible in the employee's income, and for vacation pay that is deferred compensation, from treating as deductible or capitalizable when accrued to treating as deductible or capitalizable in the year in which paid to the employee. See section 4B. 02 in the Appendix of Rev. Proc. 2002-9.29. Grace period contributions (section 404)—for contributions made to a section 401 (k) qualified cash or deferred arrangement or matching contributions under section $401(\mathrm{~m})$, from treating contributions made after the end of the tax year but before the due date of the tax return as being "on account of" the tax year without regard to when the underlying compensation is earned to treating such contributions as not being "on account of" the tax year if they are attributable to compensation earned after the end of that tax year. Scope limitations do not apply in certain cases. See Rev. Rul. 2002-46, 2002-29 I.R.B. 117, as modified by Rev. Rul. 2002-73, 2002-45 I.R.B. 805.
30. Overall accrual method (section 446)—for a qualifying applicant, from a cash receipts and disbursements or a hybrid method to an overall accrual method, or to an overall accrual method in conjunction with the recurring item exception under section 461(h)(3), or to an overall accrual method for an applicant required to change to an overall accrual method under section 448, but who is ineligible to make the change under Regulations section 1.448-1(h)(2) (relating to the "first section 448 year"). Complete Schedule A, Part I, of Form 3115. Also complete Schedule D, Parts II and III, of Form 3115, as applicable. See section 5.01 in the Appendix of Rev. Proc. 2002-9.
31. Multi-year insurance policies for multi-year service warranty contracts (section 446)-for a manufacturer, wholesaler, or retailer of motor vehicles or other durable consumer goods accounting for multi-year insurance policies for multi-year service warranty contracts, to capitalizing and amortizing the costs. See section 5.03 in the Appendix of Rev. Proc. 2002-9.
32. Overall cash method ( $\$ 1$ million) (section 446)—for qualifying applicants changing to the overall cash method. Complete Schedule A, Part I, of Form 3115. Also, complete Schedule D, Parts II and III, of Form 3115, as applicable. Scope limitations do not apply to this change. The applicant may request this change and designated automatic accounting method change number 50 (small taxpayer ( $\$ 1$ million) inventory exception) on a single Form 3115. See section 5.05 in the Appendix of Rev. Proc. 2002-9.
33. Overall cash method ( $\$ 10$ million) (section 446) -for qualifying applicants changing to the overall cash method. Complete Schedule A, Part I, of Form 3115. Also, complete Schedule D, Parts II and III, of Form 3115, as applicable. Scope limitations do not apply to this change. The applicant may request this change and designated automatic accounting method change number 51 (small taxpayer ( $\$ 10$ million) inventory exception) on a single Form 3115. See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.
34. Overall accrual method (section 448)—to an overall accrual method for the applicant's first tax year it is required to change from the cash method by section 448 . Complete Schedule A, Part I, of Form 3115. Also, complete Schedule D, Parts II and III, of Form 3115, as applicable. This change does not fall under the procedures of Rev. Proc. 2002-9. Instead, see Regulations section 1.448-1.
35. Nonaccrual-experience method (section 448)-for an applicant changing its method of accounting for amounts received for the performance of services in fields described in section 448(d)(2)(A) (i.e., health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting), from an overall accrual method to a nonaccrual-experience method, from one nonaccrual-experience method to another nonaccrual-experience method, and/or from the present method to a periodic system under Notice 88-51, 1988-1 C.B. 535. Scope limitations do not apply to this change in certain cases. See Temporary Regulations section 1.448-2T(g) and (h) and Notice 88-51.
36. Interest accrual on non-performing loans (section 451) - for an accrual method bank accounting for qualified stated interest on non-performing loans, to the method whereby interest is accrued until either the loan is worthless under section 166 and is charged off as a bad debt or the interest is determined to be uncollectible. See section 5A.01 in the Appendix of Rev. Proc. 2002-9.
37. Advance rentals (section 451) -for advance rentals other than advance rentals subject to section 467, to inclusion in gross income in the tax year received. See section 5A.03 in the Appendix of Rev. Proc. 2002-9.
38. State tax refunds (section 451) - for an accrual method applicant with state or local income or franchise tax refunds, to accrue these items in the tax year the applicant receives payments or notice of approval of its refund claim (whichever is earlier), in accordance with Rev. Rul. 2003-3, 2003-2 I.R.B. 252. Scope limitations do not apply in certain cases. See Rev. Rul. 2003-3.
39. Capital cost reduction (CCR) payments (section 451) - for CCR payments (as defined in Rev. Proc. 2002-36, 2002-21 I.R.B. 993) made by vehicle lessees, to the method that excludes these payments from the applicant's gross income and from the applicant's bases in the purchased vehicles. Scope limitations do not apply in certain cases. See Rev. Proc. 2002-36.

## 40. Exclusion for certain returned magazines,

 paperbacks, or records (section 458) - for an accrual method applicant electing to exclude from gross income some or all of the income attributable to qualified sales during the tax year of magazines, paperbacks, or records that are returned before the close of the applicable merchandise return period for that tax year. The applicant's Form 3115 need contain only the information listed in Regulations section 1.458-2(d). This election does not fall under the procedures of Rev. Proc. 2002-9. Instead, see Regulations section 1.458-2.41. Percentage-of-completion (section 460)-for an applicant not required by section 460 to use the percentage-of-completion method to account for its long-term
contracts, from an exempt-contract method to the
percentage-of-completion method. Complete Schedule D, Parts I and III, of Form 3115. Audit protection does not apply to this change. This change is made on a cut-off basis. See section 7A.02 in the Appendix of Rev. Proc. 2002-9.
42. Timing of incurring employee medical benefits liabilities (section 461) - for an applicant with an obligation to pay an employee's medical expenses that is neither insured nor paid from a welfare benefit fund, to treatment as a liability incurred in the tax year in which the applicant's employee files the claim with the applicant. See section 8.01 in the Appendix of Rev. Proc. 2002-9.
43. Timing of incurring real property, personal property, and state income tax liabilities (section 461)-for a qualifying applicant, to treating these taxes as incurred in the tax year in which the taxes are paid, or to account for these taxes under the recurring item exception to the economic performance rules, or to revoke the ratable accrual election under section 461 (c). See section 8.02 in the Appendix of Rev. Proc. 2002-9.
44. Timing of incurring workers' compensation act, tort, breach of contract, or violation of law liabilities (section 461)-for a qualifying applicant accounting for self-insured liabilities arising under any workers' compensation act or out of any tort, breach of contract, or violation of law, to treating the liability as incurred in the tax year in which (a) all the events have occurred establishing the fact of the liability, (b) the amount of the liability can be determined with reasonable accuracy, and (c) payment is made to the person to which the liability is owed. See section 8.03 in the Appendix of Rev. Proc. 2002-9.
45. Timing of incurring payroll tax liabilities (section 461) - for FICA and FUTA taxes, state unemployment taxes, and railroad retirement taxes, to the method under which the applicant may deduct in Year 1 its otherwise deductible FICA and FUTA taxes, state unemployment taxes, and railroad retirement taxes imposed with respect to year-end wages properly accrued in Year 1, but paid in Year 2, if the requirements of the recurring item exception are met, or, for state unemployment taxes and railroad retirement taxes, to the method stated above where the applicant already uses that method of accounting for FICA and FUTA taxes. See section 8.04 in the Appendix of Rev. Proc. 2002-9.
46. Cooperative advertising (section 461) -to incurring a liability in the tax year in which these services are performed, provided the manufacturer is able to reasonably estimate this liability even though the retailer does not submit the required claim form until the following year. See section 8.05 in the Appendix of Rev. Proc. 2002-9.
47. Distributor commissions (section 461)-from deducting distributor commissions to capitalizing and amortizing distributor commissions using the distribution fee period method, the 5 -year method, or the useful life method. This change is made on a cut-off basis. See section 8.06(2) in the Appendix of Rev. Proc. 2002-9.
48. Cash discounts (section 471)—for cash discounts granted for timely payment, when such discounts approximate a fair interest rate, from a method of consistently including the price of the goods before discount in the cost of the goods and including in gross income any discounts taken to a method of reducing the cost of the goods by the cash discounts and deducting as an expense any discounts not taken, or vice versa. Complete Schedule D, Parts II and III, of Form 3115, as applicable. See section 9.01 in the Appendix of Rev. Proc. 2002-9.
49. Estimating inventory shrinkage (section 471)—from the present method of estimating inventory shrinkage in computing ending inventory to the "retail safe harbor method" in section 4 of Rev. Proc. 98-29, 1998-15 I.R.B. 22, or to a method other than the retail safe harbor method, provided (a) the applicant's present method of accounting does not estimate inventory shrinkage and (b) the applicant's new method of accounting (that estimates inventory shrinkage) clearly reflects income under section 446(b). Complete Schedule D, Parts II and III, of Form 3115, as applicable. If
changing to a method other than the "retail safe harbor method," attach the statement required by section 9.02(3) in the Appendix of Rev. Proc. 2002-9. Scope limitations do not apply to this change. Audit protection does not apply in certain cases. See section 9.02 in the Appendix of Rev. Proc. 2002-9.
50. Small taxpayer ( $\$ 1$ million) inventory exception (section 471)-for a qualifying applicant, from the present method of accounting for inventoriable items (including, if applicable, the method of capitalizing costs under section 263A) to treating inventoriable items in the same manner as materials and supplies that are not incidental under Regulations section 1.162-3. Complete Schedule A, Part I, and Schedule D, Parts II and III, of Form 3115, as applicable. Scope limitations do not apply to this change. The applicant may request this change and designated automatic accounting method change number 32 (overall cash method (\$1 million)) on a single Form 3115. See section 9.03 in the Appendix of Rev. Proc. 2002-9.
51. Small taxpayer ( $\$ 10$ million) inventory exception (section 471)-for a qualifying applicant, from the present method of accounting for inventoriable items (including, if applicable, the method of capitalizing costs under section 263A) to treating inventoriable items in the same manner as materials and supplies that are not incidental under Regulations section 1.162-3. Complete Schedule D, Parts II and III, of Form 3115, as applicable. Scope limitations do not apply to this change. The applicant may request this change and designated automatic accounting method change number 33 (overall cash method ( $\$ 10$ million)) on a single Form 3115. See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.
52. "Floor stocks" (section 471) —for payments made or received with respect to "floor stocks," to conform with the holding of Rev. Rul. 2001-8, 2001-9 I.R.B. 726, or to elect the simplifying assumption regarding goods on hand described in Rev. Rul. 2001-8. Complete Schedule D, Parts II and III, of Form 3115, as applicable. If electing the simplifying assumption, provide the statement described in section 9.04(4)(b) in the Appendix of Rev. Proc. 2002-9. Scope limitations do not apply to this change. This change is made on a cut-off basis. See section 9.04 in the Appendix of Rev. Proc. 2002-9.
53. Qualifying volume-related trade discounts (section 471)- to treating qualifying volume-related trade discounts as a reduction in the cost of merchandise purchased at the time the discount is recognized in accordance with Regulations section 1.471-3(b). Complete Schedule D, Parts II and III, of Form 3115, as applicable. See section 9.05 in the Appendix of Rev. Proc. 2002-9.
54. Impermissible methods of inventory valuation (section 471)-to restore an inventory writedown or to discontinue maintaining a reserve specifically described within Regulations section 1.471-2(f). Complete Schedule D, Parts II and III, of Form 3115, as applicable. See section 9.06 in the Appendix of Rev. Proc. 2002-9.
55. Valuation of remanufactured cores (section 471) for remanufacturers and rebuilders of motor vehicle parts and resellers of remanufactured and rebuilt motor vehicle parts that use the lower of cost or market method to value their inventory of cores, to the safe harbor method of accounting (the "Core Alternative Valuation" method) to value inventories of cores as provided for in Rev. Proc. 2003-20, 2003-6 I.R.B. 445. Complete Schedule D, Parts II and III, of Form 3115, as applicable. See Rev. Proc. 2003-20.
56. Change from LIFO inventory method (section 472)for an applicant changing from the LIFO inventory method for its entire LIFO inventory, or for a pool or pools within its LIFO inventory, to the permitted method as determined in section 10.01(1)(b) in the Appendix of Rev. Proc. 2002-9. Complete Schedule D, Parts II and III, of Form 3115, as applicable. Attach the statements required by section 10.01(4) in the Appendix of Rev. Proc. 2002-9. See section 10.01 in the Appendix of Rev. Proc. 2002-9.
57. Determining current-year cost (section 472)—to determining current-year cost: (a) by reference to the actual cost of the goods most recently purchased or produced; (b) by reference to the actual cost of the goods purchased or
produced during the tax year in the order of acquisition; or (c) by application of an average unit cost equal to the aggregate actual cost of all the goods purchased or produced throughout the tax year divided by the total number of units so purchased or produced. Complete Schedule C, Part I, of Form 3115. This change is made on a cut-off basis. See section 10.02 in the Appendix of Rev. Proc. 2002-9.
58. Alternative LIFO inventory method (section 472) —for a qualifying applicant that sells new automobiles or new light-duty trucks, to the "Alternative LIFO Method" described in Rev. Proc. 97-36, 1997-33 I.R.B. 450. Complete Schedule C of Form 3115, as applicable. Attach the statement required by section 10.03(2)(c)(ii) in the Appendix of Rev. Proc. 2002-9 and the Form 970 required by reference in section 10.03(2)(c)(i) in the Appendix of Rev. Proc. 2002-9. This change is made on a cut-off basis. See section 10.03 in the Appendix of Rev. Proc. 2002-9.
59. Used vehicle alternative LIFO method (section 472)for a qualifying applicant that sells used automobiles and used light-duty trucks, to the "Used Vehicle Alternative LIFO Method," as described in Rev. Proc. 2001-23, 2001-10 I.R.B. 784. Complete Schedule C, Part I, of Form 3115. Scope limitations do not apply to this change in certain cases. In general, this change is made on a cut-off basis. See section 10.04 in the Appendix of Rev. Proc. 2002-9.
60. Determining the cost of used vehicles purchased or taken as a trade-in (section 472)-for a qualifying applicant, to a method of (a) determining the cost of used vehicles acquired by trade-in using the average wholesale price listed by a consistently used official used car guide on the date of the trade-in; (b) determining the cost of used vehicles purchased for cash using the actual purchase price of the vehicle; or (c) reconstructing the beginning-of-the-year cost of used vehicles purchased for cash using values computed by national auto auction companies based on vehicles purchased for cash, where the national auto auction company selected is consistently used. Complete Schedule C, Part I, of Form 3115. This change is made on a cut-off basis. See section 10.05 in the Appendix of Rev. Proc. 2002-9.
61. Change to IPIC inventory method (section 472)—for a qualifying applicant, from a non-inventory price index computation (IPIC) LIFO inventory method to the IPIC method in accordance with all relevant provisions of Regulations section 1.472-8(e)(3). The applicant may request this change and designated automatic accounting method change number 57 (determining current-year cost), or this change and designated automatic accounting method change number 62 (changes within IPIC inventory method) on a single Form 3115. Complete Schedule C of Form 3115, as applicable. This change is made on a cut-off basis. See section 10.06 in the Appendix of Rev. Proc. 2002-9.
62. Changes within IPIC inventory method (section 472)-to one or more of the following methods within IPIC: (a) from the double-extension IPIC method to the link-chain IPIC method, or vice versa; (b) to or from the 10 percent method; (c) to a pooling method described in Regulations section 1.472-8(b)(4) or Regulations section 1.472-8(c)(2), including a change to begin or discontinue applying one or both of the 5 percent pooling rules; (d) combine or separate pools as a result of the application of a 5 percent pooling rule described in Regulations section 1.472-8(b)(4) or Regulations section 1.472-8(c)(2); (e) change the selection of BLS tables from Table 3 (Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, detailed expenditure categories) of the monthly CPI Detailed Report to Table 6 (Producer price indexes and percent changes for commodity groupings and individual items, not seasonally adjusted) of the monthly PPI Detailed Report, or vice versa; or (f) change the representative month when necessitated because of a change in tax year or a change in method of determining current-year cost made pursuant to section 10.02 in the Appendix of Rev. Proc. 2002-9. The applicant may request the change described in (f) above and designated automatic accounting method change number 57 (determining current-year cost) on a single Form 3115. Complete Schedule C of Form 3115, as applicable. This
change is made on a cut-off basis. See section 10.07 in the Appendix of Rev. Proc. 2002-9, as modified by Rev. Proc. 2003-45, 2003-27 I.R.B. 11.
63. Replacement cost method for automobile dealers' parts inventory (section 472)-to the replacement cost method for automobile dealers' parts inventory described in Rev. Proc. 2002-17, 2002-13 I.R.B. 676. Complete Schedule D, Parts II and III, of Form 3115, as applicable. Audit protection and scope limitations do not apply in certain cases. See Rev. Proc. 2002-17.
64. Mark-to-market (section 475) -for accounting for securities or commodities by commodities dealers, securities traders, and commodities traders, to the mark-to-market method. An election statement must be filed earlier than the due date of Form 3115. See Rev. Proc. 99-17, 1999-7 I.R.B. 52 , for rules relating to this statement. Scope limitations do not apply to this change. See section 10A. 02 in the Appendix of Rev. Proc. 2002-9.
65. Dealer status changes (section 475) - for an applicant electing out of certain exemptions from securities dealer status, to the mark-to-market method. Attach the statement(s) required by Rev. Proc. 97-43, 1997-39 I.R.B. 12. For a special cut-off rule, see section 5.02 of Rev. Proc. 97-43. This change does not fall under the procedures of Rev. Proc. 2002-9. Instead, see Rev. Proc. 97-43.
66. Bank reserves for bad debts (section 585)-from the section 585 reserve method to the section 166 specific charge-off method. Scope limitations do not apply in certain cases. See section 11.01 in the Appendix of Rev. Proc. 2002-9.
67. Insurance company premium acquisition expenses (section 832)-for certain insurance companies, to a safe harbor method of accounting for premium acquisition expenses. Scope limitations do not apply to this change. See Rev. Proc. 2002-46, 2002-28 I.R.B. 105.
68. Discounted unpaid losses (section 846)—for insurance companies other than life insurance companies computing discounted unpaid losses, to the composite method or to alternative methods. Scope limitations do not apply in certain cases. See Rev. Proc. 2002-74, 2002-51 I.R.B. 980.
69. Income from sources within the United States (section 861)—for certain transactions involving computer programs, to a method that conforms with Regulations section 1.861-18. See section 11A. 01 in the Appendix of Rev. Proc. 2002-9.
70. Functional currency (section 985) -to the use of another functional currency for the applicant or its qualified
business unit. See section 11B. 01 in the Appendix of Rev. Proc. 2002-9.
71. Rule of 78s (section 1272)—for stated interest on certain short-term consumer loans, from the Rule of 78 s method to the constant yield method. See section 5.04 in the Appendix of Rev. Proc. 2002-9.
72. Original issue discount (sections 1272 and 1273)—to the principal-reduction method for de minimis original issue discount (OID). Attach the statement required by section 12.01(3) in the Appendix of Rev. Proc. 2002-9. Audit protection and scope limitations do not apply to this change. This change is made on a cut-off basis. See section 12.01 in the Appendix of Rev. Proc. 2002-9.
73. Market discount bonds (section 1278)—from including market discount currently in income for the tax year to which the discount is attributable to including market discount in income for the tax year of disposition or partial principal payment (revoking the section 1278(b) election). Attach the statement required by section 12A.01(4) in the Appendix of Rev. Proc. 2002-9. This change is made on a cut-off basis. See section 12A. 01 in the Appendix of Rev. Proc. 2002-9.
74. Interest income on short-term obligations (section 1281)—to currently including accrued interest and discount in income (to comply with section 1281). The entire section 481(a) adjustment must be taken into account in the year of change. See section 13.01 in the Appendix of Rev. Proc. 2002-9.
75. Stated interest on short-term loans (section 1281)for a bank using the cash receipts and disbursements method of accounting, from accruing stated interest on short-term loans made in the ordinary course of business to using the cash method to report such interest. Scope limitations do not apply to this change. The entire section 481(a) adjustment must be taken into account in the year of change. See section 13.02 in the Appendix of Rev. Proc. 2002-9.
76. Sales of mortgage loans (section 1286)—for accounting for certain sales of mortgage loans in which the seller also enters into a contract to service the mortgages in consideration for amounts received from interest payments, from a method that is inconsistent with Rev. Rul. 91-46, 1991-2 C.B. 358, to a method that is consistent with Rev. Rul. 91-46. However, the change is only an automatic accounting method change for certain taxpayers who are under examination. This change does not fall under the procedures of Rev. Proc. 2002-9. Instead, see Rev. Proc. 91-51, 1991-2 C.B. 779.
[^34]|  |  |
| :--- | ---: |
| Form | Recordkeeping |
| 3115 | $38 \mathrm{hr} ., 29 \mathrm{~min}$. |
| Sch. A | $3 \mathrm{hr} ., 21 \mathrm{~min}$. |
| Sch. B | 1 hr, , 25 min. |
| Sch. C | $5 \mathrm{hr} ., 1 \mathrm{~min}$. |
| Sch. D | $27 \mathrm{hr} ., 30 \mathrm{~min}$. |
| Sch. E | $3 \mathrm{hr} ., 49 \mathrm{~min}$. |


| Learning about the law |
| :---: |
| or the form |

$19 \mathrm{hr} ., 54 \mathrm{~min}$.
$1 \mathrm{hr} ., 51 \mathrm{~min}$.
30 min.
45 min.
$1 \mathrm{hr} ., 59 \mathrm{~min}$.
$1 \mathrm{hr} ., 59 \mathrm{~min}$.

## Preparing and sending the form to the IRS

23 hr ., 48 min . 3 hr., 11 min .

33 min . $2 \mathrm{hr} ., 4 \mathrm{~min}$. $2 \mathrm{hr} ., 31 \mathrm{~min}$. 2 hr., 8 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the tax form to this office. Instead, see When and Where To File on page 1.

| Name of filer (name of parent corporation if a consolidated group) (see instructions) | Identification number (see instructions) |
| :---: | :---: |
|  | Principal business activity code number (see instructions) |
| Number, street, and room or suite no. If a P.O. box, see the instructions. | Tax year of change begins (MM/DD/YYYY) |
|  | Tax year of change ends (MM/DD/YYY) |
| City or town, state, and ZIP code | Name of contact person (see instructions) |
| Name of applicant(s) (if different than filer) and identification number(s) (see instructions) | Contact person's telephone number ( ) |
| If the applicant is a member of a consolidated group, check this box | - |
| If Form 2848, Power of Attorney and Declaration of Representative, is attached, check this box . . . . . . $\square$ |  |
| Check the box to indicate the applicant. | Check the appropriate box to indicate the type of accounting method change being requested. (see instructions) |
| $\square$ Individual $\quad \square$ Cooperative (Sec. 1381) |  |
| $\square$ Corporation $\square$ Partnership |  |
| $\square$ Controlled foreign corporation $\square$ S corporation <br> (Sec. 957) $\square$ Insurance co. (Sec. 816(a)) | $\square$ Depreciation or Amortization |
| $\square$ 10/50 corporation (Sec. 904(d)(2)(E)) $\square$ Insurance co. (Sec. 831) | Financial Products and/or Financial Activities of Financial Institutions |
|  | $\square$ Other (specify) $\square^{\text {a }}$ - |

Caution: The applicant must provide the requested information to be eligible for approval of the requested accounting method change. The applicant may be required to provide information specific to the accounting method change such as an attached statement. The applicant must provide all information relevant to the requested accounting method change, even if not specifically requested by the Form 3115.

## 

1 Enter the requested designated accounting method change number from the List of Automatic Accounting Method Changes (see instructions). Enter only one method change number, except as provided for in the instructions. If the requested change is not included in that list, check "Other," and provide a description.

- (a) Change No. $\qquad$ (b) OtherDescription

2 Is the accounting method change being requested one for which the scope limitations of section 4.02 of Rev. Proc. 2002-9 (or its successor) do not apply?
If "Yes," go to Part II.
3 Is the tax year of change the final tax year of a trade or business for which the taxpayer would be required to take the entire amount of the section 481(a) adjustment into account in computing taxable income? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.
Note: Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

## Part II Information For All Requests

4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If you answered "No," go to line 5.
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?


## Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

## Filer

## Preparer (other than filer/applicant)

Signature and date
Signature of individual preparing the application and date

## Part II Information For All Requests (continued)

4c Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?
d Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)?
If "Yes," attach the consent statement from the director.
$\mathbf{e}$ Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). $\square 90$ day

120 day
f If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.
Name -
Telephone number
Tax year(s)
g Has a copy of this Form 3115 been provided to the examining agent identified on line 4 f ?
$5 \mathbf{5}$ Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) $\square$ Appeals officer and/or $\square$ counsel for the government, and the tax year(s) before Appeals and/or a Federal court.
Name $\qquad$ Telephone number $\qquad$ Tax year(s)
b Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5 a ?
c Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member)?
If "Yes," attach an explanation.
6 If the applicant answered "Yes" to line 4 a and/or 5 a with respect to any present or former consolidated group, provide each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.
7 If the applicant is an entity (including a limited liability company) treated as a partnership or S corporation for Federal income tax purposes, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity?
If "Yes," the applicant is not eligible to make the change.
8 Is the applicant making a change to which audit protection does not apply (see instructions)?
9a Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in accounting method within the past 5 years (including the year of the requested change)?.
b If "Yes," attach a description of each change and the year of change for each separate trade or business and whether consent was obtained.
c If any application was withdrawn, not perfected, or denied, or if a Consent Agreement was sent to the taxpayer but was not signed and returned to the IRS, or if the change was not made or not made in the requested year of change, include an explanation.
10a Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in accounting method, or technical advice?
b If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in accounting method, or technical advice), and the specific issue(s) in the request(s).
11 Is the applicant requesting to change its overall method of accounting?.
If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of the form.
Present method: $\quad \square$ Cash
$\square$ Accrual
Hybrid (attach description)
Proposed method: $\square$ Cash
$\square$ Accrual
Hybrid (attach description)

12 If the applicant is not changing its overall method of accounting, attach a detailed and complete description for each of the following:
a The item(s) being changed.
b The applicant's present method for the item(s) being changed.
c The applicant's proposed method for the item(s) being changed.
d The applicant's present overall method of accounting (cash, accrual, or hybrid).

13 Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.

14 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions
If "No," attach an explanation.
15a Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381 (b)(1)?
b If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381 (a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.
16 Does the applicant request a conference of right with the IRS National Office if the IRS proposes an adverse response?.
17 If the applicant is changing to or from the cash method or changing its method of accounting under sections $263 \mathrm{~A}, 448,460$, or 471 , enter the gross receipts of the 3 tax years preceding the year of change.

| 1st preceding <br> year ended: mo.$\quad$ yr. | 2nd preceding <br> year ended: mo.$\quad$ yr. | 3rd preceding <br> year ended: mo. |
| :--- | :--- | :--- |
| $\$$ | $\$$ | yr. |

## Part III Information For Advance Consent Request

18 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? .
If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.
19 Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. The applicant should include a discussion of any authorities that may be contrary to its use of the proposed method.
20 Attach a copy of all documents related to the proposed change (see instructions).
21 Attach a statement of the applicant's reasons for the proposed change.
22 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed?
If "No," attach an explanation.
23a Enter the amount of user fee attached to this application (see instructions). \$
b If the applicant qualifies for a reduced user fee, attach the necessary information or certification required by Rev. Proc. 2003-1 (or its successor) (see instructions).

## Part IV Section 481(a) Adjustment

24 Do the procedures for the accounting method change being requested require the use of the cut-off method? If "Yes," do not complete lines 25, 26, and 27 below.
25 Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. \$ $\qquad$ Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.
26 If the section 481(a) adjustment is an increase to income of less than $\$ 25,000$, does the applicant elect to take the entire amount of the adjustment into account in the year of change?
27 Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.

Yes No


Yes No



1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1 g .


## Part II Change to the Cash Method For Advance Consent Request (see instructions)

Applicants requesting a change to the cash method must attach the following information:
1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

## Schedule B-Change in Reporting Advance Payments (see instructions)

1 If the applicant is requesting to defer advance payment for services under Rev. Proc. 71-21, 1971-2 C.B. 549, attach the following information:
a Sample copies of all service agreements used by the applicant that are subject to the requested change in accounting method. Indicate the particular parts of the service agreement that require the taxpayer to perform services.
b If any parts or materials are provided, explain whether the obligation to provide parts or materials is incidental (of minor or secondary importance) to an agreement providing for the performance of personal services.
c If the change relates to contingent service contracts, explain how the contracts relate to merchandise that is sold, leased, installed, or constructed by the applicant and whether the applicant offers to sell, lease, install, or construct without the service agreement.
d A description of the method the applicant will use to determine the amount of income earned each year on service contracts and why that method clearly reflects income earned and related expenses in each year.
e An explanation of how the method the applicant will use to determine the amount of gross receipts each year will be no less than the amount included in gross receipts for purposes of its books and records. See section 3.11 of Rev. Proc. 71-21.
2 If the applicant is requesting a deferral of advance payments for goods under Regulations section 1.451-5, attach the following information:
a Sample copies of all agreements for goods or items requiring advance payments used by the applicant that are subject to the requested change in accounting method. Indicate the particular parts of the agreement that require the applicant to provide goods or items.
b A statement providing that the entire advance payment is for goods or items. If not entirely for goods or items, a statement that an amount equal to $95 \%$ of the total contract price is properly allocable to the obligation to provide activities described in Regulations section 1.451-5(a)(1)(i) or (ii) (including services as an integral part of those activities).
c An explanation of how the method the applicant will use to determine the amount of gross receipts each year will be no less than the amount included in gross receipts for purposes of its books and records. See Regulations section 1.451-5(b)(1).

## Part I General LIFO Information

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
a Valuing inventory (e.g., unit method or dollar-value method).
b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, etc.).
c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
d Determining the current year cost of goods in the ending inventory (e.g., most recent purchases, earliest acquisitions during the year, average cost of purchases during the year, etc.).
2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
3 If the proposed change is not requested for all the LIFO inventory, specify the inventory to which the change is and is not applicable.
4 If the proposed change is not requested for all of the LIFO pools, specify the LIFO pool(s) to which the change is applicable.
5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, the applicant should identify which inventory items are valued under each method.

6 If changing to the IPIC method, attach a completed Form 970 and a statement indicating the indexes, tables, and categories the applicant proposes to use.

## Part II Change in Pooling Inventories

1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
a A description of the types of products produced by the applicant. If possible, attach a brochure.
b A description of the types of processes and raw materials used to produce the products in each proposed pool.
c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, the applicant should explain the reasons for the separate facilities, indicate the location of each facility, and provide a description of the products each facility produces.
d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).

4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

## Schedule D-Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other

 Section 263A Assets (see instructions)
## Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. If the applicant is a construction contractor, include a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section $460(f)(1)$ (see instructions)? . . . $\square$ Yes $\square$ No
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? . . . . $\square$ Yes $\square$ No If line $2 b$ is "No," attach an explanation.
c If line 2 b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section $1.460-4(\mathrm{~b})$ ? . . . . . . . . . . . . . . . . . . . . . . .No
d If line 2 c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
If line 2d is "Yes," explain what cost comparison the applicant will use to determine a contract's completion factor.
If line 2d is "No," explain what method the applicant is using and the authority for its use.
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?Yes No
b If "Yes," explain the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Describe the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?YesNo
b If line 4 a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

## Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3 If the applicant is subject to section 263A, is its present inventory valuation method in compliance with section 263A (see instructions)?
$\square$ Yes
$\square$ No

4a Check the appropriate boxes below. Identification methods:
Specific identification
FIFO .
LIFO .
Other (attach explanation)
Valuation methods:
Cost
Cost or market, whichever is lower.
Retail cost.
Retail, lower of cost or market
Other (attach explanation).
b Enter the value at the end of the tax year preceding the year of change


5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. Attach the statement required by section 10.01(4) of the Appendix of Rev. Proc. 2002-9 (or its successor).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions).)

## Section A-Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:
1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated (Check the appropriate boxes in Section B showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460 . Mark " $\mathrm{N} / \mathrm{A}$ " in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.)

|  |  | Present method | Proposed method |
| :---: | :---: | :---: | :---: |
| 1 | Direct material |  |  |
| 2 | Direct labor |  |  |
| 3 | Indirect labor |  |  |
| 4 | Officers' compensation (not including selling activities) |  |  |
| 5 | Pension and other related costs . . |  |  |
| 6 | Employee benefits . |  |  |
| 7 | Indirect materials and supplies. |  |  |
| 8 | Purchasing costs |  |  |
| 9 | Handling, processing, assembly, and repackaging costs |  |  |
| 10 | Offsite storage and warehousing costs . . . . . |  |  |
| 11 | Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle |  |  |
| 12 | Depletion . . . . . . . . . . . . . . . . . . . |  |  |
| 13 | Rent . |  |  |
| 14 | Taxes other than state, local, and foreign income taxes |  |  |
| 15 | Insurance. . . |  |  |
| 16 | Utilities |  |  |
| 17 | Maintenance and repairs that relate to a production, resale, or long-term contract activity. |  |  |
| 18 | Engineering and design costs (not including section 174 research and experimental expenses). |  |  |
| 19 | Rework labor, scrap, and spoilage . . . . . . . . . |  |  |
| 20 | Tools and equipment . . . . . |  |  |
| 21 | Quality control and inspection . . . . . . . . . . . . . . . . . |  |  |
| 22 | Bidding expenses incurred in the solicitation of contracts awarded to the applicant |  |  |
| 23 | Licensing and franchise costs . |  |  |
| 24 | Capitalizable service costs (including mixed service costs) |  |  |
| 25 | Administrative costs (not including any costs of selling or any return on capital) |  |  |
| 26 | Research and experimental expenses attributable to long-term contracts . . |  |  |
| 27 | Interest |  |  |
| 28 | Other costs (Attach a list of these costs.) . . . . . . . . . . . . . . . . |  |  |

Part III Method of Cost Allocation (see instructions) (continued)
Section C-Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

1 Marketing, selling, advertising, and distribution expenses
2 Research and experimental expenses not included on line 26 above.
3 Bidding expenses not included on line 22 above
4 General and administrative costs not included in Section B above
5 Income taxes
6 Cost of strikes.
7 Warranty and product liability costs
8 Section 179 costs
9 On-site storage
10 Depreciation, amortization, and cost recovery allowance not included on line 11 above
11 Other costs (Attach a list of these costs.).

| Present method | Proposed method |
| :--- | :--- |
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## Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.
Note: See the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400l, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).
1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? . . . . $\square$ Yes $\square$ No If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $\square$ Yes $\square$ No If "Yes," enter the applicable section
3 Has a depreciation or amortization election been made for the property (e.g., the election under section 168(f)(1))? $\square$ Yes $\square$ No If "Yes," state the election made
4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
b If the property is residential rental property, did the applicant live in the property before renting it? . . $\square$ Yes $\square$ No
c Is the property public utility property?
5 To the extent not already provided in the applicant's description of its present method, explain how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).

6 If the property is not currently treated as depreciable or amortizable property, provide the facts supporting the proposed change to depreciate or amortize the property.
7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information under both the present (if applicable) and proposed methods:
a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
c The facts to support the asset class for the proposed method.
d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200\% declining balance method under section 168(b)(1)).
e The useful life, recovery period, or amortization period of the property.
$f$ The applicable convention of the property.

## Instructions for Form 3520

## Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

## Purpose of Form

U.S. persons file Form 3520 to report:

- Certain transactions with foreign trusts and
- Receipt of certain large gifts or bequests from certain foreign persons.

A separate Form 3520 must be filed for transactions with each foreign trust.

## Who Must File

File Form 3520 if:

1. You are the responsible party for reporting a reportable event that occurred during the current tax year, or you held an outstanding obligation of a related foreign trust (or a person related to the trust) that you treated as a qualified obligation during the current tax year. Responsible party, reportable event, and qualified obligation are defined on pages 3 and 4 .

Complete the identifying information on page 1 of the form and the relevant portions of Part I. See the instructions for Part I.
2. You are a U.S. person who, during the current tax year, is treated as the owner of any part of the assets of a foreign trust under the grantor trust rules.

Complete the identifying information on page 1 of the form and Part II. See the instructions for Part II.
3. You are a U.S. person who received (directly or indirectly) a distribution from a foreign trust during the current tax year or a related foreign trust held an outstanding obligation issued by you (or a person related to you) that you treated as a qualified obligation (defined on page 3 ) during the current tax year.

Complete the identifying information on page 1 of the form and Part III. See the instructions for Part III.
4. You are a U.S. person who, during the current tax year, received either:
a. More than $\$ 100,000$ from a nonresident alien individual or a foreign estate (including foreign persons related to that nonresident alien individual or foreign estate) that you treated as gifts or bequests or
b. More than $\$ 12,097$ from foreign corporations or foreign partnerships (including foreign persons related to such foreign corporations or foreign partnerships) that you treated as gifts.

Complete the identifying information on page 1 of the form and Part IV. See the instructions for Part IV.

Note. You may also be required to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

## Exceptions To Filing

Form 3520 does not have to be filed to report the following transactions.

- Transfers to foreign trusts described in sections 402(b), 404(a)(4), or 404A.
- Most fair market value (FMV) transfers by a U.S. person to a foreign trust. However, some FMV transfers must nevertheless be reported on Form 3520 (e.g., transfers in exchange for obligations that are treated as qualified obligations, transfers of appreciated property to a foreign trust for which the U.S. transferor does not immediately recognize all of the gain on the property transferred, transfers involving a U.S. transferor that is related to the foreign trust). See Section III of Notice 97-34, 1997-25 I.R.B. 22.
- Transfers to foreign trusts that have a current determination letter from the IRS recognizing their status as exempt from income taxation under section 501(c)(3).
- Transfers to, ownership of, and distributions from a Canadian registered retirement savings plan (RRSP) or a Canadian registered retirement income fund (RRIF), where the U.S. citizen or resident alien holding an interest in such RRSP or RRIF is eligible to file Form 8891, U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans, with respect to the RRSP or RRIF.
- Distributions from foreign trusts that are taxable as compensation for services rendered (within the meaning of section $672(\mathrm{f})(2)(\mathrm{B})$ and its regulations), so long as the recipient reports the distribution as compensation income on its applicable federal income tax return.
- Distributions from foreign trusts to domestic trusts that have a current determination letter from the IRS
recognizing their status as exempt from income taxation under section 501(c)(3).
- Domestic trusts that become foreign trusts to the extent the trust is treated as owned by a foreign person, after application of section 672(f).


## Joint Returns

Two transferors or grantors of the same foreign trust, or two U.S. beneficiaries of the same foreign trust, may file a joint Form 3520, but only if they file a joint income tax return.

## When and Where To File

In general, Form 3520 is due on the date that your income tax return is due, including extensions. Send Form 3520 to the Internal Revenue Service Center, Philadelphia, PA 19255.

Form 3520 must have all required attachments to be considered complete.
Note. If a complete Form 3520 is not filed by the due date, including extensions, the time for assessment of
any tax imposed with respect to any event or period to which the information required to be reported in Parts I through III of such Form 3520 relates, will not expire before the date that is 3 years after the date on which the required information is reported. See section 6501(c)(8).

## Who Must Sign

If the return is filed by:

- An individual or a fiduciary, it must be signed and dated by that individual or fiduciary.
- A partnership, it must be signed and dated by a general partner or limited liability company member.
- A corporation, it must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as a tax officer) who is authorized to sign.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature.
- Give a copy of the return to the filer.


## Inconsistent Treatment of Items

The U.S. beneficiary and U.S. owner's tax return must be consistent with the Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner, filed by the foreign trust unless you report the inconsistency to the IRS. If you are treating items on your tax return differently from the way the foreign trust treated them on its return, file Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR). See Form 8082 for more details.

## Penalties

A penalty generally applies if Form 3520 is not timely filed or if the information is incomplete or incorrect. Generally, the penalty is:

1. $35 \%$ of the gross value of any property transferred to a foreign trust for failure by a U.S. transferor to report the transfer,
2. $35 \%$ of the gross value of the distributions received from a foreign trust for failure by a U.S. person to report receipt of the distribution, or
3. $5 \%$ of the amount of certain foreign gifts for each month for which the failure to report continues (not to exceed a total of $25 \%$ ). See section 6039F(c).

If a foreign trust has a U.S. owner and the trust fails to file the required annual reports on trust activities and income, the U.S. owner is subject to a penalty equal to $5 \%$ of the gross value of the portion of the trust's assets treated as owned by the U.S. person (the gross reportable amount). See Form 3520-A.

Additional penalties may be imposed if noncompliance continues after the IRS mails a notice of failure to comply with required reporting. However, this penalty may not exceed the gross reportable amount. Also, penalties will only be imposed to the extent that the transaction is not reported. For example, if a U.S. person transfers property worth $\$ 1$ million to a foreign trust but only reports $\$ 400,000$ of that amount, penalties could only be imposed on the unreported \$600,000.

For more information, see section 6677.
Reasonable cause. No penalties will be imposed if the taxpayer can demonstrate that the failure to comply was due to reasonable cause and not willful neglect.

Note. The fact that a foreign country would impose penalties for disclosing the required information is not reasonable cause. Similarly, reluctance on the part of a foreign fiduciary or provisions in the trust instrument that prevent the disclosure of required information is not reasonable cause.

## Definitions

## Distribution

A distribution is any gratuitous transfer of money or other property from a trust, whether or not the trust is treated as owned by another person under the grantor trust rules, and without regard to whether the recipient is designated as a beneficiary by the terms of the trust. A distribution includes the receipt of trust corpus and the receipt of a gift or bequest described in section 663(a).

A distribution also includes constructive transfers from a trust. For example, if charges you make on a credit card are paid by a foreign trust or guaranteed or secured by the assets of a foreign trust, the amount charged will be treated as a distribution to you by the foreign trust. Similarly, if you write checks on a foreign trust's bank account, the amount will be treated as a distribution.

Also, if you receive a payment from a foreign trust in exchange for property transferred to the trust or services rendered to the trust, and the FMV of the payment received exceeds the FMV of the property transferred or services rendered, the excess will be treated as a distribution to you.

## Examples

1. If you sell stock with an FMV of $\$ 100$ to a foreign trust and receive \$150 in exchange, you have received a distribution of \$50.
2. If you receive $\$ 100$ from the trust for services performed by you for the trust, and the services have an FMV of \$20, you have received a distribution of \$80.

