

Department of the Treasury
Internal Revenue Service

- ▶ See instructions on B-1
- ▶ If you use this schedule, attach it to Form 1040

Name as shown on Form 1040

Social Security Number

PART I—Dividend Income

PART II—Interest Income

1 Gross dividends and other distributions on stock (list payers and amounts—write (H), (W), (J), for stock held by husband, wife, or jointly)

1 Earnings from savings and loan associations and credit unions (list payers and amounts)

2 Other interest on bank deposits, bonds, tax refunds, etc. (list payers and amounts)

2 Total of line 1

3 Capital gain distributions (see instructions on B-1)

4 Nontaxable distributions (see instructions on B-1)

5 Total (add lines 3 and 4)

6 Dividends before exclusion (subtract line 5 from line 2). Enter here and on Form 1040, line 12a

3 Total interest income. Enter here and on Form 1040, line 13

Instructions for Schedule B (Form 1040)—1969

Part I

Dividend Income

Line 1—Gross Dividends and Other Distributions on Stock.—If you own stock, you must report any payments (dividends) you receive out of the company's earnings and profits. Usually dividends are paid in cash, but if paid in merchandise or other property they are taxable at their fair market value.

If you received gross dividends and other distributions as a stockholder (including capital gain dividends and nontaxable distributions) in excess of \$100, list in line 1, Part I, Schedule B the gross amounts received. If \$100 or less, Schedule B is not required. Include gross amounts received either directly or through a nominee or other intermediary, as a member of a partnership or as a beneficiary of an estate or trust. If you received dividends through a nominee or other intermediary, list his name.

Dividends from mutual insurance companies which are a reduction of premiums are not to be included. So-called "dividends" paid by savings and loan associations, mutual savings banks, cooperative banks, and credit unions on deposits or withdrawable accounts are earnings (interest) and should be reported as interest.

Special rules apply to stock dividends, liquidations, stock rights, conversions and redemptions. They are discussed in **Publication 550**, Tax Information on Investment Income and Expenses.

Line 3—Capital Gain Distributions.—Enter on this line all capital gain dividends. Also include any amounts received as return of capital which exceed the cost (or other basis) of your stock,

even though such amounts are designated as nontaxable distributions by the paying corporations. The amounts included on this line must also be included in line 1, Part I, Schedule B, and reported on the appropriate lines of separate Schedule D.

Line 4—Nontaxable Distributions.—Enter on this line the total of nontaxable distributions (return of capital) not included in line 3. Amounts reported here cannot exceed the cost (or other basis) of your stock in paying corporations since amounts received in excess of cost (or other basis) are taxable as gains and must be reported on separate Schedule D as indicated in line 3, above. Any amount entered on line 4 must also be included in line 1, Part I, Schedule B.

Dividends Exclusion

You may exclude on Form 1040, line 12b, up to \$100 of dividends received from qualifying domestic corporations.

If a joint return is filed and both husband and wife have dividend income, each may exclude up to \$100 of dividends received from qualifying corporations. However, neither of them may use any portion of the \$100 exclusion not used by the other. For example, if the husband had \$300 in dividends, and the wife had \$20, only \$120 may be excluded.

Taxable dividends from the following corporations do not qualify for the dividends received exclusion:

(a) Foreign corporations, including your share from a controlled foreign corporation.

(b) So-called exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.

(c) Regulated investment companies except to the extent designated by the company to be taken into account as a dividend for these purposes.

(d) Real estate investment trusts.

(e) China Trade Act corporations.

(f) Corporations deriving 80 percent or more of their income from U.S. possessions and 50 percent or more of their income from the active conduct of a business therein.

Part II

Interest Income

You must report any interest you received or which was credited to your account (whether entered in your pass-book or not) and which you can withdraw. If you received interest in excess of \$100, list payers and amounts in Part II, Schedule B. Interest on bonds, debentures, notes, savings accounts, or loans is taxable, except on State and municipal bonds and securities. **Interest received on tax refunds is taxable and must be included in your return.**

If you own United States Savings bonds, the gradual increase in value of each bond is interest, but you need not report this interest until you cash the bond or until the year of final maturity, whichever is earlier. You may at any time elect to report each year the annual increase in value. However, if you do so, you must report in the first year the entire increase to date on all such bonds, and must continue to report the annual increase each year.

Interest on certain industrial development bonds issued after April 30, 1968, is taxable unless the bonds are part of an issue of \$1,000,000 or less and substantially all the proceeds are used (1) to acquire, construct, reconstruct or improve land or depreciable property or (2) to redeem all or part of a prior bond issue that was issued to acquire, construct, reconstruct or improve land or depreciable property. For bonds issued after October 24, 1968, a \$5,000,000 tax-exempt limitation may be applied in certain situations. The bond issuer will be able to tell you if the increased limitation applies.