



Department of the Treasury
Internal Revenue Service

1984

Instructions for preparing Form 1040

and instructions for Schedules A, B, C, D, E, F, and SE

(Tax Table—pages 36-41)

From the Commissioner

Here is the information you need to prepare Form 1040 and related schedules. You may, however, be able to file one of our shorter forms, Form 1040A or 1040EZ, instead. If you are single and have no dependents, you may be able to file Form 1040EZ. Check "Which Form To File" on page 3 of the instructions to see which form you should use this year.

There have been a number of changes to the forms this year because of recent tax legislation. Major changes are explained on page 2 under "Important Tax Law Changes." I urge you to read these carefully before you begin to prepare your return this year.

Many people find that rounding off cents to whole dollars makes calculations easier. Rounding is easy too. Just drop amounts under 50 cents and increase amounts that are 50 cents or more to the next whole dollar. See the instructions on page 8.

Be sure to report all your income. In fairness to the vast majority of taxpayers who correctly report all their income, we make every effort to identify others who understate their income. If we must increase your tax liability after you file your return, it can be more costly for you than accurate reporting when you file because of interest and penalties you may be charged.

A number of Americans have seen fit to make voluntary contributions to reduce the public debt. In 1984, we received approximately 2,500 contributions totaling almost \$400,000. If you wish to contribute, just enclose in your tax return envelope a separate check made payable to "Bureau of the Public Debt." Subject to the limitations on charitable contributions, you can deduct this contribution on your 1985 tax return. But please be sure to keep your contribution to reduce the public debt separate from any amount you owe on your tax return. Make your check for taxes payable to "Internal Revenue Service."

After completing your return, check to make sure it is correct, sign it, and mail it early. Please be sure to keep a copy for your records. If you have suggestions for improving the forms or instructions, please write and let us know.

Thank you for your cooperation.

Roscoe L. Egger, Jr.
Commissioner of Internal Revenue

Important Tax Law Changes

Tax Rate Reduced

The rate of tax for all brackets has been reduced for 1984. However, no additional computation is needed because the reduction has already been built into the Tax Table and the Tax Rate Schedules.

Social Security Benefits May Be Taxable

If you received social security benefits in 1984, part of these benefits may be taxable under certain conditions. Be sure to read the **IRS Notice 703** that you should get from the Social Security Administration with **Form SSA-1099** by January 31, 1985. See the instructions for line 21a that begin on page 10.

Credit for the Elderly and Permanently and Totally Disabled

The rules for taking the credit for the elderly have changed and the disability income exclusion no longer applies. But, you may be able to take the credit for the elderly and the permanently and totally disabled if, by the end of 1984, you were either 65 or over; or you were under 65, you retired on permanent and total disability, and you received taxable disability income in 1984.

See **Schedule R**, Credit for the Elderly and the Permanently and Totally Disabled, for more details.

Tax Shelter Registration Number

A person who sells (or otherwise transfers) to you an interest in a tax shelter after August 31, 1984, must maintain a list of investors and give you the tax shelter registration number assigned to the tax shelter. You must attach to your tax return **Form 8271**, Investor Reporting of Tax Shelter Registration Number, to report this number. Penalties are provided if you fail to report this number on your tax return.

Deduction for Charitable Contributions

Generally, for 1984, if you do not itemize your deductions, you can deduct 25% of your qualified charitable contributions, but not more than \$75 (\$37.50 if married filing separately). See the instructions for line 34b on page 14 for more details.

Deduction for Medical and Dental Expenses

Some of the rules for deducting medicines and drugs have changed. Also, certain lodging expenses for medical care may be deducted. See the instructions for medical and dental expenses on page 19 for more details.

Credit for Owners of Diesel-Fueled Vehicles

You may be able to take a special credit for 1984 if, on January 1, 1985, you

have a 1979 or newer model diesel-powered car, van, or light truck. Get **Form 4136** for details.

Highlights of 1985 Tax Changes

There are a number of tax law changes that may affect your tax return for 1985. Some of the changes for 1985 include new rules for:

- alimony and separate maintenance payments,
- head of household filing status,
- earned income credit,
- exemption for a dependent child of divorced or separated parents, and
- estimated taxes.

For more details on changes for 1985, get **Publication 553**, Highlights of 1984 Tax Changes.

Recordkeeping for Certain Trade or Business Expenses

Beginning in 1985, in general, you must keep adequate and contemporaneous records to prove the accuracy of:

- any travel, entertainment, and gift expenses you deduct, and
- the business use of your auto and certain other property used in your trade or business or held for the production of income.

For more details on the new recordkeeping rules, get **Publication 463**, Travel, Entertainment, and Gift Expenses and **Publication 583**, Information for Business Taxpayers.

Important Reminders

Estimated Tax Payments—Retirees and Others With Income Not Subject to Income Tax Withholding

If you have income generally not subject to income tax withholding (such as interest, dividends, pensions, or capital gains), you may have to make estimated tax payments. If you do not pay enough estimated tax or do not have enough tax withheld, you may be charged a penalty. For more details, see **Publication 505**, Tax Withholding and Estimated Tax.

Could You Pay Less Tax by Income Averaging?

If there has been a large increase in your income this year, you may be able to pay less tax by using the income

averaging method to figure your tax. However, some of the rules for income averaging have changed, and fewer people may be eligible to income average. Get **Schedule G** (Form 1040) to see if you qualify.

Do You Want More or Less Income Tax Withheld in 1985?

If the refund you receive is large, you may want to decrease your withholding for 1985. If you are a working married couple, or had two or more jobs, or had income not subject to withholding, you may need to have more tax withheld to avoid owing IRS a large amount. See **Income Tax Withholding for 1985** on page 17 for more details.

New Telephone Service for Tax Refund Information

If it has been at least 10 weeks since you mailed your 1984 tax return, you may be able to call a special telephone number for your area to find out the status of your income tax refund. For details on how to use this service, see **How To Use Tele-Tax Information** (the page numbers are in the index).

Employment Taxes for Household Employers

If you have a household employee, both you and the employee may have to pay a share of the social security tax on the employee's wages. You may also have to pay Federal unemployment tax, which is for your employee's unemployment insurance. For more details, get **Publication 503**, Child and Dependent Care Credit, and Employment Taxes for Household Employers.

How To Use the Form 1040 Instruction Booklet

The Form 1040 instructions are divided into 5 main sections.

- **Section 1** contains information on who must file, how to choose the correct form to use, and when to file a return.
- **Section 2** contains helpful steps to get you ready to prepare your return.
- **Section 3** contains line-by-line instructions for most of the lines on the return.
- **Section 4** contains general information.
- **Section 5** contains instructions for many of the schedules that may be attached to Form 1040.

If you follow the steps in Section 2 and the line-by-line instructions in Section 3, we feel you can fill in your return quickly and accurately. You may also find some of the publications and **Tele-Tax Information** listed in the instructions helpful if you need more details.

Section 1 Filing Information

First, be sure you need to file a tax return. Your marital status, filing status, age, and gross income determine whether you have to file a tax return. Gross income usually means money, goods, and property you received on which you must pay tax. It does not include nontaxable benefits. See pages 7 and 8 of these instructions to find out which types of income you should include.

Use the following chart to see whether you **must file a tax return**.