See the instructions for Part III, line 25, on page 6, for another example of a distribution from a foreign trust.

## Foreign Trust and Domestic Trust

A foreign trust is any trust other than a domestic trust.
A domestic trust is any trust if:

1. A court within the United States is able to exercise primary supervision over the administration of the trust and
2. One or more U.S. persons have the authority to control all substantial decisions of the trust.

## Grantor

A grantor includes any person who creates a trust or directly or indirectly makes a gratuitous transfer of cash or other property to a trust. A grantor includes any person treated as the owner of any part of a foreign trust's assets under sections 671 through 679, excluding section 678.

Note. If a partnership or corporation makes a gratuitous transfer to a trust, the partners or shareholders are generally treated as the grantors of the trust, unless the partnership or corporation made the transfer for a business purpose of the partnership or corporation.

If a trust makes a gratuitous transfer to another trust, the grantor of the transferor trust is treated as the grantor of the transferee trust, except that if a person with a general power of appointment over the transferor trust exercises that power in favor of another trust, such
person is treated as the grantor of the transferee trust, even if the grantor of the transferor trust is treated as the owner of the transferor trust.

## Grantor Trust

A grantor trust is any trust to the extent that the assets of the trust are treated as owned by a person other than the trust. See the grantor trust rules in sections 671 through 679. A part of the trust may be treated as a grantor trust to the extent that only a portion of the trust assets are owned by a person other than the trust.

## Gratuitous Transfer

A gratuitous transfer to a foreign trust is any transfer to the trust other than (a) a transfer for FMV or (b) a distribution to the trust with respect to an interest held by the trust (i) in an entity other than a trust (e.g., a corporation or a partnership) or (ii) in an investment trust described in Regulations section 301.7701-4(c), a liquidating trust described in Regulations section 301.7701-4(d), or an environmental remediation trust described in Regulations section 301.7701-4(e).

A transfer of property to a trust may be considered a gratuitous transfer without regard to whether the transfer is a gift for gift tax purposes (see Chapter 12 of Subtitle B of the Code).

For purposes of this determination, if a U.S. person contributes property to a trust in exchange for any type of interest in the trust, such interest in the trust will be disregarded in determining whether FMV has been received. In addition, a U.S. person will not be treated as making a transfer for FMV merely because the transferor is deemed to recognize gain on the transaction.

If you transfer property to a foreign trust in exchange for an obligation of the trust (or a person related to the trust), it will be a gratuitous transfer unless the obligation is a qualified obligation. Obligation and qualified obligation are defined below.

## Gross Reportable Amount

Gross reportable amount is:

- The gross value of property involved in the creation of a foreign trust or the transfer of property to a foreign trust (including a transfer by reason of death);
- The gross value of any portion of a foreign trust treated as owned by a U.S. person under the grantor trust rules or any part of a foreign trust that is included in the gross estate of a U.S. citizen or resident;
- The gross value of assets deemed transferred at the time a domestic trust to which a U.S. citizen or resident previously transferred property becomes a foreign trust, provided such U.S. citizen or resident is alive at the time the trust becomes a foreign trust (see section 679(a)(5)); or
- The gross amount of distributions received from a foreign trust.


## Gross Value

Gross value is the FMV of property as determined under section 2031 and its regulations as if the owner had died on the valuation date. Although formal appraisals are not generally required, you should keep contemporaneous records of how you arrived at your good faith estimate.

## Guarantee

A guarantee:

- Includes any arrangement under which a person, directly or indirectly, assures, on a conditional or unconditional basis, the payment of another's obligation;
- Encompasses any form of credit support, and includes a commitment to make a capital contribution to the debtor or otherwise maintain its financial viability; or
- Includes an arrangement reflected in a "comfort letter," regardless of whether the arrangement gives rise to a legally enforceable obligation. If an arrangement is contingent upon the occurrence of an event, in determining whether the arrangement is a guarantee, you must assume that the event has occurred.


## Nongrantor Trust

A nongrantor trust is any trust to the extent that the assets of the trust are not treated as owned by a person other than the trust. Thus, a nongrantor trust is treated as a taxable entity. A trust may be treated as a nongrantor trust with respect to only a portion of the trust assets. See Grantor Trust above.

## Obligation

An obligation includes any bond, note, debenture, certificate, bill receivable, account receivable, note receivable, open account, or other evidence of indebtedness, and, to the extent not previously described, any annuity contract.

## Owner

An owner of a foreign trust is the person that is treated as owning any of the assets of a foreign trust under the grantor trust rules.

## Property

Property means any property, whether tangible or intangible, including cash.

## Qualified Obligation

A qualified obligation, for purposes of this form, is any obligation only if:

1. The obligation is reduced to writing by an express written agreement;
2. The term of the obligation does not exceed 5 years (including options to renew and rollovers) and it is repaid within the 5 -year term;
3. All payments on the obligation are denominated in U.S. dollars;
4. The yield to maturity of the obligation is not less than $100 \%$ of the applicable federal rate under section 1274(d) for the day on which the obligation is issued and not greater than $130 \%$ of the applicable federal rate;
5. The U.S. person agrees to extend the period for assessment of any income or transfer tax attributable to the transfer and any consequential income tax changes for each year that the obligation is outstanding, to a date not earlier than 3 years after the maturity date of the obligation, unless the maturity date of the obligation does not extend beyond the end of the U.S. person's tax year and is paid within such period (this is done on Part I, Schedule A, and Part III, as applicable); and
6. The U.S. person reports the status of the obligation, including principal and interest payments, on Part I, Schedule C, and Part III, as applicable, for each year that the obligation is outstanding.

## Related Person

A related person generally includes any person who is related to you for purposes of section 267 and 707(b). This includes, but is not limited to:

- A member of your family-your brothers and sisters, half-brothers and half-sisters, spouse, ancestors
(parents, grandparents, etc.), lineal descendants
(children, grandchildren, etc.), and the spouses of any of these persons.
- A corporation in which you, directly or indirectly, own more than $50 \%$ in value of the outstanding stock.

See section 643(i)(2)(B) and the regulations under sections 267 and 707(b).
Person related to a foreign trust. A person is related to a foreign trust if such person, without regard to the transfer at issue, is a grantor of the trust, a beneficiary of the trust, or is related to any grantor or beneficiary of the trust. See the definition of related person above.

## Reportable Event

A reportable event includes:

1. The creation of a foreign trust by a U.S. person.
2. The transfer of any money or property, directly or indirectly, to a foreign trust by a U.S. person, including a transfer by reason of death. This includes transfers that are deemed to have occurred under sections 679(a)(4) and (5).
3. The death of a citizen or resident of the United States if:

- The decedent was treated as the owner of any portion of a foreign trust under the grantor trust rules or
- Any portion of a foreign trust was included in the gross estate of the decedent.


## Responsible Party

Responsible party means:

- The grantor in the case of the creation of an inter vivos trust,
- The transferor, in the case of a reportable event (defined above) other than a transfer by reason of death, or
- The executor of the decedent's estate in any other case.


## U.S. Agent

A U.S. agent is a U.S. person (defined below) that has a binding contract with a foreign trust that allows the U.S. person to act as the trust's authorized U.S. agent in applying sections 7602,7603 , and 7604 with respect to: - Any request by the IRS to examine records or produce testimony related to the proper U.S. tax treatment of amounts distributed, or required to be taken into account under the grantor trust rules, with respect to a foreign trust or

- Any summons by the IRS for such records or testimony.

A U.S. grantor, a U.S. beneficiary, or a domestic corporation controlled by the grantor or beneficiary may act as a U.S. agent. However, you may not treat the foreign trust as having a U.S. agent unless you enter the name, address, and taxpayer identification number of the U.S. agent on lines 3a through 3 g . If the person identified as the U.S. agent does not produce records or testimony when requested or summoned by the IRS, the IRS may redetermine the tax consequences of your transactions with the trust and impose appropriate penalties under section 6677.

The agency relationship must be established by the time the U.S. person files Form 3520 for the relevant tax year and must continue as long as the statute of limitations remains open for the relevant tax year. If the agent resigns or liquidates, or its responsibility as an agent of the trust is terminated, see Section IV(B) of Notice 97-34.

## U.S. Beneficiary

A U.S. beneficiary generally includes any U.S. person that could possibly benefit (directly or indirectly) from the trust (including an amended trust) at any time, whether or not the person is named in the trust instrument as a beneficiary and whether or not the person can receive a distribution from the trust in the current year. In addition, a U.S. beneficiary includes:

- A foreign corporation that is a controlled foreign corporation (as defined in section 957(a)),
- A foreign partnership if a U.S. person is a partner of the partnership, and
- A foreign estate or trust if the estate or trust has a U.S. beneficiary.

A foreign trust will be treated as having a U.S. beneficiary unless the terms of the trust instrument specifically prohibit any distribution of income or corpus to a U.S. person at any time, even after the death of the U.S. transferor, and the trust cannot be amended or revised to allow such a distribution.

## U.S. Person

A U.S. person is:

- A citizen or resident alien of the United States (see Pub. 519, U.S. Tax Guide for Aliens, for guidance on determining resident alien status),
- A domestic partnership,
- A domestic corporation,
- Any estate (other than a foreign estate, within the meaning of section 7701(a)(31)(A)), and
- Any domestic trust (defined on page 2).


## U.S. Transferor

A U.S. transferor is any U.S. person who:

1. Creates or settles a foreign trust.
2. Directly or indirectly transfers money or property to a foreign trust. This includes a U.S. citizen or resident who has made a deemed transfer under section 679(a)(4) or a U.S. resident who has made a deemed transfer under section 679(a)(5).
3. Makes a sale to a foreign trust if the sale was at other than arm's-length terms or was to a related foreign trust, or makes (or guarantees) a loan to a related foreign trust.
4. Is the executor of the estate of a U.S. person and:
a. The decedent made a testamentary transfer (a transfer by reason of death) to a foreign trust,
b. Immediately prior to death, the decedent was treated as the owner of any portion of a foreign trust under the grantor trust rules, or
c. Any portion of a foreign trust's assets were included in the estate of the decedent.

Generally, the person defined as the transferor is the responsible party (defined above) who must ensure that required information be provided or pay appropriate penalties.

## Specific Instructions

## Period Covered

File the 2004 return for calendar year 2004 and fiscal years that begin in 2004 and end in 2005. For a fiscal year, fill in the tax year space at the top of the form.

## Item A—Initial Return, Final Return, Amended Return

Initial return. If this is the first return you are filing concerning the foreign trust identified, check the "Initial return" box.
Final return. If no further returns for transactions with the foreign trust are required, check the "Final return" box.

Example. If you annually filed Part II, Form 3520, because you were the owner of the trust for U.S. income tax purposes and the trust has terminated within the tax year, that year's return would be a final return with respect to that foreign trust.
Amended return. If this Form 3520 is filed to amend a Form 3520 that you previously filed, check the "Amended return" box.

## Identifying Information

Identification numbers. Use social security numbers or individual taxpayer identification numbers to identify individuals. Use employer identification numbers to identify estates, trusts, partnerships, and corporations.
Address. Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the U.S. person has a P.O. box, show the box number instead.
Foreign address. Do not abbreviate the country name.
Line 1. This line identifies the U.S. person that is filing Form 3520. If you and your spouse are both making transfers to the same trust and you file joint returns, you may file only one Form 3520. Put the names and taxpayer identification numbers in the same order as they appear on your Form 1040.
Line 4. If you are the executor of the estate of a U.S. citizen or resident, you must identify the decedent on this line.

## Part I—Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year

Complete Part I for information on a reportable event (defined on page 4).
Note. Although the basic reporting requirements for Form 3520 are contained in section 6048 (and are clarified by Notice 97-34), the reporting requirements have been clarified by the regulations under sections 679 and 684. Accordingly, the regulations under sections 679 and 684 should be referred to for additional clarification for transfers that are required to be reported in Part I of Form 3520.
Line 5. If you are not the trust creator, enter the name of the person that created or originally settled the foreign trust.
Line 6. See the list of country codes on pages 11 and 12. If the country is not included in the list, enter "OC" for "other country" and enter the country's name.
Lines 7, 8, and 10. If you are reporting multiple transfers to a single foreign trust and the answers to lines 7, 8, or 10 are different for various transfers, complete a separate line for each transfer on duplicate copies of the relevant pages of the form.
Line 7a. If "Yes," you must comply with the reporting requirements that would apply to a direct transfer to that
other person. For example, if that other person is a foreign partnership, you must comply with the reporting requirements for transfers to foreign partnerships (see Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships).
Line 8. If the transfer was a completed gift (see Regulations section 25.2511-2) or bequest, you may have to file Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, or Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return.
Line 9. See definition of U.S. beneficiary on page 4.
Line 10. If you are treated as the owner of any portion of the foreign trust under the grantor trust rules, answer "Yes" to this question and complete Part II.

## Schedule A—Obligations of a Related Trust

Line 11a. The FMV of an obligation of the trust (or an obligation of another person related to the trust) that you receive in exchange for the transferred property equals zero, unless the obligation meets the requirements of a qualified obligation. See page 3 for the definitions of obligation and qualified obligation. See page 4 for the definition of person related to a foreign trust.
Lines 12 and 26. If you answered "Yes" to the question on line 11 b (line 25 , column (e)) with respect to any obligation, you generally must answer "Yes" to the question on line 12 (line 26). By so doing, you agree to extend the period of assessment of any income or transfer tax attributable to the transfer and any consequential income tax changes for each year that the obligation is outstanding. This form will be deemed to be agreed upon and executed by the IRS for purposes of Regulations section 301.6501 (c)-1(d).

If you answer "No" to the question on line 12 (line 26), you generally may not treat an obligation as a qualified obligation on line 11b (line 25, column (e)). The one exception to this is if the maturity date of the obligation does not extend beyond the end of your tax year for which you are reporting and such obligation is paid within that tax year.

## Schedule B-Gratuitous Transfers

Complete the applicable portions of Schedule B with respect to all reportable events (defined on page 4) that took place during the current tax year.
Line 13

- In your description, indicate whether the property is tangible or intangible.
- You may aggregate transfers of cash during the year on a single line of line 13.
- If there is not enough space on the form, please attach a statement.
- For transfers reported on attachments, you must enter "Attachment" on one of the lines in column (b), and enter the total amount of transfers reported on the attachment on line 13, columns (c), (d), (e), (f), (h), and (i).
Note. Penalties may be imposed for failure to report all required information. See Item 1 of Penalties on page 2.
Line 13, column (e). Only include gain that is immediately recognized at the time of the transfer. Note. For any transfer by a U.S. person to a foreign nongrantor trust after August 4, 1997, the transfer is treated as a sale or exchange and the transferor must recognize as a gain the excess of the FMV of the transferred property over its adjusted basis. Although the gain is not recognized on Form 3520, it must be reported
on the appropriate form or schedule of the transferor's income tax return. See section 684.
Line 13, column (f). Generally, if the reported transaction is a sale, you should report the gain on the appropriate form or schedule of your income tax return.
Line 15. Enter the name, address, whether the person is a U.S. beneficiary (defined on page 4), and taxpayer identification number, if any, of all reportable beneficiaries. Include specified beneficiaries, classes of discretionary beneficiaries, and names or classes of any beneficiaries that could be named as additional beneficiaries. If there is not enough space on the form, please attach a statement.
Line 17. Enter the name, address, and taxpayer identification number (if any) of any person, other than those listed on line 16, that has significant powers over the trust (e.g., "protectors," "enforcers," any person that must approve trustee decisions, or otherwise direct trustees, any person with a power of appointment, any person with powers to remove or appoint trustees, etc.). Include a description of each person's powers. If there is not enough space, attach a statement.
Line 18. If you checked "No" on line 3 (or you did not complete lines 3a through 3g) attach:
- A summary of the terms of the trust that includes a summary of any oral agreements or understandings you have with the trustee, whether or not legally enforceable. - A copy of all trust documents (and any revisions), including the trust instrument, any memoranda of wishes prepared by the trustees summarizing the settlor's wishes, any letter of wishes prepared by the settlor summarizing his or her wishes, and any similar documents.
- A copy of the trust's financial statements, including a balance sheet and an income statement similar to those shown on Form 3520-A. These financial statements must reasonably reflect the trust's accumulated income under U.S. income tax principles. For example, the statements must not treat capital gains as additions to trust corpus.


## Schedule C—Qualified Obligations Outstanding in the Current Tax Year

Line 19. Provide information on the status of outstanding obligations of the foreign trust (or person related to the foreign trust) that you reported as a qualified obligation in the current tax year. This information is required in order to retain the obligation's status as a qualified obligation. If relevant, attach a statement describing any changes in the terms of the qualified obligation.

If the obligation fails to retain the status of a qualified obligation, you will be treated as having made a gratuitous transfer to the foreign trust, which must be reported on Schedule B, Part I. See Section III(C)(2) of Notice 97-34.

## Part II—U.S. Owner of a Foreign Trust

Complete Part II if you are considered the owner of any assets of a foreign trust under the grantor trust rules during the tax year. You are required to enter a taxpayer identification number for such foreign trust on line 2 b .
Line 20. Enter information regarding any person other than yourself who is considered the owner of any portion of the trust under the grantor trust rules. Also, enter in column (e) the specific Code section that causes that person to be considered an owner for U.S. income tax
purposes. See the grantor trust rules under sections 671 through 679.
Line 21. See the list of country codes on pages 11 and 12. If the country is not included in the list, enter "OC" for "other country" and the country's name.
Line 22. If "Yes," the copy of the Foreign Grantor Trust Owner Statement (page 3 of Form 3520-A) should show the amount of the foreign trust's income that is attributable to you for U.S. income tax purposes. See Section IV of Notice 97-34.

If "No," you may be liable for a penalty of $5 \%$ of the trust assets that you are treated as owning, plus additional penalties for continuing failure to file after notice by the IRS. See section 6677. Also see Penalties on page 2.
Line 23. Enter the FMV of the trust assets that you are treated as owning. Include all assets at FMV as of the end of the tax year. For this purpose, disregard all liabilities. The trust should send you this information in connection with its Form 3520-A. If you did not receive such information (line 9 of the Foreign Grantor Trust Owner Statement) from the trust, complete line 23 to the best of your ability. At a minimum, include the value of all assets that you have transferred to the trust. Also use Form 8082 to notify the IRS that you did not receive a Foreign Grantor Trust Owner Statement. However, filing Form 8082 does not relieve you of any penalties that may be imposed under section 6677. See Penalties on page 2.

## Part III—Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year

If you received an amount from a portion of a foreign trust of which you are treated as the owner and you have correctly reported any information required on Part II and the trust has filed a Form 3520-A with the IRS, do not separately disclose distributions again in Part III. If you received an amount from a foreign trust that would require a report under both Parts III and IV (gifts and bequests) of Form 3520, report the amount only in Part III.

Line 24. Report any cash or other property that you received (actually or constructively, directly or indirectly) during the current tax year, from a foreign trust, whether or not taxable, unless the amount is a loan to you from the trust that must be reported on line 25 . For example, if you are a partner in a partnership that receives a distribution from a foreign trust, you must report your allocable share of such payment as an indirect distribution from the trust.

Line 24, column (c). The filer is permitted to enter the basis of the property in the hands of the beneficiary (as determined under section 643(e)(1)), if lower than the FMV of the property, but only if the taxpayer is not required to complete Schedule A (lines 31 through 38) due to lack of documentation. For these purposes, lack of documentation refers to a situation in which the filer checked "No" on line 29 or 30 because (a) the beneficiary did not receive a Foreign Grantor Trust Beneficiary Statement or a Foreign Nongrantor Trust Beneficiary Statement from the trust or (b) such statement did not contain all six of the items specified under the instructions for line 29 or line 30 on page 7.
Line 25. If you, or a person related to you, received a loan from a related foreign trust, it will be treated as a
distribution to you unless the obligation you issued in exchange is a qualified obligation.

For this purpose, a loan to you by an unrelated third party that is guaranteed by a foreign trust is generally treated as a loan from the trust.

Line 25, column (e). Answer "Yes" if your obligation given in exchange for the loan is a qualified obligation (defined on page 3).
Line 26. See Lines 12 and 26 on page 5.
Line 27. Penalties may be imposed for failure to accurately report all distributions received during the current tax year. See item 2 of Penalties on page 2.
Line 28. Provide information on the status of any outstanding obligation to the foreign trust that you reported as a qualified obligation in the current tax year. This information is required in order to retain the obligation's status as a qualified obligation. If relevant, attach a statement describing any changes to the terms of the qualified obligation. If the obligation fails to retain the status of a qualified obligation, you will be treated as having received a distribution from the foreign trust, which must be reported as such on line 25 . See Section $\mathrm{V}(\mathrm{A})$ of Notice 97-34.
Lines 29 and 30. If any of the six items required for the Foreign Grantor Trust Beneficiary Statement (see Line 29 below) or for the Foreign Nongrantor Trust Beneficiary Statement (see Line 30 below) is missing, you must check "No" on line 29 or line 30, as applicable.

Also, if you answer "Yes" to line 29 or line 30, and the foreign trust or U.S. agent does not produce records or testimony when requested or summoned by the IRS, the IRS may redetermine the tax consequences of your transactions with the trust and impose appropriate penalties under section 6677.
Line 29. If "Yes," attach the Foreign Grantor Trust Beneficiary Statement (page 4 of Form 3520-A) from the foreign trust and do not complete the rest of Part III with respect to the distribution. If a U.S. beneficiary receives a complete Foreign Grantor Trust Beneficiary Statement with respect to a distribution during the tax year, the beneficiary should treat the distribution for income tax purposes as if it came directly from the owner. For example, if the distribution is a gift, the beneficiary should not include the distribution in gross income.

In addition to basic identifying information (i.e., name, address, TIN, etc.) about the foreign trust and its trustee, this statement must contain these items:

1. The first and last day of the tax year of the foreign trust to which this statement applies.
2. An explanation of the facts necessary to establish that the foreign trust should be treated for U.S. tax purposes as owned by another person. (The explanation should identify the Code section that treats the trust as owned by another person.)
3. A statement identifying whether the owner of the trust is an individual, corporation, or partnership.
4. A description of property (including cash) distributed or deemed distributed to the U.S. person during the tax year, and the FMV of the property distributed.
5. A statement that the trust will permit either the IRS or the U.S. beneficiary to inspect and copy the trust's permanent books of account, records, and such other documents that are necessary to establish that the trust should be treated for U.S. tax purposes as owned by another person. This statement is not necessary if the trust has appointed a U.S. agent.
6. A statement as to whether the foreign trust has appointed a U.S. agent (defined on page 4). If the trust has a U.S. agent, include the name, address, and taxpayer identification number of the agent.

Line 30. If "Yes," attach the Foreign Nongrantor Trust Beneficiary Statement from the foreign trust. A Foreign Nongrantor Trust Beneficiary Statement must include the following items:

1. An explanation of the appropriate U.S. tax treatment of any distribution or deemed distribution for U.S. tax purposes, or sufficient information to enable the U.S. beneficiary to establish the appropriate treatment of any distribution or deemed distribution for U.S. tax purposes.
2. A statement identifying whether any grantor of the trust is a partnership or a foreign corporation. If so, attach an explanation of the relevant facts.
3. A statement that the trust will permit either the IRS or the U.S. beneficiary to inspect and copy the trust's permanent books of account, records, and such other documents that are necessary to establish the appropriate treatment of any distribution or deemed distribution for U.S. tax purposes. This statement is not necessary if the trust has appointed a U.S. agent.
4. The Foreign Nongrantor Trust Beneficiary Statement must also include items 1, 4, and 6, as listed for line 29 above as well as basic identifying information (e.g., name, address, TIN, etc.) about the foreign trust and its trustee.

## Schedule A—Default Calculation of Trust Distributions

If you answered "Yes" to line 30, you may complete either Schedule A or Schedule B. Generally, however, if you complete Schedule A in the current year (or did so in the prior years), you must continue to complete Schedule A for all future years, even if you are able to answer "Yes" to line 30 in that future year. (The only exception to this consistency rule is that you may use Schedule B in the year that a trust terminates, but only if you are able to answer "Yes" to line 30 in the year of termination.)
Line 32. To the best of your knowledge, state the number of years the trust has been in existence as a foreign trust and attach an explanation of your basis for this statement. Consider any portion of a year to be a complete year. If this is the first year that the trust has been a foreign trust, do not complete the rest of Part III (you do not have an accumulation distribution).
Line 33. Enter the total amount of distributions that you received during the 3 preceding tax years (or the number of years the trust has been a foreign trust, if less than 3). For example, if a trust distributed $\$ 50$ in year $1, \$ 120$ in year 2, and $\$ 150$ in year 3, the amount reported on line 33 would be $\$ 320(\$ 50+\$ 120+\$ 150)$.
Line 35. Divide line 34 by 3 (or the number of years the trust has been a foreign trust if fewer than 3). Consider any portion of a year to be a complete year. For example, a foreign trust created on July 1, 2003, would be treated on a 2005 calendar year return as having 2 preceding years (2003 and 2004). In this case, you would calculate the amount on line 35 by dividing line 34 by 2 . Do not disregard tax years in which no distributions were made. The IRS will consider your proof of these prior distributions as adequate records to demonstrate that any distribution up to the amount on line 31 is not an accumulation distribution in the current tax year.

Line 36. Enter this amount as ordinary income on your tax return. Report this amount on the appropriate schedule of your tax return (e.g., Schedule E (Form 1040), Part III).

Note. If there is an amount on line 37, you must also complete line 38 and Schedule C - Calculation of Interest Charge, to determine the amount of any interest charge you may owe.

## Schedule B-Actual Calculation of Trust Distributions

You may only use Schedule B if:

- You answered "Yes" to line 30,
- You attach a copy of the Foreign Nongrantor Trust Beneficiary Statement to this return, and
- You have never before used Schedule A for this foreign trust or this foreign trust terminated during the tax year.
Line 40. Enter the amount received by you from the foreign trust that is treated as ordinary income of the trust in the current tax year. Ordinary income is all income that is not capital gains. Report this amount on the appropriate schedule of your tax return (e.g., Schedule E (Form 1040), Part III).
Line 42. Enter the amount received by you from the foreign trust that is treated as capital gain income of that trust in the current tax year. Report this amount on the appropriate schedule of your tax return (e.g., Schedule D (Form 1040)).
Line 45. Enter the foreign trust's aggregate undistributed net income (UNI). For example, assume that a trust was created in 1998 and has made no distributions prior to 2004. Assume the trust's ordinary income was $\$ 0$ in 2003, $\$ 60$ in 2002, $\$ 124$ in 2001, $\$ 87$ in 2000, $\$ 54$ in 1999, and $\$ 25$ in 1998. Thus, for 2004, the trust's UNI would be $\$ 350$. If the trust earned $\$ 100$ and distributed $\$ 200$ during 2004 (so that $\$ 100$ was distributed from accumulated earnings), the trust's 2005 aggregate UNI would be $\$ 250$ ( $\$ 350+\$ 100-\$ 200$ ).
Line 46. Enter the foreign trust's weighted undistributed net income (weighted UNI). The trust's weighted UNI is its accumulated income that has not been distributed, weighted by the years that it has accumulated income. To calculate weighted UNI, multiply the undistributed income from each of the trust's years by the number of years since that year, and then add each year's result. Using the example from line 45 , the trust's weighted UNI in 2004 would be $\$ 1,260$, calculated as follows:

| No. of years <br> since that <br> year | UNI from <br> each year | Weighted UNI |  |
| :--- | :---: | ---: | :---: |
| 2003 | 1 | $\$ 0$ | $\$ 0$ |
| 2002 | 2 | 60 | 120 |
| 2001 | 3 | 124 | 372 |
| 2000 | 4 | 87 | 348 |
| 1999 | 5 | 54 | 270 |
| 1998 | 6 | 25 | 150 |
| TOTAL |  | $\$ 350$ | $\$ 1,260$ |

To calculate the trust's weighted UNI for the following year (2005), the trust could update this calculation, or the weighted UNI shown on line 46 of the 2004 Form 3520 could simply be updated using the following steps:

1. Begin with the 2004 weighted UNI.
2. Add UNI at the beginning of 2004.
3. Add trust earnings in 2004.
4. Subtract trust distributions in 2004.
5. Subtract weighted trust accumulation distributions in 2004. (Weighted trust accumulation distributions are the trust accumulation distributions in 2004 multiplied by the applicable number of years from 2004.)

Using the examples above, the trust's 2005 weighted UNI would be $\$ 1,150$, calculated as follows.

| 2004 weighted UNI | \$1,260 |
| :---: | :---: |
| UNI at beginning of 2004. | + 350 |
| Trust earnings in 2004 | + 100 |
| Trust distributions in 2004 | - 200 |
| Weighted trust accumulation distributions in 2004 (\$100 X 3.6) | $\underline{-360}$ |
| 2005 weighted UNI | \$1,150 |

Line 47. Calculate the trust's applicable number of years by dividing line 46 by line 45 . Using the examples in the instructions for lines 45 and 46 , the trust's applicable number of years would be 3.6 in $2004(1,260 / 350)$ and 4.6 in 2005 ( $1,150 / 250$ ).

Note. Include as many decimal places as there are digits in the UNI on line 45 (e.g., using the example in the instructions for line 45, include three decimal places).

## Schedule C-Calculation of Interest Charge

Complete Schedule C if you entered an amount on line 37 or line 41.
Line 49. Include the amount from line 48 of this form on line 1, Form 4970. Then compute the tax on the total accumulation distribution using lines 1 through 28 of Form 4970. Enter on line 49 the tax from line 28 of Form 4970, Tax on Accumulation Distribution of Trusts.
Note. Use Form 4970 as a worksheet and attach it to Form 3520.
Line 51. Interest accumulates on the tax (line 49) for the period beginning on the date that is the applicable number of years (as rounded on line 50 ) prior to the applicable date and ending on the applicable date. For purposes of making this interest calculation, the applicable date is the date that is mid-year through the tax year for which reporting is made (e.g., in the case of a 2004 calendar year taxpayer, the applicable date would be June 30, 2004). Alternatively, if you received only a single distribution during the tax year that is treated as an accumulation distribution, you may use the date of that distribution as the applicable date.

For portions of the interest accumulation period that are prior to 1996 (and after 1976), interest accumulates at a simple rate of $6 \%$ annually, without compounding. For portions of the interest accumulation period that are after 1995, interest is compounded daily at the rate imposed on underpayments of tax under section 6621(a)(2). This compounded interest for periods after 1995 is imposed not only on the tax, but also on the total simple interest attributable to pre-1996 periods.

If you are a 2004 calendar year taxpayer and you use June 30, 2004, as the applicable date for calculating interest, use the table on page 9 to determine the combined interest rate and enter it on line 51. If you are not a 2004 calendar year taxpayer or you choose to use the actual date of the distribution as the applicable date, calculate the combined interest rate using the above principles and enter it on line 51.

## Table of Combined Interest Rate Imposed

 on the Total Accumulation DistributionLook up the applicable number of years of the foreign trust that you entered on line 50. Read across to find the combined interest rate to enter on line 51. Use this table only if you are a 2004 calendar year taxpayer and are using June 30, 2004, as the applicable date.

| Applicable number | Combined |
| :--- | :---: |
| of years of trust | interest rate |
| (from line 50) | (enter on line 51) |

1.0

0.0475
1.5............. . . . . . . . . . . 0.0734
2.0.................... . .. . . 0.1025
2.5 . . . . .................... . 0.1324
3.0 . . . . . . . . . . . . . . . . . . . . 0.1713
3.5 . . . . . . . . . . . . . . . . . . . . . . 0.2201
4.0 . . . . . . . . . . . . . . . . . . . . . 0.2738
4.5 . . . . . . . . . . . . . . . . . . . . . 0.3299
5.0.......................... . . 0.3821
5.5 . . . . . . . . . . . . . . . . . . . . . 0.4330
6.0 . . . . . . . . . . . . . . . . . . . . . 0.4926
6.5 . . . . . . . . . . . . . . . . . . . . . 0.5548
7.0 . . . . . . . . . . . . . . . . . . . . . 0.6232
7.5 . . . . . . . . . . . . . . . . . . . . . 0.6947
8.0 . . . . . . . . . . . . . . . . . . . . . 0.7693
8.5 . . . . . . . . . . . . . . . . . . . . . 0.8472
9.0.......................... . . . 0.9026
9.5 . . . . . . . . . . . . . . . . . . . . . . . . . . 0.9580
10.0 . . . . . . . . . . . . . . . . . . . 1.0135
10.5....................... . 1.0689
11.0 . . . . . . . . . . . . . . . . . . . 1.1243
11.5 . . . . . . . . . . . . . . . . . . . . 1.1797
12.0 . . . . . . . . . . . . . . . . . . . 1.2351
12.5 . . . . . . . . . . . . . . . . . . . 1.2905
13.0....................... . . 1.3460
13.5....................... . 1.4014
14.0........................ . 1.4568
14.5 . . . . . . . . . . . . . . . . . . . . 1.5122
15.0 . . . . . . . . . . . . . . . . . . . . 1.5676
15.5 . . . . . . . . . . . . . . . . . . . . 1.6230
16.0 . . . . . . . . . . . . . . . . . . . 1.6784
16.5 . . . . . . . . . . . . . . . . . . . 1.7339
17.0....................... 1.7893
17.5....................... . 1.8447
18.0 . . . . . . . . . . . . . . . . . . . 1.9001
18.5....................... . 1.9555
19.0 . . . . . . . . . . . . . . . . . . . 2.0109
19.5 . . . . . . . . . . . . . . . . . . . . 2.0664
20.0........................ 2.1218
20.5........................ . 2.1772
21.0........................ . 2.2326
21.5........................ 2.2880
22.0 . . . . . . . . . . . . . . . . . . . 2.3434
22.5 . . . . . . . . . . . . . . . . . . . . . 2.3989
23.0 . . . . . . . . . . . . . . . . . . . . 2.4543
23.5 . . . . . . . . . . . . . . . . . . . . . 2.5097
24.0 . . . . . . . . . . . . . . . . . . . . 2.5651
24.5 . . . . . . . . . . . . . . . . . . . 2.6205
25.0........................ . . 2.6759
25.5 ..... 2.7314
26.0 ..... 2.7868
26.5 ..... 2.8422
27.0 ..... 2.8976
All Years Greater than 27.0 ..... 2.9530
(Note. Interest charges began in 1977.)

Line 53. Report this amount as additional tax (ADT) on the appropriate line of your income tax return (e.g., for Form 1040 filers, include this amount as part of the total for line 62 of your 2004 Form 1040 and enter "ADT" to the left of the line 62 entry space).

## Part IV—U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons

Note. Penalties may be imposed for failure to report gifts that should be reported. See item 3 of Penalties on page 2.

A gift to a U.S. person does not include any amount paid for qualified tuition or medical payments made on behalf of the U.S. person.

If a foreign trust makes a distribution to a U.S. beneficiary, the beneficiary must report the amount as a distribution in Part III, rather than as a gift in Part IV.

Contributions of property by foreign persons to domestic or foreign trusts that have U.S. beneficiaries are not reportable by those beneficiaries in Part IV unless they are treated as receiving the contribution in the year of the transfer (e.g., the beneficiary is an owner of that portion of the trust under section 678).

A domestic trust that is not treated as owned by another person is required to report the receipt of a contribution to the trust from a foreign person as a gift in Part IV.

A domestic trust that is treated as owned by a foreign person is not required to report the receipt of a contribution to the trust from a foreign person. However, a U.S. person should report the receipt of a distribution from such a trust as a gift from a foreign person in Part IV.

Line 54. To calculate the threshold amount ( $\$ 100,000$ ), you must aggregate gifts from different foreign nonresident aliens and foreign estates if you know (or have reason to know) that those persons are related to each other (see definition of related person on page 3) or one is acting as a nominee or intermediary for the other. For example, if you receive a gift of $\$ 75,000$ from nonresident alien individual A and a gift of $\$ 40,000$ from nonresident alien individual B, and you know that A and $B$ are related, you must answer "Yes" and complete columns (a) through (c) for each gift.

If you answered "Yes" to the question on line 54 and none of the gifts or bequests received exceeds $\$ 5,000$, do not complete columns (a) through (c) of line 54. Instead, enter in column (b) of the first line: "No gifts or bequests exceed $\$ 5,000$.'
Line 55. Answer "Yes" if you received aggregate amounts in excess of $\$ 12,097$ during the current tax year that you treated as gifts from foreign corporations or foreign partnerships (or any persons that you know (or have reason to know) are related to such foreign corporations or foreign partnerships).

For example, if you, a calendar-year taxpayer during 2004, received \$5,000 from foreign corporation X that you treated as a gift, and $\$ 8,000$ that you received from nonresident alien A that you treated as a gift, and you know that $X$ is wholly owned by $A$, you must complete columns (a) through (g) for each gift.
Note. Gifts from foreign corporations or foreign partnerships are subject to recharacterization by the IRS under section 672(f)(4).
Line 56. If you answered "Yes" to the question on line 56 and the ultimate donor on whose behalf the reporting donor is acting is a foreign corporation or foreign partnership, attach an explanation including the ultimate foreign donor's name, address, identification number (if any), and status as a corporation or partnership.

If the ultimate donor is a foreign trust, treat the amount received as a distribution from a foreign trust and complete Part III.

## Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

In addition, the Privacy Act requires 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.

Our authority to ask for information is sections 6001, 6011, and 6012(a) and their regulations, which require you to file a return or statement with us for any tax for which you are liable. Your response is mandatory under these sections. Section 6109 requires that you provide your social security number or employer identification 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.

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 section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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

The time needed to complete and file this form and related schedules will vary depending on individual circumstances. The estimated average times are:

| Recordkeeping | 42 hr ., 34 min. |
| :---: | :---: |
| Learning about the law or the form | 4 hr ., 43 min . |
| Preparing the form | 6 hr ., 34 min . |
| Sending the form to the IRS | 16 min . |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax form to this office. Instead, see When and Where To File on page 1.

| Country Codes |  | Cote D'Ivoire (Ivory Coast) | IV | Jordan. | JO |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Enter on lines 6a and 6b and line 21, columns (a) and (b), the codes from the list below. |  | Croatia | HR | Juan de Nova Island. | JU |
|  |  | Cuba | CU | Kazakhstan | KZ |
|  |  | Curacao | NT | Kenya . . . . . | KE |
| Abu Dhabi | TC | Czech Republic | EZ | Kiribati (Gilbert Isla | KR |
| Afghanistan | AF | Denmark . . . . | DA | Korea, Democratic People's |  |
| Albania | AL | Djibouti | DJ | Republic of (North) . . . . . . | KN |
| Algeria | AG | Dominica | DO | Korea, Republic of (South) | KS |
| American Samoa | AQ | Dominican Republic | DR | Kosovo . . . . . . . . . . | YO |
| Andorra | AN | Dubai . . . . . . . . | TC | Kurile Islands | RS |
| Angola | AO | East Timor | TT | Kuwait. | KU |
| Anguilla | AV | Ecuador | EC | Kyrgyzstan | KG |
| Antarctica | AY | Egypt | EG | Laos | LA |
| Antigua and Barbuda | AC | Eleuthera Island | BF | Latvia | LG |
| Argentina | AR | El Salvador . . | ES | Lebanon | LE |
| Armenia | AM | Equatorial Guinea | EK | Lesotho | LT |
| Aruba | AA | Eritrea . . . . . . . | ER | Liberia. | LI |
| Ashmore and Cartier Islands | AT | Estonia | EN | Libya | LY |
| Australia | AS | Ethiopia | ET | Liechtenstein | LS |
| Austria | AU | Europa Island | EU | Lithuania | LH |
| Azerbaijan | AJ | Falkland Islands (Islas Ma/vinas) | FK | Luxembourg | LU |
| Azores | PO | Faroe Islands . . . . . . . . . . . . . | FO | Macau . . . . | MC |
| Bahamas, The | BF | Fiji | FJ | Macedonia (former Yugoslav |  |
| Bahrain | BA | Finland | FI | Republic of) . . . . . . . . . . . | MK |
| Baker Island | FQ | France | FR | Madagascar (Malagasy Republic) | MA |
| Balearic Islands (Mallorca, etc.) . | SP | French Guiana | FG | Malawi | MI |
| Bangladesh | BG | French Polynesia (Tahiti) | FP | Malaysia | MY |
| Barbados | BB | French Southern and Antarctic |  | Maldives | MV |
| Bassas da India | BS | Lands . . . . . . . . . . . . . . . . | FS | Mali. . . | ML |
| Belarus | BO | Gabon | GB | Malta . | MT |
| Belgium | BE | Gambia, The | GA | Marshall Islands | RM |
| Belize | BH | Gaza Strip . | GZ | Martinique | MB |
| Benin (Dahomey) | BN | Georgia . | GG | Mauritania | MR |
| Bermuda | BD | Germany | GM | Mauritius | MP |
| Bhutan | BT | Ghana. . | GH | Mayotte | MF |
| Bolivia | BL | Gibraltar | GI | Mexico | MX |
| Bonaire | NT | Glorioso Islands | GO | Micronesia, Federated States of | FM |
| Bosnia-Herzegovina | BK | Great Britain (United Kingdom) | UK | Midway Islands | MQ |
| Botswana | BC | Greece . . . . . . . . . . . . . . . | GR | Moldova . . . . | MD |
| Bouvet Island | BV | Greenland | GL | Monaco | MN |
| Brazil | BR | Grenada(Southern Grenadines) | GJ | Mongolia | MG |
| British Indian Ocean Territory | 10 | Guadeloupe . . . . . . . . . . . . . | GP | Montenegro | YO |
| Brunei . . . . . . . . . . . . . . . | BX | Guam . . . . | GQ | Montserrat . | MH |
| Bulgaria. | BU | Guatemala | GT | Morocco | MO |
| Burkina Faso (Upper Volta) | UV | Guernsey | GK | Mozambique | MZ |
| Burma . . . . . . . . . . . . . | BM | Guinea . | GV | Namibia. . . | WA |
| Burundi | BY | Guinea-Bissau | PU | Nauru | NR |
| Cambodia (Kampuchea) | CB | Guyana | GY | Navassa Island | BQ |
| Cameroon . | CM | Haiti . | HA | Nepal | NP |
| Canada | CA | Heard Island and McDonald Islands | HM | Netherlands | NL |
| Canary Islands | SP | Honduras | HO | Netherlands Antilles | NT |
| Cape Verde . . | CV | Hong Kong | HK | New Caledonia . . . | NC |
| Cayman Islands | CJ | Howland Island | HQ | New Zealand | NZ |
| Central African Republic | CT | Hungary | HU | Nicaragua | NU |
| Chad | CD | Iceland | IC | Niger. | NG |
| Chile | Cl | India | IN | Nigeria | NI |
| China, People's Republic of |  | Indonesia (including Bali, Belitung, |  | Niue | NE |
| (including Inner Mongolia, Tibet, |  | Flores, Java, Moluccas, Sumatra, |  | Norfolk Island | NF |
| and Manchuria) | CH | Timor, etc.) | ID | Northern Ireland | UK |
| Christmas Island (Indian Ocean) | KT | Iran . . . . . | IR | Northern Mariana Islands | CQ |
| Clipperton Island | IP | Iraq | IZ | Norway . | NO |
| Cocos (Keeling) Islands | CK | Ireland, Republic of (Eire) | El | Oman . | MU |
| Colombia . | CO | Isle of Man . . . . . . . . | IM | Pakistan | PK |
| Comoros | CN | Israel. | IS | Palau | PS |
| Congo (Brazzaville) | CF | Italy. | IT | Palmyra Atoll | LQ |
| Congo, Democratic Republic of |  | Jamaica | JM | Panama . . . | PM |
| (Zaire) . | CG | Jan Mayen | JN | Papua New Guinea | PP |
| Cook Islands | CW | Japan | JA | Paracel Islands | PF |
| Coral Sea Islands Territory | CR | Jarvis Island | DQ | Paraguay | PA |
| Corsica | VP | Jersey. | JE | Peru . . | PE |
| Costa Rica | CS | Johnston Atoll | JQ | Philippines | RP |



## Before you file this form, please read the instructions under Who may apply.

I certify that I am and continuously have been a member of

$\qquad$ (Name of religious group)
(Religious district and location)
since $-\ldots$ (Month) accepting benefits of any private or public insurance that makes payments in the event of death, disability, old age, or retirement; or makes payments for the cost of medical care; or provides services for medical care. Public insurance includes any insurance system established by the Social Security Act.

I request that I be exempted from paying social security and Medicare taxes on my earnings from self-employment under Internal Revenue Code section 1401 and from the employer's share of social security and Medicare taxes under Internal Revenue Code section 3111.

I further request exemption from the employee's share of social security and Medicare taxes under Internal Revenue Code section 3101 , for my services as an employee whenever I am employed by an employer who has an identical exemption from social security and Medicare taxes.

I waive all rights to any social security payment or benefit under Titles II and XVIII of the Social Security Act. I understand and agree that no benefits or other payments of any kind under Titles II and XVIII of the Social Security Act will be paid based on my wages and self-employment income to any other person. I certify that I have never received benefits or payments under the above titles, nor has anyone else received these benefits based on my earnings.

I agree to notify the Internal Revenue Service within 60 days of any occurrence that results in my no longer being a member of the religious group described above, or in my no longer following the established teachings of this group.

Furthermore, I understand that if the tax exemption for myself or for my employer under sections $1402(\mathrm{~g})(1)$ or 3127 of the Internal Revenue Code is no longer effective, this waiver will also no longer be effective for:

- myself, with respect to all my wages and self-employment income; and
- my employees with respect to wages I may pay to them; and that if my employer's exemption is no longer in effect, my exemption will end with respect to wages paid to me by my employer. However, the waiver will no longer be effective only to the extent that benefits and other payments under Titles II and XVIII of the Social Security Act can be payable on the basis of:
- my self-employment income for and after the first tax year in which the exemption ends; and
- my wages for and after the calendar year following the calendar year in which the exemption no longer meets the requirements of section $1402(\mathrm{~g})(1)$ or 3127 on which the end of the exemption is based.

Under penalties of perjury, I declare that I have examined this application and waiver, and to the best of my knowledge and belief, it is true and correct.

(Date)
Part II To Be Completed by Religious Group (Please print or type)


## Social Security Administration Use Only

This religious group is recognized as being in existence continuously since December 31, 1950, as providing a reasonable level of living for its dependent members, and as being conscientiously opposed to public or private insurance.
$\square$ This religious group is not recognized as being in existence continuously since December 31, 1950, as providing a reasonable
level of living for its dependent members, and/or as being conscientiously opposed to public or private insurance.
By
(Signature of authorized SSA representative)
(Date)

## Internal Revenue Service Use Only

Approved for exemption from social security and Medicare taxes. (See Caution in Part I above.)
Disapproved for exemption from social security and Medicare taxes.
By
(Signature of Authorized IRS Official)
(Date)
Cat. No. 41277T
Form 4029 (Rev. 1-2001)

## General Instructions

Section references are to the Internal Revenue Code.
Purpose of form. Form 4029 is used by members of recognized religious groups to apply for exemption from social security and Medicare taxes. The exemption is for individuals and partnerships (when all the partners have approved certification).
Note: The election to waive social security benefits, including Medicare benefits, applies to all wages and self-employment income earned before and during the effective period of this exemption and is irrevocable for that period.
Who may apply. You may apply for this exemption if you are a member of, and follow the teachings of, a recognized religious group (as defined below). If you already have approval for exemption from self-employment taxes, you are considered to have met the requirements for exemption from social security and Medicare taxes and do not need to file this form.

You are not eligible for this exemption if you received social security benefits or payments, or if anyone else received these benefits or payments based on your wages or self-employment income. However, you can file Form 4029 and be considered for approval if you paid back any benefits you received.
Note: Do not file Form 4029 if you seek exemption for work performed as a minister, member of a religious order, or a Christian Science practitioner. Instead, file Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners.
Recognized religious group. A recognized religious group must meet all the following requirements:

- It is conscientiously opposed to accepting benefits of any private or public insurance that makes payments in the event of death, disability, old age, or retirement; makes payments for the cost of medical care; or provides services for medical care (including social security and Medicare benefits).
- It has provided a reasonable level of living for its dependent members.
- It has existed continuously since December 31, 1950.

When to file. File Form 4029 when you want to apply for exemption from social security and Medicare taxes. This is a one-time election. Keep your approved copy of Form 4029 for your permanent records.
Where to file. Send three copies of Form 4029 to:
Social Security Administration
Division of Earnings Adjustments
Attention: Form 4029 Process
Metro West, North Building
Baltimore, MD 21201
Social security number. Enter your social security number in the space provided. If you do not have a social security number, file Form SS-5, Application for a Social Security Card, with your Form 4029. You can order Form SS-5 by calling 1-800-772-1213.
Effective date of exemption. An approved exemption begins on the first day of the first quarter after the quarter in which Form 4029 is filed. The exemption will continue as long as you, or in the case of wage payments, both the employee and employer, continue to meet the exemption requirements.
Signature. The completed Form 4029 must be signed and dated by the applicant in Part I and by the authorized representative of the religious group in Part II.

## How to show exemption from self-employment taxes on

 Form 1040. If the IRS returned your copy of Form 4029 marked "Approved," write "Form 4029" on the "Self-employment tax" line in the Other Taxes section of Form 1040, page 2.
## Instructions to Employers

Employees without Form 4029 approval. If you have employees who do not have an approved Form 4029, you must withhold the employee's share of social security and Medicare taxes and pay the employer's share.
Reporting exempt wages. If you are a qualifying employer with one or more qualifying employees, you are not required to report wages that are exempt under section 3127. Do not include these wages on Form 941, Employer's Quarterly Federal Tax Return, or on Form 943, Employer's Annual Tax Return for Agricultural Employees. If you have received an approved Form 4029, enter "Form 4029" on Form 941 to the left of the entry spaces on the lines for Taxable social security wages, Taxable social security tips, and Taxable Medicare wages and tips. If you file Form 943 and have received an approved Form 4029, write "Form 4029" to the left of the wage entry spaces for Total wages subject to social security taxes and Total wages subject to Medicare taxes.
Preparation of Form W-2. When you prepare Form W-2 for a qualifying employee, enter "Form 4029" in the box marked "Other." Do not make any entries in the boxes for Social security wages, Medicare wages and tips, Social security tax withheld, or Medicare tax withheld for these employees.

Privacy Act and Paperwork Reduction Act Notice. The Privacy Act of 1974 and the Paperwork Reduction Act of 1980 require 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.

Our authority to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) which require you to file a return or statement with us for any tax for which you are liable. Your response is mandatory under these sections. Code section 6109 requires that you provide 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. 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 be material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of J ustice to enforce the tax laws, both civil and criminal, to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 7 min.; Learning about the law or the form, 11 min .; Preparing the form, 11 min .; Copying, assembling, and sending the form to the SSA, 35 min .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. DO NOT send the form to this address. Instead, see Where to file on this page.


C If you were an owner of an interest in a pass-through entity (such as a partnership or an S corporation) that holds one or more long-term contracts to which this interest computation relates, enter the name and employer identification number of the entity. Attach a schedule if there is more than one such entity.
Name of entity

## Part I Regular Method

1 Taxable income or loss for the prior years shown on tax return (or as previously adjusted) before net operating loss or capital loss carrybacks (other than carrybacks that must be taken into account to properly compute interest under section 460) (see page 3 of the instructions). If you were required to file Form 8697 for an earlier year, enter adjusted taxable income for the prior years from line 3, Form 8697, for the most recent filing year that affects the prior years .

2 Adjustment to income to reflect the difference between: (a) the amount of income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on the actual contract price and costs, and (b) the amount of income reported for such contracts based on estimated contract price and costs. See page 3 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement
3 Adjusted taxable income for look-back purposes. Combine lines 1 and 2

4 Income tax liability on line 3 amount using tax rates in effect for the prior years (see page 3 of the instructions)
5 Income tax liability shown on return (or as previously adjusted) for the prior years (see page 3 of the instructions). If you were required to file Form 8697 for an earlier year, enter the amount required to be reported on line 4, Form 8697, for the most recent filing year that affects the prior years

6 Increase or decrease in tax for the prior years on which interest is due (or is to be refunded). Subtract line 5 from line 4.

7 Interest due on increase, if any, shown on line 6 (see page 3 of the instructions).
8 Interest to be refunded on decrease, if any, shown on line 6 (see page 3 of the instructions).


9 Net amount of interest to be refunded to you. If line 8, column (d), exceeds line 7, column (d), enter the excess. File Form 8697 separately; do not attach it to your tax return (see page 3 of the instructions).
10 Net amount of interest you owe. If line 7, column (d), exceeds line 8, column (d), enter the excess. Attach Form 8697 to your tax return. See page 4 of the instructions for where to include this amount on your return

## Part II Simplified Marginal Impact Method

1 Adjustment to regular taxable income to reflect the difference between: (a) the amount of such income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on actual contract price and costs, and (b) the amount of such income reported for such contracts based on estimated contract price and costs. See page 4 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement

2 Increase or decrease in regular tax for prior years. Multiply line 1 in each column by the applicable regular tax rate (see page 4 of the instructions).
Note: For prior years beginning before 1987, skip lines 3 and 4 and enter on line 5 the amount from line 2.
3 Adjustment to alternative minimum taxable income to reflect the difference between: (a) the amount of such income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on actual contract price and costs, and (b) the amount of such income reported for such contracts based on estimated contract price and costs. See page 4 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement

4 Increase or decrease in alternative minimum tax (AMT) for prior years. Multiply line 3 in each column by the applicable AMT rate (see page 4 of the instructions)
5 Enter the larger of line 2 or line 4 . See page 4 of the instructions if either amount is negative.
Pass-through entities: Skip line 6 and enter on line 7 the amount from line 5 .
6 Overpayment ceiling. For each column in which line 5 is a negative number, enter your total tax liability for the prior year, as adjusted for past applications of the look-back method and after net operating loss, capital loss, net section 1256 contracts loss, and credit carryovers and carrybacks to that year. For each column in which line 5 is a positive number, leave line 6 blank and enter on line 7 the amount from line 5
7 Increase or decrease in tax for the prior years on which interest is due (or is to be refunded). Enter the amount from line 5 or line 6 , whichever is smaller. Treat both numbers as positive when making this comparison, but enter the amount as a negative number .
8 Interest due on increase, if any, shown on line 7 (see page 4 of the instructions).

9 Interest to be refunded on decrease, if any, shown on line 7 (see page 4 of the instructions).


10 Net amount of interest to be refunded to you. If line 9, column (d), exceeds line 8, column (d), enter the excess. File Form 8697 separately; do not attach it to your tax return (see page 4 of the instructions)
11 Net amount of interest you owe. If line 8, column (d), exceeds line 9, column (d), enter the excess. Attach Form 8697 to your tax return. See page 4 of the instructions for where to include this amount on your return
Signature(s) Complete this section only if this form is being filed separately.

(Rev. April 2004) Department of the Treasury Internal Revenue Service

## Tax Information Authorization

- Do not use this form to request a copy or transcript of your tax return. Instead, use Form 4506 or Form 4506-T.

OMB No. 1545-1165

Name
Telephone
Function Date
$\frac{(1}{1}$

1 Taxpayer information. Taxpayer(s) must sign and date this form on line 7.
Taxpayer name(s) and address (type or print)
$\left.\begin{array}{|cc|c}\text { Social security number(s) } & \text { Employer identification number } \\ \vdots & \vdots\end{array}\right)$

2 Appointee. If you wish to name more than one appointee, attach a list to this form.


3 Tax matters. The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line. Do not use Form 8821 to request copies of tax returns.

| (a) <br> Type of Tax <br> (Income, Employment, Excise, etc.) <br> or Civil Penalty | (b) <br> Tax Form Number <br> (1040, 941, 720, etc.) | (c) <br> Year(s) or Period(s) <br> (see the instructions for line 3) | Specific Tax Matters (see instr.) |
| :---: | :---: | :---: | :---: |
|  |  |  |  |
|  |  |  |  |
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4 Specific use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions on page 3. If you check this box, skip lines 5 and 6

5 Disclosure of tax information (you must check a box on line 5 a or 5 b unless the box on line 4 is checked):
a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box
b If you do not want any copies of notices or communications sent to your appointee, check this box. $\qquad$
6 Retention/revocation of tax information authorizations. This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed on line 3 above unless you checked the box on line 4. If you do not want to revoke a prior tax information authorization, you must attach a copy of any authorizations you want to remain in effect and check this box
To revoke this tax information authorization, see the instructions on page 3.
7 Signature of taxpayer(s). If a tax matter applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute this form with respect to the tax matters/periods on line 3 above.

## $>$ IF NOT SIGNED AND DATED, THIS TAX INFORMATION AUTHORIZATION WILL BE RETURNED.



## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

Authorization to file Form 8821 electronically. Your appointee may be able to file Form 8821 with the IRS electronically. PIN number boxes have been added to the taxpayer's signature section. Entering a PIN number will give your appointee authority to file Form 8821 electronically using the PIN number as the electronic signature. You can use any five digits other than all zeroes as a PIN number. You may use the same PIN number that you used on other filings with the IRS. See Where To File on page 3 if completing Form 8821 only for this purpose.

## Purpose of Form

Form 8821 authorizes any individual, corporation, firm, organization, or partnership you designate to inspect and/or receive your confidential information in any office of the IRS for the type of tax and the years or periods you list on Form 8821. You may file your own tax information authorization without using Form 8821, but it must include all the information that is requested on Form 8821.

Form 8821 does not authorize your appointee to advocate your position with respect to the Federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If you want to authorize an individual to represent you, use Form 2848, Power of Attorney and Declaration of Representative.
Use Form 4506, Request for Copy of Tax Return, to get a copy of your tax return.
Use new Form 4506-T, Request for Transcript of Tax Return, to order: (a) transcript of tax account information and (b) Form W-2 and Form 1099 series information.
Use Form 56, Notice Concerning Fiduciary Relationship, to notify the IRS of the existence of a fiduciary relationship. A fiduciary (trustee, executor, administrator, receiver, or guardian) stands in the position of a taxpayer and acts as the taxpayer. Therefore, a fiduciary does not act as an appointee and should not file Form 8821. If a fiduciary wishes to authorize an appointee to inspect and/or receive confidential tax information on behalf of the fiduciary, Form 8821 must be filed and signed by the fiduciary acting in the position of the taxpayer.

## When To File

Form 8821 must be received by the IRS within 60 days of the date it was signed and dated by the taxpayer.

## Where To File Chart

| IF you live in . . . | THEN use this address . | Fax Number* |
| :---: | :---: | :---: |
| Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, or West Virginia | Internal Revenue Service <br> Memphis Accounts Management Center <br> Stop 8423 <br> 5333 Getwell Road <br> Memphis, TN 38118 | 901-546-4115 |
| Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, or Wyoming | Internal Revenue Service Ogden Accounts Management Center 1973 N. Rulon White Blvd. <br> Mail Stop 6737 <br> Ogden, UT 84404 | 801-620-4249 |
| All APO and FPO addresses, American Samoa, nonpermanent residents of Guam or the Virgin Islands**, Puerto Rico (or if excluding income under Internal Revenue Code section 933), a foreign country: U.S. citizens and those filing Form 2555, 2555-EZ, or 4563. | Internal Revenue Service <br> Philadelphia Accounts Management Center <br> DPSW 312 <br> 11601 Roosevelt Blvd. <br> Philadelphia, PA 19255 | 215-516-1017 |
| *These numbers may change without notice. <br> **Permanent residents of Guam should use Department of Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the Virgin Islands should use: V.I. Bureau of Internal Revenue, 9601 Estate Thomas Charlotte Amaile, St. Thomas, V.I. 00802. |  |  |

## Where To File

Generally, mail or fax Form 8821 directly to the IRS. See the Where To File Chart on page 2. Exceptions are listed below.

- If Form 8821 is for a specific tax matter, mail or fax it to the office handling that matter. For more information, see the instructions for line 4.
- If you complete Form 8821 only for the purpose of electronic signature authorization, do not file Form 8821 with the IRS. Instead, give it to your appointee, who will retain the document.


## Revocation of an Existing Tax Information Authorization

If you want to revoke an existing tax information authorization and do not want to name a new appointee, send a copy of the previously executed tax information authorization to the IRS, using the Where
To File Chart on page 2. The copy of the tax information authorization must have a current signature of the taxpayer under the original signature on line 7. Write "REVOKE" across the top of Form 8821. If you do not have a copy of the tax information authorization you want to revoke, send a statement to the IRS. The statement of revocation must indicate that the authority of the tax information authorization is revoked, list the tax matters, must be signed and dated by the taxpayer, and list the name and address of each recognized appointee whose authority is revoked.
To revoke a specific use tax information authorization, send the tax information authorization or statement of revocation to the IRS office handling your case, using the above instructions.

## Taxpayer Identification Numbers (TINs)

TINs are used to identify taxpayer information with corresponding tax returns. It is important that you furnish correct names, social security numbers (SSNs), individual taxpayer identification numbers (ITINs), or employer identification numbers (EINs) so that the IRS can respond to your request.

## Partnership Items

Sections 6221-6234 authorize a Tax Matters Partner to perform certain acts on behalf of an affected partnership. Rules governing the use of Form 8821 do not replace any provisions of these sections.

## Specific Instructions

## Line 1. Taxpayer Information

Individuals. Enter your name, TIN, and your street address in the space provided. Do not enter your appointee's address or post office box. If a joint return is used, also enter your spouse's name and TIN. Also enter your EIN if applicable.
Corporations, partnerships, or associations. Enter the name, EIN, and business address.
Employee plan. Enter the plan name, EIN of the plan sponsor, three-digit plan number, and business address of the plan sponsor.

Trust. Enter the name, title, and address of the trustee, and the name and EIN of the trust.
Estate. Enter the name, title, and address of the decedent's executor/personal representative, and the name and identification number of the estate. The identification number for an estate includes both the EIN, if the estate has one, and the decedent's TIN.

## Line 2. Appointee

Enter your appointee's full name. Use the identical full name on all submissions and correspondence. Enter the nine-digit CAF number for each appointee. If an appointee has a CAF number for any previously filed Form 8821 or power of attorney (Form 2848), use that number. If a CAF number has not been assigned, enter "NONE," and the IRS will issue one directly to your appointee. The IRS does not assign CAF numbers to requests for employee plans and exempt organizations.
If you want to name more than one appointee, indicate so on this line and attach a list of appointees to Form 8821.

Check the appropriate box to indicate if either the address, telephone number, or fax number is new since a CAF number was assigned.

## Line 3. Tax Matters

Enter the type of tax, the tax form number, the years or periods, and the specific tax matter. Enter "Not applicable," in any of the columns that do not apply.
For example, you may list "Income tax, Form 1040" for calendar year "2003" and "Excise tax, Form 720" for the "1st, 2nd, 3rd, and 4th quarters of 2003." For multiple years, you may list " 2001 through (thru or a dash (-)) 2003" for an income tax return; for quarterly returns, list "1st, 2nd, 3rd, and 4th quarters of 2001 through 2002" (or 2nd 2002 - 3rd 2003). For fiscal years, enter the ending year and month, using the YYYYMM format. Do not use a general reference such as "All years,""All periods," or "All taxes." Any tax information authorization with a general reference will be returned.
You may list any tax years or periods that have already ended as of the date you sign the tax information authorization. Also, you may include on a tax information authorization future tax periods that end no later than 3 years after the date the tax information authorization is received by the IRS. The 3 future periods are determined starting after December 31 of the year the tax information authorization is received by the IRS. You must enter the type of tax, the tax form number, and the future year(s) or period(s). If the matter relates to estate tax, enter the date of the decedent's death instead of the year or period.
In column (d), enter any specific information you want the IRS to provide. Examples of column (d) information are: lien information, a balance due amount, a specific tax schedule, or a tax liability.
For requests regarding Form 8802, Application for United States Residency Certification, enter "Form 8802" in column (d) and check the specific use box on line 4. Also, enter the appointee's information as instructed on Form 8802.

## Line 4. Specific Use Not Recorded on CAF

Generally, the IRS records all tax information authorizations on the CAF system. However, authorizations relating to a specific issue are not recorded.
Check the box on line 4 if Form 8821 is filed for any of the following reasons: (a) requests to disclose information to loan companies or educational institutions, (b) requests to disclose information to Federal or state agency investigators for background checks, (c) application for EIN, or (d) claims filed on Form 843, Claim for Refund and Request for Abatement. If you check the box on line 4, your appointee should mail or fax Form 8821 to the IRS office handling the matter. Otherwise, your appointee should bring a copy of Form 8821 to each appointment to inspect or receive information. A specific-use tax information authorization will not revoke any prior tax information authorizations.

## Line 6. Retention/Revocation of Tax Information Authorizations

Check the box on this line and attach a copy of the tax information authorization you do not want to revoke. The filing of Form 8821 will not revoke any Form 2848 that is in effect.

## Line 7. Signature of Taxpayer(s)

Individuals. You must sign and date the authorization. Either husband or wife must sign if Form 8821 applies to a joint return.

Corporations. Generally, Form 8821 can be signed by: (a) an officer having legal authority to bind the corporation, (b) any person designated by the board of directors or other governing body, (c) any officer or employee on written request by any principal officer and attested to by the secretary or other officer, and (d) any other person authorized to access information under section 6103(e).
Partnerships. Generally, Form 8821 can be signed by any person who was a member of the partnership during any part of the tax period covered by Form 8821. See Partnership Items on page 3.

All others. See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. Form 8821 is provided by the IRS for your convenience and its use is voluntary. If you designate an appointee to inspect and/or receive confidential tax information, you are required by section 6103(c) to provide the information requested on Form 8821. Under section 6109, you must disclose your social security number (SSN), employer identification number (EIN), or individual taxpayer identification number (ITIN). If you do not provide all the information requested on this form, we may not be able to honor the authorization.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also give this information to other countries pursuant to tax treaties. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. The authority to disclose information to combat terrorism expired on December 31, 2003. Legislation is pending that would reinstate this authority.
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.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 min.; Learning about the law or the form, 12 min.; Preparing the form, 24 min.; Copying and sending the form to the IRS, 20 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making Form 8821 simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form 8821 to this address. Instead, see the Where To File Chart on page 2.

## Part I

Current Year Credit (Members of controlled groups or businesses under common control, see instructions.)
1 Qualified childcare facility expenditures paid or incurred (see instructions)
2 Enter 25\% (.25) of line 1


6 Add lines 2, 4, and 5 . . . . . . . . . . . . . . . . . . . . estates, and trusts, see instructions)

## Part II

Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)
8 Regular tax before credits:

- Individuals. Enter the amount from Form 1040, line 43
- Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
- Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1 b , or the amount from the applicable line of your return
9 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
- Corporations. Enter the amount from Form 4626, line 14
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56 .

10 Add lines 8 and 9
11a Foreign tax credit
b Credits from Form 1040, lines 47 through 53
c Possessions tax credit (Form 5735, line 17 or 27)
d Credit for fuel from a nonconventional source
e Qualified electric vehicle credit (Form 8834, line 20)
f Add lines 11a through 11e
12 Net income tax. Subtract line 11 f from line 10. If zero, skip lines 13 through 16 and enter -0 - on line 17
13 Net regular tax. Subtract line 11 f from line 8. If zero or less, enter -0-
14 Enter $25 \%$ (.25) of the excess, if any, of line 13 over $\$ 25,000$ (see instructions)
15 Tentative minimum tax (see instructions):

- Individuals. Enter the amount from Form 6251, line 33
- Corporations. Enter the amount from Form 4626, line 12
- Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54
16 Enter the greater of line 14 or line 15
17 Subtract line 16 from line 12. If zero or less, enter -0-
18 Credit allowed for the current year. Enter the smaller of line 7 or line 17 here and on Form 1040, line 54; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 17 is smaller than line 7, see instructions

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For Paperwork Reduction Act Notice, see page 3.
Cat. No. 33436Y
Form 8882 (2004)

## General Instructions

Section references are to the Internal Revenue Code.

## Purpose of Form

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

## How To Figure the Credit

The credit is $25 \%$ of the qualified childcare facility expenditures plus $10 \%$ of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to $\$ 150,000$ per tax year.

Qualified childcare facility expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:

1. Is to be used as part of a qualified childcare facility of the taxpayer,
2. Is depreciable (or amortizable) property, and
3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;

- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.
Note. Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.
A qualified childcare facility is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.
- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.
- If the facility is the principal trade or business of the taxpayer, at least $30 \%$ of the enrollees of the facility must be dependents of employees of the taxpayer.
- The use of the facility (or the eligiblity to use the facility) must not discriminate in favor of highly compensated employees.

Qualified childcare resource and referral expenditures are amounts paid or incurred under a contract to provide childcare resource and referral services to employees of the taxpayer. The provision of the services (or the eligibility to use the services) must not discriminate in favor of highly compensated employees.

## No Double Benefit Allowed

You must reduce:

- The basis of any qualified childcare facility by the amount of the credit on line 7 allocable to capital expenditures related to the facility,
- Any otherwise allowable deductions used to figure the credit by the amount of the credit on line 7 allocable to those deductions, and
- Any expenditures used to figure any other credit by the amount of the credit on line 7 allocable to those expenditures (for purposes of figuring the other credit).

Note. For credits entered on line 5, only the pass-through entity is required to make this reduction.

## Recapture of Credit

You may have to recapture part or all of the credit if, before the 10th tax year after the tax year in which your qualified childcare facility is placed in service, the facility ceases to operate as a qualified childcare facility or there is a change in ownership of the facility. However, a change in ownership will not require recapture if the person acquiring the interest in the facility agrees, in writing, to assume the recapture liability. See section $45 F(d)$ for details.

Any recapture tax is reported on the line of your tax return where other recapture taxes are reported (or, if no such line, on the "total tax" line). The recapture tax may not be used in figuring the amount of any credit or in figuring the alternative minimum tax.

## Controlled Groups

All members of a controlled group of corporations (within the meaning of section 52(a)) and all partnerships, corporations, unincorporated businesses, and other persons under common control (within the meaning of section 52(b)) are treated as one person for purposes of the credit. The group member who would have the largest credit if this rule did not apply completes Form 8882, Part I, figures the group credit on line 7, and skips Part II. On separate Forms 8882, each member (including the member who completed the group Form 8882) skips lines 1 through 6 and enters its share of the group credit on line 7. Each member then completes Part II on its separate form (or Form 3800, if required). Each member also must attach a statement showing how the group credit was divided among all members. The members share the credit on line 2 in the same proportion that they contributed qualified childcare facility expenditures and share the credit on line 4 in the same proportion that they contributed qualified resource and referral expenditures.

## Additional Information

For more details, see section 45F.

## Specific Instructions

## Part I

## Current Year Credit

Figure the credit for expenditures you paid on lines 1 through 4. Do not complete lines 1 through 4 for credits allocated to you from S corporations, partnerships, estates, or trusts; instead, complete line 5.

## Line 1

Enter your qualified childcare facility expenditures (defined above) paid or incurred during the tax year.

## Line 3

Enter your qualified childcare resource and referral expenditures (defined above) paid or incurred during the tax year.

## Line 5

Enter the amount of credit that was allocated to you as a partner, shareholder, or beneficiary. Also enter the employer identification number (EIN) of the pass-through entity. If you received a credit from more than one pass-through entity, write "see attached" in the entry space for the EIN, and attach a statement showing the EIN and credit amount for each pass-through entity.

## Line 7

S corporations and partnerships. Allocate the credit on line 7 among the shareholders and partners. Attach Form 8882 to the return and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships must include this credit in "general credits."
Estates and trusts. The credit on line 7 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line next to line 7, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in Part II (or Form 3800, if required) to figure the credit to claim on Form 1041.

## Part II

## Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file Form 3800, General Business Credit.
Who must file Form 3800. You must file Form 3800 if you have:

- A credit for employer-provided childcare facilities and services from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844, Form 8884, or Section B of Form 8835), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 for a list of credits included in the general business credit.

## Line 14

See section 38(c)(5) for special rules that apply to married couples filing separate returns, controlled corporate groups, estates, and trusts.

## Line 15

Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt
from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule.

## Line 18

If you cannot use all of your credit because of the tax liability limit (line 17 is smaller than line 7), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping . . . . . . . . . . 6 hr., 42 min.
Learning about the law
or the form . . . . . . . . . . . . . . 42 min.

Preparing and sending
the form to the IRS . . . . . . . . . . . 50 min .
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

## What's New

- The confidential transactions category has been revised to reflect recent changes in the regulations. See Confidential
Transactions below and Regulations section 1.6011-4(b)(3) for more details.
- There are additional reporting requirements for listed transactions. You are now required to identify all parties to the transaction. See the instructions for Line 7 on page 3 for more details.


## General Instructions

## Purpose of Form

Use Form 8886 to disclose information for each reportable transaction in which you participated. See Participation in a Reportable Transaction below to determine if you participated in a reportable transaction.

The form applies to transactions entered into after December 31, 2002. However, these instructions are based on Regulations section 1.6011-4, which applies to transactions entered into after February 27, 2003. For transactions entered into after December 31, 2002, and before February 28, 2003, you may either follow these instructions or the rules of Temporary Regulations section 1.6011-4T (T.D. 9017, 2002-45 I.R.B. 815). For transactions entered into prior to January 1, 2003, see your tax return instructions for the disclosure requirements.

Generally, you must file a separate Form 8886 for each reportable transaction. However, you may report more than one transaction on one form if the transactions are the same or substantially similar. See the definition of substantially similar below.

The fact that a transaction must be reported on this form does not mean the tax benefits from the transaction will be disallowed.

## Who Must File

Any taxpayer, including an individual, trust, estate, partnership, S corporation, or other corporation, that participates in a reportable transaction and is required to file a federal income tax return or information return must file Form 8886. However, a regulated investment company (RIC) (as defined in section 851) or an investment vehicle that is at least $95 \%$ owned by one or more RICs at all times during the course of a transaction is not required to file Form 8886 for any transaction other than a listed transaction (as defined below).

## Definitions

## Transaction

A transaction includes all of the factual elements relevant to the expected tax treatment of any investment, entity, plan, or arrangement and it includes any series of steps carried out as part of a plan.

## Substantially Similar

A transaction is substantially similar to another transaction if it is expected to obtain the same or similar types of tax consequences and is either factually similar or based on the same or similar tax strategy. Receipt of an opinion regarding the tax consequences of the transaction is not relevant to the determination of whether the transaction is the same as or substantially similar to another transaction. Further, the term substantially similar must be broadly construed in favor of disclosure. See Regulations section 1.6011-4(c)(4) for examples.

## Participation in a

## Reportable Transaction

A reportable transaction is a transaction described in one or more of the following six categories.

## Listed Transactions

This category includes transactions that are the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance transaction. These transactions are identified by notice, regulation, or other form of published guidance as a listed transaction. For existing guidance see:

- Notice 2003-76, 2003-49 I.R.B. 1181
- Notice 2003-77, 2003-49 I.R.B. 1182
- Notice 2003-81, 2003-51 I.R.B. 1223
- Notice 2004-8, 2004-4 I.R.B. 333
- Rev. Rul. 2004-4, 2004-6 I.R.B. 414
- Rev. Rul. 2004-20, 2004-10 I.R.B. 546
- Notice 2004-19, 2004-11 I.R.B. 606, withdrew Notice 98-5 from the list of listed transactions.
- Notice 2004-20, 2004-11 I.R.B. 608
- Notice 2004-30, 2004-17 I.R.B. 828
- Notice 2004-31, 2004-17 I.R.B. 830 For updates to this list go to the IRS web page at www.irs.gov/businesses/ corporations and click on Abusive Tax Shelters and Transactions. The listed transactions in the above notices and rulings will also be periodically updated in future issues of the Internal Revenue Bulletin. You can find a notice or ruling in the Internal Revenue Bulletin at www.irs.gov/pub/ irs-irbs/irb $X X-Y Y$.pdf, where $X X$ is the two-digit year and $Y Y$ is the two-digit bulletin number. For example, you can find Notice 2003-76, 2003-49 I.R.B. 1181, at www.irs.gov/pub/irs-irbs/irb03-49.pdf.

You have participated in a listed transaction if any of the following applies. - Your tax return reflects tax consequences or a tax strategy described in published guidance that lists the transaction. - You know or have reason to know that tax benefits reflected on your tax return are derived directly or indirectly from such tax consequences or tax strategy.

- You are in a class of persons that published guidance treats as participants in a listed transaction.


## Confidential Transactions

This category includes transactions that are offered to you under conditions of confidentiality and for which you paid an advisor a minimum fee (defined below). A transaction is considered to be offered under conditions of confidentiality if the advisor places a limitation on your disclosure of the tax treatment or tax structure of the transaction and the limitation on disclosure protects the confidentiality of the advisor's tax strategies. The transaction is treated as confidential even if the conditions of confidentiality are not legally binding on you. See Regulations section 1.6011-4(b)(3) for more information.

Minimum fee. For a corporation, or a partnership or trust in which all of the owners or beneficiaries are corporations, the minimum fee is $\$ 250,000$. For all others, the minimum fee is $\$ 50,000$. The minimum fee includes all fees paid directly or indirectly for the tax strategy, advice or analysis of the transaction (whether or not related to the tax consequences of the transaction), implementation and documentation of the transaction, and tax preparation fees to the extent they exceed customary return preparation fees. Fees do not include amounts paid to a person, including an advisor, in that person's capacity as a party to the transaction.

You have participated in a confidential transaction if your tax return reflects a tax benefit from the transaction. If disclosure by a pass-through entity (partnership, S corporation, or trust) is limited, but disclosure by the partner, shareholder, or beneficiary is not limited, then the pass-through entity (but not the partner, shareholder, or beneficiary) has participated in the confidential transaction.

## Transactions With Contractual Protection

This category includes transactions for which you have, or a related party (as described in sections 267(b) or 707(b)) has, the right to a full refund or partial refund of fees if all or part of the intended tax consequences from the transaction are not sustained. It also includes a transaction for which fees are contingent on your realization of tax benefits from the
transaction. For exceptions and other details, see Regulations section 1.6011-4(b)(4).

You have participated in a transaction with contractual protection if your tax return reflects a tax benefit from the transaction. If a pass-through entity (partnership, S corporation, or trust) has the right to a full or partial refund of fees or has a contingent fee arrangement, but the partner, shareholder, or beneficiary individually does not, then the pass-through entity (but not the partner, shareholder, or beneficiary) has participated in the transaction with contractual protection.

## Loss Transactions

This category includes transactions that result in your claiming a loss under section 165 (described below) if the gross amount of the loss (before netting any gain against it) is:
For individuals. At least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years. (At least \$50,000 for a single tax year if the loss arose from a section 988 transaction defined in section 988(c)(1) (relating to foreign currency transactions), whether or not the loss flows through from an Scorporation or partnership).

## For corporations (other than S

corporations). At least $\$ 10$ million in any single tax year or $\$ 20$ million in any combination of tax years.
For partnerships with only corporations (other than S corporations) as partners (looking through any partners that are also partnerships). At least $\$ 10$ million in any single tax year or $\$ 20$ million in any combination of tax years, whether or not any losses flow through to one or more partners.
For all other partnerships and S corporations. At least $\$ 2$ million in any single tax year or $\$ 4$ million in any combination of tax years, whether or not any losses flow through to one or more partners or shareholders.
For trusts. At least $\$ 2$ million in any single tax year or \$4 million in any combination of tax years, whether or not any losses flow through to one or more beneficiaries. (At least $\$ 50,000$ for a single tax year if the loss arose from a section 988 transaction defined in section 988(c)(1) (relating to foreign currency transactions), whether or not the loss flows through from an S corporation or partnership).

For purposes of the above threshold amounts, the full amount of a loss must be taken into account in the year it was sustained, regardless of any carryback or carryover of that loss to another year, and does not take into account any income limitations (e.g., the limit on capital losses). When figuring the above threshold amounts for a combination of tax years, only losses claimed in the tax year of the transaction and the 5 following tax years are included.

The types of losses included in this category are section 165 losses, including amounts deductible under a provision that treats a transaction as a sale or other disposition or otherwise results in a deduction under section 165. However, this category does not include losses described
in Rev. Proc. 2003-24, 2003-11 I.R.B. 599 (or future published guidance).

You have participated in a loss transaction if your tax return reflects a section 165 loss that equals or exceeds the applicable threshold amount. If you are a partner, shareholder, or beneficiary of a pass-through entity (partnership, S corporation, or trust), you have participated in a loss transaction if your tax return reflects a section 165 loss allocable to you from the pass-through entity (disregarding netting at the entity level) that equals or exceeds the applicable threshold amount.

## Transactions With a Significant Book-Tax Difference

This category includes transactions that result in book-tax differences of more than $\$ 10$ million in any tax year. This category applies only to:

- Reporting companies under the Securities Exchange Act of 1934 and related business entities (as defined in sections 267(b) and 707(b)) or
- Business entities that have $\$ 250$ million or more in gross assets, including the assets of all related business entities (as defined in sections 267 (b) and 707(b)), as of the end of any financial accounting period that ends with or within the tax year in which the transaction occurs.

The book-tax difference is the amount by which the amount of any income, gain, expense, or loss item from the transaction for federal income tax purposes differs on a gross basis from the amount of the item for book purposes in any tax year. Determine the book-tax difference resulting from the transaction without netting any items. Generally, book income is determined by using U.S. generally accepted accounting principles (GAAP) for worldwide income. However, for a taxpayer that does not use U.S. GAAP for any purpose (including reports to shareholders, creditors, or regulators), the taxpayer may determine the amount of a book item by using the taxpayer's books, if the books use the same method consistently from year to year. For special rules that apply to consolidated returns, foreign persons, owners of disregarded entities, and partners of partnerships, see Regulations section 1.6011-4(b)(6)(ii).

Disregard the following items in determining whether a transaction has a significant book-tax difference.

- Items to the extent any book loss or expense is reported before or without a loss or deduction for federal income tax purposes.
- Items to the extent any income or gain for federal income tax purposes is reported before or without book income or gain. - Any other disregarded items described in Rev. Proc. 2003-25, 2003-11 I.R.B. 601 (or future published guidance).

You have participated in a transaction with a significant book-tax difference if your tax treatment of an item from the transaction differs from the book treatment of that item by more than $\$ 10$ million in the tax year. Do not take into account differences that arise solely because a subsidiary of the taxpayer is consolidated with the taxpayer, in whole or in part, for book purposes, but not for tax purposes.

## Transactions with a Brief Asset Holding Period

This category includes transactions that result in your claiming a tax credit (including a foreign tax credit) of more than $\$ 250,000$ if the asset giving rise to the credit was held by you for 45 days or less. For purposes of determining the holding period of the asset, the principles of section 246(c)(3) and (c)(4) apply. Disregard any transactions generating a foreign tax credit for withholding taxes or other taxes imposed on a dividend that are not disallowed under section $901(\mathrm{k})$ (including transactions eligible for the exception for security dealers under section $901(\mathrm{k})(4)$ ).

You have participated in a transaction involving a brief asset holding period if your tax return reflects items giving rise to a tax credit of more than $\$ 250,000$. If you are a partner, shareholder, or beneficiary of a pass-through entity (partnership, S corporation, or trust), you have participated in such a transaction if you are claiming a tax credit on your tax return from the pass-through entity (disregarding netting at the entity level) of more than $\$ 250,000$.

## Exceptions

## Published Guidance

A transaction is not considered a reportable transaction if the IRS makes a determination in published guidance or in a private letter ruling that it is not subject to the reporting requirements. However, a private letter ruling may be relied upon only by the taxpayer to whom it was issued. This includes a transaction that would otherwise be included in any of the above reportable transaction categories.

## Certain Lease Transactions

Customary leasing transactions involving tangible personal property that are exempt from the tax shelter registration requirements and the list maintenance requirements under Notice 2001-18, 2001-9 I.R.B. 731, are not required to be reported on Form 8886 unless the transaction is a listed transaction.

## Shareholders of Foreign Corporations

Special rules apply when determining whether you participated in a reportable transaction if you are a U.S. shareholder of a foreign personal holding company or a controlled foreign corporation or if you are a $10 \%$ shareholder of a qualified electing fund. See Regulations section 1.6011-4(c)(3)(i)(G) for details.