Who Must File

You must file a tax return if—

Your marital status at the end of 1984 was:	and your filing status is:	and at the end of 1984 you were:	and your gross income was at least:
Single (including divorced and legally separated)	Single or Head of household	under 65 65 or over	\$3,300 \$4,300
Married with a dependent child and living apart from your spouse all year	Single or Head of household	under 65 65 or over	\$3,300 \$4,300
Married and living with your spouse at end of 1984 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$5,400
		65 or over (one spouse)	\$6,400
		65 or over (both spouses)	\$7,400
Married, not living with your spouse at end of 1984	Married, separate return	any age	\$1,000
		any age	\$1,000
Widowed in 1983 or 1982 and not remarried in 1984	Single or Head of household	under 65 65 or over	\$3,300 \$4,300
		Qualifying widow(er) with dependent child	under 65 65 or over	$4,400 $5,400
Widowed before 1982 and not remarried in 1984	Single or Head of household	under 65 65 or over	\$3,300 \$4,300

Other Filing Requirements. Even if your income was less than the amounts shown above, you must file a return if any one of the following applied for 1984:

- You could be claimed as a dependent on your parent's return and you had \$1,000 or more in income that was not earned income—for example, taxable interest and dividends.
- You owe any special taxes, such as:
 - social security tax on tips you did not report to your employer;
 - uncollected social security tax or RRTA tax on tips you reported to your employer;
 - alternative minimum tax;
 - tax on an Individual Retirement Arrangement (IRA); or
 - tax from recapture of investment credit.
- You received any advance earned income credit (EIC) payments from your employer(s).
- You had net earnings from self-employment income of at least \$400.
- You had wages of \$100 or more from a church or qualified church-controlled organization that is exempt from employer social security taxes.

- You exclude income from sources within U.S. possessions and your gross income was at least \$1,000.

These rules apply to all U. S. citizens and resident aliens. They also apply to those nonresident aliens and dual-status aliens who are married to citizens or residents of the United States at the end of 1984 and who have elected to be treated as resident aliens.

Note: Different rules apply if you were a nonresident alien at any time during 1984 (except as mentioned above). You may have to file **Form 1040NR, U.S. Nonresident Alien Income Tax Return**. Also get **Publication 519, U.S. Tax Guide for Aliens**.

Who Should File

Even if you do not have to file, you should file to get a refund if Federal income tax was withheld from any payments to you. Also file if you can take the earned income credit. If you file for either of these reasons only, you may be able to use Form 1040A (or in some instances, Form 1040EZ).

When To File

You should file as soon as you can after January 1, but not later than April 15, 1985.

If you file late, you may have to pay penalties and interest. Please see the instructions for **Penalties and Interest** on page 18.

If you know that you cannot file by the due date, you should ask for an extension using **Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return**.

Note: Form 4868 does not extend the time to pay your income tax. See the instructions for Form 4868.

If you are living or traveling outside the country on April 15, you can get an automatic two-month extension of time to file. Just attach a statement to your return explaining the details.

Which Form To File

You MAY Be Able To Use Form 1040EZ If:

- You were single and claim only your own personal exemption.
- You had **only** wages, salaries, and tips, and not more than \$400 of interest income.
- Your taxable income is less than \$50,000.

- You claim the partial deduction for charitable contributions.

You MAY Be Able To Use Form 1040A If:

- You had income from wages, salaries, tips, unemployment compensation, interest, or dividends.
- Your taxable income is less than \$50,000.
- You do not itemize deductions.
- You deduct certain payments to your Individual Retirement Arrangement (IRA).
- You claim a credit for child and dependent care expenses.
- You claim the partial deduction for charitable contributions.

Since Forms 1040A and 1040EZ are easier to complete than Form 1040, you should use one of them unless Form 1040 lets you pay less tax. However, even if you meet the above tests, you may still have to file Form 1040.

You MUST Use Form 1040 If:

- Your taxable income is \$50,000 or more.
- You itemize deductions. (Read line 34a instructions on page 13 to see if it would benefit you to itemize deductions.)
- Your spouse files a separate return and itemizes deductions. Exception: You may still use Form 1040A if you have a dependent child and can meet the tests on page 5 under **Married Persons Who Live Apart**.
- You can be claimed as a dependent on your parents' return AND you had interest, dividends, or other unearned income of \$1,000 or more.
- You are a qualifying widow(er) with a dependent child.
- You were a nonresident alien during any part of 1984 and do not file a joint return. (You may have to file **Form 1040NR**.)
- You were married at the end of 1984 to a nonresident alien who had U.S. source income and who has not elected to be treated as a resident alien. Exception: You may be able to use Form 1040A if you meet the tests on page 5 under **Married Persons Who Live Apart**.
- You received taxable social security benefits or tier 1 railroad retirement benefits.
- You received interest as a nominee.
- You received or paid accrued interest on securities transferred between interest payment dates.
- You received any nontaxable dividends, capital gain distributions, dividends as a nominee, or you elect to exclude qualified reinvested dividends from a qualified public utility.
- You are required to fill in Part III of Schedule B for Foreign Accounts and Foreign Trusts (see page 23 of the instructions).
- You take any of the Adjustments to Income shown on Form 1040, lines 24, 25, 27, 28, 29, or any write-in amount included on line 31.
- You claim any of the credits on Form 1040, lines 42, 43, 47, 48, or any write-in credit included on line 49.

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- You owe any of the taxes on Form 1040, lines 39, 51 through 55, or any write-in amount included on line 56.

- You claim any of the payments on Form 1040, lines 58, 62, 63, or any write-in amount included on line 64.

- You file any of these forms:

Form 1040-ES, Estimated Tax for Individuals, for 1984 (or if you want to apply any part of your 1984 overpayment to estimated tax for 1985).

Schedule G, Income Averaging.

Form 2210, Underpayment of Estimated Tax by Individuals.

Form 2555, Foreign Earned Income.

Form 4563, Exclusion of Income From Sources in United States Possessions.

Form 8271, Investor Reporting of Tax Shelter Registration Number.

Section 2

Steps for Preparing Your Return

Follow the 6 useful steps below to help you prepare your return. If you follow these steps and read the line-by-line instructions, we feel that you can fill in your return quickly and accurately.

Step 1

Get all of your records together.

Income Records. These include any Forms **W-2**, **W-2G**, **W-2P**, and **1099** that you may have. If you don't get a Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form W-2, or correct it. If you cannot get a Form W-2 by February 15, call the toll-free telephone number listed in the instructions for your area.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, if someone else prepares your return incorrectly—you are still responsible.

Itemized Deductions and Tax Credits.

Pages 14 through 22 of these instructions tell you what credits and itemized deductions you can take. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and personal property tax receipts.
- Interest payment records for items such as a home mortgage and installment payments on cars or appliances.
- Records of payments for child and dependent care so you could work.

Step 2

Get any forms, schedules, or publications you need.

In general, we mail forms and schedules to you based on what you filed last year. Before you fill in your return, look it over to see if you need more forms or schedules.

If you think you will need any other forms, get them before you start to fill in your return. Your local bank, post office, or public library may have some of them. Or, you can use the order blank on the next to the last page of this instruction booklet. We will send you the forms, schedules, instructions, and publications you ask for.

Step 3

Check your return to make sure it is correct.

Step 4

Use the mailing label we sent you.

The label helps us identify your account, saves processing time, and speeds refunds.

Step 5

Sign and date your return.

Form 1040 is not considered a return unless you sign it. Your spouse must also sign if it is a joint return.

Step 6

Attach all necessary forms and schedules.

Attach the first copy or Copy B of Forms **W-2**, **W-2G**, and **W-2P** to the front of Form 1040. Attach schedules and forms in "sequence number" order. The number is just below the year in the upper right corner of the schedule or form.

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms, but show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to attach your payment to the front of Form 1040.

Note: Please use the envelope that came with your return. Envelopes with insufficient postage will be returned by the post office.