## Request for Ruling

You may request a ruling from the IRS to determine whether a transaction must be disclosed. The request for a ruling must be submitted to the IRS by the date Form 8886 would otherwise be required to be filed. Send the request to Internal Revenue Service, Attn: CC:PA:LPD:DRU, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. However, if a private delivery service is used, send the request to Internal Revenue Service, Attn: CC:PA:LPD:DRU, Room 5336, 1111 Constitution Avenue, NW,

Washington, DC 20224. See Rev. Proc. 2004-1, 2004-1 I.R.B. 1, or subsequent IRS guidance for more details. If the request fully discloses all relevant facts relating to the transaction, your requirement to disclose the transaction will be suspended during the period that the ruling request is pending. If the IRS determines that the transaction is a reportable transaction, you must disclose the transaction on Form 8886 and file the form by the 60th day after the issuance of the ruling. Also send a copy of the form by this date to the address shown in When and How To File. If your request for a ruling is withdrawn, you must file the form by the 60th day after the date it is withdrawn.

## Recordkeeping

You must keep a copy of all documents and other records related to a reportable transaction. See Regulations section $1.6011-4(\mathrm{~g})$ for more details.

## When and How To File

Attach Form 8886 to your income tax return or information return (including a partnership, S corporation or trust return), including amended returns, for each tax year in which you participated in a reportable transaction. If a reportable transaction results in a loss or credit carried back to a prior tax year, attach Form 8886 to an application for tentative refund (Form 1045 or 1139) or amended return for the carryback years. If you filed a return or amended return that reflects the tax consequences or tax strategy of a transaction that later becomes a listed transaction, attach Form 8886 to the first tax return you file after the date the transaction became a listed transaction.

Also file separately. For only the first time you disclose the reportable transaction, send a copy of Form 8886 to the following address when you file the form with your tax return:

Internal Revenue Service
LM:PFTG:OTSA
Large \& Mid-Size Business Division
1111 Constitution Ave., NW
Washington, DC 20224

## Specific Instructions

## Protective Disclosure

If you are uncertain whether a transaction is a reportable transaction under Regulations section 1.6011-4, you may indicate that you are filing on a protective basis by writing
"Protective Disclosure" at the top of the form.

## Line 1a

Enter the name, if any, by which the transaction is known or commonly referred to. If no name exists, provide a short identifying description of this transaction that distinguishes it from other reportable
transactions in which you have participated (or may participate in the future). If you are reporting more than one transaction and the transactions have different names, write "See Attached" and attach a list.

## Line 1b

If the transaction has been registered as a tax shelter under section 6111, provide the registration number that has been assigned to the tax shelter. If you are reporting more than one transaction and tax shelter registration number, write "See Attached" and attach a list. Generally, a tax shelter registration number is reported on Form 8271, Investor Reporting of Tax Shelter Registration Number. If you are a partner of a partnership or a shareholder of an S corporation that invested in a tax shelter, you may receive a Form 8271 with your Schedule K-1.

## Line 2

Check the box for each category that applies to the transaction being reported. The six reportable transaction categories are described under Participation in a Reportable Transaction on page 1.

$\Delta$If the transaction is a listed transaction, you must check the listed transaction box in addition to any others that may apply.

## Line 3

Provide a brief identifying description of the listed transaction and identify the notice, revenue ruling, or regulation (e.g., Regulations section 1.634(a)-8 or Notice 2002-70) that identified the listed transaction as shown in Notice 2001-51 or later IRS guidance.

## Line 4

Do not report more than one transaction on this form unless the transactions are the same or substantially similar. See the definition of substantially similar on page 1.

## Line 7

Include the facts that may be relevant to understanding the claimed or expected federal income tax treatment of the transaction. In addition:

1. If you checked box 2 a , provide the complete names and addresses of all parties to the transaction (including, but not limited to, participants in the transaction), and describe their involvement in the transaction. For example, such parties may include:

- Other investors in the transaction.
- Tax-exempt entities that received fees, contributions, income, or gains in connection with the transaction.
- Foreign individuals or entities not subject to U.S. income tax who received fees, income, or gains in connection with the transaction.
- Financial institutions that loaned money used in the transaction.

2. If you checked box 2 b , explain how your disclosure of information concerning the transaction was limited (e.g., by contract or verbal agreement) and the nature and extent of the disclosure limitations. See Regulations section 1.6011-4(b)(3) for more details.
3. If you checked box 2 c , describe the terms of the contractual protection. See Regulations section 1.6011-4(b)(4) for more details.
4. If you checked box 2d, explain how you calculated the basis of the asset for which there was a loss.

If you need more space, attach separate sheets.

## Line 8

Tax benefits include deductions, exclusions from gross income, nonrecognition of gain, tax credits, adjustments (or the absence of adjustments) to the basis of property, status as a tax-exempt organization, or any other tax consequences that may affect the amount, timing, character, or source of any item of income, gain, loss, expense, or credit.

If you need more space, attach separate sheets.

## Paperwork Reduction Act Notice. 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 section 6103.The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Reco | 3 hrs .6 m |
| :---: | :---: |
| Learning about the law or the form | $2 \mathrm{hr} ., 28$ |
| Preparing, copying, assembling, and sending the form to the IRS |  |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the form to this address. Instead, see When and How To File on this page.

Department of the Treasury
Internal Revenue Service

- Si usted incluye esta planilla al presentar su declaración de impuestos, sírvase anexarla a la primera página de la declaración. De otra manera, vea las instrucciones.

Nota: No presente esta forma si usted ya tiene un plan de pagos a plazos. Más bien, llame al 1-800-829-1040. Si se ha declarado en quiebra o si hemos aceptado su ofrecimiento de transacción, vea, Quiebra - Ofrecimientos de transacción, en la página 2.


Autorizo al Departamento del Tesoro de los EE.UU. (U.S. Treasury) y a su agente financiero debidamente autorizado para que empiecen a retirar fondos electrónicamente $(A C H)$ cada mes de mi cuenta en una institución financiera designada para pagar las cantidades del impuesto que debo. Además, autorizo a dicha institución financiera para que haga un cargo a mi cuenta por la cantidad del pago mensual. Esta autorización quedará en pleno vigor hasta que yo notifique al agente financiero del Departamento del Tesoro para que éste termine la autorización. Para revocar los pagos, debo comunicarme con el agente financiero del Departamento del Tesoro al 1-800-829-1040 dentro de 7 días laborables antes de la fecha de pago (liquidación), a más tardar. También autorizo a las instituciones financieras que figuran en la tramitación de los pagos electrónicos del impuesto para que reciban información confidencial que les sea necesaria al responder a investigaciones y resolver cualesquier cuestiones relacionadas con dichos pagos.

| Fecha | Firma de su cónyuge; si presentaron juntos, ambos deben firmar. | Fecha |
| :--- | :--- | :--- |

## Instrucciones Generales

Las secciones a las cuales se hace referencia en estas instrucciones corresponden al Código Federal de Impuestos Internos.

## ¿Por Qué Se Utiliza Esta Forma?

Utilice la Forma 9465-SP (o la Forma 9465, en inglés) para solicitar un plan de pagos a plazos si usted no puede pagar en su totalidad la cantidad que debe, tal como se indica en su declaración de impuestos (o en un aviso que le enviamos anteriormente). Por regla general, usted tendrá hasta 60 meses para liquidar el saldo. En ciertas circunstancias, usted podría tener aún más tiempo para pagar el adeudo o su plan de pagos a plazos podría ser aprobado para una cantidad que es menos de la cantidad de impuesto que usted adeuda. Sin embargo, antes de solicitar un plan de pagos a plazos, usted deberá considerar otras alternativas menos
costosas, tal como un préstamo bancario o pago con tarjeta de crédito. Si tiene cualquier duda acerca de esta solicitud, sírvase llamar al 1-800-829-1040.

Si usted no desea participar en un plan de pagos a plazos llenando la Forma 9465-SP, el IRS le ofrecerá unas opciones alternativas para pagar el saldo debido. Algunas de esas opciones a las que usted tiene derecho son:

- Prórroga del plazo para pagar de 120 días y
- Deducciones de su sueldo o salario de acuerdo con un plan de pagos a plazos.

Para mayor información sobre éstos y otros métodos de pago, llame al 1-800-829-1040.
Plan garantizado de pagos a plazos. No se puede negar la solicitud de un plan de pagos a plazos si la cantidad de impuesto que usted debe es menos de $\$ 10,000$ y todas las tres condiciones siguientes le corresponden:

1. Durante los últimos 5 años tributarios, usted (y su cónyuge, si hace la solicitud para una declaración conjunta de impuestos) presentó todas las declaraciones de impuestos que estuvo obligado(a) a presentar y pagó todo saldo debido en ellas a su debido tiempo, y no entró en ningún plan de pagos del impuesto a plazos anteriormente.
2. El IRS determina que usted no puede pagar el impuesto en su totalidad cuando se debe pagarlo y usted le facilita al IRS cualquier información que se utilizó para llegar a tal determinación.
3. Usted conviene en pagar la cantidad que debe en su totalidad dentro de 3 años, a más tardar, y cumple con las leyes de impuestos mientras que el plan queda en vigor.

Se puede imponer una notificación de gravamen por impuesto federal para proteger los intereses del gobierno hasta que usted pague la deuda en su totalidad.
Quiebra-Ofrecimientos de transacción. Si usted está en quiebra o hemos aceptado su ofrecimiento de transacción, no presente esta forma. En vez de eso, llame al 1-800-829-1040 para obtener el número local del IRS para la función de insolvencias y quiebras o el sector de apoyo técnico para los ofrecimientos de transacción.

## ¿Cuánto Le Cobrarán a Usted?

Usted tendrá que pagar un cobro de $\$ 43$ si se le aprueba la solicitud. No incluya este cobro al enviar esta forma. Una vez aprobada su solicitud, le enviaremos una factura por esa cantidad, la cual tendrá que pagar con su primer plazo.

Se le cobrará interés y quizás una multa por pagar el impuesto fuera de plazo sobre la cantidad de impuesto que no se haya pagado para la fecha de vencimiento, aun cuando su solicitud para un plan de pagos haya sido aprobada. Se le cobrará interés (y cualesquier multas que correspondan) hasta que se liquide el saldo debido. Para limitar el cobro de interés y multas, sírvase presentar su declaración de impuestos a su debido tiempo y pagar lo que pueda de la cantidad del impuesto que adeuda al enviar la declaración (o aviso).

## ¿Cómo Funciona el Plan de Pagos a Plazos?

Si aprobamos su solicitud, le enviaremos a usted una carta. Ésta le explicará cómo pagar el cobro de \$43 y cómo hacer el primer plazo. Solemos enviarle la carta dentro de 30 días a partir de la fecha en la que recibimos su solicitud; no importa si la aprobamos o no. Si la solicitud tiene que ver con un saldo debido en una declaración que haya presentado después del 31 de marzo, nos pudiera tardar más de 30 días para responderle.

Al aprobar su solicitud, acordamos permitirle a usted liquidar el impuesto que debe en pagos mensuales en lugar de pagar inmediatamente la cantidad debida en su totalidad. Por su parte, usted acuerda hacer los pagos mensuales a su debido tiempo. También, usted acuerda cumplir con todas sus obligaciones tributarias futuras. Esto quiere decir que usted tendrá suficiente retención del impuesto federal de su sueldo, o hará suficientes pagos estimados del impuesto, durante el año para que se pague la obligación tributaria por completo al presentar su declaración de impuestos para el año. Se le podrá negar su solicitud para un acuerdo de pagos a plazos si no se han presentado todas las declaraciones del impuesto requeridas.
Al recibir cada pago, le enviaremos una carta que indica la cantidad de impuesto que le queda por pagar, la fecha en que su próximo plazo vence y la cantidad que usted debe pagar con su próximo plazo. Pero, si usted elige el retiro automático de fondos de su cuenta corriente para pagar el adeudo, no recibirá ninguna carta de nosotros. El extracto de cuenta que le envía su banco será su comprobante de pago. Usted también puede pagar el adeudo usando su tarjeta de crédito. Para más detalles sobre cómo pagar su impuesto, vea las instrucciones de su declaración de impuestos o visite nuestro sitio de la red
en www.irs.gov. Además, le enviaremos un estado anual que indica el balance que usted debe pagar al comenzar el año, todos los pagos que haya hecho durante el año y el saldo debido al terminar el año.
Si usted no hace sus pagos a tiempo o tiene una obligación tributaria que se vence en un año futuro, no cumplirá con las condiciones de su plan de pagos a plazos y podremos iniciar acción ejecutiva de cobro, tal como una Notificación de Gravamen por Impuesto Federal o un embargo del IRS, para recaudar la cantidad que usted adeuda en su totalidad. Para asegurar de que sus pagos sean oportunos, usted debería considerar la opción de hacer los pagos mediante el retiro electrónico de fondos (vea las instrucciones para las líneas 13a y 13b).

Vea la Publicación 594SP para mayor información sobre el proceso de cobro del IRS.

## ¿Adónde Se Envía Esta Forma?

Adjunte la Forma 9465-SP encima de la primera página de su declaración de impuestos y envíela a la dirección indicada en su juego de formas e instrucciones tributarias (tax booklet). Si ya presentó su declaración de impuestos o si envía esta planilla para responder a un aviso, sírvase enviar esta forma por separado al "Internal Revenue Service Center" a la dirección indicada más abajo que corresponde al lugar donde usted reside. No se requiere un número de domicilio o nombre de calle.

SI usted vive en . . .
ENTONCES utilice esta dirección ...

| Alabama, Florida, Georgia, Mississippi, | Atlanta, GA |
| :--- | ---: |
| North Carolina, Rhode Island, | 39901 |
| South Carolina, West Virginia |  |
| Maine, Massachusetts, New Hampshire, | Andover, MA |
| New York, Vermont | 05501 |
| Connecticut, Delaware, Illinois, Indiana, | Kansas City, MO |
| lowa, Kansas, Michigan, Minnesota, | 64999 |
| Missouri, Nebraska, North Dakota, South |  |
| Dakota, Wisconsin |  |
| District of Columbia, Maryland, New | Philadelphia, PA |
| Jersey, Pennsylvania | 19255 |
| Arkansas, Colorado, Kentucky, Louisiana, | Austin, TX |
| New Mexico, Oklahoma, Tennessee, | 73301 |
| Texas |  |

Alaska, Arizona, California, Hawaii, Idaho,
Fresno, CA
Montana, Nevada, Oregon, Utah, Virginia, 93888 Washington, Wyoming

[^35]
## Instrucciones Específicas

## Línea 1

Si usted hace esta solicitud para una declaración de impuestos que presentó junto con su cónyuge, anote ambos nombres y números de seguro social (SSN) en el mismo orden en que aparecen en su declaración de impuestos.

## Línea 10

Aunque usted no puede pagar por completo la cantidad que debe ahora, le sugerimos que le será ventajoso pagar lo más que le sea posible para reducir la cantidad de penalidad e interés. Si presenta esta forma con su declaración de impuestos, envíe su pago junto con la declaración.

Si presenta esta forma separadamente (p.e., para responder a un aviso), incluya su cheque o giro pagadero a "United States Treasury," con esta forma. No envíe dinero en efectivo. Asegúrese de incluir:

- Su nombre, dirección, SSN y número telefónico donde llamarlo durante el día.
- El año tributario y tipo de declaración (p.e., "Forma 1040 para el 2004"), por los cuales usted hace esta solicitud.


## Línea 11

Usted deberá hacer pagos en cantidades suficientemente grandes para pagar por completo la cantidad adeudada antes de la fecha de vencimiento para presentar su próxima declaración de impuestos.

## Línea 12

Usted puede escoger el día de cada mes en que desea hacer sus pagos. Por ejemplo, si el pago de hipoteca se vence en el primer día del mes, tal vez desearía hacer sus pagos a plazos en el día 15 de cada mes. Cuando aprobemos su petición, le avisaremos el día y el mes en que vence su primer pago.

Si no le hemos contestado para la fecha que usted escogió para hacer su primer pago, puede enviar su primer pago al Servicio de Impuestos Internos (IRS) a la dirección indicada en la página 2 para el lugar donde vive. Vea las instrucciones para la línea 10 en esta página para saber lo que usted debe incluir con el pago.

## Líneas 13a y 13b

百El hacer sus pagos mediante el retiro electrónico de fondos asegurará que dichos pagos serán hechos a su debido tiempo y que usted no incumplirá los deberes de su plan de pagos a plazos.
En vez de enviarnos un cheque de pago cada mes, usted puede pagar el impuesto adeudado retirando los fondos de su cuenta corriente o de otra institución financiera (p.e., fondo mutualista, correduría o cooperativa de crédito) por medios electrónicos. Para tal propósito, sírvase llenar las líneas 13a y 13b. Además, verifique con la institución financiera si la misma acepta el retiro de fondos por medios electrónicos y también para obtener el número de su cuenta y el número de circulación correctos.
Aviso: Le enviaremos una factura que indica el primer pago y la cantidad del cargo o tarifa. Los demás pagos serán automáticamente retirados de su cuenta.
Línea 13a: El número de circulación tiene que ser de nueve dígitos. Las dos primeras cifras del número de circulación tienen que ser desde 01 hasta 12 ó desde 21 hasta 32. Utilice un cheque para verificar cualesquier números de circulación. En el cheque de muestra que se ilustra más adelante en esta página, el número de circulación es 250250025 . Sin embargo, si su cheque es pagadero mediante una institución financiera que sea distinta a donde usted mantiene su cuenta corriente, sírvase no utilizar los números de circulación indicados en tal cheque. En vez de eso, comuníquese con su institución financiera para obtener los números correctos.
Línea 13b: El número de su cuenta puede ser hasta 17 caracteres (tanto cifras como letras). Escriba guiones pero omita espacios en blanco y cualesquier símbolos especiales. Anote el número desde la izquierda hasta la derecha y sírvase dejar en blanco las casillas que no utilice. En el cheque de muestra que se ilustra más adelante en esta página, el número de la cuenta es 20202086. Asegúrese de no incluir el número del cheque.

CONSEJgNo se le aprobará el retiro electrónico de fondos de su cuenta corriente a no ser que usted (y su cónyuge, si se trata de una declaración conjunta) firme la Forma 9465-SP.
Cheque de muestra-Líneas 13a y 13b


Los números de circulación y de su cuenta pueden aparecer en distintas partes de su cheque.

Aviso sobre la Ley de Confidencialidad de Información y la Ley de Reducción de Trámites. Se halla nuestro derecho legal de solicitarle la información contenida en esta forma en las secciones 6001, 6011, 6012(a), 6109 y 6159 del Código y su reglamentación. Utilizaremos esta información para tramitar su solicitud para un plan de pagos a plazos. La razón por la cual necesitamos su nombre y número de seguro social es obtener su identificación correcta. Requerimos esta información para que podamos tener acceso a todo lo informado en nuestros archivos relativo a su impuesto y para que podamos responder debidamente a su solicitud. Si usted no nos provee toda la información que necesitemos, quizás no podremos tramitar su solicitud.

Usted no está obligado(a) a facilitar la información solicitada en una forma sujeta a la Ley de Reducción de Trámites a menos que la misma muestre un número de control válido de la $O M B$ (Office of Management and Budget). Los libros o registros relativos a una forma o sus instrucciones deberán ser conservados mientras su contenido pueda ser utilizado en la administración de cualquier ley tributaria federal. Por regla general, las declaraciones de impuestos y cualquier información pertinente son confidenciales, como lo requiere la sección 6103. Sin embargo, podemos compartir esta información con el Departamento de Justicia, según se estipula por la ley. Podemos compartirla también con los estados, posesiones, estados libres asociados con los EE.UU. y el Distrito de Columbia a fin de ayudarlos en administrar sus leyes tributarias respectivas. Además, podemos divulgar la información contenida en esta forma a otros países de acuerdo con un tratado tributario, a las agencias del gobierno federal y estatal para que las mismas puedan ejecutar sus leyes criminales no relacionadas con los impuestos o a las agencias federales de aplicación de la ley o de la inteligencia para combatir el terrorismo.

El tiempo que se necesita para llenar y presentar esta forma variará, dependiendo de las circunstancias individuales. El promedio de tiempo que se estima para completar esta forma es el siguiente: Aprender acerca de la ley o de esta forma, 16 minutos; Preparar esta forma, 25 minutos; Copiarla, unirla y enviarla al IRS, 20 minutos.
Si desea hacer cualquier comentario acerca de la exactitud de este tiempo o si desea hacer cualquier sugerencia que ayude a que esta forma sea más sencilla, por favor, envíenos los mismos. Puede enviar sus comentarios y sugerencias al Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Por favor, no envíe esta planilla a esa dirección. En vez de eso, vea, ¿Adónde Se Envía Esta Forma?, en la página 2.

For use with Form SS-4 (Rev. December 2001)<br>Application for Employer Identification Number.<br>Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

Use these instructions to complete Form SS-4, Application for Employer Identification Number. Also see Do I Need an EIN? on page 2 of Form SS-4.

## Purpose of Form

Use Form SS-4 to apply for an employer identification number (EIN). An EIN is a nine-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes. The information you provide on this form will establish your business tax account.

An EIN is for use in connection with your business activities only. Do not use your EIN in place of your social security number (SSN).

## Items To Note

Apply online. You can now apply for and receive an EIN online using the internet. See How To Apply below.
File only one Form SS-4. Generally, a sole proprietor should file only one Form SS-4 and needs only one EIN, regardless of the number of businesses operated as a sole proprietorship or trade names under which a business operates. However, if the proprietorship incorporates or enters into a partnership, a new EIN is required. Also, each corporation in an affiliated group must have its own EIN.
EIN applied for, but not received. If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. Do not show your SSN as an EIN on returns.

If you do not have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue Service Center for your filing area as shown in the instructions for the form that you are filing. Make your check or money order payable to the "United States Treasury" and show your name (as shown on Form SS-4), address, type of tax, period covered, and date you applied for an EIN.

## How To Apply

You can apply for an EIN online, by telephone, by fax, or by mail depending on how soon you need to use the EIN. Use only one method for each entity so you do not receive more than one EIN for an entity.
Online. You can receive your EIN by internet and use it immediately to file a return or make a payment. Go to the

IRS website at www.irs.gov/businesses and click on Employer ID Numbers under topics.

Telephone. You can receive your EIN by telephone and use it immediately to file a return or make a payment. Call the IRS at 1-800-829-4933. (International applicants must call 215-516-6999.) The hours of operation are 7:00 a.m. to 10:00 p.m. The person making the call must be authorized to sign the form or be an authorized designee. See Signature and Third Party Designee on page 6. Also see the TIP below.

If you are applying by telephone, it will be helpful to complete Form SS-4 before contacting the IRS. An IRS representative will use the information from the Form SS-4 to establish your account and assign you an EIN. Write the number you are given on the upper right corner of the form and sign and date it. Keep this copy for your records.

If requested by an IRS representative, mail or fax (facsimile) the signed Form SS-4 (including any Third Party Designee authorization) within 24 hours to the IRS address provided by the IRS representative.


Taxpayer representatives can apply for an EIN on behalf of their client and request that the EIN be faxed to their client on the same day. Note: By using this procedure, you are authorizing the IRS to fax the EIN without a cover sheet.

Fax. Under the Fax-TIN program, you can receive your EIN by fax within 4 business days. Complete and fax Form SS-4 to the IRS using the Fax-TIN number listed on page 2 for your state. A long-distance charge to callers outside of the local calling area will apply. Fax-TIN numbers can only be used to apply for an EIN. The numbers may change without notice. Fax-TIN is available 24 hours a day, 7 days a week.

Be sure to provide your fax number so the IRS can fax the EIN back to you. Note: By using this procedure, you are authorizing the IRS to fax the EIN without a cover sheet.

Mail. Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the service center address for your state. You will receive your EIN in the mail in approximately 4 weeks. See also Third Party Designee on page 6.

Call 1-800-829-4933 to verify a number or to ask about the status of an application by mail.

## Where To Fax or File

| If your principal business, office or agency, or legal residence in the case of an individual, is located in: | Call the Fax-TIN number shown or file with the "Internal Revenue Service Center" at: |
| :---: | :---: |
| Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia | Attn: EIN Operation P. O. Box 9003 <br> Holtsville, NY 11742-9003 <br> Fax-TIN 631-447-8960 |
| Illinois, Indiana, Kentucky, Michigan | Attn: EIN Operation Cincinnati, OH 45999 Fax-TIN 859-669-5760 |
| Alabama, Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, Puerto Rico, South Dakota, Tennessee, Texas, Utah, Washington, Wisconsin, Wyoming | Attn: EIN Operation Philadelphia, PA 19255 Fax-TIN 215-516-3990 |
| If you have no legal residence, principal place of business, or principal office or agency in any state: | Attn: EIN Operation <br> Philadelphia, PA 19255 <br> Telephone 215-516-6999 <br> Fax-TIN 215-516-3990 |

## How To Get Forms and Publications

Phone. You can order forms, instructions, and publications by phone 24 hours a day, 7 days a week. Call 1-800-TAX-FORM (1-800-829-3676). You should receive your order or notification of its status within 10 workdays.
Personal computer. With your personal computer and modem, you can get the forms and information you need using the IRS website at www.irs.gov or File Transfer Protocol at ftp.irs.gov.
CD-ROM. For small businesses, return preparers, or others who may frequently need tax forms or publications, a CD-ROM containing over 2,000 tax products (including many prior year forms) can be purchased from the National Technical Information Service (NTIS).

To order Pub. 1796, Federal Tax Products on CD-ROM, call 1-877-CDFORMS (1-877-233-6767) toll free or connect to www.irs.gov/cdorders.

## Tax Help for Your Business

IRS-sponsored Small Business Workshops provide information about your Federal and state tax obligations.

For information about workshops in your area, call 1-800-829-4933.

## Related Forms and Publications

The following forms and instructions may be useful to filers of Form SS-4:

- Form 990-T, Exempt Organization Business Income

Tax Return

- Instructions for Form 990-T
- Schedule C (Form 1040), Profit or Loss From

Business

- Schedule F (Form 1040), Profit or Loss From Farming
- Instructions for Form 1041 and Schedules A, B, D,

G, I, J, and K-1, U.S. Income Tax Return for Estates and Trusts

- Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons
- Instructions for Form 1065, U.S. Return of Partnership Income
- Instructions for Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return
- Instructions for Forms 1120 and 1120-A
- Form 2553, Election by a Small Business Corporation
- Form 2848, Power of Attorney and Declaration of Representative
- Form 8821, Tax Information Authorization
- Form 8832, Entity Classification Election

For more information about filing Form SS-4 and related issues, see:

- Circular A, Agricultural Employer's Tax Guide (Pub. 51)
- Circular E, Employer's Tax Guide (Pub. 15)
- Pub. 538, Accounting Periods and Methods
- Pub. 542, Corporations
- Pub. 557, Exempt Status for Your Organization
- Pub. 583, Starting a Business and Keeping Records
- Pub. 966, Electronic Choices for Paying ALL Your Federal Taxes
- Pub. 1635, Understanding Your EIN
- Package 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
- Package 1024, Application for Recognition of Exemption Under Section 501(a)


## Specific Instructions

Print or type all entries on Form SS-4. Follow the instructions for each line to expedite processing and to avoid unnecessary IRS requests for additional information. Enter "N/A" (nonapplicable) on the lines that do not apply.

Line 1-Legal name of entity (or individual) for whom the EIN is being requested. Enter the legal name of the entity (or individual) applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document.

Individuals. Enter your first name, middle initial, and last name. If you are a sole proprietor, enter your
individual name, not your business name. Enter your business name on line 2. Do not use abbreviations or nicknames on line 1.

Trusts. Enter the name of the trust.
Estate of a decedent. Enter the name of the estate.
Partnerships. Enter the legal name of the partnership as it appears in the partnership agreement.

Corporations. Enter the corporate name as it appears in the corporation charter or other legal document creating it.

Plan administrators. Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.
Line 2-Trade name of business. Enter the trade name of the business if different from the legal name. The trade name is the "doing business as " (DBA) name.

Use the full legal name shown on line 1 on all tax returns filed for the entity. (However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal name, enter the trade name on all returns you file.) To prevent processing delays and errors, always use the legal name only (or the trade name only) on all tax returns.
Line 3-Executor, trustee, "care of" name. Trusts enter the name of the trustee. Estates enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of" person. Enter the individual's first name, middle initial, and last name.
Lines 4a-b—Mailing address. Enter the mailing address for the entity's correspondence. If line 3 is completed, enter the address for the executor, trustee or "care of" person. Generally, this address will be used on all tax returns.

File Form 8822, Change of Address, to report any subsequent changes to the entity's mailing address.

Lines 5a-b-Street address. Provide the entity's physical address only if different from its mailing address shown in lines 4a-b. Do not enter a P.O. box number here.
Line 6-County and state where principal business is located. Enter the entity's primary physical location.
Lines 7a-b—Name of principal officer, general partner, grantor, owner, or trustor. Enter the first name, middle initial, last name, and SSN of (a) the principal officer if the business is a corporation, (b) a general partner if a partnership, (c) the owner of an entity that is disregarded as separate from its owner (disregarded entities owned by a corporation enter the corporation's name and EIN), or (d) a grantor, owner, or trustor if a trust.

If the person in question is an alien individual with a previously assigned individual taxpayer identification number (ITIN), enter the ITIN in the space provided and submit a copy of an official identifying document. If
necessary, complete Form W-7, Application for IRS Individual Taxpayer Identification Number, to obtain an ITIN.

You are required to enter an SSN, ITIN, or EIN unless the only reason you are applying for an EIN is to make an entity classification election (see Regulations sections 301.7701-1 through 301.7701-3) and you are a nonresident alien with no effectively connected income from sources within the United States.
Line 8a-Type of entity. Check the box that best describes the type of entity applying for the EIN. If you are an alien individual with an ITIN previously assigned to you, enter the ITIN in place of a requested SSN.

$\Delta$
This is not an election for a tax classification of an entity. See Limited liability company (LLC) on page 4.

Other. If not specifically listed, check the "Other" box, enter the type of entity and the type of return, if any, that will be filed (for example, "Common Trust Fund, Form 1065 " or "Created a Pension Plan"). Do not enter "N/A." If you are an alien individual applying for an EIN, see the Lines 7a-b instructions above.

- Household employer. If you are an individual, check the "Other" box and enter "Household Employer" and your SSN. If you are a state or local agency serving as a tax reporting agent for public assistance recipients who become household employers, check the "Other" box and enter "Household Employer Agent." If you are a trust that qualifies as a household employer, you do not need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.
- QSub. For a qualified subchapter S subsidiary (QSub) check the "Other" box and specify "QSub."
- Withholding agent. If you are a withholding agent required to file Form 1042, check the "Other" box and enter "Withholding Agent."

Sole proprietor. Check this box if you file Schedule C, C-EZ, or F (Form 1040) and have a qualified plan, or are required to file excise, employment, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. Enter your SSN (or ITIN) in the space provided. If you are a nonresident alien with no effectively connected income from sources within the United States, you do not need to enter an SSN or ITIN.

Corporation. This box is for any corporation other than a personal service corporation. If you check this box, enter the income tax form number to be filed by the entity in the space provided. If you entered "1120S" after the "Corporation" checkbox, the corporation must file Form 2553 no later than the 15th day of the 3rd month of the tax year the election is to take effect.
Until Form 2553 has been received and approved, you will be considered a Form 1120 filer. See the Instructions for Form 2553.

Personal service corp. Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- The principal activity of the entity during the testing period (prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- The employee-owners own at least 10\% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as health, law, accounting, or consulting. For more information about personal service corporations, see the Instructions for Forms 1120 and 1120-A and Pub. 542.

Other nonprofit organization. Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).

If the organization also seeks tax-exempt status, you must file either Package 1023 or Package 1024. See Pub. 557 for more information.

If the organization is covered by a group exemption letter, enter the four-digit group exemption number (GEN). (Do not confuse the GEN with the nine-digit EIN.) If you do not know the GEN, contact the parent organization. Get Pub. 557 for more information about group exemption numbers.

Plan administrator. If the plan administrator is an individual, enter the plan administrator's SSN in the space provided.

REMIC. Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.
Limited liability company (LLC). An LLC is an entity organized under the laws of a state or foreign country as a limited liability company. For Federal tax purposes, an LLC may be treated as a partnership or corporation or be disregarded as an entity separate from its owner.

By default, a domestic LLC with only one member is disregarded as an entity separate from its owner and must include all of its income and expenses on the owner's tax return (e.g., Schedule C (Form 1040)). Also by default, a domestic LLC with two or more members is treated as a partnership. A domestic LLC may file Form 8832 to avoid either default classification and elect to be classified as an association taxable as a corporation. For more information on entity classifications (including the rules for foreign entities), see the instructions for Form 8832.

Do not file Form 8832 if the LLC accepts the default classifications above. However, if the LLC will be electing S Corporation status, it must timely file both Form 8832 and Form
2553.

## Complete Form SS-4 for LLCs as follows:

- A single-member domestic LLC that accepts the default classification (above) does not need an EIN and generally should not file Form SS-4. Generally, the LLC
should use the name and EIN of its owner for all Federal tax purposes. However, the reporting and payment of employment taxes for employees of the LLC may be made using the name and EIN of either the owner or the LLC as explained in Notice 99-6. You can find Notice 99-6 on page 12 of Internal Revenue Bulletin 1999-3 at www.irs.gov/pub/irs-irbs/irb99-03.pdf. (Note: If the LLC applicant indicates in box 13 that it has employees or expects to have employees, the owner (whether an individual or other entity) of a single-member domestic LLC will also be assigned its own EIN (if it does not already have one) even if the LLC will be filing the employment tax returns.)
- A single-member, domestic LLC that accepts the default classification (above) and wants an EIN for filing employment tax returns (see above) or non-Federal purposes, such as a state requirement, must check the "Other" box and write "Disregarded Entity" or, when applicable, "Disregarded Entity—Sole Proprietorship" in the space provided.
- A multi-member, domestic LLC that accepts the default classification (above) must check the "Partnership" box.
- A domestic LLC that will be filing Form 8832 to elect corporate status must check the "Corporation" box and write in "Single-Member" or "Multi-Member" immediately below the "form number" entry line.

Line 9-Reason for applying. Check only one box. Do not enter "N/A."

Started new business. Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. Do not apply if you already have an EIN and are only adding another place of business.

Hired employees. Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. Do not apply if you already have an EIN and are only hiring employees. For information on employment taxes (e.g., for family members), see Circular E.


You may be required to make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS). See section 11, Depositing Taxes, of Circular E and Pub. 966.

Created a pension plan. Check this box if you have created a pension plan and need an EIN for reporting purposes. Also, enter the type of plan in the space provided.


Check this box if you are applying for a trust EIN when a new pension plan is established. In addition, check the "Other" box in line 8a and write "Created a Pension Plan" in the space provided.

Banking purpose. Check this box if you are requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for
depositing dues or an investment club for dividend and interest reporting).

Changed type of organization. Check this box if the business is changing its type of organization. For example, the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided (including available space immediately below) the type of change made. For example, "From Sole Proprietorship to Partnership."

Purchased going business. Check this box if you purchased an existing business. Do not use the former owner's EIN unless you became the "owner" of a corporation by acquiring its stock.

Created a trust. Check this box if you created a trust, and enter the type of trust created. For example, indicate if the trust is a nonexempt charitable trust or a split-interest trust.

Exception. Do not file this form for certain grantor-type trusts. The trustee does not need an EIN for the trust if the trustee furnishes the name and TIN of the grantor/owner and the address of the trust to all payors. See the Instructions for Form 1041 for more information.

Do not check this box if you are applying for a trust EIN when a new pension plan is established. Check "Created a pension plan."

Other. Check this box if you are requesting an EIN for any other reason; and enter the reason. For example, a newly-formed state government entity should enter "Newly-Formed State Government Entity" in the space provided.
Line 10-Date business started or acquired. If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. If you are changing the form of ownership of your business, enter the date the new ownership entity began. Trusts should enter the date the trust was legally created. Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.
Line 11-Closing month of accounting year. Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538.

Individuals. Your tax year generally will be a calendar year.

Partnerships. Partnerships must adopt one of the following tax years:

- The tax year of the majority of its partners,
- The tax year common to all of its principal partners,
- The tax year that results in the least aggregate deferral of income, or
- In certain cases, some other tax year.

See the Instructions for Form 1065 for more information.

REMICs. REMICs must have a calendar year as their tax year.

Personal service corporations. A personal service corporation generally must adopt a calendar year unless: - It can establish a business purpose for having a different tax year, or

- It elects under section 444 to have a tax year other than a calendar year.

Trusts. Generally, a trust must adopt a calendar year except for the following:

- Tax-exempt trusts,
- Charitable trusts, and
- Grantor-owned trusts.

Line 12-First date wages or annuities were paid or will be paid. If the business has or will have employees, enter the date on which the business began or will begin to pay wages. If the business does not plan to have employees, enter "N/A."

Withholding agent. Enter the date you began or will begin to pay income (including annuities) to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien.
Line 13-Highest number of employees expected in the next 12 months. Complete each box by entering the number (including zero ("-0-")) of "Agricultural," "Household," or "Other" employees expected by the applicant in the next 12 months. For a definition of agricultural labor (farmwork), see Circular A.
Lines 14 and 15. Check the one box in line 14 that best describes the principal activity of the applicant's business. Check the "Other" box (and specify the applicant's principal activity) if none of the listed boxes applies.

Use line 15 to describe the applicant's principal line of business in more detail. For example, if you checked the "Construction" box in line 14, enter additional detail such as "General contractor for residential buildings" in line 15.

Construction. Check this box if the applicant is engaged in erecting buildings or other structures, (e.g., streets, highways, bridges, tunnels). The term "Construction" also includes special trade contractors, (e.g., plumbing, HVAC, electrical, carpentry, concrete, excavation, etc. contractors).

Real estate. Check this box if the applicant is engaged in renting or leasing real estate to others; managing, selling, buying or renting real estate for others; or providing related real estate services (e.g., appraisal services).

Rental and leasing. Check this box if the applicant is engaged in providing tangible goods such as autos, computers, consumer goods, or industrial machinery and equipment to customers in return for a periodic rental or lease payment.

Manufacturing. Check this box if the applicant is engaged in the mechanical, physical, or chemical transformation of materials, substances, or components
into new products. The assembling of component parts of manufactured products is also considered to be manufacturing.

Transportation \& warehousing. Check this box if the applicant provides transportation of passengers or cargo; warehousing or storage of goods; scenic or sight-seeing transportation; or support activities related to these modes of transportation.

Finance \& insurance. Check this box if the applicant is engaged in transactions involving the creation, liquidation, or change of ownership of financial assets and/or facilitating such financial transactions; underwriting annuities/insurance policies; facilitating such underwriting by selling insurance policies; or by providing other insurance or employee-benefit related services.

Health care and social assistance. Check this box if the applicant is engaged in providing physical, medical, or psychiatric care using licensed health care professionals or providing social assistance activities such as youth centers, adoption agencies, individual/ family services, temporary shelters, etc.

Accommodation \& food services. Check this box if the applicant is engaged in providing customers with lodging, meal preparation, snacks, or beverages for immediate consumption.

Wholesale-agent/broker. Check this box if the applicant is engaged in arranging for the purchase or sale of goods owned by others or purchasing goods on a commission basis for goods traded in the wholesale market, usually between businesses.

Wholesale-other. Check this box if the applicant is engaged in selling goods in the wholesale market generally to other businesses for resale on their own account.

Retail. Check this box if the applicant is engaged in selling merchandise to the general public from a fixed store; by direct, mail-order, or electronic sales; or by using vending machines.

Other. Check this box if the applicant is engaged in an activity not described above. Describe the applicant's principal business activity in the space provided.
Lines 16a-c. Check the applicable box in line 16a to indicate whether or not the entity (or individual) applying for an EIN was issued one previously. Complete lines 16 b and 16c only if the "Yes" box in line 16a is checked. If the applicant previously applied for more than one EIN, write "See Attached" in the empty space in line 16a and attach a separate sheet providing the line 16 b and 16c information for each EIN previously requested.
Third Party Designee. Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of Form SS-4. The designee's authority terminates at the time the EIN is assigned and released to the designee.
You must complete the signature area for the authorization to be valid.
Signature. When required, the application must be signed by (a) the individual, if the applicant is an individual, (b) the president, vice president, or other
principal officer, if the applicant is a corporation, (c) a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership, government entity, or other unincorporated organization, or (d) the fiduciary, if the applicant is a trust or an estate. Foreign applicants may have any duly-authorized person, (e.g., division manager), sign Form SS-4.

Privacy Act and Paperwork Reduction Act Notice.
We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to comply with section 6109 and the regulations thereunder which generally require the inclusion of an employer identification number (EIN) on certain returns, statements, or other documents filed with the Internal Revenue Service. If your entity is required to obtain an EIN, you are required to provide all of the information requested on this form. Information on this form may be used to determine which Federal tax returns you are required to file and to provide you with related forms and publications.

We disclose this form to the Social Security Administration for their use in determining compliance with applicable laws. We may give this information to the Department of Justice for use in civil and criminal litigation, and to the cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

We will be unable to issue an EIN to you unless you provide all of the requested information which applies to your entity. Providing false information could subject you to penalties.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

| Recordkeeping | 6 min |
| :---: | :---: |
| Learning about the law or the form | 22 min . |
| Preparing the form | 46 min . |
| Copying, assembling, and sending the form to the IRS |  |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the form to this address. Instead, see How To Apply on page 1.
(Rev. December 2001)
Department of the Treasury Internal Revenue Service
(For use by employers, corporations, partnerships, trusts, estates, churches,
government agencies, Indian tribal entities, certain individuals, and others.)

- See separate instructions for each line. $\quad$ Keep a copy for your records.

1 Legal name of entity (or individual) for whom the EIN is being requested

| $\mathbf{2}$ Trade name of business (if different from name on line 1) | $\mathbf{3}$ Executor, trustee, "care of" name |
| :--- | :--- |
| 4a Mailing address (room, apt., suite no. and street, or P.O. box) | 5a Street address (if different) (Do not enter a P.O. box.) |
| 4b City, state, and ZIP code | $\mathbf{5 b}$ City, state, and ZIP code |

6 County and state where principal business is located
7a Name of principal officer, general partner, grantor, owner, or trustor
7b SSN, ITIN, or EIN

8a Type of entity (check only one box)
$\square$ Sole proprietor (SSN) $\qquad$
PartnershipCorporation (enter form number to be filed)Personal service corp.Church or church-controlled organization
$\square$Other nonprofit organization (specify)
$\qquad$ Other (specify)
8b If a corporation, name the state or foreign country State (if applicable) where incorporated

Estate (SSN of decedent)
$\square$ Plan administrator (SSN)
Trust (SSN of grantor)
$\square$ National GuardState/local government Farmers' cooperative $\square$ Federal government/military
$\square$ REMIC $\square$ Indian tribal governments/enterprises Group Exemption Number (GEN)

|  |  |  |
| :--- | :--- | :--- |
|  |  |  |
|  |  |  |

Foreign country

9 Reason for applying (check only one box)
$\square$ Started new business (specify type)Hired employees (Check the box and see line 12.)Compliance with IRS withholding regulations $\square$ Other (specify)
10 Date business started or acquired (month, day, year)

11 Closing month of accounting year

12 First date wages or annuities were paid or will be paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year).


| 14 | Check one box that best describes the principal activity of your business. | $\square$ | Health care \& social assistance | $\square$ | Wholesale-agent/broker |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| $\square$ construction |  |  |  |  |  |  |
| $\square$ | Rental \& leasing | $\square$ Transportation \& warehousing | $\square$ | Accommodation \& food service | $\square$ | Wholesale-other $\quad \square$ | Retail

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.
16a Has the applicant ever applied for an employer identification number for this or any other business? Note: If "Yes," please complete lines 16b and 16c.
16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above. Legal name Trade name
16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known. Approximate date when filed (mo., day, year)

City and state where filed
Previous EIN

| Third Party Designee | Complete this section only if you want to authorize the named individual to receive the entity's EN and answer questions about the completion of this form. |  |
| :---: | :---: | :---: |
|  | Designee's name | Designee's telephone number (include area code) ( ) |
|  | Address and ZIP code | Designee's fax number (include area code) |
| Under penalies of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete. |  |  |
| Name and title (type or print clearly) |  | Applicant's telephone number (include area code) ( ) |
| Signature - | Date | Applicant's fax number (include area code) ( ) |
| For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. $\quad$ Cat. No. 16055N $\quad$ Form SS-4 (Rev. 12-2001) |  |  |

## Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document. ${ }^{1}$ See also the separate instructions for each line on Form SS-4.

| IF the applicant... | AND... | THEN... |
| :---: | :---: | :---: |
| Started a new business | Does not currently have (nor expect to have) employees | Complete lines 1, 2, 4a-6, 8a, and 9-16c. |
| Hired (or will hire) employees, including household employees | Does not already have an EIN | Complete lines $1,2,4 a-6,7 a-b$ (if applicable), 8a, 8b (if applicable), and 9-16c. |
| Opened a bank account | Needs an EIN for banking purposes only | Complete lines 1-5b, 7a-b (if applicable), 8a, 9 , and 16a-c. |
| Changed type of organization | Either the legal character of the organization or its ownership changed (e.g., you incorporate a sole proprietorship or form a partnership) ${ }^{2}$ | Complete lines 1-16c (as applicable). |
| Purchased a going business ${ }^{3}$ | Does not already have an EIN | Complete lines 1-16c (as applicable). |
| Created a trust | The trust is other than a grantor trust or an IRA trust ${ }^{4}$ | Complete lines 1-16c (as applicable). |
| Created a pension plan as a plan administrator ${ }^{5}$ | Needs an EIN for reporting purposes | Complete lines 1, 2, 4a-6, 8a, 9, and 16a-c. |
| Is a foreign person needing an EIN to comply with IRS withholding regulations | Needs an EIN to complete a Form W-8 (other than Form $\mathrm{W}-8 \mathrm{ECI}$ ), avoid withholding on portfolio assets, or claim tax treaty benefits ${ }^{6}$ | Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a-9, and 16a-c. |
| Is administering an estate | Needs an EIN to report estate income on Form 1041 | Complete lines 1, 3, 4a-b, 8a, 9, and 16a-c. |
| Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.) | Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons | Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 9, and 16a-c. |
| Is a state or local agency | Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 ${ }^{7}$ | Complete lines 1, 2, 4a-5b, 8a, 9, and 16a-c. |
| Is a single-member LLC | Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns, or for state reporting purposes ${ }^{8}$ | Complete lines 1-16c (as applicable). |
| Is an S corporation | Needs an EIN to file Form 2553, Election by a Small Business Corporation ${ }^{9}$ | Complete lines 1-16c (as applicable). |
| For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees. |  |  |
| ${ }^{2}$ However, do not apply for a new Covered by the defalt rules), or (c) exchanged within a 12-month perio ${ }^{3}$ Do not use the EIN of the prior bus ${ }^{4}$ However, IRA trusts that are requir ${ }^{5}$ A plan administrator is the person ${ }^{6}$ Entities applying to be a Qualified ${ }^{7}$ See also Household employer on ${ }^{8}$ Most LLCs do not need to file For ${ }^{9}$ An existing corporation that is elect |  | ected on Form 8832 to change the way it is taxed (or is al interests in partnership capital and profits were sold or used. See Regulations section 301.6109-1(d)(2)(iii).) <br> ing stock. <br> Return, must have an EIN. <br> nt under which the plan is operated. <br> See Rev. Proc. 2000-12. <br> reasons, e.g., hired employees.) <br> s on completing Form SS-4 for an LLC. <br> igned EIN. |

(Rev. J une 2003)
Department of the Treasury
Internal Revenue Service

| Name of firm (or person) for whom the worker performed services |  | Worker's name |  |
| :---: | :---: | :---: | :---: |
| Firm's address (include street address, | or suite no., city, state, and ZIP code) | Worker's address (include street address, apt. or suite no., city, state, and ZIP code) |  |
| Trade name |  | Telephone number (include area code) ( ) | Worker's social security number |
| Telephone number (include area code) ( ) | Firm's employer identification number | Worker's employer identification number (if any) |  |

If the worker is paid by a firm other than the one listed on this form for these services, enter the name, address, and employer identification number of the payer.

## Important Information Needed To Process Your Request

We must have your permission to disclose your name and the information on this form and any attachments to other parties involved with this request. Do we have your permission to disclose this information? $\qquad$
If you answered "No" or did not mark a box, we will not process your request and will not issue a determination.

## You must answer ALL items OR mark them "Unknown" or "Does not apply." If you need more space, attach another sheet.

A This form is being completed by
$\square$ Firm $\square$ Worker; for services performed
(beginning date)
to
(ending date)
B Explain your reason(s) for filing this form (e.g., you received a bill from the IRS, you believe you received a Form 1099 or Form W-2 erroneously, you are unable to get worker's compensation benefits, you were audited or are being audited by the IRS).
$\qquad$
$\qquad$
$\qquad$
C Total number of workers who performed or are performing the same or similar services
D How did the worker obtain the job? $\square$ Application $\quad \square$ Bid $\quad \square$ Employment Agency $\square$ Other (specify)
E Attach copies of all supporting documentation (contracts, invoices, memos, Forms W-2, Forms 1099, IRS closing agreements, IRS rulings, etc.). In addition, please inform us of any current or past litigation concerning the worker's status. If no income reporting forms (Form 1099-MISC or W-2) were furnished to the worker, enter the amount of income earned for the year(s) at issue $\$$
F Describe the firm's business.

$\qquad$

G Describe the work done by the worker and provide the worker's job title.
$\qquad$
$\qquad$
$\qquad$

H Explain why you believe the worker is an employee or an independent contractor.

$\qquad$

I Did the worker perform services for the firm before getting this position? Yes No
If "Yes," what were the dates of the prior service?
If "Yes," explain the differences, if any, between the current and prior service.
$\qquad$
$\qquad$
J If the work is done under a written agreement between the firm and the worker, attach a copy (preferably signed by both parties). Describe the terms and conditions of the work arrangement.

## Part I Behavioral Control

1 What specific training and/or instruction is the worker given by the firm?

2 How does the worker receive work assignments?
3 Who determines the methods by which the assignments are performed?
4 Who is the worker required to contact if problems or complaints arise and who is responsible for their resolution?
5 What types of reports are required from the worker? Attach examples.

6 Describe the worker's daily routine (i.e., schedule, hours, etc.).

7 At what location(s) does the worker perform services (e.g., firm's premises, own shop or office, home, customer's location, etc.)?
8 Describe any meetings the worker is required to attend and any penalties for not attending (e.g., sales meetings, monthly meetings, staff meetings, etc.).
9 Is the worker required to provide the services personally? . . . . . . . . . . . . . . . . . . $\square$ Yes $\square$ No
10 If substitutes or helpers are needed, who hires them? -................
11 If the worker hires the substitutes or helpers, is approval required? . . . . . . . . . . . . . . . $\square$ Yes $\square$ No
If "Yes," by whom?

12 Who pays the substitutes or helpers?
13 Is the worker reimbursed if the worker pays the substitutes or helpers? Yes No If "Yes," by whom?

## Part II Financial Control

1 List the supplies, equipment, materials, and property provided by each party:
The firm
The worker
Other party
2 Does the worker lease equipment?
If "Yes," what are the terms of the lease? (Attach a copy or explanatory statement.)
3 What expenses are incurred by the worker in the performance of services for the firm?

4 Specify which, if any, expenses are reimbursed by:
The firm
Other party
5 Type of pay the worker receives:

CommissionHourly Wage Piece Work $\square$ Lump Sum $\square$ Other (specify) If type of pay is commission, and the firm guarantees a minimum amount of pay, specify amount $\$$
6 Is the worker allowed a drawing account for advances?
If "Yes," how often?
Specify any restrictions.
7 Whom does the customer pay?Worker
If worker, does the worker pay the total amount to the firm? $\square$ Yes $\square$ No If "No," explain.

8 Does the firm carry worker's compensation insurance on the worker?
Yes

9 What economic loss or financial risk, if any, can the worker incur beyond the normal loss of salary (e.g., loss or damage of equipment, material, etc.)?

## Part III Relationship of the Worker and Firm


Part IV For Service Providers or Salespersons-Complete this part if the worker provided a service directly to customers or is a salesperson.

1 What are the worker's responsibilities in soliciting new customers?
2 Who provides the worker with leads to prospective customers?
3 Describe any reporting requirements pertaining to the leads.
4 What terms and conditions of sale, if any, are required by the firm?
5 Are orders submitted to and subject to approval by the firm? $\square$ Yes No
6 Who determines the worker's territory? $\qquad$
7 Did the worker pay for the privilege of serving customers on the route or in the territory? Yes No If "Yes," whom did the worker pay? If "Yes," how much did the worker pay?
8 Where does the worker sell the product (e.g., in a home, retail establishment, etc.)?
9 List the product and/or services distributed by the worker (e.g., meat, vegetables, fruit, bakery products, beverages, or laundry or dry cleaning services). If more than one type of product and/or service is distributed, specify the principal one.

12 If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, enter the percentage of the worker's time spent in the solicitation.

13 Is the merchandise purchased by the customers for resale or use in their business operations? . . . . . . . $\square$ Yes $\square$ No
Describe the merchandise and state whether it is equipment installed on the customers' premises. .-.................................................

## Part V Signature (see page 4)

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented are true, correct, and complete.

Signature $\qquad$ Title Date
(Type or print name below)

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose

Firms and workers file Form SS-8 to request a determination of the status of a worker for purposes of Federal employment taxes and income tax withholding.

A Form SS-8 determination may be requested only in order to resolve Federal tax matters. If Form SS-8 is submitted for a tax year for which the statute of limitations on the tax return has expired, a determination letter will not be issued. The statute of limitations expires 3 years from the due date of the tax return or the date filed, whichever is later.
The IRS does not issue a determination letter for proposed transactions or on hypothetical situations. We may, however, issue an information letter when it is considered appropriate.

## Definition

Firm. For the purposes of this form, the term "firm" means any individual, business enterprise, organization, state, or other entity for which a worker has performed services. The firm may or may not have paid the worker directly for these services. If the firm was not responsible for payment for services, be sure to enter the name, address, and employer identification number of the payer on the first page of Form SS-8 below the identifying information for the firm and the worker.

## The SS-8 Determination Process

The IRS will acknowledge the receipt of your Form SS-8. Because there are usually two (or more) parties who could be affected by a determination of employment status, the IRS attempts to get information from all parties involved by sending those parties blank Forms SS-8 for completion. The case will be assigned to a technician who will review the facts, apply the law, and render a decision. The technician may ask for additional information from the requestor, from other involved parties, or from third parties that could help clarify the work relationship before rendering a decision. The IRS will generally issue a formal determination to the firm or payer (if that is a different entity), and will send a copy to the worker. A determination letter applies only to a worker (or a class of workers) requesting it, and the decision is binding on the IRS. In certain cases, a formal determination will not be issued. Instead, an information letter may be issued. Although an information letter is advisory only and is not binding on the IRS, it may be used to assist the worker to fulfill his or her Federal tax obligations.

Neither the SS-8 determination process nor the review of any records in connection with the determination constitutes an examination (audit) of any Federal tax return. If the periods under consideration have previously been examined, the SS-8 determination process will not constitute a reexamination under IRS reopening procedures. Because this is not an examination of any Federal tax return, the appeal rights available in connection with an examination do not apply to an SS-8 determination. However, if you disagree with a determination and you have additional information concerning the work relationship that you believe was not previously considered, you may request that the determining office reconsider the determination.

## Completing Form SS-8

Answer all questions as completely as possible. Attach additional sheets if you need more space. Provide information for all years the worker provided services for the firm. Determinations are based on the entire relationship between the firm and the worker.

Additional copies of this form may be obtained by calling 1-800-829-4933 or from the IRS website at www.irs.gov.

## Fee

There is no fee for requesting an SS-8 determination letter.

## Signature

Form SS-8 must be signed and dated by the taxpayer.
A stamped signature will not be accepted.
The person who signs for a corporation must be an officer of the corporation who has personal knowledge of the facts. If the corporation is a member of an affiliated group filing a consolidated return, it must be signed by an officer of the common parent of the group.
The person signing for a trust, partnership, or limited liability company must be, respectively, a trustee, general partner, or member-manager who has personal knowledge of the facts.

## Where To File

Send the completed Form SS-8 to the address listed below for the firm's location. However, for cases involving Federal agencies, send Form SS-8 to the Internal Revenue Service, Attn: CC:CORP:T:C, Ben Franklin Station, P.O. Box 7604, Washington, DC 20044.

Firm's location:
Send to:
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, Wyoming, American Samoa, Guam, Puerto Rico, U.S. Virgin Islands

Alabama, Connecticut,
Delaware, District of Columbia, Florida, Georgia, Indiana, Kentucky, Louisiana, M aine, Maryland, Massachusetts,
Michigan, Mississippi, New Hampshire, New J ersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, all other locations not listed

## Instructions for Workers

If you are requesting a determination for more than one firm, complete a separate Form SS-8 for each firm.

$\Delta$Form SS-8 is not a claim for refund of social security and Medicare taxes or Federal income tax withholding.
If the IRS determines that you are an employee, you are responsible for filing an amended return for any corrections related to this decision. A determination that a worker is an employee does not necessarily reduce any current or prior tax liability. For more information, call 1-800-829-1040.

Time for filing a claim for refund. Generally, you must file your claim for a credit or refund within 3 years from the date your original return was filed or within 2 years from the date the tax was paid, whichever is later.
Filing Form SS-8 does not prevent the expiration of the time in which a claim for a refund must be filed. If you are concerned about a refund, and the statute of limitations for filing a claim for refund for the year(s) at issue has not yet expired, you should file Form 1040X, Amended U.S. Individual Income Tax Return, to protect your statute of limitations. File a separate Form 1040X for each year.

On the Form 1040X you file, do not complete lines 1 through 24 on the form. Write "P rotective Claim" at the top of the form, sign and date it. In addition, you should enter the following statement in Part II, Explanation of Changes to Income, Deductions, and Credits: "Filed Form SS-8 with the Internal Revenue Service Office in (Holtsville, NY; Newport, VT; or Washington, DC; as appropriate). By filing this protective claim, I reserve the right to file a claim for any refund that may be due after a determination of my employment tax status has been completed."
Filing Form SS-8 does not alter the requirement to timely file an income tax return. Do not delay filing your tax return in anticipation of an answer to your SS-8 request. In addition, if applicable, do not delay in responding to a request for payment while waiting for a determination of your worker status.

## Instructions for Firms

If a worker has requested a determination of his or her status while working for you, you will receive a request from the IRS to complete a Form SS-8. In cases of this type, the IRS usually gives each party an opportunity to present a statement of the facts because any decision will affect the employment tax status of the parties. Failure to respond to this request will not prevent the IRS from issuing a determination letter based on the information he or she has made available so that the worker may fulfill his or her Federal tax obligations. However, the information that you provide is extremely valuable in determining the status of the worker.

If you are requesting a determination for a particular class of worker, complete the form for one individual who is representative of the class of workers whose status is in question. If you want a written determination for more than one class of workers, complete a separate Form SS-8 for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different for these workers. Please provide a list of names and addresses of all workers potentially affected by this determination.

If you have a reasonable basis for not treating a worker as an employee, you may be relieved from having to pay employment taxes for that worker under section 530 of the 1978 Revenue Act. However, this relief provision cannot be
considered in conjunction with a Form SS-8 determination because the determination does not constitute an examination of any tax return. For more information regarding section 530 of the 1978 Revenue Act and to determine if you qualify for relief under this section, you may visit the IRS website at www.irs.gov.
Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. This information will be used to determine the employment status of the worker(s) described on the form. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages. Sections 3121(d), 3306(a), and 3401(c) and (d) and the related regulations define employee and employer for purposes of employment taxes imposed under Subtitle C. Section 6001 authorizes the IRS to request information needed to determine if a worker(s) or firm is subject to these taxes. Section 6109 requires you to provide your taxpayer identification number. Neither workers nor firms are required to request a status determination, but if you choose to do so, you must provide the information requested on this form. Failure to provide the requested information may prevent us from making a status determination. If any worker or the firm has requested a status determination and you are being asked to provide information for use in that determination, you are not required to provide the requested information. However, failure to provide such information will prevent the IRS from considering it in making the status determination. Providing false or fraudulent information may subject you to penalties. Routine uses of this information include providing it to the Department of J ustice for use in civil and criminal litigation, to the Social Security Administration for the administration of social security programs, and to cities, states, and the District of Columbia for the administration of their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. We may provide this information to the affected worker(s) or the firm as part of the status determination process.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 22 hrs.; Learning about the law or the form, $47 \mathrm{~min} . ;$ and Preparing and sending the form to the IRS, 1 hr ., 11 min . If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the tax form to this address. Instead, see Where To File on page 4.

# Forma W-4(SP) <br> 2005 

Propósito. Llene la Forma W-4(SP) para que su empleador(a) o patrono(a) pueda retenerle el impuesto federal sobre el ingreso correcto de su paga. Debido a que su situación tributaria pudiera cambiar, usted pudiera querer recalcular su retención cada año. Exención de la retención. Si usted está exento(a), llene sólo las líneas 1, 2, 3, 4 y 7 , y firme la forma para validarla. Su exención para el 2005 vence el 16 de febrero del 2006. Vea la Publicación 505, Tax Withholding and Estimated Tax (Retención del impuesto e impuesto estimado), en inglés.
Aviso: Usted no puede reclamar la exención de la retención si: (a) su ingreso excede de $\$ 800$ e incluye más de $\$ 250$ de ingreso no derivado del trabajo (p.e., intereses y dividendos) y(b) otra persona puede reclamarlo(a) a usted como dependiente en su declaración de impuestos.
Instrucciones básicas. Si usted no está exento(a), llene la Hoja de Trabajo para Descuentos Personales, más abajo. Las hojas de trabajo en la página 2 ajustan sus descuentos de la retención basados en las deducciones detalladas, ciertos créditos, ajustes al ingreso, o situaciones de dos asalariados/dos empleos. Llene todas las hojas de trabajo que le apliquen. Sin embargo, usted pudiera reclamar menos (o cero) descuentos.

Cabeza de familia. Por lo general, usted puede reclamar el estado de cabeza de familia para efectos de la declaración de impuesto sólo si usted no está casado(a) y paga más del $50 \%$ de los costos de mantener el hogar para usted y para su(s) dependiente(s) u otros individuos calificados. Vea la línea $\mathbf{E}$, abajo.
Créditos tributarios. Usted puede tomar en cuenta créditos tributarios previstos al calcular su número permisible de descuentos de la retención. Los créditos por gastos del cuidado de hijos o de dependientes y el crédito tributario por hijos pueden ser reclamados usando la Hoja de Trabajo para Descuentos Personales, abajo. Vea la Publicación 919, How Do I Adjust My Tax Withholding? (¿Cómo Ajusto la Retención de mi Impuesto?), en inglés, para saber información sobre la conversión de sus otros créditos a descuentos de la retención.
Ingreso que no proviene de sueldos o salarios. Si usted tiene una suma cuantiosa de ingreso que no proviene de sueldos o salarios, tal como de intereses o dividendos, considere hacer pagos de impuesto estimado usando la Forma 1040-ES, Estimated Tax for Individuals (Impuesto Estimado para Individuos), en inglés. De lo contrario, usted pudiera deber impuesto adicional.
Dos asalariados/dos empleos. Si usted tiene un(a) cónyuge que trabaja o si tiene más de un empleo,
calcule el número total de exenciones al cual usted tiene derecho de reclamar en todos los empleos usando la hoja de trabajo de sólo una Forma W-4(SP). Su retención usualmente será la más precisa cuando todos los descuentos son reclamados en la Forma W-4(SP) para el empleo que paga más y cero descuentos son reclamados en los otros empleos.
Extranjero(a) no residente. Si usted es un(a) extranjero(a) no residente, vea las Instructions for Form 8233 (Instrucciones para la Forma 8233), disponibles en inglés, antes de llenar esta Forma W-4(SP).
Revise su retención. Después de que su Forma W-4(SP) entre en vigencia, use la Publicación 919, en inglés, para saber cómo la cantidad en dólares que a usted se le está siendo retenida se compara con la cantidad total de impuestos prevista para el 2005. Vea la Publicación 919, especialmente si sus ingresos exceden de \$125,000 (Soltero(a)) o de \$175,000 (Casado(a)).
¿Cambio de nombre reciente? Si su nombre en la línea 1 es diferente del que aparece en su tarjeta de seguro social, llame al 1-800-772-1213 para iniciar un cambio de nombre y obtener una tarjeta de seguro social que muestre su nombre correcto.

Hoja de Trabajo para Descuentos Personales (Guárdela para su archivo.)


Corte aquí y entregue su Forma W-4(SP) a su empleador(a). Guarde la parte de arriba en sus archivos.

## foma W-4(SP)

Certificado de Exención de la Retención del(la) Empleado(a)
Department of the Treasury
Internal Revenue Service
1 Escriba a maquinilla o en letra de imprenta su primer nombre e
inicial del segundo

Dirección (número de casa y calle o ruta rural)

Ciudad o pueblo, estado y código postal (ZIP)
Dirección (número de casa y calle o ruta rural)

3 Soltero(a) $\square$ Casado(a) Casado(a), pero retiene con la tasa mayor de Soltero(a) Nota: Si es casado(a), pero está legalmente separado(a), o si su cónyuge es un(a) extranjero(a) no residente, marque el encasillado para "Soltero(a)".

4 Si su apellido es distinto al que aparece en su tarjeta de seguro social, marque este encasillado. Debe llamar al 1-800-772-1213 para una nueva tarjeta
$5 \quad$ Número total de exenciones que reclama usted (de la línea $\mathbf{H}$ arriba o de la hoja de trabajo que aplica en la página 2)
6 Cantidad adicional, si hay alguna, que usted quiere que le retengan de su cheque de pago.
7 Yo reclamo la exención de la retención para el 2005 y certifico que cumplo con ambas de las siguientes condiciones para la exención:

- El año pasado tuve derecho a un reembolso de todos los impuestos federales sobre el ingreso porque yo no tenía ninguna obligación tributaria y
- Este año yo tengo previsto un reembolso de todos los impuestos federales sobre el ingreso porque tengo previsto el no tener una obligación tributaria.

Si usted cumple con ambas condiciones, escriba "Exempt" (Exento(a)) aquí . . . . . . . . . $\mathbf{7}$
Bajo pena de perjurio, yo declaro que he examinado este certificado y que a mi mejor saber y entender, está correcto y completo.
Firma del(la) empleado(a)
(La forma no es válida a menos que usted la firme.)
8 Nombre y dirección del(a) empleador(a) o patrono(a) (Empleador(a) o patrono(a): Llene las líneas 8 y 10 sólo si envía este certificado al IRS.)

Fecha -
9 Código de oficina (opcional)

10 Número de identificación del empleador(a) o patrono(a) (EIN)

## Hoja de Trabajo para Deducciones y Ajustes

Aviso: Utilice esta hoja de trabajo únicamente si usted piensa detallar las deducciones, reclamar ciertos créditos o tomar ajustes al ingreso en su declaración de impuestos para el 2005.
1 Anote un estimado de sus deducciones detalladas para el 2005. Estas incluyen los intereses hipotecarios calificados, donaciones caritativas, impuestos estatales y locales, gastos médicos que exceden del $7.5 \%$ de su ingreso y ciertas deducciones misceláneas. (Para el 2005, usted quizás deba reducir sus deducciones detalladas si su ingreso excede de $\$ 145,950$
(\$72,975 para los casados que presentan por separado). Vea, Worksheet 3 (Hoja de Trabajo 3), en la Publicación 919 para más detalles.

1 \$
$\$ 10,000$ si usted es casado(a) que presenta declaración conjunta o como viudo(a) calificado(a)
2 Anote:
$\$ 7,300$ si usted es cabeza de familia
$\$ 5,000$ si es soltero(a)
( $\$ 5,000$ si es casado(a) que presenta la declaración por separado
1

Anote:
2 \$
. Reste la cantidad de la línea 2 de la de la línea 1. Si la línea 2 es mayor de la línea 1, anote "-0-"
\$
4 Anote el estimado de sus ajustes al ingreso para el 2005, incluyendo la pensión alimenticia para cónyuges divorciados, aportaciones deducibles a una cuenta IRA e intereses de un préstamo estudiantil
5 Sume las líneas 3 y 4 y anote el resultado (incluya cualquier cantidad de créditos de la Worksheet 7 (Hoja de Trabajo 7) en la Publicación 919)
6 Anote un estimado de sus ingresos no derivados del trabajo para el 2005 (p.e., los dividendos o intereses).
7 Reste la cantidad de la línea 6 de la de la línea 5. Anote aquí el resultado, pero no menos que cero
4 \$

8 Divida la cantidad de la línea 7 por $\$ 3,200$ y anote el resultado aquí. Elimine cualquier fracción (si la hay)
5 \$
6 \$

Anote la cantidad de la línea H de la Hoja de Trabajo para Exenciones Personales en la página 1
10 Sume las cantidades de la línea 8 y de la línea 9 y anote el total aquí. Si usted piensa usar la Hoja de Trabajo para Dos Asalariados/Dos Empleos, anote este total también en la línea 1 a continuación. De otra manera, deténgase aquí y anote este total en la línea 5 de la página 1 de la Forma W-4(SP)

10 \$
Hoja de Trabajo para Dos Asalariados/Dos Empleos (Vea, Dos asalariados/dos empleos, en la página 1.)
Aviso: Utilice esta hoja de trabajo únicamente si las instrucciones debajo de la línea $\mathbf{H}$ en la página 1 le han dirigido a usted aquí.
1 Anote la cantidad de la línea $\mathbf{H}$ en la página 1 (o de la línea 10, arriba, si usted utilizó la Hoja de Trabajo para Deduccciones y Ajustes .
2 Busque la cantidad en la Tabla 1, más abajo, que corresponda al empleo que le paga el sueldo MAS MINIMO y anótela aquí
1 \$

3 Si la cantidad de la línea 1 excede de o es igual a la cantidad de la línea 2, reste la línea 2 de la línea 1. Anote el resultado aquí (si es cero, anote "-0-") y en la línea 5 de la Forma $W$ - $4(\mathrm{SP}$ ) en la página 1. Por favor, no siga con esta hoja de trabajo
2 \$

Aviso: Si la línea 1 es menos de la línea 2, anote "-0-" en la línea 5 de la Forma $W$-4(SP) en la página 1. Complete las líneas de la 4 a la 9 para calcular la cantidad de impuesto adicional que se le debe retener, necesaria para evitar una factura por impuestos debidos al final del año.

4 Anote la cantidad de la línea 2 de esta hoja de trabajo.
\$
5 Anote la cantidad de la línea 1 de esta hoja de trabajo.
5 \$
6 Reste la cantidad de la línea 5 de la de la línea 4
3 \$

7 Busque la cantidad de la Tabla 2, más abajo, que corresponda al empleo que le paga el sueldo MAYOR y anótela aquí . .
8 Multiplique la cantidad de la línea 7 por la de la línea 6 y anote el resultado aquí. Esta es la cantidad de impuesto adicional que se debe retener.
6 \$

9 Divida la cantidad de la línea 8 por el total de los períodos de pago que faltan del 2005. Por ejemplo, divida por 26 si le pagan cada 2 semanas y usted llena esta forma en diciembre del 2004. Anote el resultado aquí y también en la línea 6 de la Forma $\mathrm{W}-4(\mathrm{SP})$ en la página 1. Esta es la cantidad de impuesto adicional que se debe retener de cada cheque de sueldo

9 \$
Tabla 1: Hoja de Trabajo para Dos Asalariados/Dos Empleos

| Casados que presentan la declaración conjuntamente |  |  |  |  |  | Todos los demás |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Si el sueldo del empleo que le paga MEJOR es | Y el sueldo del empleo que le paga LO MAS MINIMO es | Anote en la línea 2, arriba | Si el sueldo del empleo que le paga MEJOR es - | Y el sueldo del empleo que le paga LO MAS MINIMO es | Anote en la línea 2, arriba | Y el sueldo del empleo que le paga LO MAS MINIMO es - | Anote en la línea 2, arriba |
| \$0-\$40,000 | $\$ 0-$ $\$ 4,000$ <br> $4,001-r, 000$  <br> $8,001-18,000$  <br> 18,001 y más  | $\begin{aligned} & \hline 0 \\ & 1 \\ & 2 \\ & 3 \end{aligned}$ | \$40,001 y más | $30,001-36,000$ $36,001-45,000$ $45,001-50,000$ $50,001-60,000$ | $\begin{aligned} & 6 \\ & 7 \\ & 8 \\ & 9 \end{aligned}$ | $\$ 0-\$ 6,000$ $6,001-12,000$ $12,001-18,000$ $18,001-24,000$ | $\begin{aligned} & \hline 0 \\ & 1 \\ & 2 \\ & 3 \end{aligned}$ |
| \$40,001 y más | $\$ 0-$ $\$ 4,000$ <br> $4,001-r$ 8,000 <br> $8,001-r$ 18,000 <br> $18,001-22,000$  <br> $22,001-25,000$  <br> $25,001-30,000$  | $\begin{aligned} & 0 \\ & 1 \\ & 2 \\ & 3 \\ & 4 \\ & 5 \end{aligned}$ |  | $\begin{array}{r} 60,001-65,000 \\ 65,001-75,000 \\ 75,001-90,000 \\ 90,001-100,000 \\ 100,001 \text { - 115,000 } \\ 115,001 \text { y más } \end{array}$ | $\begin{aligned} & 10 \\ & 11 \\ & 12 \\ & 13 \\ & 14 \\ & 15 \end{aligned}$ | $\begin{array}{r} 24,001-31,000 \\ 31,001-45,000 \\ 45,001-60,000 \\ 60,001-75,000 \\ 75,001-80,000 \\ 80,001-100,000 \\ 100,001 \text { y más } \end{array}$ | $\begin{array}{r} 4 \\ 5 \\ 6 \\ 7 \\ 8 \\ 9 \\ 10 \end{array}$ |

Tabla 2: Hoja de Trabajo para Dos Asalariados/Dos Empleos

| Casados que presentan la declaración conjuntamente |  | Todos los demás |  |
| :---: | :---: | :---: | :---: |
| Si el sueldo del empleo que le paga MEJOR es | Anote en la línea 7, arriba | Si el sueldo del empleo que le paga MEJOR es - | Anote en la línea 7, arriba |
| \$0-\$60,000 | \$480 | \$0-\$30,000 | \$480 |
| 60,001-110,000 | 800 | 30,001-70,000 | 800 |
| 110,001-160,000 | 900 | 70,001-140,000 | 900 |
| 160,001-280,000 | 1,060 | 140,001-320,000 | 1,060 |
| 280,001 y más | 1,120 | 320,001 y más | 1,120 |

Aviso sobre la Ley de Confidencialidad de Información y la Ley de Reducción de Trámites. Solicitamos la información contenida en esta forma para cumplir las leyes de los impuestos internos de los Estados Unidos. El Código de Impuestos Internos requiere esta información de acuerdo con las secciones 3402 (f)(2)(A) y 6109 y su reglamentación. El dejar de presentar una forma debidamente completada resultará en considerarle a usted una persona soltera que no reclama ningún descuento en la retención; el proporcionar información fraudulenta pudiera sujetarle a usted a multas y penalidades. Solemos compartir esta información con el Departamento de Justicia en sus casos de litigio civil y penal y también con las ciudades, estados y el Distrito de Columbia a fin de ayudarlos en administrar sus leyes tributarias respectivas y también para incluirla en el National Directory of New Hires (Directorio Nacional de Personas Recién Empleadas). Podemos divulgar esta información también a otros países bajo un tratado tributario, a las agencias del gobierno federal y estatal para ejecutar las leyes penales federales que no tienen que ver con los impuestos o a las agencias federales de aplicación de la ley o de la inteligencia para combatir el terrorismo.

Usted no está obligado(a) a facilitar la información solicitada en una forma sujeta a la Ley de Reducción de Trámites a menos que la misma muestre un número de control válido de la OMB (Office of Management and Budget). Los libros o registros relativos a una forma o sus instrucciones deberán ser conservados mientras su contenido pueda ser utilizado en la administración de cualquier ley tributaria federal. Por regla general, las declaraciones de impuestos y cualquier información pertinente son confidenciales, como lo requiere la sección 6103.
El tiempo que se necesita para llenar y presentar esta forma variará, dependiendo de las circunstancias individuales. El promedio de tiempo que se estima para completar esta forma es el siguiente: Mantener los registros: 46 min .; Aprender acerca de la ley o de esta forma, 13 min .; Preparar Mantener los registros: 46 min .; Aprender acerca de la ley o de esta forma, 13 min .; Preparar
estaforma, 59 min . Si desea hacer cualquier comentario acerca de la exactitud de este tiempo estimado esta forma, 59 min . Si desea hacer cualquier comentario acerca de la exactitud de este tiempo estimado
o si desea hacer cualquier sugerencia que ayude a que esta forma sea más sencilla, por favor, envíenos o si desea hacer cualquier sugerencia que ayude a que esta forma sea más sencilla, por favor, envíenos los mismos. Puede enviar sus comentarios y sugerencias al Tax Products Coordinating Committee,
SE:W:CAR:MP:T:T:SP, IR-6406, 1111 Constitution Avenue, NW, Washington, DC 20224 . Por favor, no envie la Forma W-4(SP) a esta dirección. En vez de eso, désela a su empleador(a) o patrono(a).

# (For unemployment compensation and certain Federal government payments.) 

## Instructions

## Purpose of Form

If you receive any government payment shown below, you may use Form W-4V to ask the payer to withhold Federal income tax.

1. Unemployment compensation (including Railroad Unemployment Insurance Act (RUIA) payments),
2. Social security benefits,
3. Social security equivalent Tier 1 railroad retirement benefits,
4. Commodity Credit Corporation Ioans, or
5. Certain crop disaster payments under the Agricultural Act of 1949 or under Title II of the Disaster Assistance Act of 1988.

You are not required to have Federal income tax withheld from these payments. Your request is voluntary.
Note: Payers may develop their own form for you to request Federal income tax withholding. If a payer gives you its own form instead of Form W-4V, use that form.

## Why Should I Request Withholding?

You may find that having Federal income tax withheld from the listed payments is more convenient than making quarterly estimated tax payments. However, if you have other income that is not subject to withholding, consider making estimated tax payments. For more details, see Form 1040-ES, Estimated Tax for Individuals.

## How Much Can I Have Withheld?

For unemployment compensation, the payer is permitted to withhold 10\% from each payment. No other percentage or amount is allowed. For any other government payment listed above, you may choose to have the payer withhold $7 \%, 10 \%$, $15 \%$, or $25 \%$ from each payment, but no other percentage or amount.

## What Do I Need To Do?

Complete lines 1-4; check one box on line 5, 6, or 7; sign Form $\mathrm{W}-4 \mathrm{~V}$; and give it to the payer, not to the IRS.
Note: For withholding on social security benefits, give or send the completed Form W-4V to your local Social Security office.
Line 3. If your address is outside the United States or its possessions or territories, enter on line 3 the city, province or state, and name of the country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.
Line 5. If you want Federal income tax withheld from your unemployment compensation, check the box on line 5. The payer will withhold $10 \%$ from each payment.
Line 6. If you receive any of the payments listed on line 6, check the box to indicate the percentage ( $7 \%, 10 \%, 15 \%$, or $25 \%$ ) you want withheld from each payment.
Line 7. See How Do I Stop Withholding? below.
Sign this form. Form W-4V is not considered valid unless you sign it.

## When Will My Withholding Start?

Ask your payer exactly when income tax withholding will begin. The Federal income tax withholding you choose on this form will remain in effect until you change it, stop it, or the payments stop.

## How Do I Change Withholding?

If you are getting a payment other than unemployment compensation and want to change your withholding rate, complete a new Form W-4V. Give the new form to the payer.

## How Do I Stop Withholding?

If you want to stop withholding, complete a new Form W-4V. After completing lines 1-4, check the box on line 7, and sign and date the form. Then give the new form to the payer.
rom W-4V
(Rev. August 2003)
Department of the Treasury
Internal Revenue Service

## Voluntary Withholding Request

## (For unemployment compensation and certain Federal government payments.)

OMB No. 1545-1501

| $\mathbf{1}$ | Type or print your first name and middle initial | Last name |  | $\mathbf{2}$ | Your social security number |
| :--- | :--- | :--- | :---: | :---: | :---: |
|  |  |  | City or town | State |  |
| $\mathbf{3}$ | Home address (number and street or rural route) | ZIP code |  |  |  |

4 Claim or identification number (if any) you use with your payer (for social security benefits, enter nine-digit number followed by the letter)

## $5 \quad \square$ I want Federal income tax withheld from my unemployment compensation at a rate of $10 \%$ of each payment.

6 I want Federal income tax withheld from my (a) social security benefits, (b) social security equivalent Tier 1 railroad retirement benefits, (c) Commodity Credit Corporation loans, or (d) certain crop disaster payments under the Agricultural Act of 1949 or under Title II of the Disaster Assistance Act of 1988, at the rate of (check one):


7 $\square$ I want you to stop withholding Federal income tax from my payment(s).

## Your signature

Date
For Privacy Act and Paperwork Reduction Act Notice, see page 2.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you wish to have Federal income tax withheld from certain payments for which withholding is not required by law. If you choose to request voluntary withholding of Federal income tax, you are required by sections $3402(p)$ and 6109 and their regulations to provide the information requested on this form. If you do not provide a completed form that is signed, the payer cannot withhold Federal income tax from your payment.
Routine uses of this information include giving it to the Department of J ustice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal non-tax criminal laws and to combat terrorism.

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.
The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:
Recordkeeping
Learning about the law or the
form .

| Preparing the form |
| :--- |
| Copying, assembling, and sending |

the form to the payer . . . . . . . . . . . . . . . . . . . . . .

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form W-4V to this address. Instead, give it to the payer.

## 2005 <br> Forma W-5(SP) <br> 裡 <br> Department of the Treasury Internal Revenue Service

## Instrucciones

## ¿Qué Hay de Nuevo para el 2005?

- La definición de hijo(a) calificado(a) ha sido modificada. Vea, ¿Quién es un(a) hijo(a) calificado(a)?, más adelante.
- Usted puede elegir el incluir su paga por combate no tributable en su ingreso del trabajo para propósitos del cálculo de su Crédito por Ingreso del Trabajo. Sin embargo, no la incluya en el ingreso del trabajo para propósitos del pago por adelantado del Crédito por Ingreso del Trabajo.


## Propósito de la Forma

Use la Forma $\mathrm{W}-5(\mathrm{SP})$ si usted es elegible para obtener parte del Crédito por Ingreso del Trabajo (conocido por sus siglas en inglés, EIC) por adelantado en su paga y elige hacerlo. Vea, ¿Quién es elegible para obtener pagos adelantados del Crédito por Ingreso del Trabajo?, más adelante. La cantidad que usted puede obtener por adelantado depende por lo general de sus salarios o sueldos. Si usted es casado(a), la cantidad de sus pagos por adelantado del Crédito por Ingreso del Trabajo también depende de si su cónyuge haya presentado una Forma W-5(SP) (o la Forma W-5, en inglés) a su empleador o patrono. Sin embargo, el empleador o patrono de usted no puede darle más de \$1,597 a través del 2005 junto con su paga. Usted recibirá el resto del Crédito por Ingreso del Trabajo al cual usted tenga derecho cuando usted presente su declaración de impuestos y reclama el Crédito por Ingreso del Trabajo.

Si no elige obtener pagos por adelantado, usted aún puede reclamar el Crédito por Ingreso del Trabajo en su declaración de impuestos del 2005.

## ¿Qué es el Crédito por Ingreso del Trabajo?

El Crédito por Ingreso del Trabajo es un crédito para ciertos trabajadores. El crédito reduce el impuesto que usted adeuda. Pudiera darle un reembolso aún si usted no debe ningún impuesto.

## ¿Quién es elegible para obtener pagos adelantados del Crédito por Ingreso del Trabajo?

Usted es elegible para recibir pagos por adelantado del Crédito por Ingreso del Trabajo si todas las tres siguientes condiciones le aplican:

1. Usted espera tener por lo menos un(a) hijo(a) calificado(a). Si usted no espera tener un(a) hijo(a) calificado(a), usted pudiera aún ser elegible para el Crédito por Ingreso del Trabajo, pero usted no puede recibir pagos por adelantado del Crédito por Ingreso del Trabajo. Vea, ¿Quién es un(a) hijo(a) calificado(a)?, más adelante.
2. Usted espera que su ingreso del trabajo y su ingreso bruto ajustado (conocido por sus siglas en inglés, AGI) del 2005 cada uno será menor de
\$31,030 (\$33,030 si usted espera presentar una declaración conjunta para el 2005). Incluya el ingreso de su cónyuge si piensa presentar una declaración conjunta. Tal como se usa en esta forma, el ingreso del trabajo no incluye las cantidades que los reclusos en instituciones penales reciben por su trabajo, las cantidades recibidas en concepto de pensiones o anualidades de un plan no calificado de compensación diferida o de un plan no gubernamental bajo la sección 457, o ingreso del trabajo no sujeto a impuestos.
3. Usted espera poder reclamar el Crédito por Ingreso del Trabajo para el 2005. Para saber si usted pudiera reclamar el Crédito por Ingreso del Trabajo, conteste las preguntas en la página 2.