Section 3

Line-By-Line Instructions

Name, Address, and Social Security Number Blocks

Please use the mailing label from the forms booklet we sent you. But don't attach your label to your return until you complete the return. Make sure the label is correct. If it isn't, mark through the label and make corrections on the label. Show your apartment number if you have one. If you do not have a label, print or type your name, address, and social security number.

If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.

Note: If the post office delivers mail to your P.O. box number rather than to your street address, use your P.O. box number instead of your street address.

Social Security Number. If you are married, give social security numbers for both you and your spouse whether you file joint or separate returns.

If your spouse is a nonresident alien, has no income, and does not have a social security number, write "NRA" in the block for your spouse's social security number.

If you don't have a social security number, please get **Form SS-5** from a Social Security Administration (SSA) office. File it with your local SSA office early enough to get your number before April 15. If you do not get the number by then, file your return without it and write "Applied for" in the block for your social security number.

Name Change. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration (SSA) so the name on your tax return is the same as the name SSA has on its records. This may prevent delays in issuing your refund.

Joint Return. If you are married, filing a joint return, show the social security numbers in the same order that you show your first names. If you are filing a joint return and have different last names, please separate the names with an "and." For example: "John Brown and Mary Smith."

Remember to show your occupation(s) in the spaces in the upper right corner just below the social security number blocks.

Presidential Election Campaign Fund

Congress established this fund to support public financing of Presidential election campaigns.

You may have \$1 go to the fund by checking the **Yes** box. On a joint return, each of you may choose to have \$1 go to this fund, or each may choose not to. One may choose to have \$1 go to this fund and the other may choose not to.

If you check **Yes**, it will not change the tax or refund shown on your return.

Do not claim this amount as a credit for political contributions on line 44.

Filing Status Lines 1 through 5 Boxes Single

Consider yourself single if on December 31 you were unmarried or separated from your spouse either by divorce or separate maintenance decree and you do not qualify for another filing status. State law governs whether you are married, divorced, or legally separated.

If you were married on December 31, consider yourself married for the whole year. If you meet the tests explained on this page for **Married Persons Who Live Apart**, you may consider yourself single for the whole year.

If your spouse died during 1984, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1984.

Married

Joint or Separate Returns?

Joint Returns. Most married couples will pay less tax if they file a joint return. You must report all income, exemptions, deductions, and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

You and your spouse can file a joint return even if you did not live together for the whole year. Both of you are responsible for any tax due on a joint return, so if one of you does not pay, the other may have to.

Note: If you file a joint return, you may not, after the due date of the return, choose to file separate returns for that year.

If your spouse died in 1984, you can file a joint return for 1984. You can also file a joint return if your spouse died in 1985 before filing a 1984 return. For more details on how to file the joint return, see **Death of Taxpayer** on page 19.

Tax Tip: If you decide not to file a joint return and plan to file a separate return, see if you can lower your tax by meeting the tests described on this page under **Married Persons Who Live Apart**. If you can, check Box 1 for Single or, if you qualify, Box 4 for Head of household.

Special Rule for Aliens.—If at the end of 1984, you were a nonresident alien or dual-status alien married to a citizen or resident of the United States, you may be able to file a joint return with your spouse. If you do file a joint return, you and your spouse must agree to be taxed on your combined worldwide income.

For more details, please get **Publication 519, U.S. Tax Guide for Aliens**.

Separate Returns. You can file separate returns if both you and your spouse had income, or if only one of you had income.

If you file a separate return and your spouse itemizes deductions, you must also itemize. You each report only your own income, exemptions, deductions, and credits, and you are responsible only for the tax due on your own return.

Special rules apply, however, for taxpayers who live in community property states. For more details, see **Publication 555, Community Property and the Federal Income Tax**.

In most instances if you file a separate return, you will pay more Federal tax because the tax rate is higher for married persons filing separately. The following also apply:

- You cannot take the deduction for a married couple when both work.
- You cannot take the credit for child and dependent care expenses in most cases.
- You cannot take the earned income credit.
- If you lived with your spouse at any time in 1984—
 - a. You may have to include in income the total amount of any unemployment compensation you received in 1984.
 - b. You cannot take the credit for the elderly and the permanently and totally disabled.
 - c. You may have to include in income up to one-half of any social security benefits (including any tier 1 railroad retirement benefits) you received in 1984.

● You must itemize your deductions if your spouse itemizes, even if it is not to your tax benefit to itemize deductions.

If you file a separate return, write your spouse's full name in the space after Box 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file, check the boxes on line 6b that apply if you can claim the exemptions for your spouse. Please see **For Your Spouse** on page 6.

Married Persons Who Live Apart.—Some married persons who have a child and who do not live with their spouse may file as Single or as Head of household and use tax rates that are lower than those for married persons filing separate returns. This also means that if your spouse itemizes deductions, you do not have to.

You should check Box 1 for Single if you meet **ALL** 4 of the following tests:

- a. You file a separate return from your spouse,
- b. You paid more than half the cost to keep up your home in 1984,
- c. Your spouse did not live with you at any time during 1984, and
- d. For over 6 months of 1984, your home was the principal home of your child or stepchild whom you can claim as a dependent.

You should check Box 4 for Head of household if you meet tests a through c above and your home in test d, above, was the dependent child's principal home for **ALL** of 1984. The tax rates for Head of household are even lower than the rates for Single. You may also be able to claim the earned income credit.

Head of Household

Tax Tip: There are special tax rates for a person who can meet the tests for Head of household. These rates are lower than the rates for Single or for Married filing a separate return.

You may use this filing status **ONLY IF** on December 31, 1984, you were unmarried (including certain married persons who live apart, as discussed above) or legally separated and meet test a or b below:

- a. You paid more than half the cost of keeping up a home, which was the principal home of your father or mother whom you can claim as a dependent. (Your parent did not have to live with you.) **OR**
- b. You paid more than half the cost of keeping up the home in which you lived and in which one of the following also lived all year (except for temporary absences, such as for vacation or school):
 1. Your **unmarried** child, grandchild, adopted child, or stepchild. (This person did not have to be your dependent, unless you qualify for Head of household under the rules listed above for **Married Persons Who Live Apart**.)

Note: If this child is not your dependent, you must write the child's name in the space provided on line 4.

 2. Your **married** child, grandchild, adopted child, or stepchild. (This person must be your dependent.)

3. Any other relative listed below whom you can claim as a dependent.

Grandparent	Brother-in-law
Brother	Sister-in-law
Sister	Son-in-law
Stepbrother	Daughter-in-law, or
Stepsister	if related by blood:
Stepmother	Uncle
Stepfather	Aunt
Mother-in-law	Nephew
Father-in-law	Niece

Note: See the instructions for lines 6c and 6d below for the definition of "dependent."

Special rules

1. If you receive payments under the Aid to Families with Dependent Children (AFDC) program and use them to pay part of the cost of keeping up this home, you may not count these amounts as furnished by you.
2. You cannot file as Head of household if you claim a relative in **a** or **b** above as a dependent under a **Multiple Support Declaration**. (See page 7 for details on dependents supported by two or more taxpayers.)
3. A foster child may qualify you for Head of household purposes if you can claim the foster child as your dependent.

Qualifying Widow or Widower With a Dependent Child

If your spouse died in 1983 or 1982 and you did not remarry in 1984, you may be able to use joint return tax rates for 1984. You can figure your tax at joint return rates if you meet ALL 3 of the following tests:

- a. You could have filed a joint return with your spouse for the year your spouse died, even if you didn't actually do so.
- b. Your dependent child, stepchild, adopted child or foster child lived with you (except for temporary absences, such as for vacation or school).
- c. You paid over half the cost of keeping up the home for this child for the whole year.

Check Box 5, Qualifying widow(er) with dependent child, and show the year your spouse died in the space provided. **Do not** claim an exemption for your spouse. (You can claim the exemption only for the year your spouse died.)

If your spouse died before 1982 and you were single in 1984, you may check Box 4 if you met the tests under **Head of Household**. Otherwise you must file as Single.

Exemptions

Line 6a Boxes

For Yourself

You can always take one exemption for yourself. Take two exemptions if you were blind, or 65 or over. Take three exemptions if you were blind and 65 or over. Be sure to check all the boxes on line 6a for the exemptions you can take for yourself.

You can take the extra exemptions for age 65 or over and blindness only for yourself and your spouse. You cannot take them for dependents.

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Age and blindness are determined as of December 31. However, if your 65th birthday was on January 1, 1985, you can take the extra exemption for age for 1984.

Proof of Blindness. If you are completely blind, attach a statement to your return to this effect.

In cases of partial blindness, you must attach to your return each year a certified statement from an eye physician or registered optometrist that:

- a. You cannot see better than 20/200 in the better eye with glasses, or contact lenses, or
- b. Your field of vision is not more than 20 degrees.

If this eye condition will never improve beyond the standards in **a** or **b**, you may submit a certified opinion to this effect from an examining eye physician. You must attach this certification to your return only once. In later years you can just include a statement referring to it.

Line 6b Boxes For Your Spouse

You can take exemptions for your spouse if you file a joint return. If you file a separate return, you can take your spouse's exemptions only if your spouse is not filing a return, had no income, and was not the dependent of someone else.

Your spouse's exemptions are like your own. Take one exemption for your spouse if your spouse was neither blind nor 65 or over. Take two exemptions if your spouse was blind or 65 or over. Take three exemptions if your spouse was blind and 65 or over. Be sure to check all the boxes on line 6b for the exemptions you can take for your spouse.

If at the end of 1984, you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were separated by a divorce that is not final (interlocutory decree), you are considered married for the whole year.

If your spouse died during 1984 and you did not remarry before the end of 1984, check the boxes for the exemptions you could have taken for your spouse on the date of death.

Nonresident Alien Spouse. If you do not file a joint return, you may claim your spouse's exemptions only if your spouse had no income from United States sources and is not the dependent of another taxpayer. Use the boxes on line 6b to claim exemptions for a nonresident alien spouse. When claiming your spouse's exemption, please write "NRA" above the word Spouse on line 6b.

Lines 6c and 6d

Children and Other Dependents

Please enter on line 6c the first names of your dependent children who lived with you. Fill in the total number in the box to the right of the arrow.

Birth or Death of Dependent. You can take an exemption for a dependent who was born or who died during 1984 if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

For more information, please get **Publication 501, Exemptions.**

Enter on line 6d the full names and other information for your other dependents, including your dependent children who did not live with you. Fill in the total number in the box to the right of the arrow. You can take an exemption for each person who is your "dependent."

Each person you claim as a dependent has to meet ALL 5 of these tests:

1. income;
2. support;
3. married dependent;
4. citizenship or residence; and
5. relationship.

These tests are explained below.

1. Income

In general, the person must have received less than \$1,000 of gross income. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

Special Rules for Your Dependent Child. Even if your child had income of \$1,000 or more, you can claim your child as a dependent if tests 2, 3, and 4 below are met, and:

- Your child was under 19 at the end of 1984, or
- Your child was enrolled as a full-time student at a school during any 5 months of 1984, or
- Your child took a full-time, on-farm training course during any 5 months of 1984. (The course had to be given by a school or a State, county, or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

A school includes:

- elementary, junior, and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

2. Support

In general, you must have given over half of the dependent's support in 1984. If you file a joint return, the support can be from you or your spouse. Even if you did not give over half of the dependent's support, you will be treated as having given over half of the support if you meet the tests explained on page 7 for **Children of Divorced or Separated Parents or Dependent Supported by Two or More Taxpayers.**

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, gifts, savings, welfare benefits). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, recreation, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

Capital items—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item for the household or for use by persons other than the dependent.

If you care for a foster child, see

Publication 501, Exemptions, for special rules that apply.

Children of Divorced or Separated

Parents. If a child's parents together paid more than half of the child's support, the parent who has custody for most of the year can generally take the exemption for that child. However, the parent who does **not** have custody (or who has the child for the shorter time), may take the exemption if **a** or **b** below, applies.

- That parent gave at least \$600 toward each child's support in 1984, and the decree of divorce or separate maintenance (or a written agreement between the parents) states he or she can take the exemption, OR
- That parent gave \$1,200 or more for each child's support in 1984, and the parent who had custody cannot prove that he or she gave more than the other parent.

Note: In figuring support, a parent who has remarried and has custody may count the support provided by the new spouse.

Tax Tip: Beginning after 1984, new rules apply for claiming exemptions for children of divorced or separated parents. See **Publication 504** for details.

Dependent Supported by Two or More

Taxpayers. Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship, discussed on page 6 and this page are met.

In addition, the taxpayer who claims the dependent must:

- have paid more than 10% of the dependent's support; and
- attach to his or her tax return a signed **Form 2120**, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 1984 for the person he or she helped to support.

3. Married Dependent

The dependent did not file a joint return. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of tax withheld, you may claim him or her if the other four tests are met.

4. Citizenship or Residence

The dependent **must have been** a citizen or resident of the United States, a resident of Canada or Mexico, or an alien child adopted by and living the entire year with a U.S. citizen in a foreign country.

5. Relationship

The dependent met test **a** or **b** below.

a. Was related to you (or your spouse if you are filing a joint return) in one of the following ways:

Child	Stepbrother	Son-in-law
Stepchild	Stepsister	Daughter-in-law
Mother	Stepmother	or, if related by blood:
Father	Stepfather	Uncle
Grandparent	Mother-in-law	Aunt
Brother	Father-in-law	Nephew
Sister	Brother-in-law	Niece
Grandchild	Sister-in-law	

Note: Any relationships that have been established by marriage are not ended by death or divorce.

b. Was any other person who lived in your home as a member of your household for the whole year. **A person is not a member of your household** if at any time during your tax year the relationship between you and that person violates local law.

The word *child* includes:

- Your son, daughter, stepson, or stepdaughter, or adopted son or daughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.
- A foster child (any child who lived in your home as a member of your family for the whole year).

Line 6e

Add the numbers you entered in the boxes for lines 6a, b, c, and d. Enter the total in the box on line 6e.

Income

Examples of Income You Do Not Report

(Do not include these amounts when you decide if you must file a return.)

Welfare benefits.

Disability retirement payments (and other benefits) paid by the Veterans' Administration.

Worker's compensation benefits, insurance damages, etc., for injury or sickness.

Child support.

Gifts, money, or other property you inherited or that was willed to you.

Dividends on veterans' life insurance.

Life insurance proceeds received because of a person's death.

Interest on certain State and municipal bonds.

Amounts you received from insurance because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report as income reimbursements for normal living expenses.)

Amounts an employer contributed on your behalf and benefits provided to you as an employee or the spouse or dependent of an employee, under a qualified group legal services plan.

Cancellation of certain student loans, on or after January 1, 1983, where the student, under the terms of the loan, performs certain professional services for any of a broad class of employers.

Examples of Income You Must Report

The following kinds of income should be reported on Form 1040, or related forms and schedules. You may need some of the forms and schedules listed below.

Wages, including salaries, bonuses, commissions, fees, and tips.