## Cómo obtener los pagos por adelantado del Crédito por Ingreso del Trabajo

Si usted es elegible para obtener pagos por adelantado del Crédito por Ingreso del Trabajo, Ilene la Forma W-5(SP) para el 2005 que encontrará más abajo. Luego, separe la forma de las instrucciones y entréguesela a su empleador o patrono. Si obtiene los pagos por adelantado, usted debe presentar una Forma 1040 ó 1040A del 2005.

Usted puede tener sólo una Forma W-5(SP) en vigencia a la vez. Si usted y su cónyuge están empleados, ambos deberán presentar Formas W-5(SP) por separado.

Esta Forma W-5(SP) vence el 31 de diciembre del 2005. Si usted es elegible para recibir pagos por adelantado del Crédito por Ingreso del Trabajo para el 2006, deberá presentar una nueva Forma W-5(SP) el próximo año.


Usted pudiera obtener un crédito mayor cuando presenta su declaración para el 2005. Para más detalles, vea, Crédito Adicional, en la página 3.

## ¿Quién es un(a) hijo(a) calificado(a)?

Un(a) hijo(a) calificado(a) debe cumplir todas las tres condiciones a continuación:

1. El(la) hijo(a) es:
a. Su hijo(a), hijo(a) adoptivo(a) (incluyendo a un(a) hijo(a) legalmente colocado(a) con usted para ser adoptado(a) legalmente aún si la adopción no está finalizada), hijastro(a) o un(a) descendiente de cualquiera de ellos (por ejemplo, su nieto(a)) o
b. Su hermano(a), hermanastro(a) o un(a) descendiente de cualquiera de ellos (por ejemplo, su sobrino(a)) o
c. Un(a) hijo(a) de crianza (cualquier hijo(a) colocado(a) con usted por una agencia de colocación autorizada o por una sentencia, decreto u otra orden de cualquier tribunal de jurisdicción compentente).

Entréguele la parte inferior a su empleador o patrono; guarde la parte superior para sus archivos
Corte Aquí

Department of the Treasury Internal Revenue Service

## Certificado del Pago por Adelantado del Crédito por Ingreso del Trabajo

$\rightarrow$ Use únicamente el certificado del año en curso. $\rightarrow$ Entréguele este certificado a su empleador o patrono.

- Este certificado vence el 31 de diciembre del 2005.

 estado excepto "casado(a) que presenta por separado".

[^36]Bajo pena de perjurio, yo declaro que la información que he dado arriba es, a mi mejor saber y entender, verídica, correcta y completa.
2. Al final del 2005, el(la) hijo(a) deberá tener menos de 19 años de edad, o menos de 24 años de edad y ser estudiante, o cualquier edad y estar total y permanentemente incapacitado(a). Un(a) estudiante es un(a) hijo(a) que durante cualesquier cinco meses del 2004 (a) estuvo matriculado(a) como estudiante con dedicación completa en una escuela o (b) toma un curso con dedicación completa de adiestramiento agrícola ofrecido por una escuela o por un organismo del gobierno estatal, de un condado o local. Una escuela incluye a una escuela técnica, laboral o mecánica. No incluye los cursos de capacitación en el empleo, escuelas por correspondencia ni las escuelas nocturnas.
3. El(la) hijo(a) vive con usted en los EE.UU. por más de la mitad del 2005. Pero usted no tiene que cumplir con esta condición si (a) el(la) hijo(a) nació o falleció durante el año y su hogar fue el hogar del(la) hijo(a) durante todo el tiempo que estuvo vivo(a) durante el 2005 ó (b) las autoridades legales correspondientes presumen que el(la) hijo(a) ha sido secuestrado(a) por alguien que no es un miembro de la familia y que el(la) hijo(a) vivió con usted durante más de la mitad de la parte del año transcurrida antes de la fecha en que ocurrió su secuestro.

## Preguntas para Saber si Usted Pudiera Reclamar el Crédito por Ingreso del Trabajo en el 2005

$\Delta$Usted no puede reclamar el Crédito por Ingreso del Trabajo si piensa presentar la Forma 2555 ó la Forma 2555-EZ (relacionadas con el ingreso del trabajo del extranjero) para el 2005. Usted tampoco puede reclamar el Crédito por Ingreso del Trabajo si usted es un(a) extranjero(a) no residente durante cualquier momento del 2005 a menos que usted esté casado(a) con un(a) ciudadano(a) o residente de los Estados Unidos, presente una declaración conjunta y elige que se le graven impuestos como un(a) extranjero(a) residente para todo el 2005.
1 ¿Espera usted tener un(a) hijo(a) calificado(a)? Lea, ¿Quién es un(a) hijo(a) calificado(a)?, que comienza en la página 1 antes de que conteste esta pregunta. Si el(la) hijo(a) está casado(a), asegúrese de leer también, Hijo(a) casado(a), en la página 3.No. SIGA Usted pudiera reclamar el Crédito por Ingreso del Trabajo pero no puede obtener los pagos por adelantado del Crédito por Ingreso del Trabajo.
Sí. Siga.

$\triangle$Si el(la) hijo(a) cumple con las condiciones para ser un(a) hijo(a) calificado(a) para tanto usted como otra persona, vea, Hijo(a) calificado(a) de más de una persona, en la página 3.
2 ¿Espera usted que su estado civil para efectos de la declaración en el 2005 será "casado(a) que presenta por separado"?
$\square$ Sí. $\begin{gathered}\text { NO } \\ \text { SIGA }\end{gathered}$ Usted no puede reclamar el Crédito por Ingreso del Trabajo.No. Siga.

DSi usted espera presentar una declaración conjunta para el 2005, incluya el ingreso de su cónyuge al contestar las preguntas 3 y 4.
3 ¿Espera usted que su ingreso del trabajo y su ingreso bruto ajustado del 2005 cada uno será menor de: $\$ 31,030$ ( $\$ 33,030$ si es casado(a) que presenta conjuntamente) si usted espera tener un(a) hijo(a) calificado(a); $\$ 35,263$ ( $\$ 37,263$ si es casado(a) que presenta conjuntamente) si usted espera tener 2 ó más hijos calificados?


Usted no puede reclamar el Crédito por Ingreso del Trabajo.Sí. Siga. Pero recuerde, usted no puede recibir pagos por adelantado del Crédito por Ingreso del Trabajo si espera que su ingreso del trabajo y su ingreso bruto ajustado del 2005 será $\$ 31,030$ ( $\$ 33,030$ ó más si es casado(a) que presenta conjuntamente) o más.
4 ¿Espera usted que su ingreso de inversiones del 2005 será mayor de $\$ 2,700$ ? Para la mayoría de las personas, el ingreso de inversiones es el total de sus intereses sujetos a impuestos, dividendos ordinarios, reparticiones de ganancias de capital e intereses exentos de impuestos. Sin embargo, si piensa presentar una Forma 1040 del 2005, vea las instrucciones de la Forma 1040 del 2004 para calcular su ingreso de inversiones.

$\square$ Sí. | NO |
| :---: |
| SIGA | Usted no puede reclamar el Crédito por Ingreso del Trabajo.

$\square$ No. Siga.
5 ¿Espera que usted o su cónyuge, si presenta una declaración conjunta, será el(la) hijo(a) calificado(a) de otra persona para el 2005 ?No. Usted pudiera reclamar el Crédito por Ingreso del Trabajo.Sí. Usted no puede reclamar el Crédito por Ingreso del Trabajo.

Nota. Las ausencias temporales, tales como por asistencia a una escuela, vacaciones, atención médica o por detención en un reclusorio juvenil, cuentan como tiempo vivido en el hogar. Los miembros de las fuerzas armadas que prestan servicio activo prolongado fuera de los Estados Unidos se les considera que viven en los Estados Unidos.

Hijo(a) casado(a). Un(a) hijo(a) casado(a) para el final del 2005 es un(a) hijo(a) calificado(a) sólo si:

1. Usted puede reclamarlo(la) como su dependiente ó
2. Usted es el padre (la madre) con custodia y podría reclamar el(la) hijo(a) como su dependiente, pero el padre (la madre) que no tiene custodia reclama al(la) hijo(a) como dependiente porque:
a. Usted firmó la Forma 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents (Cesión del Derecho a Reclamar una Exención por un(a) Hijo(a) de Padres Divorciados o Separados), en inglés,o una declaración similar, donde acuerda no reclamar al(la) hijo(a) para el 2005 ó
b. Usted tiene una sentencia o decreto de divorcio que fue ejecutado antes de 1985 que le permite al padre (la madre) que no tiene custodia a reclamar al(la) hijo(a) y él(ella) contribuye por lo menos $\$ 600$ al sostenimiento del(la) hijo(a) en el 2005.

Otras reglas pudieran aplicar. Vea la Publicación 501, Exemptions, Standard Deduction, and Filing Information (Exenciones, Deducción Estándar e Información sobre la Presentación de la Declaración), en inglés, o la Publicación 579(SP), Cómo Preparar la Declaración de Impuesto Federal, en español, para más información sobre los hijos de padres divorciados o separados.

Hijo(a) calificado(a) de más de una persona. Si el(la) hijo(a) cumple con las condiciones para ser un(a) hijo(a) calificado(a) para más de una persona, sólo una persona puede tratar a ese(a) hijo(a) como hijo(a) calificado(a) para el 2005. Si más de una persona reclama el crédito basado en el(la) mismo(a) hijo(a) calificado(a), el IRS aplicará la regla del empate para determinar cuál persona puede tratar al(la) hijo(a) como hijo(a) calificado(a) para el 2005. La regla del empate aparece en la Tabla 2, Cuando Más de Una Persona Reclama el Crédito por Ingreso del Trabajo Usando al(la) Mismo(a) Hijo(a), en la Publicación 596SP, Crédito por Ingreso del Trabajo, disponible en español.

Precaución. Un(a) hijo(a) calificado(a) que usted usa para reclamar el Crédito por Ingreso del Trabajo debe tener un número de seguro social válido a menos que él(ella) nació y murió en el 2005.

## ¿Qué tal si mi situación cambia?

Si su situación cambia después de que le entregue su Forma W-5(SP) a su empleador o patrono, usted probablemente necesitará presentar una nueva Forma W-5(SP). Por ejemplo, usted debe presentar una nueva Forma W-5(SP) si cualquiera de las siguientes situaciones aplican para el 2005:

- Usted ya no espera tener un(a) hijo(a) calificado(a). Marque el encasillado "No" en la línea 1 de su nueva Forma W-5(SP)
- Usted ya no espera poder reclamar el Crédito por Ingreso del Trabajo para el 2005. Marque el encasillado "No" en la línea 1 de su nueva Forma W-5(SP).
- Usted ya no quiere pagos por adelantado. Marque el encasillado "No" en la línea 1 de su nueva Forma W-5(SP)
- Su cónyuge presenta la Forma W-5(SP) con el empleador o patrono de él(ella). Marque el encasillado "Si" en la línea 3 de su nueva Forma W-5(SP).

Nota. Si usted recibe pagos por adelantado del Crédito por Ingreso del Trabajo y descubre que no es elegible para el Crédito por Ingreso del Trabajo, deberá reembolsar estos pagos cuando presente su declaración de impuestos federales sobre el ingreso para el 2005.

## Información Adicional

## Cómo reclamar el Crédito por Ingreso del Trabajo

Si usted es elegible, reclame el Crédito por Ingreso del Trabajo en su declaración de impuestos para el 2005. Vea el folleto de instrucciones para su declaración de impuestos para el 2005.

## Crédito Adicional

Usted pudiera reclamar un crédito mayor cuando presente su Forma 1040 ó Forma 1040A para el 2005 porque su empleador o patrono no le puede dar más de \$1,597 a través del año con su paga. Usted quizás pudiera reclamar un crédito mayor si usted tiene más de un(a) hijo(a) calificado(a). Pero deberá presentar su declaración de impuestos para el 2005 para reclamar cualquier crédito adicional

Aviso sobre la Ley de Información Confidencial y la Ley de Reducción de Trámites. Pedimos la información en esta forma para cumplir con las leyes que regulan los impuestos internos de los Estados Unidos. Las secciones 3507 y 6109 del Código de Impuestos Internos y sus reglamentos requieren que usted tiene que proveer la información solicitada en la Forma W-5(SP) y entregársela a su empleador o patrono si usted quiere pagos por adelantado del Crédito por Ingreso del Trabajo. La ley nos autoriza a divulgar la información al Departamento de Justicia y a otras agencias federales. Además, podemos divulgarla a las ciudades, a los estados, al Distrito de Columbia y a los estados libres asociados de los Estados Unidos o a sus posesiones para que éstos hagan cumplir sus respectivas leyes de impuestos. También la ley nos autoriza a facilitarle la información a algunos gobiernos extranjeros conforme a los tratados tributarios que tengan con los Estados Unidos, a agencias federales o estatales para hacer cumplir las leyes penales federales no tributarias, o a las agencias federales encargadas de la ejecución de la ley o de inteligencia para luchar contra el terrorismo. Si usted no facilita la información solicitada, pudiera prevenir que su empleador o patrono procese esta forma; la facilitación de información fraudulenta puede hacerle sujeto(a) a multas.

Usted no tiene que facilitar la información solicitada en una forma que esté sujeta a la Ley de Reducción de Trámites a menos que la forma tenga un número de control válido de la Office of Management and Budget (Oficina de Administración y Presupuesto, conocida por sus siglas en inglés, $O M B$ ). Los libros, registros o archivos relacionados con una forma o sus instrucciones deben ser mantenidos durante el tiempo en que su contenido puede ser material en la adminstración de cualquier ley de impuestos internos. Por lo general, las declaraciones de impuestos y la información que aparece en la declaración son confidenciales, como lo requiere la sección 6103 del Código.

El tiempo que se necesita para completar esta forma variará dependiendo de las circunstancias individuales de cada contribuyente. El promedio de tiempo estimado es el siguiente: Manteniendo los libros y registros, 6 minutos; Aprendiendo acerca de la ley o de esta forma, 12 minutos; Preparando la forma, 25 minutos.

Agradecemos comentarios sobre las formas. Si desea hacer comentarios acerca de la exactitud de estos estimados de tiempo o si tiene alguna sugerencia que ayude a que esta forma sea más sencilla, nos gustaría escucharlos. Nos puede escribir al Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP,
1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. No envíe la Forma W-5(SP) a esta dirección. En vez de eso, entréguesela a su empleador o patrono.
(Rev. el 17 de diciembre del 2003) Department of the Treasury Internal Revenue Service

# Solicitud de Número de Identificación Personal del Contribuyente del Servicio de Impuestos Internos 

## Sírvase tener en cuenta lo siguiente antes de empezar:

- No presente esta forma si usted tiene o es elegible para tener un número de seguro social (SSN) de los Estados Unidos.
- La obtención de un número de identificación personal del contribuyente (ITIN) del Servicio de Impuestos Internos no afectará en nada su calidad migratoria ni su derecho de trabajar legalmente en los Estados Unidos; tampoco le da derecho a reclamar el crédito por ingreso del trabajo (EIC).

Razón por la que usted presenta la Forma W-7(SP). Lea las instrucciones para el encasillado que usted desea marcar. Aviso: Si marca el encasillado b, c, d, e o g, usted tiene que presentar una declaración de impuestos junto con la Forma W-7(SP) a menos que usted reúna una de las excepciones (vea las instrucciones).Extranjero(a) no residente obligado(a) a obtener un ITIN para poder reclamar beneficios de un tratado tributario.Extranjero(a) no residente que debe presentar declaración de impuestos estadounidense y no es elegible para obtener un número de seguro social (SSN).Extranjero(a) residente de los EE.UU. (basado en la cuantía de dias en que está presente en este pais) que presenta declaración de impuestos del país y que no es elegible para obtener un SSN.
$\qquad$ Dependiente económico de un ciudadano/extranjero residente de los EE.UU. \} Anote el nombre y SSNIITIN del ciudadano/extranjero(a) residente de los EE.UU. (vea las Cónyuge de un ciudadano/residente de los EE.UU instrucciones) $\qquad$ Estudiante, profesor(a) o investigador(a) no residente que presenta declaración de impuestos de los EE.UU. y no es elegible para un SSN.
gDependiente/cónyuge de un extranjero de visado no residente.
h $\square$ Otra (especifique). $\qquad$
Información adicional para a y f, arriba. Anote el país que tiene un tratado tributario $-\ldots \ldots \ldots$........ y el número del artículo del tratado $-\ldots . . . . .$. .....


6e ¿Ha recibido anteriormente un número temporal de identificación personal como contribuyente de los EE.UU. (TIN) o un número de identificación patronal (EIN)?No/Desconozco. En este caso omita la línea 6 f.
Sí. Conteste la línea 6f. Si necesita más espacio, utilice una hoja adicional y adjúntela a esta forma (vea las instrucciones).
6 Anote: TIN o EIN Nombre conforme al cual se emitió

6g Nombre del colegio/universidad o entidad (vea las instrucciones) Ciudad y estado

Duración de permanencia

## Firme aquí

Conserve una copia de esta forma para sus registros contables.

Para uso
EXCLUSIVO del agente tramitador

Bajo pena de perjurio, yo (solicitante/delegado/agente tramitador) declaro que he examinado esta solicitud, incluyendo las declaraciones y documentación que le acompañan y que, según mi mejor saber y conocimiento, la información asentada es verdadera, correcta y completa. Autorizo al IRS a proporcionarle a mi agente tramitador las declaraciones, o la información contenida en ellas, que sea necesaria para resolver asuntos concernientes con el otorgamiento de mi número de identificación personal del contribuyente del IRS (ITIN), incluyendo cualquier otro número de identificación utilizado anteriormente.

| Firma del solicitante (si es del delegado, vea las instrucciones) |
| :--- |
| Nombre del delegado, si corresponde (escriba a máquina <br> o con letras de molde) |
| Firma |
| Nombre y título (escriba a máquina o con letras de molde) |

## Cambios Importantes

Si usted es extranjero(a) residente o no residente que solicita un ITIN para poder presentar (rendir) una declaración de impuestos, ahora tiene que incluir el original, completado, de la declaración junto con la Forma W-7(SP) para obtener el ITIN. Vea, Adónde se envía la forma, en la página 4 para mayor información sobre cómo se presentan (rinden) estas formas.

Una vez procesada su Forma W-7(SP), el IRS le asignará un ITIN a la declaración de impuestos $y$, a su vez, le procesará. Se le procesará su declaración de impuestos como si hubiera sido presentada (rendida) a la dirección que aparece en las instrucciones para dicha declaración. Por favor, no envíe una copia de esa declaración a ninguna otra ofincina del IRS.

Si no está obligado(a) a presentar (rendir) una(s) declaración(es) de impuestos o si no presenta (rinde) una(s) declaración(es) debidamente cumplimentada(s) junto con la Forma W-7(SP), no se le expedirá a usted un ITIN, a menos que satisfaga una de las excepciones explicadas bajo, Instrucciones Específicas, en la página 5.

## Instrucciones Generales

## Propósito de esta forma

Utilice la Forma W-7(SP) para solicitar un número de identificación personal del contribuyente, conocido por sus siglas en inglés, ITIN. EI ITIN es un número de nueve dígitos que el Servicio de Impuestos Internos (IRS) de los EE.UU. otorga a las personas físicas que están obligadas, para propósitos tributarios de los EE.UU., a tener un número que los identifique como contribuyentes y que, no teniéndolo, tampoco son elegibles para obtener un número de seguro social (SSN).

El ITIN es para usos tributarios federales exclusivamente. EI ITIN no le permitirá tener derecho a recibir beneficios del seguro social, ni tendrá efecto alguno sobre la condición migratoria de un(a) extranjero(a) o sobre el derecho del(la) mismo(a) de estar empleado(a) legalmente en los Estados Unidos. Las personas que presentan declaraciones de impuestos usando un ITIN tampoco pueden reclamar el crédito por ingreso del trabajo (EIC).

SSN. Por favor, no complete la Forma W-7(SP) si usted tiene un SSN o es elegible para obtener un SSN. Será elegible para obtener un SSN si usted es ciudadano(a) de Ios EE.UU. o ha sido admitido(a) por los EE.UU. para vivir permanentemente o para trabajar en los EE.UU.

Si tiene una solicitud para un SSN ya pendiente, por favor, no presente la Forma W-7(SP). Llene la Forma W-7(SP) únicamente si la Administración del Seguro Social (SSA) le notifica que no se le puede otorgar un SSN.

Para solicitar un SSN, vea la Forma SS-5, Application for a Social Security Card (Solicitud para una Tarjeta de Seguro Social), en inglés. Para obtener una Forma SS-5 ó para saber si usted es elegible para obtener un SSN, póngase en contacto con una oficina de la SSA.

## Quién debe solicitar la forma

Cualquier persona física que no es elegible para obtener un SSN pero que tiene un número de identificación del contribuyente
que debe proporcionar, deberá solicitar un ITIN Ilenando la Forma W-7(SP). Puede ser, por ejemplo:

- Una persona física extranjera no residente que tiene derecho a una tasa de retención reducida de acuerdo con los beneficios de un tratado tributario. Vea la Publicación 515, Withholding of Tax on Nonresident Aliens and Foreign Entities (Retención de impuestos a Extranjeros No Residentes y Entidades Extranjeras), en inglés.
- Una persona física extranjera no residente que no es elegible para obtener un SSN, pero que debe presentar una declaración de impuestos de los EE.UU. o que presenta una declaración de impuestos de este país únicamente para obtener una devolución de impuestos pagados.
- Una persona física extranjera no residente que no es elegible para obtener un SSN, pero que opta por presentar una declaración de impuestos de los EE.UU. conjuntamente con su cónyuge, el(la) cual es ciudadano(a) o residente del país.
- Extranjero(a) residente (basado en la prueba de presencia considerable) de los EE.UU. que presenta declaración de impuestos de los EE.UU., pero que no es elegible para obtener un SSN. Para mayor información sobre la prueba de presencia considerable en los EE.UU., vea la Publicación 519, U.S. Tax Guide for Aliens (Guía tributaria para extranjeros sobre los impuestos estadounidenses), en inglés.
- Una persona física extranjera que es reclamada como cónyuge en una declaración de impuestos estadounidense y que no es elegible para obtener un SSN.
- Una persona física extranjera reclamada como dependiente económico(a) para efectos de exenciones en declaraciones de impuestos de los EE.UU. pero que no puede o no es elegible para obtener un SSN. Para determinar si una persona física extranjera puede ser reclamada como dependiente en la declaración de impuestos federales de los EE.UU., vea las Publicaciones 501, Exemptions, Standard Deduction, and Filing Information (Información sobre exenciones, deducción estándar y la presentación de declaraciones), y 519, ambas en inglés.
- Estudiante, profesor(a) o investigador(a) no residente quien está obligado(a) a presentar una declaración de impuestos estadounidense pero no es elegible para obtener un SSN.
- Dependiente/cónyuge de un(a) extranjero(a) que lleva un visado de no residente y no es elegible para obtener un SSN.
No se requiere ITIN para las Formas 4868, 2688, 1040-ES ó 1040-ES(NR). Si usted solicita una prórroga (extensión) para presentar (rendir) la Forma 4868 ó la Forma 2688 o si hace un pago de impuesto estimado con la Forma 1040-ES o la Forma 1040-ES(NR), por favor, no incluya la Forma W-7(SP) con ninguna de esas formas. Escriba "SE SOLICITA ITIN" en el espacio para su número de seguro social. Se le otorgará un ITIN únicamente después de que se presente (rinda) una declaración de impuestos y se satisfagan todos los demás requisitos.


## Información adicional

Publicaciones. Para obtener información sobre su estado de extranjero(a) residente o
no residente, vea la Publicación 519, en inglés.
Para obtener información sobre personas físicas que pueden ser reclamadas como dependientes en una declaración de impuestos y sobre cómo obtener un SSN para un(a) dependiente, vea la sección, Exenciones personales y por dependientes, en la Publicación 579SP, Cómo Preparar la Declaración de Impuesto Federal, en español.
Para más información sobre cómo se puede reclamar el crédito por ingreso del trabajo, vea la Publicación 596SP, Crédito por Ingreso del Trabajo, disponible en español.
Estas publicaciones son gratuitas y están disponibles a solicitud del IRS. Para solicitar dichas publicaciones, llame al 1-800-TAX-FORM (1-800-829-3676) si usted está en los Estados Unidos. Si tiene una dirección en el extranjero, usted puede escribir al:
Eastern Area Distribution Center

## P.O. Box 85074

Richmond, VA 23261-5074
Usted puede solicitar también esas publicaciones en la página del IRS en www.irs.gov.
Ayuda por teléfono. Si , al leer estas instrucciones y nuestras publicaciones gratuitas, usted aún tiene dudas sobre cómo llenar esta solicitud o si tiene cualquier duda adicional, puede llamar al:

- Dentro de los Estados Unidos: 1-800-829-1040. El horario normal de operación es de lunes a viernes, desde las 7:00 de la mañana hasta las 10:00 de la noche, horas locales. La ayuda facilitada a los contribuyentes llamando desde Alaska y Hawaí será basada en las horas de operación de la zona telefónica del Pacífico.
- Fuera de los Estados Unidos: Usted puede comunicarse con cualquiera de nuestras oficinas en el extranjero en Berlín, Londres, París, Roma o Tokio.


## Cómo se solicita

La solicitud deberá incluir todo lo siguiente:

- Su Forma W-7(SP) cumplimentada.
- El (Los) original(es) de su(s) declaración(es) de impuestos debidamente completada(s) por la(s) cual(es) se necesita un ITIN. No obstante, si le corresponde una de las excepciones descritas en la pagina 5, incluya los documentos descritos en esa excepcíon.
- Originales o copias certificadas o autorizadas por notario de la documentación que respalda todo lo informado en la Forma W-7(SP). La documentación de apoyo debe ser compatible con la información proporcionada por el(la) solicitante en la Forma W-7(SP). Por ejemplo, el nombre, fecha de nacimiento y país de ciudadanía tienen que ser idénticos a los mismos que aparecen en las líneas 1a, 4 y 6 a de la Forma W-7(SP).
Si usted proporciona el original de un pasaporte válido (o una copia notarizada o certificada de un pasaporte válido), no tiene que proveer ninguno de los documentos descritos en la lista de abajo. Si no proporciona el original de un pasaporte válido (o una copia notarizada o certificada de un pasaporte válido), usted tiene que proveer una combinación de los varios documentos (por lo menos, dos o más) de
la lista. Estos deben ser corrientes y verificar: a) su identidad, o sea, contener su nombre completo y una foto y b) su estado o condición de extranjero(a).
- Tarjeta de identificación que verifica su nacionalidad (debe mostrar una foto, su nombre, dirección corriente, fecha de nacimiento y fecha de vencimiento)
- Licencia para conducir en los EE.UU.
- Acta de nacimiento civil
- Licencia para conducir en el extranjero
- Carnet de identidad expedido por una autoridad de un gobierno estatal de los EE.UU.
- Carnet de registro de votación en el extranjero
- Carnet de identidad militar los EE.UU.
- Tarjeta (Carnet) de identidad militar de su país de origen
- Visados
- Tarjeta (Carnet) de identidad personal con foto de la Oficina de Servicios de Ciudadanía e Inmigración de los EE.UU. (U.S. Citizenship and Immigration Services - USCIS, siglas en inglés)
- Registros médicos (sólo en el caso de dependientes económicos)
- Registros de instituciones académicas (sólo dependientes y/o estudiantes)

Usted puede facilitar fotocopias de su documentación original. Sin embargo, las mismas tienen que ser:

- Certificadas como tal por la agencia emisora o por el custodio oficial del documento original; o
- Certificadas como tal por un notario de los EE.UU. autorizado a certificar legalmente dentro de su jurisdicción local que el documento es una copia fiel del original. Para cumplir este requisito, el notario debe ver el original del documento, en su forma válida e inalterada, y debe verificar que la copia se conforma con el original. Se pueden hallar los notarios estadounidenses en el extranjero, dentro de las embajadas o consulados de los EE.UU. Las autorizaciones hechas por personas extranjeras serán aceptadas según se estipulan en el Convenio de La Haya.

Se le devolverán los originales de toda su documentación. Usted no tiene que proporcionar un sobre para la devolución. No se le devolverán las copias de su documentación. Si no recibe sus documentos dentro del plazo de 30 días, puede llamar al IRS (vea, Ayuda por teléfono, en la página 3).

Guarde una copia de esta solicitud para su archivo.

## Cuándo se debe solicitar

Complete y adjunte la Forma W-7(SP) al presentar (rendir) una declaración de impuestos por la cual se necesita un ITIN. No obstante, si satisface una de las excepciones descritas en la página 5, llene y envíe la Forma W-7(SP) lo más pronto posible después de determinar que tal excepción le corresponde.

Por favor, deje que pasen de 4 a 6 semanas para que le notifique el IRS por escrito de su ITIN. Si usted no ha recibido su ITIN al final del período de 6 semanas, puede entonces llamar al IRS para saber el estado de su solicitud (vea, Ayuda por teléfono, en la página 3).

## Adónde se envía la forma

Por correo. Envíe la Forma W-7(SP), su declaración de impuestos (u otros documentos requeridos por una excepción listada bajo, Razón por solicitar, en la página 5) y la documentación listada bajo, Cómo se solicita, en la página 3 al:
Internal Revenue Service
Philadelphia Service Center
ITIN Unit
P.O. Box 447

Bensalem, PA 19020
Aviso: Por favor, no utilice la dirección que aparece en las instrucciones para su declaración de impuestos.
En persona. Usted puede solicitar un ITIN llevando sus formas completadas y su documentación comprobante a cualquiera de los centros de servicio al contribuyente del IRS en los EE.UU. y también en muchas de las oficinas del IRS en el extranjero. Comuníquese con la oficina del IRS en el extranjero para saber si esa oficina acepta las solicitudes por medio de la Forma W-7(SP).
A través de un(a) agente autorizado(a). Usted también puede solicitar un ITIN a través de un(a) agente tramitador(a) autorizado(a) por el IRS. Para obtener una lista de agentes, visite el sitio en la red Internet del IRS www.irs.gov.

## Dónde se adjunta

Si usted está presentando una declaración de impuestos junto con esta forma, adjunte la Forma W-7(SP) a la primera página de su declaración de impuestos.

## Instrucciones Específicas

Utilice las instrucciones siguientes para llenar la Forma W-7(SP). Si usted está llenando esta forma a nombre de un tercero, por favor, responda a las preguntas tal como se aplican a esa persona.

## Razón por solicitar

Usted deberá marcar uno de los encasillados para indicar la razón por la que llena esta Forma W-7(SP). Si le corresponde a usted más de un solo encasillado, por favor, marque el encasillado que mejor explica la razón por la que usted presenta la Forma W-7(SP).
Importante: Si marcó el encasillado b, c, d, $\mathbf{e} \circ \mathbf{g}$, usted tiene que presentar (rendir) una declaración de impuestos debidamente completada anexándola a la Forma W-7(SP). Debe hacer esto aun cuando el ITIN sea para un(a) cónyuge o dependiente. Si solicita más de un ITIN para la misma declaración (p.e.,
para su cónyuge o dependiente), adjunte todas las Formas W -7(SP) a la misma declaración.
a. Extranjero(a) no residente que solicita un ITIN para poder reclamar beneficios de un tratado tributario. Ciertos extranjeros no residentes deberán obtener un ITIN para poder reclamar beneficios de un tratado tributario aunque no tengan que presentar una declaración de impuestos de los EE.UU. Si marca este encasillado para reclamar beneficios de un tratado tributario con los EE.UU., marque también el encasillado h. Escriba "Excepción 1" o "Excepción 2," cualquiera que le corresponda, en las líneas que aparecen al lado del encasillado $\mathbf{h}$ y anote el nombre del país que tiene un tratado tributario con los EE.UU. y el número del artículo del tratado pertinente. Además, incluya cualquier documentación requerida según estipulada en la excepción en cuestión.
b. Extranjero(a) no residente que presenta declaración estadounidense y no es elegible para obtener un SSN. En esta categoría se incluyen:

- Un(a) extranjero(a) no residente que debe presentar una declaración de impuestos de los EE.UU. para informar ingresos relacionados principalmente o no relacionados principalmente con la operación de un negocio u ocupación dentro de los EE.UU.
- Un(a) extranjero(a) no residente que presenta una declaración de los EE.UU. únicamente para recibir una devolución de su impuesto.
c. Extranjero(a) residente de los EE.UU. (basado en la cuantía de días en que está presente en este país) que presenta una declaración de impuestos de los EE.UU. y no es elegible para obtener un SSN. Un individuo extranjero que vive en los EE.UU. y que no ha obtenido permiso para trabajar en este país del USCIS, y por consiguiente, no es elegible para un SSN, puede verse obligado a presentar una declaración de impuestos de los EE.UU. Tal individuo deberá entonces marcar este encasillado.
d. Dependiente de un(a) ciudadano(a)/residente de los EE.UU. Esta es una persona física cuya exención de dependencia puede ser reclamada en una declaración de impuestos de los EE.UU. y que no es elegible para obtener un SSN.
e. Cónyuge de un(a) ciudadano(a)/ residente de los EE.UU. En esta categoría se incluyen:
- Un(a) cónyuge extranjero(a) no residente que no presenta una declaración de impuestos de los EE.UU. (incluyendo una declaración conjunta), ni tampoco es elegible para obtener un SSN, pero cuya exención de cónyuge puede ser reclamada en (la) declaración de impuestos de los EE.UU. de su cónyuge.
- Un(a) extranjero(a) no residente que elige presentar una declaración de impuestos conjuntamente con su cónyuge, el(la) cual es ciudadano(a) o residente de los EE.UU.
f. Estudiante, profesor(a) o investigador(a) no residente que presenta declaración de impuestos de los EE.UU. y no es elegible para un SSN. Este es un individuo que no ha abandonado su residencia en el extranjero y que es un(a) estudiante, profesor(a) o investigador(a) bona fide y viene a los EE.UU. temporalmente sólo para asistir a clases dadas en una institución educativa, enseñar o realizar pesquisas o investigaciones. Si marca este encasillado, usted debe llenar también las líneas $\mathbf{6 c}$ y $\mathbf{6 g}$ de esta forma y facilitar su pasaporte con un visado válido y marcar el encasillado $h$. Anote en las líneas al lado del encasillado $\mathbf{h}$ el nombre del país que tiene un tratado tributario con los EE.UU. y el número del artículo del tratado pertinente. Si le corresponde la Excepción 2, usted tiene que escribir "Excepción 2" también en la línea al lado del encasillado $\mathbf{h}$ e incluir cualquier documentación requerida según la Excepción 2.
g. Dependiente/cónyuge de un(a) extranjero(a) de visado no residente. Este es un individuo que puede ser reclamado como dependiente o cónyuge en una declaración de impuestos de los Estados Unidos y que no puede, o no es elegible para, obtener un SSN y ha entrado en los EE.UU. con un(a) extranjero(a) que tiene un visado de no residente. Por ejemplo, el(la) que tiene el visado principal tiene la clasificación de B-1; el(la) dependiente/cónyuge tiene la clasificación de B-2.
h. Otra. Si su situación no cae dentro del ámbito de ninguna de las categorías descritas de la a a la $\mathbf{g}$, marque este encasillado. Describa en gran detalle su razón por la que solicita un ITIN y adjunte la documentación comprobante. Si cualquiera de las excepciones siguientes le corresponde, usted no tendrá que incluir una declaración de impuestos con su Forma $\mathrm{W}-7(\mathrm{SP})$. Marque el encasillado $h$ y anote el número de la excepción pertinente (por ejemplo, "Excepción 3") en la línea al lado del encasillado $h$.

Excepción 1. Ingreso de actividades pasivas - beneficios de un tratado tributario (encasillado a) o retención de un tercero (encasillado h). Para obtener un ITIN de acuerdo con esta excepción, usted tiene que incluir la documentación apropiada, junto con la Forma W-7(SP), en la que se muestra que usted posee un activo que produce ingreso sujeto a los requisitos de la declaración de información o a la retención de impuestos. En esto se incluyen los ejemplos siguientes:

- Evidencia que indica que usted abrió una cuenta en una institución financiera y que usted tiene interés propietario en esa cuenta.
- Para una sociedad colectiva, el contrato o acuerdo de asociación, junto con el EIN de la sociedad, u otra evidencia que compruebe que la sociedad opera en los Estados Unidos.

Los requisitos de la declaración de información y la retención de impuestos corresponden a terceros (en la mayoría de los casos, los bancos y otras instituciones financieras) que le solicitan a usted un ITIN de manera que puedan presentar (rendir) las declaraciones informativas requeridas por la ley. Entre las decla raciones informativas, por ejemplo, se incluyen la Forma 1099-INT,

Interest Income (Ingreso de Intereses), y la Forma 1042-S, Foreign Person's U.S. Source Income Subject to Withholding (Ingresos de un(a) extranjero(a) de fuentes en los EE.UU. sujetos a retención del impuesto). Usted quizás necesitará un ITIN para poder llenar la Forma W-9 (para los extranjeros residentes) o, en algunos casos, una de las formas de la serie W-8 (para los extranjeros no residentes). Los terceros mantienen tales formas.
Excepción 2. Otros ingresos (sueldos, salarios y otras remuneraciones) - beneficios de un tratado tributario (encasillado a) o un(a) estudiante extranjero(a) con una beca o pensión para realizar pesquisas o investigaciones (encasillado $f$ ).
Aviso: Los solicitantes que tienen un visado que les permite trabajar deberán primero solicitarle un SSN a la Administración del Seguro Social (SSA, siglas en inglés). No puede solicitar un ITIN si usted es elegible para obtener un SSN.
Si usted es un(a) estudiante, becario(a), profesor(a) o investigador(a) o un individuo que recibe remuneraciones por prestar servicios personales, su Forma W-7(SP) será procesada si usted puede comprobar que su solicitud para un SSN (la Forma SS-5) fue rechazada por la SSA. En este caso, usted debe incluir una Forma 8233, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual (Exención de retención del impuesto sobre las remuneraciones de los servicios personales independientes (y algunos servicios dependientes) prestados por un(a) extranjero(a) no residente).

Si usted es un(a) extranjero(a) no residente con visado de visitante que recibió ganancias de juegos de azar, se le procesará su Forma W-7(SP) si la presenta (rinde) mediante un(a) oficial o agente de tales juegos que tiene la autoridad de aceptar su solicitud.
Excepción 3. Información de un terce-ro-interés hipotecario (encasillado h). De acuerdo con las leyes tributarias, la mayoría de los que reciben intereses hipotecarios (prestamistas) informan la cantidad de intereses que reciben de un(a) prestatario(a) al IRS y también al (a la) prestatario(a). Se suele informar esos ingresos llenando una Forma 1098, Mortgage Interest Statement (Comprobante de Intereses Hipotecarios). Los que informan por primera vez para obtener un préstamo residencial pudieran pedir un ITIN si deben proporcionarlo al prestamista.
Para obtener un ITIN de acuerdo con esta excepción, usted debe incluir la documentación apropiada junto con la Forma W-7(SP), en la cual se muestra evidencia de un préstamo hipotecario. Dicha documentación pudiera incluir una carta de compromiso a una hipoteca expedida por una institución financiera, un convenio o contrato de inscripción de un corredor u otra documentación similar.
Excepción 4. Disposición (o enajenación) del interés que tiene un(a) extranjero(a) en bienes inmuebles o propiedades localizadas en los EE.UU. (encasillado h). Se suele imponer una
obligación de retener impuestos sobre el(la) comprador(a) u otro(a) cesionario(a) (agente de retención) en el caso de un(a) extranjero(a) que adquiere un interés en bienes inmuebles dentro de los EE.UU. La retención de impuestos en este caso sirve para recaudar los impuestos que el(la) extranjero(a) pueda adeudar. En algunos casos, el(la) extranjero(a) puede solicitar un certificado de retención para reducir o eliminar por completo la retención de impuesto sobre la disposición de bienes inmuebles.

Para obtener un ITIN de acuerdo con esta excepción, usted debe incluir con la Forma W-7(SP) una Forma 8288-B, Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests (Solicitud para un certificado de retención de impuesto sobre la disposición de bienes inmuebles localizados en los EE.UU.), y una copia del contrato por la venta del terreno.