Dividends (Schedule B).

Interest (Schedule B) on:

bank deposits, bonds, notes;

U.S. Savings Bonds;

mortgages on which you receive payments;

tax refunds;

certain arbitrage bonds issued by State and local governments; and accounts with savings and loan associations, mutual savings banks, credit unions, etc.

In general, most Federal social security benefits (and tier 1 railroad retirement benefits) are not taxable. However, beginning in 1984, in certain instances, part of these benefits may be taxable. See line 21 instructions on page 10.

Original Issue Discount (Schedule B).

Unemployment compensation (insurance) (see page 10).

Distributions from an Individual Retirement Arrangement (IRA), including SEPs and DECs.

Amounts received in place of wages, from accident and health plans (including sick pay and disability pensions) if your employer paid for the policy.

Bartering income (fair market value of goods or services you received in return for your services).

Business expense reimbursements you received that are more than you spent for these expenses.

Alimony, separate maintenance, or support payments received from and deductible by your spouse or former spouse.

Refunds of state and local taxes if you deducted the taxes in an earlier year and got a tax benefit for these taxes.

Life insurance proceeds from a policy you cashed in if the proceeds are more than the premium you paid.

Profits from businesses and professions (Schedule C).

Your share of profits from partnerships and S corporations (Schedule E).

Profits from farming (Schedule F).

Pensions, annuities, and endowments.

Tier 2 and supplemental annuities under the Railroad Retirement Act.

Lump-sum distributions (Form 4972 or Form 5544). (See page 10).

Gains from the sale or exchange (including barter) of real estate, securities, coins, gold, silver, gems, or other property (Schedule D or Form 4797).

Gains from the sale of your personal residence (Schedule D and Form 2119).

Rents and royalties (Schedule E).

Your share of estate or trust income (Schedule E), including accumulation distributions from trusts (Form 4970).

Prizes and awards (contests, raffles, lottery, and gambling winnings).

Earned income from sources outside the United States (Form 2555).

Director's fees.

Fees received for jury duty and precinct election board duty.

Fees received as an executor or administrator of an estate.

Embezzled or other illegal income.

U.S. Citizens Living Abroad

Generally, foreign source income must be reported. Get **Publication 54**, Tax Guide for U.S. Citizens and Resident Aliens Abroad, for more details.

Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your return and schedules. But, if you do round off, do so for all amounts. You can drop amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3.

Community Property States

Community property States are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington.

If you and your spouse live in a community property State, you must follow State law to determine what is community income and what is separate income. However, different rules could apply if:

- you and your spouse lived apart all year,
- you do not file a joint return, and
- no part of the community income you earn is transferred to your spouse.

Please get **Publication 555**, Community Property and the Federal Income Tax, for more details.

Line 7

Wages, Salaries, Tips, Etc.

Show the total of all wages, salaries, fees, commissions, tips, bonuses, supplemental unemployment benefits, and other amounts you were paid before taxes, insurance, etc., were taken out. For information on allocated tips, get **Publication 531**, Reporting Income From Tips.

Include in this total:

- The amount that should be shown in Box 10 on Form W-2. Report all wages, salaries, and tips you received, even if you do not have a Form W-2.
- Tips received that you did not report to your employer. (Show any social security tax due on these tips on line 54 - see the instructions on page 15.)

Note: An employee who fails to report the full amount of his or her tip allocation as gross income must be able to prove the lesser amount reported with adequate records.

- Certain disability pensions if you are under age 65.

Note: Except for certain disability income, pensions shown on Form W-2P are reported on line 16 or line 17a of Form 1040.

- Payments by insurance companies, etc., not included on Form W-2. If you receive

Page 8

sick pay or a disability payment from anyone other than your employer, and it is not included in the wages shown on Form W-2, include it on line 7. Attach a statement showing the name and address of the payer and amount of sick pay or disability income. (See Form W-4S for information on withholding of Federal income tax from your sick pay.)

- Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept on your employer's business premises as a condition of employment.

- Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were gifts.

- Any amount your employer paid for your moving expenses (including the value of services furnished in kind), whether or not included on Form W-2.

Note: You must report on line 7 all wages, salaries, etc., paid for your personal services, even if the income was signed over to a trust (including an IRA), another person, a corporation, or tax-exempt organization.

For more details on reporting income received in the form of goods, property, meals, stock options, etc., get **Publication 525**, Taxable and Nontaxable Income.

Line 8

Interest Income

Enter your TOTAL taxable interest income. If the total interest is more than \$400, first fill in Schedule B. (The instructions for Schedule B begin on page 22.)

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered in your passbook.) Generally, the payer will send you a Form 1099-INT for this interest.

If you received interest as a nominee for someone else, see Schedule B instructions on page 22.

Caution: Be sure to give each payer of interest income your correct social security number. Otherwise, the payer may withhold 20% of the interest. You may also be subject to penalties.

For more information, get **Publication 550**, Investment Income and Expenses.

Examples of Interest Income You MUST Report

Report interest from:

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and savings and loan associations.
- Building and loan accounts.
- Notes, loans, and mortgages. Special rules apply to loans with below-market interest rates. See Publication 525.
- Tax refunds (report only the interest on them as interest income).
- Bonds and debentures. Also arbitrage bonds issued by State and local

governments after October 9, 1969. (Do not report interest on other State and local bonds and securities.) Also report as interest any gain on the disposition of certain market discount bonds issued to you after July 18, 1984, to the extent of the accrued market discount.

- U.S. Treasury bills, notes, and bonds.
- U.S. Savings Bonds. The interest is the yearly increase in the value of the bond. Interest on Series E or EE bonds can be reported using method a or b below:
 - a. Report the total interest when you cash the bonds, or when they reach final maturity and no longer earn interest; OR
 - b. Each year report on your return the yearly increase of the bonds' value.

If you change to method b, report the entire increase in all your bonds from the date they were issued. Each year after report only the yearly increase. Once you have used method b to report your interest, you must continue to do so for all your U.S. Savings Bonds.

Note: If you receive for 1984 a Form 1099-INT for U.S. Savings Bond interest, which includes amounts reported before 1984, see Publication 550.

- Original Issue Discount (OID). This is the difference between the issue price of a bond (or other obligation) and the stated redemption price at maturity. If the bond was issued at a discount after May 27, 1969 (or for certain noncorporate bonds after July 1, 1982), include in your interest income the discount for the part of the year you held it. Also include any stated interest shown on Form 1099-OID.

If you bought bonds at original issue and held them for all of 1984 or the part of 1984 that they were outstanding, include in interest income the total OID from Form 1099-OID. If these bonds were outstanding for all of 1984, but you did not hold them for all of 1984, figure your taxable OID as follows:

- a. Bonds issued before July 2, 1982—Divide the total OID by 12 and multiply the result by the number of complete and partial months (for example, 6½ months) you held the bonds in 1984.

- b. Bonds issued after July 1, 1982—Divide the total OID by 365 and multiply the result by the number of days you held the bonds in 1984, or follow the more detailed rules described in **Publication 1212**, List of Original Issue Discount Obligations.

If you had OID for 1984, but did not receive Form 1099-OID, or if the price you paid for the bond is more than the issue price plus accumulated OID, get Publication 1212. It provides total OID on the bonds listed and gives computational information.

Line 9a

Dividends

Dividends are distributions of money, stock, or other property that corporations pay to stockholders. They also include dividends you receive through a partnership, S corporation, or an estate or trust. Payers include nominees or other agents. Generally, the payer will send you a Form 1099-DIV for these dividends.

If you received dividends as a nominee for someone else, see Schedule B instructions on page 22.

Caution: Be sure to give each payer of dividends your correct social security number. Otherwise, the payer may withhold 20% of the dividend income. You may also be subject to penalties.

If the total dividends, including capital gain and nontaxable distributions, are more than \$400, or you elect to exclude qualified reinvested dividends from a qualified public utility, first fill in Schedule B. (The instructions for Schedule B begin on page 22.) If you received \$400 or less in dividends, include only the ordinary dividends on line 9a.

Dividends Include:

- **Ordinary dividends.** These are paid out of earnings and profits and are ordinary income. Assume that any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise.
- **Capital gain distributions.** If you have other capital gains or losses, you should also enter your capital gain distributions on Schedule D. If you don't need Schedule D to report any other gains or losses, don't use it. Instead, show 40% of your capital gain distributions on Form 1040, line 14.
- **Nontaxable distributions.** Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by the amount of nontaxable distributions received. After you get back all of your cost (or other basis), you must report these distributions as capital gains.

Note: Generally, payments from a Money Market Fund are dividends.

Do Not Report as Dividends

- Mutual insurance company dividends that reduced the premiums you paid.
- Amounts paid on deposits or accounts from which you could withdraw your money, such as mutual savings banks, cooperative banks, and credit unions. Remember to report these amounts as interest on line 8.

Exclusion for Dividend Reinvestment in Stock of Public Utilities

If you own stock in a qualified public utility and choose to receive your dividends in qualified common stock rather than in cash or other property, you may exclude up to \$750 (\$1,500 on a joint return) of the qualified common stock dividends distributed to you. See Schedule B instructions for details.

Line 9b

Dividend Exclusion

You can exclude (subtract) up to \$100 of qualifying dividend income. If you and your spouse file a joint return, you can subtract up to \$200, regardless of which spouse received the dividends.

Dividends must be from a domestic corporation to qualify for the exclusion. Dividends from mutual funds (other than money market funds) generally qualify for the exclusion. The corporation will tell you how much of the dividend qualifies.

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

- Money Market Funds unless the corporation has told you how much of the dividends qualify.

- Foreign corporations, including dividends from controlled foreign corporations.

- Exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.

Line 10

Refunds of State and Local Income Taxes

If you received a refund (or credit or offset) of State or local income taxes in 1984 that you paid before 1984, you may receive **Form 1099-G**, Statement for Recipients of Certain Government Payments, showing the refund. You may have to report all or part of this amount as income if the deduction for state and local income taxes in the year you paid the taxes resulted in a tax benefit.

Do not report the refund as income if it was for a tax you paid in a year for which you did not itemize deductions on Schedule A (Form 1040), or it was for a year in which you filed Form 1040A or Form 1040EZ.

If the refund was for a tax you paid in a year for which you itemized deductions on Schedule A (Form 1040), use the following worksheet to figure the amount, if any, you must report as income for 1984.

However, see **Publication 525**, Taxable and Nontaxable Income, instead of using the worksheet below if either of the following applies:

- The refund you received in 1984 is for a tax year other than for 1983.
- You received a refund (other than a tax refund) in 1984 of an amount you deducted or credit you claimed in an earlier year.

Worksheet (Keep for your records)

1. Enter the income tax refund from Form(s) 1099-G 1. _____
2. Enter the amount from your 1983 Schedule A, line 28 2. _____
3. Compare amounts on lines 1 and 2 above, and enter the smaller of the two amounts here and on Form 1040, line 10. This is the taxable part of your refund 3. _____

Line 11

Alimony Received

Enter amounts you received as alimony or separate maintenance. For more details, please get **Publication 504**, Tax Information for Divorced or Separated Individuals.

Transfers of Property Between Spouses or Former Spouses

In general, no gain or loss will be recognized on a transfer of property made after July 18, 1984, between spouses, or former spouses if incident to divorce.

Both spouses or former spouses may also be able to elect to have this rule apply to all transfers made after December 31, 1983, or to transfers under any instrument in effect on or before July 18, 1984. For details on how to make this election, see **Publication 504**.

Line 12

Business Income or (Loss)

Enter the income or (loss) from Schedule C.

Line 13

Capital Gain or (Loss)

Enter the gain or (loss) from Schedule D.

Line 14

Capital Gain Distributions

If you do not need Schedule D for other capital transactions, enter 40% of your capital gain distributions on line 14.

Line 15

Supplemental Gains or Losses

If you sold or exchanged assets used in a trade or business, see the instructions for **Form 4797**. Enter the gain or (loss) from Form 4797.

Line 16

Fully Taxable Pensions, IRA Distributions, and Annuities

Use this line to report fully taxable pension and annuity income and regular individual retirement arrangement (IRA) distributions you receive. In general, you should receive a **Form W-2P**, showing the amount of your pension or annuity.

Your pension or annuity payments are fully taxable if:

- You did not contribute to the cost of your pension or annuity, or
- You got back tax-free your entire cost before 1984.

Fully taxable pensions and annuities also include: military retirement pay shown on Form W-2P, and distributions from an IRA (including premature distributions, but not rollovers).

Other pensions and annuities, including rollovers, should be shown on lines 17a and 17b.

For more information, get **Publication 575**, Pension and Annuity Income.

Lines 17a and 17b

Other Pensions and Annuities, Including Rollovers

Use lines 17a and 17b to report pension and annuity income that is not fully taxable. In general, you should receive a **Form W-2P**, showing the amount of your pension or annuity. Also, use these lines to report distributions from profit-sharing plans, retirement plans, employee-savings plans, and individual retirement arrangement rollovers.

If you received social security benefits or tier 1 railroad retirement benefits for 1984, in some instances, part of these benefits may be taxable. **Do not** use line 17 to report any of these benefits. Instead, see the instructions for line 21.

The pension, annuity, or employee-savings plan may not be taxable until a later year if:

- a. Both you and your employer contributed to it, and
- b. You will get back your full cost in 3 years or less beginning on the date you receive the first payment.

If you meet the requirements of **a** and **b** above, complete the pension and annuity worksheet on page 10 to figure the taxable part of your pension or annuity. After you get back your full cost, all payments you receive are fully taxable. Your cost includes amounts

you contributed and amounts your employer contributed, which you reported as income.

Example.—You retired in 1984 with a monthly pension of \$200. Both you and your employer contributed to it. Your pension cost was \$4,925. The amount you can expect to receive within 3 years is \$7,200 (36 months × \$200 = \$7,200). Since this amount is more than your cost, you should exclude your pension until the payments total \$4,925. After that, they are fully taxable and you should report them on line 16.

For more information on pensions and annuities, including railroad retirement benefits treated as an employee pension, get **Publication 575, Pension and Annuity Income**. Retirees from the Federal government should get **Publication 567, U.S. Civil Service Retirement and Disability**.

Pension and Annuity Worksheet

(Keep for your records)

- 1a. Enter your cost
- b. Cost recovered in prior years
- c. Subtract line 1b from line 1a
2. Amount received this year. Also enter this amount on Form 1040, line 17a
3. Amount on line 2 that is not taxable (but not more than line 1c)
4. Taxable part (subtract line 3 from line 2). Enter here and on Form 1040, line 17b (if zero, enter 0)

Note: If you had more than one pension or annuity that is not fully taxable, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 17b.

If you cannot recover your cost within 3 years, you must use a special method to report your pension or annuity income. For more details, see **Tele-Tax Information** (tape no. 140) in the index or get **Publication 575**. If you must use this method, enter the amount you received this year on line 17a. Enter the taxable part on line 17b.