## Instrucciones para las líneas

Escriba "N/A" (No aplica) en toda línea que no aplique en su caso.
Línea 1a. Escriba su nombre legal en la línea 1a. Este deberá aparecer exactamente como el mismo aparecerá en una declaración de impuestos de los EE.UU.
¡Ojo! Se establecerá su ITIN con este nombre. Si usted no utiliza este nombre en una declaración de impuestos estadounidense, ello podrá demorar la tramitación de la declaración hasta que se resuelvan las discrepancias.
Línea 1b. Escriba aquí su nombre tal como aparece en el acta de nacimiento si es distinto al que aparece en la línea 1a.
Línea 2. Escriba la dirección de su domicilio completo en el país donde reside normalmente, para efectos del impuesto. Si está solicitando la aplicación de los beneficios conforme a un tratado tributario con los Estados Unidos, la dirección que escriba deberá ser la de su domicilio en el país con el que se tiene tal tratado. Incluya el código postal si es apropiado.
No anote un número de apartado postal, ni ningún domicilio en el que recibe correspondencia "a cargo de" (c/o), en lugar de su domicilio en la calle donde reside. Si lo hace, su solicitud será rechazada.
Aviso: Si usted ya no tiene una residencia permanente, debido a que se mudó a los Estados Unidos, escriba aquí la residencia donde vivió por último en el extranjero.
Línea 3. Escriba su domicilio postal completo sólo cuando sea distinto al que escribió en la línea 2. Esta es la dirección a la cual el IRS le devolverá su documentación original y le enviará la notificación por escrito de su ITIN.
Aviso: Si el Servicio Postal de los EE.UU. no entregará correo a su vivienda actual, anote aquí el número del apartado en la oficina de correos del Servicio Postal de los EE.UU. para su domicilio postal. Comuníquese con la oficina local del Servicio Postal de los EE.UU. para mayor información. Por favor, no utilice un apartado en una oficina de correos que esté en manos de y operado por una empresa o negocio particular.
Línea 4. Anote la fecha de su nacimiento en el formato siguiente: mes/día/año. También
escriba su país de origen. Si los sabe, por favor, incluya la ciudad y el estado o provincia donde usted nació. Usted debe identificar el país de su nacimiento. Para ser elegible para recibir un ITIN, su país de origen tiene que ser un país extranjero reconocido como tal por el Departamento del Estado de los Estados Unidos.
Línea 5. Marque el encasillado que indique su sexo.
Línea 6a. Escriba aquí el país o países (en casos de doble nacionalidad) del cual usted es ciudadano(a). Por favor, escriba el nombre completo del país; no utilice abreviaturas.
Línea 6b. Si su país de residencia le ha otorgado algún número de identificación, para efectos del impuesto, anote ese número en la línea 6b. Por ejemplo, si usted es residente del Canadá, anotará su número de seguro social canadiense.
Línea 6c. Escriba únicamente información relacionada con su visado de extranjero(a) no inmigrante de los EE.UU. Incluya la clasificación del USCIS, número del visado y la fecha de vencimiento en el formato siguiente: mes/día/año. Por ejemplo, si usted tiene un visado con la clasificación de B-1/B-2 con el número 123456 que vence el 31 de diciembre del 2004, anotará "B-1/B-2", "123456" y "12/31/2004" en los espacios apropiados.
Aviso: Si se ha expedido el visado de acuerdo con el título de "duración de permanencia" del USCIS, escriba "D/S" como la fecha de vencimiento.
Línea 6d. Marque el encasillado que indique la clase de documentación que usted presenta para propósitos de identificación. Si tiene un pasaporte, utilícelo para verificar su identidad y condición de extranjero. Si usted hace eso, no tendrá que proporcionar ningún otro documento de apoyo.
Importante: Si el pasaporte contiene información sobre su visado, por favor, escriba esta información en la linea 6c.

Si no tiene pasaporte, usted debe utilizar la documentación listada bajo, Cómo se solicita, en la página 3. Se le obligará a usted a proveer más de un documento corriente para verificar su identidad y clasificación de extranjero(a). Por lo menos uno de los documentos que presente tiene que contener una fotografía reciente de usted. Escriba el nombre del estado, país u otro expedidor del documento; el número de identificación (si alguno) que aparece en el documento; la fecha de su vencimiento; y la fecha en la que usted entró en los EE.UU. Hay que escribir las fechas de la manera siguiente: mes/día/año para el tipo de
documentación que está facilitando. Además, usted pudiera estar obligado(a) a facilitar una traducción fiel de los documentos provistos en un idioma ajeno.
Línea 6e. Si usted alguna vez recibió un número temporal de identificación del contribuyente (TIN) o número de identificación patronal (EIN), marque el encasillado Sí y anote el número correspondiente en la línea 6f. Si nunca tuvo un número temporal TIN o EIN o si no sabe su número temporal TIN o EIN, marque el encasillado

## No/Desconozco.

Un TIN temporal es un número de nueve dígitos, emitido por el IRS a ciertas personas físicas que presentan una declaración de impuestos o hacen un pago de impuestos sin facilitar un TIN. A usted se le pudo haber emitido este número si presentó una declaración de impuestos de los EE.UU. y no contaba con un SSN. Ese TIN temporal aparece en cualquier correspondencia que el IRS le haya mandado relacionada con esa declaración.
Un EIN es un número de nueve dígitos, (p.e., 12-3456789), asignado por el IRS a negocios y empresas, tales como una empresa unipersonal.
Línea 6f. Anote en el espacio provisto el número temporal TIN y/o EIN y el nombre conforme al que se emitió dicho número. Si usted tiene tanto un TIN temporero como un EIN, por favor, incluya una hoja por separado que indica los dos números. A usted se le pudo haber emitido varios TIN temporales. En este caso, adjunte a la Forma W-7(SP) una hoja por separado que enumera los TIN temporales que se le han emitido.
Línea 6g. Si usted marcó la razón f, deberá facilitar el nombre de la institución educativa y también la ciudad y estado donde se ubica. Usted tiene que anotar además la duración de su permanencia en este país.

Si usted se encuentra temporalmente en los EE.UU. para propósitos comerciales, deberá facilitar el nombre del negocio con el cual usted conduce tratos comerciales y también la ciudad y estado donde se ubica. Usted tiene que anotar además la duración de su permanencia en este páis.
Firma. Por regla general, el(la) solicitante deberá firmar la Forma W-7(SP). Sin embargo, si el(la) solicitante tiene menos de 14 años de edad, una persona delegada (uno de sus padres o su tutor legal) deberá firmarla por él o ella. Escriba a máquina o con letras de molde el nombre del(la) delegado(a) en el espacio provisto y marque el encasillado apropiado para indicar su parentesco con el(la) solicitante. Si el(la)
delegado(a) firma como tutor legal (autorizado(a) por el tribunal), sírvase adjuntar una copia de la documentación del tribunal que le permite ser tutor legal.

Si el(la) solicitante tiene 14 años o más de edad, el(la) mismo(a) puede nombrar a un(a) apoderado(a) autorizado(a) a firmar por él o ella. Dicho(a) apoderado(a) deberá escribir con letras de molde su nombre en el espacio provisto para anotar el nombre del(la) delegado(a) y deberá además incluir una Forma 2848, Power of Attorney and Declaration of Representative (Poder legal y declaración del representante), en inglés.

Aviso sobre la Ley de Reducción de Trámites. Solicitamos la información requerida en esta forma para cumplir con las leyes que regulan la recaudación de los impuestos internos de los Estados Unidos. Usted esta obligado(a) a facilitarnos esta información. La necesitamos para asegurar su cumplimiento con dichas leyes y para poder computar y cobrar la cantidad correcta de contribuciones.
Usted no está obligado(a) a facilitar la información solicitada en una forma que está sujeta a la Ley de Reducción de Trámites, a menos que la misma muestre un número de control válido de la OMB (Office of Management and Budget) (Oficina de Administración y Presupuesto). Los libros o registros relativos a esta forma o sus instrucciones deberán ser conservados mientras su contenido pueda ser utilizado en la administración de cualquier ley federal de impuestos internos. Por regla general, las declaraciones de impuestos y cualquier información pertinente son confidenciales, como lo requiere la sección 6103 del Código Federal de Impuestos Internos.
El tiempo que se necesita para llenar y presentar esta forma variará, dependiendo de las circunstancias individuales. El promedio de tiempo que se calcula para llenar esta forma es el siguiente: Aprender sobre la ley o la forma, 13 min .; Completar la forma, 33 min.; Copiar, preparar y enviar la forma al IRS, 20 min .
Agradeceremos sus comentarios sobre nuestras formas. Si desea hacer cualquier comentario sobre la exactitud de estos tiempos estimados o hacer cualquier sugerencia que ayude a que esta forma sea más sencilla, por favor, envíenos los mismos. Puede escribirnos al Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. No envíe, por favor, esta forma a tal dirección. En vez de eso, vea en la página 4 la sección titulada, Adónde se envía la forma.

Application for Taxpayer Identification Number

Note: Do not file this form if you are eligible to obtain a U.S. social security number (SSN) for your adoptive child.


Use form W-7A to apply for an Internal Revenue Service (IRS) adoption taxpayer identification number (ATIN) for a child who is placed in your home for purposes of legal adoption. However, do not use Form W-7A if you will be able to obtain a social security number (SSN) for the child in time to file your tax return. Also, do not use Form W-7A if the child is not a U.S. citizen or resident.

## What is an ATIN?

An ATIN is a temporary nine-digit number issued by the IRS to individuals who are in the process of legally adopting a U.S. citizen or resident child but who cannot get an SSN for that child in time to file their tax return.
You may be able to use an ATIN on your tax return to:

- Claim the child as your dependent if the child meets the dependency tests.
See Pub. 501.
- Claim the child and dependent care credit. See Pub. 503.
- Claim the adoption credit. See Form
- Claim the child tax credit. See

Pub. 972.
However, you will not be able to use an ATIN to claim the earned income credit (EIC). When the adoption is final and the child has an SSN, you may file an amended return for an earlier year if you find that you could have claimed the EIC in the earlier year except for the fact that the child did not have an SSN. Use Form 1040X, Amended U.S. Individual Income Tax Return, and Schedule EIC.

## How Long To Use an ATIN

An ATIN issued to you for your adoptive child will expire 2 years from the date it is issued. However, you will receive a notice from the IRS 6 months before the expiration date to remind you that the ATIN will expire. The notice will explain how you can apply for an extension if the adoption will not be final by the expiration date.

After the adoption is final, do not continue using the ATIN. Instead, you must use an SSN. To obtain an SSN for the child, get Form SS-5 from your local

Social Security Administration (SSA) office. Call 1-800-772-1213. You can so find Form SS-5 online at

If the SSA denies your application for an SSN, contact the IRS to request an extension or reactivation of the ATIN. When you request the extension or reactivation of the ATIN, include the SSA's denial letter or an explanation with your correspondence.

## Who Must File

File Form W-7A if:

- You have a child living with you who was placed in your home for legal adoption by an authorized placement agency,
- You cannot obtain the child's existing SSN even though you have made a reasonable attempt to obtain it from the birth parents, the placement agency, and other persons,
- You cannot obtain an SSN for the child from the SSA because, for example, the adoption is not final,
- You cannot obtain an IRS individual taxpayer identification number (ITIN) for the child, and
- You are eligible to claim the child as a dependent on your tax return.


## Who Should Not File

Do not file Form W-7A if:

- The child has an SSN and you know that number or can obtain it from the birth parents, the placement agency, or other persons, or
- You can file Form SS-5 with the SSA and obtain an SSN for the child in time to file your tax return, or
- The child is not a U.S. citizen or resident. If the child is not a U.S. citizen or resident and you cannot obtain an SSN for the child, apply for an ITIN (see Pub. 1915).


## Foster Children

Do not apply for an ATIN for a foster child who has been placed in your home even if you have filed a petition in court to adopt the foster child or intend to adopt the child. You will not need an ATIN for a foster child because you should be able to obtain the child's SSN from the foster care agency.

## How To File

You must complete Form W-7A, sign it, date it, and mail it along with the required attachments (see What To
Include With Form W-7A) to the address on this page.

## What To Include With Form W-7A

You must attach signed and dated documentation to Form W-7A to prove that the child was placed with you for legal adoption (not for foster care) by an authorized placement agency.
In general, one of the following documents will satisfy this requirement:

- A copy of the placement agreement entered into between you and an authorized placement agency;
- A copy of the document signed by a hospital official authorizing the release of a newborn child from the hospital to you for legal adoption;
- A copy of the court order or other court document ordering or approving the placement of a child with you for legal adoption; or
- An affidavit signed by the adoption attorney or government official who placed the child with you for legal adoption pursuant to state law.


## Where To File

Internal Revenue Service
Philadelphia Service Center
ATIN Unit
P.O. Box 447

Bensalem, PA 19020

## When To File

File Form W-7A as soon as you meet the conditions under Who Must File on page 1.

## When To Expect the ATIN

It will take 4-8 weeks to get an ATIN. If you have not heard from the IRS about your application within this time, you may call 215-516-4846 to find out the status of your application. This is not a toll-free number. Be sure to have a copy of your Form W-7A available when you call.

## Specific Instructions

Complete all lines on the form. Enter N/A (not applicable) on the lines that do not apply. The instructions that follow are for those items that are not self-explanatory.
Line 1. Enter your name and SSN on line 1a. If you and another person are adopting the child, enter the other person's name and SSN on line 1b. Also, if you are married filing jointly, be sure to enter the names and SSNs in the order shown on your tax return.

Name change. If you changed your name after you filed your last return because of marriage, divorce, etc., be sure to report this to your local Social Security Administration Office before filing your Form W-7A. This will prevent delays in processing your ATIN request.
Line 2. Enter the address where you and the child live.

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

Address change. If you changed your mailing address after you filed your last return, you should use Form 8822, Change of Address, to notify the IRS of the change. A new address shown on Form W-7A will not update your record. You can get Form 8822 by calling 1-800-TAX-FORM (1-800-829-3676).
Line 3a. Enter the child's adoptive name as it will appear on your tax return.
Line 3b. If you know the child's birth name, enter it on line 3b.
Line 4. Enter the child's date of birth and sex. If you know the child's place of birth, enter the information on line 4.
Line 5. Enter the name and address of the authorized placement agency that placed the child with you for legal adoption. An authorized placement agency may include a private adoption agency, a government agency, an adoption attorney, or any other person authorized by state law to place a child for legal adoption. Also, enter the date the child was placed.

Signature. Form W-7A must be signed and dated by the adoptive parent(s) applying for the ATIN. If you and another person are adopting this child, that person must also sign and date the application.

Privacy Act and Paperwork Reduction
Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code section 23(f)(2) requires that you furnish an identifying number on your tax return if you are claiming certain tax benefits during the process of adopting a U.S. citizen or resident child and cannot get an SSN for that child until the adoption is final. Form W-7A must be used to apply for the identification number, an ATIN. Section 6109 requires that you disclose your taxpayer identification number (SSN). Routine uses of this information include giving it to the Department of $J$ ustice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws. If you do not file the form, you will not be issued an ATIN.

You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.
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 Internal Revenue Code section 6103.
The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Learning about the law or the form, 8 min.; Preparing the form, 16 min .; and Copying, assembling, and sending the form to the IRS, 16 min.
If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the form to this address. Instead, see Where To File on this page.

Submission to OMB for Approval and Request for Comment for Form 1040 and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE, Form 1040A and Schedules 1, 2, and 3, Form 1040EZ, Form 1040X, and all attachments to these forms.

## SUMMARY

The Department of Treasury has submitted the public information collections described in this notice to the Office of Management and Budget (OMB) for review and approval under the Paperwork Reduction Act of 1995, Public Law 104-13.

DATES: Written comments should be received on or before [insert date 30 days after publication in the Federal Register] to be assured of consideration. ADDRESSES: Copies of the submission may be obtained by contacting the Internal Revenue Service by e-mail (Glenn.P.Kirkland@irs.gov) or by calling (202) 622-3428 (not a toll-free call).

Comments regarding this information collection should be addressed to OMB by e-mail (Alexander_T._Hunt@omb.eop.gov) or by paper mail to Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503 and to the Treasury Department by e-mail (Michael.Robinson@do.treas.gov) or by paper mail to Clearance Officer, Department of the Treasury, Room 11000, 1750 Pennsylvania Avenue, NW Washington, DC 20220.

## SUPPLEMENTARY INFORMATION:

The Department of the Treasury and the Internal Revenue Service, as part of our continuing efforts to reduce paperwork and respondent burden, invite the general public and other Federal agencies to take this opportunity to comment on proposed and continuing information collections, as required by the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). This notice requests comments on all forms used by individual taxpayers: Form 1040, U.S. Individual Income Tax Return, and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE; Form 1040A and Schedules 1, 2, and 3; Form 1040EZ; Form 1040X; and all attachments to these forms (see the Appendix to this notice). With this notice, the IRS is again announcing significant changes to (1) the manner in which tax forms used by individual taxpayers will be approved under the PRA and (2) its method of estimating the paperwork burden imposed on individual taxpayers.

Change in PRA Approval of Forms Used by Individual Taxpayers
Under the PRA, OMB assigns a control number to each "collection of information" that it reviews and approves for use by an agency. A single information collection may consist of one or more forms, recordkeeping requirements, and/or third-party disclosure requirements. Under the PRA and OMB regulations, agencies have the discretion to seek separate OMB approvals for individual forms, recordkeeping requirements, and third-party reporting requirements or to combine any number of forms, recordkeeping requirements, and/or third-party disclosure requirements (usually related in subject matter)
under one OMB Control Number. Agency decisions on whether to group individual requirements under a single OMB Control Number or to disaggregate them and request separate OMB Control Numbers are based largely on considerations of administrative practicality.

The PRA also requires agencies to estimate the burden for each collection of information. Accordingly, each OMB Control Number has an associated burden estimate. The burden estimates for each control number are displayed in (1) the PRA notices that accompany collections of information, (2) Federal Register notices such as this one, and (3) in OMB's database of approved information collections. If more than one form, recordkeeping requirement, and/or third-party disclosure requirement is approved under a single control number, then the burden estimate for that control number reflects the burden associated with all of the approved forms, recordkeeping requirements, and/or third-party disclosure requirements.

As described below under the heading "New Burden Model," the IRS' new Individual Taxpayer Burden Model (ITBM) estimates of taxpayer burden are based on taxpayer characteristics and activities, taking into account, among other things, the forms and schedules generally used by those groups of individual taxpayers and the recordkeeping and other activities needed to complete those forms. The ITBM represents the first phase of a long-term effort to improve the ability of IRS to measure the burden imposed on various groups of taxpayers by the Federal tax system. While the new methodology provides a more accurate and comprehensive description of individual taxpayer burden, it
does not estimate burden on a form-by-form basis, as has been done under the previous methodology. When the prior model was developed in the mid-1980s, almost all tax returns were prepared manually, either by the taxpayer or a paid provider. In this context, it was determined that estimating burden on a form-byform basis was an appropriate methodology. Today, about 85 percent of all individual tax returns are prepared utilizing computer software (either by the taxpayer or a paid provider), and about 15 percent are prepared manually. In this environment, in which many taxpayers' activities are no longer as directly associated with particular forms, estimating burden on a form-by-form basis is not an appropriate measurement of taxpayer burden. The new model, which takes into account broader and more comprehensive taxpayer characteristics and activities, provides a much more accurate and useful estimate of taxpayer burden.

Currently, there are 195 forms used by individual taxpayers. These include Forms 1040, 1040A, 1040 EZ, and their schedules and all the forms individual taxpayers attach to their tax returns (see the Appendix to this notice). For most of these forms, IRS has in the past obtained separate OMB approvals under unique OMB Control Numbers and separate burden estimates.

Since the ITBM does not estimate burden on a form-by-form basis, IRS is no longer able to provide burden estimates for each tax form used by individuals. The ITBM estimates the aggregate burden imposed on individual taxpayers, based upon their tax-related characteristics and activities. IRS therefore will seek OMB approval of all 195 individual tax forms as a single "collection of
information." The aggregate burden of these tax forms will be accounted for under OMB Control Number 1545-0074, which is currently assigned to Form 1040 and its schedules. OMB Control Number 1545-0074 will be displayed on all individual tax forms and other information collections.

As a result of this change, burden estimates for individual taxpayers will now be displayed differently in PRA Notices on tax forms and other information collections, and in Federal Register notices. This new way of displaying burden is presented below under the heading "PRA Submission to OMB." Since a number of forms used by individual taxpayers are also used by corporations, partnerships, and other kinds of taxpayers, there will be a transition period during which IRS will report different burden estimates for individual taxpayers and for other taxpayers using the same forms. For those forms used by both individual and other taxpayers, IRS will display two OMB Control Numbers (1545-0074 and the OMB Control Numbers currently assigned to these forms) and provide two burden estimates. The burden estimates for individual taxpayers will be reported and accounted for as described in this notice. The burden estimates for other users of these forms will be reported under the existing methodology, which is based on form length and complexity. ${ }^{1}$

## New Burden Model

Data from the new ITBM revises the estimates of the levels of burden experienced by individual taxpayers when complying with the Federal tax laws. It replaces the earlier burden measurement developed in the mid-1980s. Since

[^37]that time, improved technology and modeling sophistication have enabled the IRS to improve the burden estimates. The new model provides taxpayers and the IRS with a more comprehensive understanding of the current levels of taxpayer burden. It reflects major changes over the past two decades in the way taxpayers prepare and file their returns. The new ITBM also represents a substantial step forward in the IRS' ability to assess likely impacts of administrative and legislative changes on individual taxpayers.

The ITBM's approach to measuring burden focuses on the characteristics and activities of individual taxpayers rather than the forms they use. Key determinants of taxpayer burden in the model are the way the taxpayer prepares the return (e.g. with software or paid preparer) and the taxpayer's activities, such as recordkeeping and tax planning. In contrast, the previous estimates primarily focused on the length and complexity of each tax form. The changes between the old and new burden estimates are due to the improved ability of the new methodology to measure burden and the expanded scope of what is measured. These changes create a one-time shift in the estimate of burden levels that reflects the better measurement of the new model. The differences in estimates between the models do not reflect any change in the actual burden experienced by taxpayers. Comparisons should not be made between these and the earlier published estimates, because the models measure burden in different ways.

## Methodology

Burden is defined as the time and out-of-pocket costs incurred by taxpayers to comply with the Federal tax system. For the first time, the time expended and
the out-of-pocket costs are estimated separately. The new methodology distinguishes among preparation methods, taxpayer activities, types of individual taxpayer, filing methods, and income levels. Indicators of complexity in tax laws as reflected in tax forms and instructions are incorporated in the model. The new model follows IRS' classification of taxpayer types: individual taxpayers are taxpayers who file any type of Form 1040. "Self-Employed" taxpayers are individual taxpayers who file a Form 1040 and a Schedule C, C-EZ, E, or F, or Form 2106. All other individual taxpayers using a Form 1040 are "Wage and Investment" taxpayers.

The taxpayer's choice of preparation method is identified as a major factor influencing burden levels. The preparation methods are:

- Self-prepared without software
- Self-prepared with software
- Used a paid tax preparer

The separate types of taxpayer activities measured in the model are:

- Recordkeeping
- Form completion
- Form submission (electronic and paper)
- Tax planning
- Use of services (IRS and paid professional)
- Gathering tax materials


## Taxpayer Burden Estimates

Tables 1, 2, and 3 show the burden model estimates. In tax year 2003 the burden of all individual taxpayers filing Forms 1040, 1040A or 1040EZ averaged about 23 hours per return filed, or a total of more than 3 billion hours. Similarly, the average out-of-pocket taxpayer costs were estimated to be $\$ 179$ per return filed or a total of $\$ 23.4$ billion. Including associated forms and schedules, taxpayers filing Form 1040 had an average burden of about 30 hours, taxpayers filing Form 1040A averaged about 9 hours, and those filing 1040 EZ averaged about 7 hours.

The data shown are the best estimates from tax returns filed for 2003 currently available as of June 27, 2005. The estimates are subject to change as new forms and data become available. Estimates for combinations of major forms and schedules commonly used will be available and the most up-to-date estimates and supplementary information can be found on the IRS website: www.irs.gov.

## PRA Submission to OMB

Title: U.S. Individual Income Tax Return
OMB Number: 1545-0074
Type of Review: Extension; Revision; New Collection
Form Numbers: Form 1040 and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE; Form 1040A and Schedules 1, 2 and 3; Form 1040EZ; Form 1040X; and all attachments to these forms (see the Appendix to this notice).

Abstract: These forms are used by individuals to report their income tax liability. The data is used to verify that the items reported on the forms are correct, and also for general statistics use.

Current Actions: Changes are being made to the forms and the method of burden computation; several new forms are included in the submission.

Type of Review: Extension or revision of currently approved collections; new collections.

Affected Public: Individuals or households
Estimated Number of Respondents: 130,200,000
Total Estimated Time: 3.0 billion hours

## Estimated Average Time Per Respondent: 23.3 hours

Total Estimated Out-of-Pocket Costs: $\$ 23.4$ billion
Estimated Average Out-of-Pocket Cost Per Respondent: \$179

Table 1. Taxpayer Burden for Individual Taxpayers Who Filed Form 1040, by Preparation Method

| Major Form Filed or Type of Taxpayer | Number of Returns (millions) | Average Burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Average for All Preparation Methods |  | Self-Prepared Without Tax Software |  | Self-Prepared With Tax Software |  | Prepared by Paid Professional |  |
|  |  | Hours | Costs | Hours | Costs | Hours | Costs | Hours | Costs |
| All Taxpayers Filing Form 1040, 1040A and 1040EZ | 130.2 | 23.3 | \$179 | 16.4 | \$17 | 27.9 | \$44 | 22.9 | \$268 |
| Major Form Filed |  |  |  |  |  |  |  |  |  |
| Taxpayers Filing Form 1040 (and associated forms) | 88.2 | 30.5 | \$242 | 26.9 | \$21 | 36.6 | \$52 | 28.7 | \$338 |
| Taxpayers Filing Form 1040A (and associated forms) | 23.3 | 9.1 | \$62 | 10.8 | \$29 | 11.5 | \$44 | 7.4 | \$82 |
| $\begin{aligned} & \text { Taxpayers Filing Form } \\ & \text { 1040EZ } \\ & \hline \end{aligned}$ | 18.7 | 7.2 | \$29 | 7.0 | \$1 | 10.1 | \$9 | 5.5 | \$60 |
| Type of Taxpayer* |  |  |  |  |  |  |  |  |  |
| Wage and Investment | 94.6 | 11.8 | \$93 | 11.5 | \$14 | 17.8 | \$35 | 9.0 | \$142 |
| Self-Employed | 35.6 | 53.9 | \$410 | 48.5 | \$31 | 68.4 | \$81 | 53.9 | \$522 |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

Table 2. Taxpayer Burden for Taxpayers Who Filed Form 1040, by Preparation Method and Combination of Forms Filed

| Type of Taxpayer* and Common Combinations of Forms Filed | Average Burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Average for All Preparation Methods |  | Self-Prepared Without Tax Software |  | Self-Prepared With Tax Software |  | Prepared by Paid Professional |  |
|  | Hours | Costs | Hours | Costs | Hours | Costs | Hours | Costs |
| Common Filing Combinations of Wage \& Investment Taxpayers |  |  |  |  |  |  |  |  |
| Wage and Investment Taxpayers | 11.8 | \$93 | 11.5 | \$14 | 17.8 | \$35 | 9.0 | \$142 |
| Form 1040 and other forms and schedules, but not Schedules A and D | 9.2 | \$88 | 12.2 | \$17 | 15.8 | \$34 | 6.6 | \$118 |
| Form 1040 and Schedule A and other forms and schedules, but not Schedule D | 16.3 | \$126 | 19.2 | \$17 | 22.6 | \$41 | 11.9 | \$198 |
| Form 1040 and Schedule D and other forms and schedules, but not Schedule A | 17.6 | \$159 | 22.5 | \$14 | 27.3 | \$48 | 12.9 | \$223 |
| Form 1040 and Schedules A and D and other forms and schedules | 24.6 | \$239 | 32.8 | \$13 | 35.4 | \$44 | 18.1 | \$365 |
| Common Filing Combinations of Self -Employed Taxpayers |  |  |  |  |  |  |  |  |
| Self-Employed Taxpayers | 53.9 | \$410 | 48.5 | \$31 | 68.4 | \$81 | 53.9 | \$522 |
| Form 1040 and Schedule C and other forms and schedules, but not Schedules E or F or Form 2106 | 59.4 | \$245 | 51.4 | \$24 | 74.6 | \$63 | 56.1 | \$323 |
| Form 1040 and Schedule E and other forms and schedules, but not Schedules C or F or Form 2106 | 44.7 | \$591 | 37.5 | \$43 | 57.7 | \$100 | 42.8 | \$717 |
| Form 1040 and Schedule F and other forms and schedules, but not Schedules C or E or Form 2106 | 34.8 | \$238 | 38.1 | \$37 | 49.7 | \$81 | 34.8 | \$238 |
| Form 1040 and Form 2106 and other forms and schedules but not Schedules C, E, or F | 55.4 | \$242 | 42.0 | \$32 | 62.5 | \$80 | 55.8 | \$283 |
| Form 1040 and forms and schedules including more than one of the SE forms (Schedules C, E, or F or Form 2106) | 69.4 | \$618 | 72.0 | \$40 | 88.3 | \$99 | 65.7 | \$746 |

[^38]Table 3. Taxpayer Burden for Taxpayers Who Filed Form 1040, by Activity

| Form or Schedule | Percent of Returns Filed | Average Time Burden of Taxpayer Activities (Hours per Return) |  |  |  |  | Average Costs per Return |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Total Time | Record- <br> keeping | Tax <br> Planning | Form Completion | All Other <br> Activities |  |
| All Taxpayers | 100\% | 23.3 | 14.1 | 3.2 | 3.2 | 2.8 | \$179 |
| Form 1040 | 68\% | 30.5 | 19.1 | 4.2 | 3.8 | 3.5 | \$242 |
| Form 1040A | 18\% | 9.1 | 4.3 | 1.1 | 1.9 | 1.8 | \$63 |
| Form 1040EZ | 14\% | 7.2 | 2.5 | 1.5 | 2.1 | 1.2 | \$29 |
| Type of Taxpayer* | 100\% |  |  |  |  |  |  |
| Wage and Investment | 73\% | 11.8 | 5.0 | 2.3 | 2.7 | 1.8 | \$93 |
| Self-Employed | 27\% | 53.9 | 38.1 | 5.8 | 4.4 | 1.2 | \$410 |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed taxpayer."

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB Control Number.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

## Request for Comments

Comments should be submitted to OMB and the Treasury Department as indicated above. Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. All comments will become a matter of public record.

Dated: September 12, 2005.

Michael A. Robinson<br>Treasury Department Clearance Officer

## Appendix

| OMB | FORM | TITLE |
| :---: | :---: | :---: |
| 0074 | 1040 | U.S. Individual Income Tax Return |
| 0085 | 1040 A | U.S. Individual Income Tax Return |
| 0675 | 1040 EZ | Income Tax Return for Single and Joint Filers With No Dependents |
| 0091 | 1040X | Amended U.S. Individual Income Tax Return |
| 0089 | 1040NR | U.S. Nonresident Alien Income Tax Return |
| 1468 | 1040 NR-EZ | U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents |
| 0026 | 926 | Return by a U.S.Transferor of Property to a Foreign Corporation |
| 0042 | 970 | Application To Use LIFO Inventory Method |
| 0134 | 1128 | Application to Adopt, Change, or Retain a Tax Year |
| 0145 | 2439 | Notice to Shareholder of Undistributed LongTerm Capital Gains |
| 0152 | 3115 | Application for Change in Accounting Method |
| 0155 | 3468 | Investment Credit |
| 0159 | 3520 | Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts |
| 0895 | 3800 | General Business Credit |
| 0166 | 4255 | Recapture of Investment Credit |
| 0172 | 4562 | Depreciation and Amortization |
| 0184 | 4797 | Sales of Business Property |
| 0704 | 5471 | Information Return of U.S. Persons With Respect To Certain Foreign Corporations |
| 0216 | 5713 | International Boycott Report |
| 0219 | 5884 | Work Opportunity Credit |
| 0231 | 6478 | Credit for Alcohol Used as Fuel |
| 0619 | 6765 | Credit for Increasing Research Activities |
| 0790 | 8082 | Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR) |
| 0881 | 8271 | Investor Reporting of Tax Shelter Registration Number |
| 0984 | 8586 | Low-Income Housing Credit |
| 1021 | 8594 | Asset Acquisition Statement |
| 0988 | 8609 SCH A | Annual Statement |
| 1035 | 8611 | Recapture of Low-Income Housing Credit |
| 1002 | 8621 | Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund |


| 1031 | 8697 | Interest Computation Under the Look-Back Method for Completed Long-Term Contracts |
| :---: | :---: | :---: |
| 1505 | 8820 | Orphan Drug Credit |
| 1205 | 8826 | Disabled Access Credit |
| 1282 | 8830 | Enhanced Oil Recovery Credit |
| 1362 | 8835 | Renewable Electricity and Refined Coal Production Credit |
| 1444 | 8844 | Empowerment Zone and Renewal Community Employment Credit |
| 1417 | 8845 | Indian Employment Credit |
| 1414 | 8846 | Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips |
| 1416 | 8847 | Credit for Contributions to Selected Community Development Corporations |
| 1910 | 8858 | Information Return of U.S. Persons With Respect to Foreign Disregarded Entities |
| 1606 | 8860 | Qualified Zone Academy Bond Credit |
| 1569 | 8861 | Welfare-to-Work Credit |
| 1924 | 8864 | Biodiesel Fuels Credit |
| 1668 | 8865 | Return of U.S. Persons With Respect To Certain Foreign Partnerships |
| 1622 | 8866 | Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method |
| 1722 | 8873 | Extraterritorial Income Exclusion |
| 1804 | 8874 | New Markets Credit |
| 1810 | 8881 | Credit for Small Employer Pension Plan Startup Costs |
| 1809 | 8882 | Credit for Employer-Provided Childcare Facilities and Services |
| 1800 | 8886 | Reportable Transaction Disclosure Statement |
| 1914 | 8896 | Low Sulfur Diesel Fuel Production Credit |
| NEW | 8900 | Qualified Railroad Track Maintenance Credit |
| NEW | 8903 | Domestic Production Activities Deduction |
| 0007 | T (Timber) | Forest Activities Schedules |
| 0043 | 972 | Consent of Shareholder To Include Specific Amount in Gross Income |
| 0704 | 5471 SCH J | Accumulated Earnings and Profits (E\&P) of Controlled Foreign Corporation |
| 0704 | 5471 SCH M | Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons |
| 0704 | 5471SCH N | Return of Officers, Directors, and 10\%-orMore Shareholders of a Foreign Person Holding Company |
| 0704 | 5471 SCH O | Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock |


| 0216 | 5713 SCH A | International Boycott Factor (Section 999(c)(1)) |
| :---: | :---: | :---: |
| 0216 | 5713 SCH B | Specifically Attributable Taxes and Income (Section 999(c)(2)) |
| 0216 | 5713 SCH C | Tax Effect of the International Boycott Provisions |
| NEW | 8621 A | Return by a Shareholder Making Certain Late Elections to End Treatment as a Passive Foreign Investment Company |
| 1029 | 8693 | Low-Income Housing Credit Disposition Bond |
| 1516 | 8832 | Entity Classification Election |
| 1395 | 8838 | Consent To Extend the Time To Assess Tax Under Section 367 - Gain Recognition Statement |
| 1910 | 8858 SCH M | Transactions Between Controlled Foreign Disregarded Entity and Filer or Other Related Entities |
| 1668 | 8865 SCH K-1 | Partner's Share of Income, Credits, Deductions, etc. |
| 1668 | 8865 SCH O | Transfer of Property to a Foreign Partnership |
| 1668 | 8865 SCH P | Acquisitions, Dispositions, and Changes of Interests in a Foreign Partnership |
| 0074 | 1040 SCH A | Itemized Deductions |
| 0074 | 1040 SCH B | Interest and Ordinary Dividends |
| 0074 | 1040 SCH C | Profit or Loss From Business |
| 0074 | 1040 SCH C-EZ | Net Profit From Business |
| 0074 | 1040 SCH D | Capital Gains and Losses |
| 0074 | 1040 SCH D-1 | Continuation Sheet for Schedule D |
| 0074 | 1040 SCH E | Supplemental Income and Loss |
| 0074 | 1040 SCH EIC | Earned Income Credit |
| 0074 | 1040 SCH F | Profit or Loss From Farming |
| 0074 | 1040 SCH H | Household Employment Taxes |
| 0074 | 1040 SCH J | Income Averaging for Farmers and Fishermen |
| 0074 | 1040 SCH R | Credit for the Elderly or the Disabled |
| 0074 | 1040 SCH SE | Self-Employment Tax |
| 0121 | 1116 | Foreign Tax Credit |
| 0073 | 1310 | Statement of Person Claiming Refund Due a Deceased Taxpayer |
| 1441 | 2106 EZ | Unreimbursed Employee Business Expenses |
| 0139 | 2106 | Employee Business Expenses |
| 0071 | 2120 | Multiple Support Declaration |
| 0140 | 2210 F | Underpayment of Estimated Tax by Farmers and Fishermen |
| 0140 | 2210 | Underpayment of Estimated Tax by Individuals, Estates, and Trusts |
| 0070 | 2350 | Application for Extension of Time To File U.S. Income Tax Return |
| 0068 | 2441 | Child and Dependent Care Expenses |


| 1326 | 2555 EZ | Foreign Earned Income Exclusion |
| :---: | :---: | :---: |
| 0067 | 2555 | Foreign Earned Income |
| 0062 | 3903 | Moving Expenses |
| 0059 | 4137 | Social Security and Medicare Tax on Unreported Tip Income |
| 0173 | 4563 | Exclusion of Income for Bona Fide Residents of American Samoa |
| 0177 | 4684 | Casualties and Thefts |
| 0187 | 4835 | Farm Rental Income and Expenses |
| 0191 | 4952 | Investment Interest Expense Deduction |
| 0193 | 4972 | Tax on Lump-Sum Distributions |
| 0803 | 5074 | Allocation of Individual Income Tax To Guam or the Commonwealth of the Northern Mariana Islands (CNMI) |
| 0203 | 5329 | Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts |
| 0712 | 6198 | At-Risk Limitations |
| 0227 | 6251 | Alternative Minimum Tax - Individuals |
| 0228 | 6252 | Installment Sale Income |
| 0644 | 6781 | Gains and Losses From Section 1256 Contracts and Straddles |
| 0889 | 8275 R | Regulation Disclosure Statement |
| 0889 | 8275 | Disclosure Statement |
| 0908 | 8283 | Noncash Charitable Contributions |
| 0915 | 8332 | Release of Claim to Exemption for Child of Divorced or Separated Parents |
| 1210 | 8379 | Injured Spouse Claim and Allocation |
| 0930 | 8396 | Mortgage Interest Credit |
| 1034 | 8582 CR | Passive Activity Credit Limitations |
| 1008 | 8582 | Passive Activity Loss Limitations |
| 1007 | 8606 | Nondeductible IRAs |
| 0998 | 8615 | Tax for Children Under Age 14 With Investment Income of More Than \$1,600 |
| 1032 | 8689 | Allocation of Individual Income Tax To the Virgin Islands |
| 1073 | 8801 | Credit for Prior Year Minimum Tax Individuals, Estates, and Trusts |
| 1620 | 8812 | Additional Child Tax Credit |
| 1128 | 8814 | Parents' Election To Report Child's Interest and Dividends |
| 1173 | 8815 | Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989 |
| 1190 | 8824 | Like-Kind Exchanges |
| 1288 | 8828 | Recapture of Federal Mortgage Subsidy |
| 1266 | 8829 | Expenses for Business Use of Your Home |
| 1374 | 8834 | Qualified Electric Vehicle Credit |
| 1829 | 8836 | Qualifying Children Residency Statement |


| 1552 | 8839 | Qualified Adoption Expenses |
| :---: | :---: | :---: |
| 1410 | 8840 | Closer Connection Exception Statement for Aliens |
| 1411 | 8843 | Statement for Exempt Individuals and Individuals With a Medical Condition |
| 1561 | 8853 | Archer MSAs and Long-Term Care Insurance Contracts |
| 1567 | 8854 | Initial and Annual Expatriation Information Statement |
| 1584 | 8859 | District of Columbia First-Time Homebuyer Credit |
| 1619 | 8862 | Information to Claim Earned Income Credit After Disallowance |
| 1618 | 8863 | Education Credits |
| 1805 | 8880 | Credit for Qualified Retirement Savings Contributions |
| 1807 | 8885 | Health Coverage Tax Credit |
| 1911 | 8889 | Health Savings Accounts (HSAs) |
| 1928 | 8891 | U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans |
| NEW | 8898 | Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possesion |
| 0666 | 673 | Statement for Claiming Exemption From Withholding on Foreign Earned Income Eligible for the Exclusion(s) |
| 0054 | 1000 | Ownership Certificate |
| 0085 | 1040 A-SCH 1 | Interest and Ordinary Dividends for Form 1040A Filers |
| 0085 | 1040 A-SCH 2 | Child and Dependent Care Expenses for Form 1040A Filers |
| 0085 | 1040 A-SCH 3 | Credit for the Elderly or the Disabled+F66 for Form 1040A Filers |
| 0087 | 1040 ES-E | Estimated Tax for Individuals |
| 0087 | 1040 ES-OCR | Estimated Tax for Individuals (Optical Character Recognition Without Form 1040V) |
| 0087 | 1040 ES-OCR-V | Payment Voucher |
| 0087 | 1040 ES-OTC | Estimated Tax for Individuals |
| 0087 | 1040 ES/VOCR | Estimated Tax for Individuals (Optical Character Recognition With Form 1040V) |
| 0074 | 1040 V | Payment Voucher |
| 0074 | 1040 V-OCR | Payment Voucher |
| 0074 | 1040 V-OCR-ES | Payment Voucher |
| 0098 | 1045 | Application for Tentative Refund |
| 0065 | 4070 A | Employee's Daily Record of Tips |
| 0065 | 4070 | Employee's Report of Tips to Employer |
| 0168 | 4361 | Application for Exemption From SelfEmployment Tax for Use by Ministers, Members of Religious Orders, and Christian Science Practitioners |


| 0188 | 4868 | Application for Automatic Extension of Time To File Individual U.S. Income Tax Return |
| :---: | :---: | :---: |
| 0195 | 5213 | Election To Postpone Determination as To Whether the Presumption Applies That an Activity Is Engaged in for Profit |
| 1397 | 8453 OL | U.S. Individual Income Tax Declaration for an IRS e-file Online Return |
| 0936 | 8453 | U.S. Individual Income Tax Declaration for an IRS e-file Return |
| 1151 | 8818 | Optional Form To Record Redemption of Series EE and I U.S. Savings Bonds Issued After 1989 |
| 1163 | 8822 | Change of Address |
| 1354 | 8833 | Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b) |
| 1829 | 8836 SCH A | Third Party Affidavit |
| 1829 | 8836 SCH B | Third Party Affidavit |
| 1755 | 8878 | IRS e-file Signature Authorization for Application for Extension of Time to File |
| 1758 | 8879 | IRS e-file Signature Authorization |
| NEW | 8901 | Information on Qualifying Children Who Are Not Dependents (For Child Tax Credit Only) |
| 1350 | 9465 | Installment Agreement Request |
| 1547 | W-7 A | Application for Taxpayer Identification Number for Pending U.S. Adoptions |
| 1483 | W-7 | Application for IRS Individual Taxpayer Identification Number |
| 0046 | 982 | Reduction of Tax Attributes Due To Discharge of Indebtedness (and Section 1082 Basis Adjustment |
| 0162 | 4136 | Credit for Federal Tax Paid On Fuels |
| 0192 | 4970 | Tax on Accumulation Distribution of Trusts |
| 0150 | 2848 | Power of Attorney and Declaration of Representative |
| 0064 | 4029 | Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits |
| 0458 | 4852 | Substitute for Form W-2 or Form 1099-R |
| 0239 | 5754 | Statement by Person(s) Receiving Gambling Winnings |
| 1165 | 8821 | Tax Information Authorization |
| 1829 | 8836 SP | Comprobante de Residencia para los Hijos(as) Calificados(as) |
| 1829 | 8836 SP-SCH A | Declaracion Jurada del Tercero |
| 1829 | 8836 SP-SCH B | Declaracion Jurada del Tercero |
| 1755 | 8878 SP | Autorizacion de firma para presentar por medio del IRS e-file - Solicitud de prorroga del plazo |


| 1758 | 8879 SP |  | Autorizacion de firma para presentar por <br> medio del IRS e-file |
| :---: | :---: | :--- | :--- |
| 1350 | 9465 SP |  | Peticion para un Plan de Pagos a Plazos |
| 0003 | SS-4 |  | Application for Employer Identification <br> Number |
| 0004 | SS-8 |  | Determination of Employee Work Status for <br> Purposes of Federal Employment Taxes and <br> Income Tax Withholding |
| 0415 | W-4P |  | Withholding Certificate for Pension or <br> Annuity Payments |
| 0717 | W-4S |  | Request for Federal Income Tax Withholding <br> From Sick Pay |
| 0010 | W-4 SP | Certificado de descuentos del(la) <br> empleado(a) para la retencion |  |
| 1501 | W-4 V |  | Voluntary Withholding Request |
| 0010 | W-4 |  | Employee's Withholding Allowance <br> Certificate |
| 1342 | W-5 SP |  | Certificado del pago por adelantado del <br> Credito por Ingreso del Trabajo |
| 1342 | W-5 |  | Earned Income Credit Advance Payment <br> Certificate |
| 1483 | W-7 SP |  | Solicitud de Numero de Identicacion <br> Personal del Contribuyente el Servicio de <br> Impuestos Internos |
|  |  |  |  |

## DEPARTMENT OF THE TREASURY

## Departmental Offices; Renewal of the Treasury Borrowing Committee of the Bond Market Association

ACTION: Netice of renewal.
SUMMARY: In accordance with the Foderal Advisory Committee Act, as amended (Pub. L. 92-463; 5 U.S.G. App. 2) with the concurrence of the General Services Administration, the Secretary of the Treasury has determined that renowal of the Treasury Borrowing Advisory Committee of The Bond Market Association (the "Committee") is necessary and in the public interest in connection with the performance of duties imposed on the Department of the Treasury by law.