Caution: Certain transactions, such as loans against your interest in a qualified plan, may be taxable distributions and may also be subject to penalties. For more information, see **Publication 575**.

Total Distributions From Profit-Sharing, Retirement Plans, and Individual Retirement Arrangements

Rollover Distributions. A "rollover" is a tax-free transfer of cash or other assets from one retirement program to another. For example, there are two kinds of rollovers to an individual retirement arrangement (IRA): (1) a rollover from one IRA to another, and (2) a rollover from a qualified pension or profit-sharing plan to an IRA.

Rollover distributions are reported to you on **Form 1099R**. For a rollover distribution, enter the total distribution (excluding your nondeductible contribution, if any) on line 17a. If the total on line 17a was rolled over, enter zero on line 17b. Otherwise, enter the taxable part as ordinary income on line 17b.

For more details on IRA rollovers get **Publication 590, Individual Retirement Arrangements (IRA's)**. For details on other rollovers, get **Publication 575**.

Lump-Sum Distributions. If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 16 of Form 1040 and the capital gain part on Schedule D (Form 1040). Form 1099R shows the amount of the distribution. You may pay less tax on this distribution if you are eligible to use the special averaging method. (This method cannot be used for lump-sum distributions from IRA plans.) For more details, get **Form 4972, Special 10-Year Averaging Method**, or **Form 5544, Multiple Recipient Special 10-Year Averaging Method**, and separate instructions.

Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a deceased employee or deceased former employee, amounts paid to you by, or on behalf of an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000.

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

If you are entitled to this exclusion, add it to the cost of the pension or annuity.

Line 18

Rents, Royalties, Partnerships, Estates, Trusts, etc.

Enter the income or (loss) from Schedule E.

Line 19

Farm Income or (Loss)

Enter the income or (loss) from Schedule F.

Lines 20a and 20b

Unemployment Compensation

Unemployment compensation (insurance) you receive may be taxable under certain conditions.

You should receive a statement on **Form 1099-G, Statement for Recipients of Certain Government Payments**, showing the total unemployment compensation paid to you during the year. For payments in 1984, you should receive this statement by January 31, 1985.

Note: Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. They are not considered unemployment compensation for purposes of this computation. Report these benefits on Form 1040, line 7.

Tax Tip: If you included in income for 1979 (or a later year) unemployment compensation benefits that were for payments made for weeks of unemployment ending before December 1, 1978, you may be able to get a refund of any tax you paid on these benefits. To claim a refund, file **Form 1040X, Amended U.S. Individual Income Tax Return**. For more details, get **Publication 905, Tax Information on Unemployment Compensation**.

To see if any of the unemployment compensation is taxable, fill in the worksheet that follows:

Unemployment Compensation

Worksheet (Keep for your records)

Check only one box

- A.** Single—enter \$12,000 on line 8 below.
- B.** Married filing a joint return—enter \$18,000 on line 8 below.
- C.** Married not filing a joint return and lived with your spouse at any time during the year—enter -0- on line 8 below.
- D.** Married not filing a joint return and DID NOT live with your spouse at any time during the year—enter \$12,000 on line 8 below.

1. Enter total unemployment compensation from **Form(s) 1099-G**. Enter here and on Form 1040, line 20a
2. If you received an overpayment of unemployment compensation in 1984 and repaid it in 1984, enter the repayment here. Also write "repayment" and show the amount repaid on the dotted line to the left of line 20b
3. Subtract line 2 from line 1
4. Add the amounts shown on Form 1040, lines 7 through 19, plus line 22 (do not include any unemployment compensation in this figure)
5. Add lines 3 and 4
6. Add the amounts shown on Form 1040, lines 24 through 29, plus any write-in adjustments included in the total on line 31. Do not include any amount from line 30
7. Subtract line 6 from line 5
8. Enter

}	\$12,000 if you checked box A or D, or
	\$18,000 if you checked box B, or
	-0- if you checked box C

9. Subtract line 8 from line 7. If zero or less, stop here, and enter -0- on Form 1040, line 20b. Otherwise, go on to line 10
10. Divide the amount on line 9 by 2
11. **Taxable unemployment compensation.** Enter the amount from line 3 or line 10, whichever is smaller. Also enter this amount on Form 1040, line 20b

Lines 21a and 21b

Social Security Benefits (and Tier 1 Railroad Retirement Benefits)

Beginning in 1984, social security benefits you receive may be taxable in some instances. Social security benefits include any monthly benefit under title II of the Social Security Act or a tier 1 railroad retirement benefit. However, social security benefits do not include any Supplemental Security Income (SSI) payments.

You should receive a **Form SSA-1099** showing total social security benefits paid to you for 1984, and the amount of any social security benefits you repaid in 1984. You should receive this statement by January 31, 1985. If you received tier 1 railroad retirement benefits, you should receive **Form RRB-1099**. For more information on the taxability of social security benefits, get **Publication 915, Tax Information on Social Security Benefits (and Tier 1 Railroad Retirement Benefits)**. Use the worksheet that follows to see if any of your benefits are taxable.

Before you begin to complete the worksheet on page 11, you should complete Form 1040, lines 7 through 20b, 22, and 24

through 29 as they apply to you. You will need to complete these lines of Form 1040 to be able to figure the taxable part, if any, of your benefits.

Caution: If you take the foreign earned income exclusion or foreign housing exclusion on Form 2555; you claim an exclusion of income from sources within U.S. possessions on Form 4563; or you exclude income from sources within Puerto Rico, do not use the worksheet below to figure the taxable part, if any, of your benefits. Instead, use the worksheet in Publication 915.

Social Security Benefits (and Tier 1 Railroad Retirement Benefits) Worksheet (Keep for your records)

Check box A, B, C, or D below, whichever applies to you. Check only one box. Then go on to line 1 of the worksheet below.

- A.** Single—enter \$25,000 on line 8 below.
- B.** Married filing a joint return—enter \$32,000 on line 8 below.
- C.** Married not filing a joint return and lived with your spouse at any time during the year—enter -0- on line 8 below.
- D.** Married not filing a joint return and DID NOT live with your spouse at any time during the year—enter \$25,000 on line 8 below.

1. Enter the total amount from Box 5 of ALL your Forms SSA-1099 and Forms RRB-1099 (if applicable) _____

Note: If line 1 is zero or less, stop here; none of your benefits are taxable. Otherwise, go on to line 2.

- 2. Divide the amount on line 1 by 2 _____
- 3. Add the amounts on Form 1040, lines 7 through 20b, plus line 22. Do not include here any amounts from Box 5 of Forms SSA-1099 or RRB-1099 _____
- 4. If you received any interest income in 1984 that was not taxable, enter the amount of the non-taxable interest on this line. In the space to the left of line 21b, write "TEI" and show the amount of this interest, but DO NOT include this interest on line 21b. _____
- 5. Add lines 2, 3, and 4. _____
- 6. Add the amounts on Form 1040, lines 24 through 29. Also enter on this line any write-in amount included on line 31 (other than the foreign housing deduction). Do not include any amount entered on line 30 of Form 1040 _____
- 7. Subtract line 6 from line 5. _____
- 8. Enter $\left\{ \begin{array}{l} \$25,000 \text{ if you checked} \\ \text{box A or D, or} \\ \$32,000 \text{ if you checked} \\ \text{box B, or} \\ -0- \text{ if you checked box C} \end{array} \right\}$ _____
- 9. Subtract line 8 from line 7. _____

Note: If line 9 is zero or less, stop here. Do not enter any amounts on lines 21a and 21b because none of your benefits are taxable. Otherwise, go on to line 10.