## EFFECTIVE DATE: July 11, 2005.

FOR FURTHER INFORMATION CONTACT: JEff
Huther, Director, Office of Debt Management (202)622 2630.

## SUPPLEMENTARY INFORMATION: The

 purpose of the Committee is to provide informed advice as representatives of the financial community to the Secretary of the Treasury and Treasury staff, upen the Secretary of the Treasury's request, in carrying out Treasury responsibilities for foderal finaneing and public debt management.The-Gommittee meets to consider special items on which its advice is sought pertaining to immediate Treasury funding requirements and pertaining to longer torm approaches to manage the national debt in acost effective manner. The Gommittee usually meets immediately before the Treasury announces each mid-calendar quarter funding operation, although special meetings also may be held.

Membership consists of $15-20$ individuals whe are experts in the government securities market and whe are involved in senior pesitions in debt markets as institutional investors, investment advisors, or as dealers in government securities.

The Designated Federal Official for the Advisory Committeo is the Director of the Office of Debt Management, reporting through the Assistant Secretary for Financial Markets. The Treasury Department filed copies of the Gommittee's renewal charter with appropriate committees in Congress.

Bated: June 30, 2005.
Timethy Bitsberger,
Assistant Secretary, Financial Markets. [FR Dec. 05-13410 Filed 7-7-05; 8:15- am]
BHLLNG-CODE-4811-15-M

DEPARTMENT OF THE TREASURY

## Departmental Offices; Debt Management Advisory-Committee Meeting

Notice is hereby given, pursuant to-5 U.S.G. App. 2, § $10(\mathrm{a})(2)$, that a meeting will be held at the Hay Adams Hotel, 16th and Pennsylvania Avenue, NW., Washington, DG, on August 2, 2005, at 11:30 a.m. of the following dobt management advisory committee: Treasury Borrowing Advisory Gommittee of The Bond Market Association("Gommittoe").

The agenda for the meeting provides for a charge by the Secretary of the Treasury or his designate that the eommitte diseuss particular issues, and a working session. Following the working session, the Committee will present a written report of its recommendations. The meeting will be elosed to the public, pursuant to 5 U.S.G. App. 2, § 10 (d) and Public Law 103 202, § $202(\mathrm{c})$ (1)(B) (31 U.S.G. 3121 note).

This notice shall constitute my determination, pursuant to the authority placed in heads of agencies by 5 U.S.G. App. $2, \S 10(\mathrm{~d})$ and vested in me by Treasury Department Order No. 101 05, that the meeting will consist of discussions and debates of the issues presented to the-Gommittee by the Secretary of the Treasury and the making of recommendations of the Gommittee of the Secretary, pursuant to Public Law 103 202, § 202 (c)(1)(B). Thus, this information is exempt from disclosure under that provision and 5 U.S.G. $552 \mathrm{~b}(\mathrm{C})(3)(\mathrm{B})$. In addition, the meoting is concorned with information that is exempt from-diselosure under 5 U.S.C. $552 \mathrm{~b}(\mathrm{c})(9)(\mathrm{A})$. The public interest requires that such meetings be closed to the public because the Treasury Department requires frank and full advice from representatives of the financial community prior to making its final decisions on major financing operations. Historically, this advice has been offered by debt management advisory committeres established by the several major segments of the financial community. When soutilizod, such a eommittee is recognized to be an advisory eommittee under 5 U.S.G. App. $2, \S 3$.

Although the Treasury's finat announcement of financing plans may not reflect the recommendations provided in reports of the Gommittee, premature disclosure of the Committee's deliberations and reports would be likely to lead to signifieant financial speculation in the securities market. This, the meeting falls within the
exemption covered by 5 U.S.C. $552 \mathrm{~b}(\mathrm{C})(9)(\mathrm{A})$.

Treasury staff will provide a tochnieal briefing to the press on the day before the Committee meeting, following the release of a statement ef economic conditions, financing estimates and technieal charts. This briefing will give the press an opportunity to ask questions about financing projections and technical charts. The day after the Gommitteo meoting, Treasury will release the minutes of the meeting, any eharts that were discussed at the meeting, and the Committee's report to the Secretary.

The Office of Debt Management is respensible for maintaining records of debt management advisory committee meetings and for providing annual reports setting forth a summary of Gommittee activities and such other matters as may be informative to the public consistent with the policy of 5 U.S.G. $552(\mathrm{~b})$ the Designated Federal Officer or other responsible agency efficial whe may be contacted for additional information is Jeff Huther, Director, Office of Debt Management, at (202) 622-1868.

## Batod: June 30, 2005.

## Timothy Bitsberger,

Assistant Secretary, Finemeial Markets.
[FR Doc. 05-13409 Filed 7-7-05; 8:45 am] BHLING CODE $4810-25-\mathrm{M}$

## DEPARTMENT OF THE TREASURY

## Internal Revenue Service

## Proposed Collection; Comment

 Request for Form 1040 and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE, Form 1040A and Schedules 1, 2, and 3, and Form 1040EZ, and All Attachments to These FormsAGENCY: Internal Revenue Service (IRS), Treasury.
ACTION: Notice and request for comments.
summary: The Internal Revenue Service, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and continuing information collections, as required by the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). This notice requests comments on all forms used by individual taxpayers: Form 1040, U.S. Individual Income Tax Return, and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE; Form 1040A and Schedules 1, 2, and 3; Form 1040EZ;
and all attachments to these forms (see the Appendix to this notice). With this notice, the IRS is also announcing significant changes to (1) the manner in which tax forms used by individual taxpayers will be approved under the PRA and (2) its method of estimating the paperwork burden imposed on all individual taxpayers.
DATES: Written comments should be received on or before September 6, 2005 to be assured of consideration.
ADDRESSES: Direct all written comments to The OMB Unit,
SE:W:CAR:MP:T:T:SP, Internal Revenue Service, Room 6406, 1111 Constitution Avenue, NW., Washington, DC 20224.

## FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the form and instructions should be directed to Chief,
RAS:R:TSBR, NCA 7th Floor, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224, or through the internet at ChiefTSBR@irs.gov.

## SUPPLEMENTARY INFORMATION:

## Change in PRA Approval of Forms Used by Individual Taxpayers

Under the PRA, OMB assigns a control number to each "collection of information" that it reviews and approves for use by an agency. A single information collection may consist of one or more forms, recordkeeping requirements, and/or third-party disclosure requirements. Under the PRA and OMB regulations, agencies have the discretion to seek separate OMB approvals for individual forms, recordkeeping requirements, and thirdparty reporting requirements or to combine any number of forms, recordkeeping requirements, and/or third-party disclosure requirements (usually related in subject matter) under one OMB Control Number. Agency decisions on whether to group individual requirements under a single OMB Control Number or to disaggregate them and request separate OMB Control Numbers are based largely on considerations of administrative practicality.
The PRA also requires agencies to estimate the burden for each collection of information. Accordingly, each OMB Control Number has an associated burden estimate. The burden estimates for each control number are displayed in (1) the PRA notices that accompany collections of information, (2) Federal Register notices such as this one, and (3) in OMB's database of approved information collections. If more than one form, recordkeeping requirement, and/or third-party disclosure
requirement is approved under a single control number, then the burden estimate for that control number reflects the burden associated with all of the approved forms, recordkeeping requirements, and/or third-party disclosure requirements.

As described below under the heading "New Burden Model," the IRS" new Individual Taxpayer Burden Model (ITBM) estimates of taxpayer burden are based on taxpayer characteristics and activities, taking into account, among other things, the forms and schedules generally used by those groups of individual taxpayers and the recordkeeping and other activities needed to complete those forms. The ITBM represents the first phase of a long-term effort to improve the ability of IRS to measure the burden imposed on various groups of taxpayers by the Federal tax system. While the new methodology provides a more accurate and comprehensive description of individual taxpayer burden, it does not estimate burden on a form-by-form basis, as has been done under the previous methodology. When the prior model was developed in the mid-1980s, almost all tax returns were prepared manually, either by the taxpayer or a paid provider. In this context, it was determined that estimating burden on a form-by-form basis was an appropriate methodology. Today, about 85 percent of all individual tax returns are prepared utilizing computer software (either by the taxpayer or a paid provider), and about 15 percent are prepared manually. In this environment, in which many taxpayers' activities are no longer as directly associated with particular forms, estimating burden on a form-by-form basis is not an appropriate measurement of taxpayer burden. The new model, which takes into account broader and more comprehensive taxpayer characteristics and activities, provides a much more accurate and useful estimate of taxpayer burden.

Currently, there are 121 forms used by individual taxpayers. These include Forms 1040, 1040A, 1040 EZ, and their schedules and all the forms individual taxpayers attach to their tax returns (see the Appendix to this notice). For most of these forms, IRS has in the past obtained separate OMB approvals under unique OMB Control Numbers and separate burden estimates.

Since the ITBM does not estimate burden on a form-by-form basis, IRS is no longer able to provide burden estimates for each tax form used by individuals. The ITBM estimates the aggregate burden imposed on individual taxpayers, based upon their tax-related characteristics and activities. IRS
therefore will seek OMB approval of all 121 individual tax forms as a single "collection of information." The aggregate burden of these tax forms will be accounted for under OMB Control Number 1545-0074, which is currently assigned to Form 1040 and its schedules. OMB Control Number 15450074 will be displayed on all individual tax forms and other information collections. As a result of this change, burden estimates for individual taxpayers will now be displayed differently in PRA Notices on tax forms and other information collections, and in Federal Register notices. This new way of displaying burden is presented below under the heading "Proposed PRA Submission to OMB." Since 74 of the 121 forms used by individual taxpayers are also used by corporations, partnerships, and other kinds of taxpayers, there will be a transition period during which IRS will report different burden estimates for individual taxpayers and for other taxpayers using the same forms. For those forms used by both individual and other taxpayers, IRS will display two OMB Control Numbers (1545-0074 and the OMB Control Numbers currently assigned to these forms) and provide two burden estimates. The burden estimates for individual taxpayers will be reported and accounted for as described in this notice. The burden estimates for other users of these forms will be determined under existing methodology based on form length and complexity.

## New Burden Model

Data from the new ITBM revises the estimates of the levels of burden experienced by individual taxpayers when complying with the Federal tax laws. It replaces the earlier burden measurement developed in the mid1980s. Since that time, improved technology and modeling sophistication have enabled the IRS to improve the burden estimates. The new model provides taxpayers and the IRS with a more comprehensive understanding of the current levels of taxpayer burden. It reflects major changes over the past two decades in the way taxpayers prepare and file their returns. The new ITBM also represents a substantial step forward in the IRS' ability to assess likely impacts of administrative and legislative changes on individual taxpayers.

The ITBM's approach to measuring burden focuses on the characteristics and activities of individual taxpayers
rather than the forms they use. ${ }^{1}$ Key determinants of taxpayer burden in the model are the way the taxpayer prepares the return (e.g., with software or paid preparer) and the taxpayer's activities, such as recordkeeping and tax planning. In contrast, the previous estimates primarily focused on the length and complexity of each tax form. The changes between the old and new burden estimates are due to the improved ability of the new methodology to measure burden and the expanded scope of what is measured. These changes create a one-time shift in the estimate of burden levels that reflects the better measurement of the new model. The differences in estimates between the models do not reflect any change in the actual burden experienced by taxpayers. Comparisons should not be made between these and the earlier published estimates, because the models measure burden in different ways.

## Methodology

Burden is defined as the time and out-of-pocket costs incurred by taxpayers to comply with the Federal tax system. For the first time, the time expended and the out-of-pocket costs are estimated separately. The new methodology distinguishes among preparation methods, taxpayer activities, types of individual taxpayer, filing methods, and income levels. Indicators of complexity in tax laws as reflected in tax forms and instructions are incorporated in the model.

The new model follows IRS' classification of taxpayer types: individual taxpayers are taxpayers who file any type of Form 1040. "Self-

Employed" taxpayers are individual taxpayers who file a Form 1040 and a Schedule C, C-EZ, E, or F, or Form 2106. All other individual taxpayers using a Form 1040 are "Wage and Investment" taxpayers. The taxpayer's choice of preparation method is identified as a major factor influencing burden levels. The preparation methods are:

- Self-prepared without software
- Self-prepared with software
- Used a paid tax preparer

The separate types of taxpayer
activities measured in the model are:

- Recordkeeping
- Form completion
- Form submission (electronic and paper)
- Tax planning
- Use of services (IRS and paid professional)
- Gathering tax materials

Taxpayer Burden Estimates
Tables 1, 2, and 3 show the burden model estimates. In tax year 2003 the burden of all individual taxpayers filing Forms 1040, 1040A or 1040EZ averaged about 23 hours per return filed, or a total of more than 3 billion hours. Similarly, the average out-of-pocket taxpayer costs were estimated to be $\$ 179$ per return filed or a total of \$23.4 billion. Including associated forms and schedules, taxpayers filing Form 1040 had an average burden of about 30 hours, taxpayers filing Form 1040A averaged about 9 hours, and those filing 1040 EZ averaged about 7 hours.

The data shown are the best estimates from tax returns filed for 2003 currently available as of June 27, 2005. The
estimates are subject to change as new forms and data become available. Estimates for combinations of major forms and schedules commonly used will be available and the most up-todate estimates and supplementary information can be found on the IRS Web site: http://www.irs.gov.

## Proposed PRA Submission to OMB

Title: U.S. Individual Income Tax Return.

OMB Number: 1545-0074.
Form Numbers: Form 1040 and Schedules A, B, C, C-EZ, D, D-1, E, EIC, F, H, J, R, and SE; Form 1040A and Schedules 1, 2 and 3; Form 1040EZ; and all attachments to these forms (see the Appendix to this notice).

Abstract: These forms are used by individuals to report their income tax liability. The data is used to verify that the items reported on the forms are correct, and also for general statistics use.

Current Actions: Changes are being made to the forms and the method of burden computation.

Type of Review: Extension of currently approved collections.
Affected Public: Individuals or households.
Estimated Number of Respondents: 130,200,000.
Total Estimated Time: 3.0 billion hours.

Estimated Time Per Respondent: 23.3 hours.

Total Estimated Out-of-Pocket Costs: $\$ 23.4$ billion.

Estimated Out-of-Pocket Cost Per Respondent: $\$ 179$.

Table 1.-Taxpayer Burden for Individual Taxpayers Who Filed Form 1040, by Preparation Method

| Major form filed or type of taxpayer | Number of returns (millions) | Average burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Average for all preparation methods |  | Self-prepared without tax software |  | Self-prepared with tax software |  | Prepared by paid professional |  |
|  |  | Hours | Costs (dollars) | Hours | Costs (dollars) | Hours | Costs (dollars) | Hours | Costs (dollars) |
| All Taxpayers Filing Form 1040, 1040A and 1040EZ | 130.2 | 23.3 | \$179 | 16.4 | \$17 | 27.9 | \$44 | 22.9 | \$268 |
| Major Form Filed: |  |  |  |  |  |  |  |  |  |
| Taxpayers Filing Form 1040 (and associated forms) | 88.2 | 30.5 | 242 | 26.9 | \$21 | 36.6 | 52 | 28.7 | 338 |
| Taxpayers Filing Form 1040A (and associated forms) | 23.3 | 9.1 | 62 | 10.8 | 29 | 11.5 | 44 | 7.4 | 82 |
| Taxpayers Filing Form 1040EZ | 18.7 | 7.2 | 29 | 7.0 | 1 | 10.1 | 9 | 5.5 | 60 |
| Type of Taxpayer*: |  |  |  |  |  |  |  |  |  |
| Wage and Investment ............. | 94.6 | 11.8 | 93 | 11.5 | 14 | 17.8 | 35 | 9.0 | 142 |
| Self-Employed ........................ | 35.6 | 53.9 | 410 | 48.5 | 31 | 68.4 | 81 | 53.9 | 522 |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

[^39]be expanded to cover other groups of taxpayers
(corporations, partnerships, tax-exempt entities, etc.).

Table 2.-Taxpayer Burden for Taxpayers Who Filed Form 1040, by Preparation Method

| Type of taxpayer * and common combinations of forms filed | Average burden |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Average for all preparation methods |  | Self-prepared without tax software |  | Self-prepared with tax software |  | Prepared by paid professional |  |
|  | Hours | Costs (dollars) | Hours | Costs (dollars) | Hours | Costs (dollars) | Hours | Costs (dollars) |
| Common Filing Combinations of Wage \& Investment Taxpayers |  |  |  |  |  |  |  |  |
| Wage and Investment Taxpayers | 11.8 | \$93 | 11.5 | \$14 | 17.8 | \$35 | 9.0 | \$142 |
| Form 1040 and other forms and schedules, but not Schedules A and D $\qquad$ | 9.2 | 88 | 12.2 | 17 | 15.8 | 34 | 6.6 | 118 |
| Form 1040 and Schedule A and other forms and schedules, but not Schedule D | 16.3 | 126 | 19.2 | 17 | 22.6 | 41 | 11.9 | 198 |
| Form 1040 and Schedule D and other forms and schedules, but not Schedule A | 17.6 | 159 | 22.5 | 14 | 27.3 | 48 | 12.9 | 223 |
| Form 1040 and Schedules A and D and other forms and schedules | 24.6 | 239 | 32.8 | 13 | 35.4 | 44 | 18.1 | 365 |
| Common Filing Combinations of Self-Employed Taxpayers |  |  |  |  |  |  |  |  |
| Self-Employed Taxpayers | 53.9 | \$410 | 48.5 | \$31 | 68.4 | \$81 | 53.9 | \$522 |
| Form 1040 and Schedule C and other forms and schedules, but not Schedules E or F or Form 2106 | 59.4 | 245 | 51.4 | 24 | 74.6 | 63 | 56.1 | 323 |
| Form 1040 and Schedule E and other forms and schedules, but not Schedules C or F or Form 2106 | 44.7 | 591 | 37.5 | 43 | 57.7 | 100 | 42.8 | 717 |
| Form 1040 and Schedule $F$ and other forms and schedules, but not Schedules C or E or Form 2106 | 34.8 | 238 | 38.1 | 37 | 49.7 | 81 | 34.8 | 238 |
| Form 1040 and Form 2106 and other forms and schedules but not Schedules C, E, or F $\qquad$ | 55.4 | 242 | 42.0 | 32 | 62.5 | 80 | 55.8 | 283 |
| Form 1040 and forms and schedules including more than one of the SE forms (Schedules C, E, or F or Form 2106) | 69.4 | 618 | 72.0 | 40 | 88.3 | 99 | 65.7 | 746 |

*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

Table 3.-Taxpayer Burden for Taxpayers Who Filed Form 1040, by Activity

| Form or schedule | Percent of returns filed (percent) | Average time burden of taxpayer activities (hours per return) |  |  |  |  | Average costs per return (dollars) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Total time | Recordkeeping | Tax planning | Form completion | All other activities |  |
| All Taxpayers | 100\% | 23.3 | 14.1 | 3.2 | 3.2 | 2.8 | \$179 |
| Form 1040 | 68 | 30.5 | 19.1 | 4.2 | 3.8 | 3.5 | 242 |
| Form 1040A | 18 | 9.1 | 4.3 | 1.1 | 1.9 | 1.8 | 63 |
| Form 1040EZ ................................. | 14 | 7.2 | 2.5 | 1.5 | 2.1 | 1.2 | 29 |
| Type of Taxpayer* ............................... | 100 |  |  |  |  |  |  |
| Wage and Investment ......................... | 73 | 11.8 | 5.0 | 2.3 | 2.7 | 1.8 | 93 |
| Self-Employed .................................. | 27 | 53.9 | 38.1 | 5.8 | 4.4 | 1.2 | 410 |

Note: Detail may not add to total due to rounding.
*You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed taxpayer."

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB Control Number.
Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information
are confidential, as required by 26 U.S.C. 6103.

## Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the
agency, including whether the information will have practical utility;
(b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital
or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: July 6, 2005.

## R. Joseph Durbala,

Acting IRS Reports Clearance Officer.

## Appendix

| OMB No. | Form | Title |
| :---: | :---: | :---: |
| 0028 | 926 | Return by a U.S. Transferor of Property to a Foreign Corporation. |
| 0043 | 970 | Application To Use LIFO Inventory Method. |
| 0047 | 982 | Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment. |
| 0074 | 1040 (SCH A) ...... | Itemized Deductions. |
| 0074 | 1040 (SCH B) ...... | Interest and Ordinary Dividends. |
| 0074 | 1040 (SCH C) ...... | Profit or Loss From Business. |
| 0074 | 1040 (SCH D) ....... | Capital Gains and Losses. |
| 0074 | 1040 (SCH E) ....... | Supplemental Income and Loss. |
| 0074 | 1040 (SCH F) ...... | Profit or Loss From Farming. |
| 0074 | 1040 (SCH R) ...... | Credit for the Elderly or the Disabled. |
| 0074 | 1040 (SCH SE) .... | Self-Employment Tax. |
| 0074 | 1040 (SCH J) ........ | Income Averaging for Farmers and Fishermen. |
| 0074 | 1040 (SCH EIC) .... | Earned Income Credit. |
| 0074 | 1040 (SCH H) ...... | Household Employment Taxes. |
| 0074 | 1040 (SCH D-1) ... | Continuation Sheet for Schedule D. |
| 0074 | 1040 (SCH C-EZ) | Net Profit From Business. |
| 0121 | 1116 | Foreign Tax Credit. |
| 0134 | 1128 .................... | Application To Adopt, Change, or Retain a Tax Year. |
| 0073 | 1310 .... | Statement of Person Claiming Refund Due a Deceased Taxpayer. |
| 0139 | 2106 | Employee Business Expenses. |
| 1441 | 2106 EZ ............... | Unreimbursed Employee Business Expenses. |
| 0071 | 2120 | Multiple Support Declaration. |
| 0140 | 2210 | Underpayment of Estimated Tax by Individuals, Estates, and Trusts. |
| 0140 | 2210 F .................. | Underpayment of Estimated Tax by Farmers and Fishermen. |
| 0070 | 2350 | Application for Extension of Time To File U.S. Income Tax Return. |
| 0145 | 2439 | Notice to Shareholder of Undistributed Long-Term Capital Gains. |
| 0068 | 2441 | Child and Dependent Care Expenses. |
| 0067 | 2555 | Foreign Earned Income. |
| 1326 | 2555 EZ | Foreign Earned Income Exclusion. |
| 0152 | 3115 | Application for Change in Accounting Method. |
| 0155 | 3468 | Investment Credit. |
| 0159 | 3520 | Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. |
| 0895 | 3800 | General Business Credit. |
| 0062 | 3903 | Moving Expenses. |
| 0162 | 4136 | Credit for Federal Tax Paid on Fuels. |
| 0059 | 4137 | Social Security and Medicare Tax on Unreported Tip Income. |
| 0166 | 4255 | Recapture of Investment Credit. |
| 0172 | 4562 | Depreciation and Amortization. |
| 0173 | 4563 | Exclusion of Income for Bona Fide Residents of American Samoa. |
| 0177 | 4684 | Casualties and Thefts. |
| 0184 | 4797 | Sales of Business Property. |
| 0187 | 4835 | Farm Rental Income and Expenses. |
| 0191 | 4952 | Investment Interest Expense Deduction. |
| 0192 | 4970 | Tax on Accumulation Distribution of Trusts. |
| 0193 | 4972 | Tax on Lump-Sum Distributions. |
| 0803 | 5074 | Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands (CNMI). |
| 0203 | 5329 | Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. |
| 0704 | 5471 | Information Return of U.S. Persons With Respect to Certain Foreign Corporations. |
| 0216 | 5713 | International Boycott Report. |
| 0219 | 5884 | Work Opportunity Credit. |
| 0712 | 6198 | At-Risk Limitations. |
| 0227 | 6251 | Alternative Minimum Tax—Individuals. |
| 0228 | 6252 | Installment Sale Income. |
| 0231 | 6478 | Credit for Alcohol Used as Fuel. |
| 0619 | 6765 | Credit for Increasing Research Activities. |
| 0644 | 6781 | Gains and Losses From Section 1256 Contracts and Straddles. |
| 0790 | 8082 | Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR). |
| 0881 | 8271 | Investor Reporting of Tax Shelter Registration Number. |
| 0889 | 8275 | Disclosure Statement. |
| 0889 | 8275 R | Regulation Disclosure Statement. |
| 0908 .. | 8283 .................... | Noncash Charitable Contributions. |
| 0915 | 8332 | Release of Claim to Exemption for Child of Divorced or Separated Parents. |
| 1210 | 8379 .................... | Injured Spouse Claim and Allocation. |
| 0930 | 8396 | Mortgage Interest Credit. |
| 1008 | 8582 .................... | Passive Activity Loss Limitations. |
| 1034 | 8582 CR ............... | Passive Activity Credit Limitations. |
| 0984 | 8586 .................... | Low-Income Housing Credit. |
| 1021 | 8594 .................. | Asset Acquisition Statement. |


| OMB No. | Form | Title |
| :---: | :---: | :---: |
| 1007 | 8606 | Nondeductible IRAs. |
| 0988 | 8609 (SCH A) ..... | Annual Statement. |
| 1035 | 8611 .................... | Recapture of Low-Income Housing Credit. |
| 0998 ... | 8615 .... | Tax for Children Under Age 14 With Investment Income of More Than \$1,600. |
| 1002 | 8621 | Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. |
| 1032 | 8689 | Allocation of Individual Income Tax to the Virgin Islands. |
| 1031 | 8697 | Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. |
| 1073 | 8801 | Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts. |
| 1620 | 8812 | Additional Child Tax Credit. |
| 1128 | 8814 | Parents' Election to Report Child's Interest and Dividends. |
| 1173 | 8815 | Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989. |
| 1505 | 8820 | Orphan Drug Credit. |
| 1190 | 8824 | Like-Kind Exchanges. |
| 1205 | 8826 | Disabled Access Credit. |
| 1288 | 8828 | Recapture of Federal Mortgage Subsidy. |
| 1266 | 8829 | Expenses for Business Use of Your Home. |
| 1282 | 8830 | Enhanced Oil Recovery Credit. |
| 1374 | 8834 | Qualified Electric Vehicle Credit. |
| 1362 | 8835 | Renewable Electricity and Refined Coal Production Credit. |
| 1829 | 8836 | Qualifying Children Residency Statement. |
| 1552 | 8839 | Qualified Adoption Expenses. |
| 1410 | 8840 | Closer Connection Exception Statement for Aliens. |
| 1411 | 8843 | Statement for Exempt Individuals and Individuals With a Medical Condition. |
| 1444 | 8844 | Empowerment Zone and Renewal Community Employment Credit. |
| 1417 | 8845 | Indian Employment Credit. |
| 1414 | 8846 | Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips. |
| 1416 | 8847 | Credit for Contributions to Selected Community Development Corporations. |
| 1561 | 8853 | Archer MSAs and Long-Term Care Insurance Contracts. |
| 1567 | 8854 | Initial and Annual Expatriation Information Statement. |
| 1910 | 8858 | Information Return of U.S. Persons With Respect to Foreign Disregarded Entities. |
| 1584 | 8859 | District of Columbia First-Time Homebuyer Credit. |
| 1606 | 8860 | Qualified Zone Academy Bond Credit. |
| 1569 | 8861 | Welfare-to-Work Credit. |
| 1619 | 8862 | Information To Claim Earned Income Credit After Disallowance. |
| 1618 | 8863 | Education Credits. |
| 1924 | 8864 | Biodiesel Fuels Credit. |
| 1668 | 8865 | Return of U.S. Persons With Respect to Certain Foreign Partnerships. |
| 1622 .......... | 8866 .................... | Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method. |
| 1722 | 8873 | Extraterritorial Income Exclusion. |
| 1804 | 8874 | New Markets Credit. |
| 1805 | 8880 | Credit for Qualified Retirement Savings Contributions. |
| 1810 | 8881 ...... | Credit for Small Employer Pension Plan Startup Costs. |
| 1809 | 8882 | Credit for Employer-Provided Childcare Facilities and Services. |
| 1807 | 8885 | Health Coverage Tax Credit. |
| 1800 | 8886 | Reportable Transaction Disclosure Statement. |
| 1911 | 8889 | Health Savings Accounts (HSAs). |
| 1928 | 8891 | U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans. |
| 1914 | 8896 | Low Sulfur Diesel Fuel Production Credit. |
| NEW .......... | 8898 .................... | Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possesion. |
| NEW | 8900 | Qualified Railroad Track Maintenance Credit. |
| NEW | 8903 .................... | Domestic Production Activities Deduction. |
| NEW | 8904 .................... | Marginal Wells Oil and Gas Production Credit. |
| 0007 .. | T (Timber) ............ | Forest Activities Schedules. |

[FR Doc. 05-13593 Filed 7-7-05; 8:45 am] BILLING CODE 4830-01-P

## DEPARTMENT OF THE TREASURY

## Office of Thrift Supervision

## Submission for OMB Review; Comment Request Electronic Operations

AGENCY: Office of Thrift Supervision (OTS), Treasury.
ACTION: Netice and request for comment.

SUMMARY: The propesed information eollection requirement described below has been submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995. OTS is soliciting public comments on the propesal.
BATES: Submit written comments on or before August 8, 2005 .
ADDRESSES: Send comments, referring to the collection by title of the proposal or by OMB approval number, to OMB and OTS at these addresses: Mark D. Menchik, Office of Information and Regulatory Affairs, Office of

Management and Budget, Room 10236, Now Executive Office Building, Washington, DG 20503, or e mail to mmenchik@omb-eop.gov; and Information Collection Gomments, Chiof Gounsel's Office, Office of Thrift Supervision, 1700 G Stroet, NW., Washington, DG 20552, by fax to (202) 906-6518, or by e mail to infocollection.eomments@ets.treas.gov. OTS will post comments and the related index on the OTS Internet site at http:/ twww.ots.treas.gov. In addition,


[^0]:    * If you were born on January 1, 1941, you are considered to be age 65 at the end of 2005.
    ** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you can exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 2005.
    *** If you did not live with your spouse at the end of 2005 (or on the date your spouse died) and your gross income was at least $\$ 3,200$, you must file a return regardless of your age.

[^1]:    *If the amount you are looking up from the worksheet is at least $\$ 31,000$ ( $\$ 33,000$ if married filing jointly) but less than $\$ 31,030$ ( $\$ 33,030$ if married filing jointly), your credit is $\$ 2$. Otherwise, you cannot take the credit.
    ${ }^{* *}$ If the amount you are looking up from the worksheet is at least $\$ 35,250$ but less than $\$ 35,263$, your credit is $\$ 1$. Otherwise, you cannot take the credit.

[^2]:    * This column must also be used by a qualifying widow(er).

[^3]:    * This column must also be used by a qualifying widow(er).

[^4]:    Note. The percentages on this page exclude undistributed offsetting receipts, which were $\$ 59$ billion in fiscal year 2004. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.

[^5]:    * 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.

[^6]:    * Permanent residents of Guam should use: Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the Virgin Islands should use: V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802.

[^7]:    - Use Form 1040-V when paying the balance due on Form 1040.
    - Do not staple Form 1040-V to your payment or return.
    - Do not use Form 1040-V to pay quarterly estimated taxes.
    - Enter your SSN on your check or money order.

[^8]:    Note. The percentages on this page exclude undistributed offsetting receipts, which were $\$ 59$ billion in fiscal year 2004. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.

[^9]:    * This column must also be used by a qualifying widow(er)

[^10]:    * This column must also be used by a qualifying widow(er).

[^11]:    * This column must also be used by a qualifying widow(er)

[^12]:    * This column must also be used by a qualifying widow(er)

[^13]:    *This includes distributions from Archer and Medicare Advantage MSAs.

[^14]:    Note. The percentages on this page exclude undistributed offsetting receipts, which were $\$ 59$ billion in fiscal year 2004 . In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are for the U.S. Government's share of its employee retirement programs, rents and royalties on the Outer Continental Shelf, and proceeds from the sale of assets.

[^15]:    The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

[^16]:    *If you expatriated after June 3, 2004, see Pub. 519, chapter 4.

[^17]:    (Continued on page 40)

[^18]:    *If applicable, enter instead the smaller amount you entered on the dotted line next to line 4 e of Form 4952.

[^19]:    ${ }^{1}$ From Sch. F, line 11, and Sch. K-1 (Form 1065), box 14, code B.
    ${ }^{2}$ From Sch. F, line 36, and Sch. K-1 (Form 1065), box 14, code A.

[^20]:    ${ }^{3}$ From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch. K-1 (Form 1065-B), box 9.
    ${ }^{4}$ From Sch. C, line 7; Sch. C-EZ, line 1; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9.

[^21]:    Do not use Form 1040-V to pay quarterly estimated taxes.
    Use it only to pay any balance due on line 75 of your 2005
    Form 1040. See instructions above.

[^22]:    *If the application is filed by one or more U.S. shareholders of a controlled foreign corporation or foreign personal holding company, the U.S.
    shareholders must sign (see instructions).

[^23]:     use the percentage rate shown for vehicles placed in service January 1 through September 30, 2001.
    **Enter your unrecovered basis, if any, on line 34. See Pub. 463 for more information.

[^24]:    7 I certify that I am conscientiously opposed to, or because of my religious principles I am opposed to, the acceptance (for services I perform as a minister, member of a religious order not under a vow of poverty, or a Christian Science practitioner) of any public insurance that makes payments in the event of death, disability, old age, or retirement; or that makes payments toward the cost of, or provides services for, medical care. (Public insurance includes insurance systems established by the Social Security Act.)
    I certify that as a duly ordained, commissioned, or licensed minister of a church or a member of a religious order not under a vow of poverty, I have informed the ordaining, commissioning, or licensing body of my church or order that I am conscientiously opposed to, or because of religious principles, I am opposed to the acceptance (for services I perform as a minister or as a member of a religious order) of any public insurance that makes payments in the event of death, disability, old age, or retirement; or that makes payments toward the cost of, or provides services for, medical care, including the benefits of any insurance system established by the Social Security Act.
    I certify that I have never filed Form 2031 to revoke a previous exemption from social security coverage on earnings as a minister, member of a religious order not under a vow of poverty, or a Christian Science practitioner.
    I request to be exempted from paying self-employment tax on my earnings from services as a minister, member of a religious order not under a vow of poverty, or a Christian Science practitioner, under section 1402(e) of the Internal Revenue Code. I understand that the exemption, if granted, will apply only to these earnings. Under penalties of perjury, I declare that I have examined this application and to the best of my knowledge and belief, it is true and correct.

[^25]:    18
    Enter your excess contributions from line 24 of your 2004 Form 5329 (see instructions). If zero, go to line 23 If your Roth IRA contributions for 2005 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0 2005 distributions from your Roth IRAs (see instructions)
    21 Add lines 19 and 20
    22 Prior year excess contributions. Subtract line 21 from line 18. If zero or less, enter -0-
    23 Excess contributions for 2005 (see instructions)
    24 Total excess contributions. Add lines 22 and 23
    25 Additional tax. Enter 6\% (.06) of the smaller of line 24 or the value of your Roth IRAs on December 31, 2005 (including 2005 contributions made in 2006). Include this amount on Form 1040, line 60

    | 18 |  |  |
    | :--- | :--- | :--- |
    |  |  |  |
    | 21 |  |  |
    | 22 |  |  |
    | 23 |  |  |
    | 24 |  |  |
    |  |  |  |
    | 25 |  |  |

[^26]:    Worksheet Instructions
    Lines 3 a and 3 b. See the instructions for line 16, item (2), that begin on page 6, for the rules on basis. Generally, the amounts for lines 3a and 3b can be taken directly from your depreciation schedule. Use the depreciation schedule you filed at the effective date, not the schedule for the current ax year.
    Line 10b. If you use a reserve for bad debts, subtract from your accounts receivable the balance of the reserve on the effective date. But only

[^27]:    Alcohol
    Alcohol, for credit purposes, includes ethanol and methanol but does not include the following.

    - Alcohol produced from petroleum, natural gas, or coal (including peat). Methanol produced from methane gas formed in waste disposal sites is not alcohol produced from natural gas, and is included for credit purposes.
    - Alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption). The volume of alcohol includes any denaturant up to $5 \%$ of the volume of the alcohol and denaturant combined.

[^28]:    A. Taxable income
    B. Tax on line A*
    C. Enter amount from Form 8582-CR, line 26
    D. Subtract line $C$ from line $A$
    E. Tax on line $D^{*}$
    F. Subtract line E from line B and enter the result on Form 8582-CR, line 27

[^29]:    CaUtionDo not enter credits from PTPs on the worksheets or on Form 8582-CR. Instead, use the following steps to figure the allowed and unallowed credits from passive activities held through PTPs.

[^30]:    A. Enter as a positive amount
    line 4 of Form 8582
    B. Add lines 10 and 14 of

    Form 8582
    C. Subtract line $\mathbf{B}$ from line $\mathbf{A}$

[^31]:    * The 2004 Qualified Dividends and Capital Gain Tax Worksheet is on page 34 of the 2004 Instructions for Form 1040. The 2004 Schedule D Tax Worksheet is on page D-9 of the 2004 Instructions for Schedule D (Form 1040) (page 37 of the 2004 Instructions for Form 1041).

[^32]:    If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see When and Where To File on this page.

[^33]:    (10)If your only CDC credit is from an S corporation or partnership, skip lines 1 and 2 and complete lines 3 and 4 and Part II (or Form 3800, if required).

[^34]:    Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Section 446(e) says that you must obtain IRS approval before you change your method of accounting, except where otherwise provided. To obtain this approval, you are required to provide the information requested on this form. This information will be used to ensure that you are complying with the applicable laws, and to figure and collect the right amount of tax. Failure to provide all of the information requested may prevent processing of this form. Providing false information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in the administration of their tax laws. We may also disclose this information including giving it to Federal and state agencies to enforce Federal non-tax criminal laws and to combat terrorism.

    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 section 6103.

    The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:

[^35]:    Si reside en la Samoa Americana o en Puerto Rico (o exime ingreso del impuesto de acuerdo a la sección 933); es un residente no permanente de Guam o de las Islas Vírgenes*, tiene una dirección $A P O, F P O$ o en el extranjero, es un extranjero con doble residencia; o presenta la Forma 2555, 2555-EZ ó 4563, utilice esta dirección: Internal Revenue Service Center, Philadelphia, PA 19255.

    * Los residentes permanentes de Guam y de las Islas Vírgenes no pueden utilizar la Forma 9465-SP (o la Forma 9465, en inglés).

[^36]:    1 Yo espero tener un(a) hijo(a) calificado(a) y poder reclamar el Crédito por Ingreso del Trabajo para el 2005 , no tengo otra Forma W-5(SP) (o Forma $W-5$ ) vigente con cualquier otro empleador o patrono y elijo recibir pagos por adelantado del Crédito por Ingreso del Trabajo
    2 Marque el encasillado que muestra su estado civil para efectos de la declaración previsto para el 2005:
    $\square$ Soltero(a), cabeza de familia o viudo(a) calificado(a)
    Casado(a) que presenta conjuntamente
    3 Si usted está casado(a), ¿tiene su cónyuge una Forma W-5(SP) (o Forma W-5) en vigencia para el 2005 con cualquier empleador o patrono?

[^37]:    ${ }^{1}$ As IRS continues to develop the new burden model, the new method of estimating burden will be expanded to cover other groups of taxpayers (corporations, partnerships, tax-exempt entities, etc.).

[^38]:    *You are a "Wage and Investment" taxpayer (as defined by IRS) if you did not file a Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 2106. If you filed a Schedule C, Schedule C-EZ, E, or F, or Form 2106, you are a "Self-Employed" taxpayer.

[^39]:    ${ }^{1}$ As IRS continues to develop the new burden
    model, the new method of estimating burden will