- 10. Divide the amount on line 9 by 2 _____
- 11. **Taxable social security benefits.**
 - First, enter on Form 1040, line 21a, the amount from line 1 above.
 - Then, compare amounts on lines 2 and 10 above, and enter the smaller of the two amounts on this line and also on Form 1040, line 21b _____

Line 22

Other Income

Use line 22 to report any income you can't find a place for on your return or other schedules. Also show the nature and source of the income.

Caution: Do not report any income from self-employment on line 22. If you do have any income from self-employment, you must use Schedule C or Schedule F. Amounts your employer paid you for business expenses that are more than you spent for the actual business expenses should be added to the wages shown on line 7 unless they were already included in your Form W-2.

Examples of income to be reported on line 22 are:

- Prizes, awards, and gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may take them as an itemized deduction on Schedule A. However, you cannot deduct more losses than the winnings you report.

- Repayment of medical expenses or other items such as real estate taxes that you deducted in an earlier year if they reduced your tax.
- Amounts you recovered on bad debts that you deducted in an earlier year.

Net operating loss. If you had a net operating loss in an earlier year to carry forward to 1984, enter it as a minus figure on line 22. Attach a statement showing how you figured the amount. See Publication 536, Net Operating Losses and the At-Risk Limits, for more details.

Line 23

Total Income

Add the amounts in the column for line 7 through line 22. Enter the total on line 23.

Adjustments to Income

Line 24

Moving Expense

Employees and self-employed persons (including partners) can deduct certain moving expenses. The move had to be in connection with your job or business.

You can take this deduction only if your change in job location has added at least 35 miles to the distance from your old residence to your work place. If you had no former principal work place, your new principal work place must be at least 35 miles from your former residence.

If you meet these requirements, you should see Form 3903 for details. Use Form 3903 to figure the amount of moving expenses to show on line 24. If you moved outside the United States or its possessions, see Form 3903F.

If your employer paid for any part of the move, you must report that as income on Form 1040, line 7. Your employer should give you Form 4782 and include that amount in total wages, tips, and other compensation on Form W-2.

Line 25

Employee Business Expenses

You can deduct certain business expenses that were not paid by your employer. Travel, transportation (but not commuting to and from work), and meals and lodging can be deducted on line 25 by using Form 2106 even if you do not itemize deductions on Schedule A. All other business expenses, such as union or professional dues, tools, and uniforms, can be deducted only if you

itemize deductions on Schedule A. Outside salespersons should claim their business expenses on line 25 by using Form 2106. For details, see Tele-Tax Information (tape no. 214) in the index or get Publication 463, Travel, Entertainment, and Gift Expenses.

Lines 26a and 26b

Payments to an Individual Retirement Arrangement (IRA)

You can deduct on line 26a payments made to your IRA (including those made under a Simplified Employee Pension (SEP) plan or to a plan that accepts deductible employee contributions (DECs)). Schedule C or F filers with a SEP and partners with a SEP take the deduction on line 27.

You should receive a statement showing payments made to your IRA in 1984. (The trustee or issuer of the plan will also provide IRS with this information.) Use this amount when you figure your IRA deduction, BUT please note the following:

- If you made payments to your IRA in 1984 that you deducted on your 1983 Form 1040, do not include those payments on your 1984 tax return.
- If you made payments to your IRA in 1985 (by April 15, 1985) that you want to deduct on your 1984 Form 1040, be sure to include these payments when you figure your IRA deduction for 1984.
- If your IRA deduction on line 26a is less than your IRA payments and you do not withdraw this excess payment before your return is due, you must file Form 5329 and pay the tax due on the excess payment.

If you are married and you and your spouse work and you both have IRAs, figure each spouse's deduction separately. Then combine the two deductions and enter the total of the two amounts on line 26a.

If you are married and made payments to your nonworking spouse's IRA for 1984, you must file a joint return for 1984 to deduct these payments.

Note: If you are divorced and a nonworking spouse's IRA was set up for your benefit before the divorce, special rules may apply. See Publication 590, Individual Retirement Arrangements (IRA's), for details.

Do not include rollover payments in figuring your deduction. See line 17 instructions on page 10 for more details on rollover payments.

Use the worksheet on page 12 to figure your IRA deduction. However, if any of the following apply, use the worksheet in Publication 590 instead of the one on page 12 to figure your deduction:

- 1. Your employer made payments to your IRA under a SEP plan. Under a SEP plan, you can deduct the smallest of: the amount of your employer's payments to your SEP-IRA that is included in your income, 15% of your wages or other earned income, or \$30,000.
- 2. You made deductible employee contributions (DECs) to a qualified employer plan.

Your IRA—Complete lines 1 through 4 if you worked and had an IRA. (If you are married and both spouses work and both have IRAs, figure each spouse's deduction separately.)

1a. Amount paid to your IRA in 1984 that you are deducting for 1984 _____

Note: Do not include on line 1a any amount you paid in 1984 and deducted on your 1983 return, any employer's SEP payments, any DECs, or any rollover payments.

1b. Amount paid to your IRA in 1985, by April 15, 1985, that you are deducting for 1984. _____

1c. Add lines 1a and 1b. Enter the total _____

2a. Enter your wages and other earned income from Form 1040, minus any deductions you claim on line 27 of Form 1040. (Do not include your spouse's income and do not reduce your wages by losses from self-employment.) _____

2b. If you file Form 2555, Foreign Earned Income, for 1984, enter the amount from line 37 of Form 2555. (Note: If you excluded 1983 foreign earned income on your 1984 Form 2555, see the Form 2555 instructions.) _____

2c. Subtract line 2b from line 2a. Enter the result _____

3. Maximum amount _____ **\$2,000**

4. Compare amounts on lines 1c, 2c, and 3, and enter the **smallest** of the three amounts on line 4. If you do not have an IRA for your nonworking spouse, stop here and enter the amount from line 4 of this worksheet on Form 1040, line 26a. Otherwise, go on to line 5a _____

Complete lines 5a through 10 ONLY if you made payments to your nonworking spouse's IRA.

5a. Amount paid to your nonworking spouse's IRA in 1984 that you are deducting for 1984 _____

Note: Do not include on line 5a any amount you paid in 1984 and deducted on your 1983 return, or any rollover payments.

5b. Amount paid to your nonworking spouse's IRA in 1985, by April 15, 1985, that you are deducting for 1984 _____

5c. Add lines 5a and 5b. Enter the total _____

6. Enter the amount from line 2c above _____

7. Maximum amount _____ **\$2,000**

8. Compare amounts on lines 5c, 6, and 7, and enter the **smallest** of the three amounts on line 8 _____

9. Add amounts on lines 4 and 8 and enter the total, but do not enter more than \$2,250. _____

10. Compare amounts on lines 6 and 9 and enter the **smaller** of the two amounts on line 10. Also enter this amount on Form 1040, line 26a _____

Caution: You must enter on line 26b the total amount of payments, if any, you made in 1985, that you included in the total amount you deducted on line 26a.

Line 27

Payments to a Keogh (H.R. 10) Retirement Plan

Caution: You must be self-employed to claim this deduction. Sole proprietors and partners enter the allowable deduction for contributions to your Keogh (H.R. 10) plan and your SEP on line 27.

There are two types of Keogh retirement plans:

• **Defined-contribution plan.**—This plan provides an individual account for each person in the plan. In general, if payments to the plan are geared to the employer's profits, the plan is a profit-sharing plan. If payments are not based on the employer's profits, the plan is a money purchase pension plan.

• **Defined-benefit plan.**—The deduction for this type of plan is determined by the investment needed to fund a specific benefit at retirement age. Write "DB" on the line to the left of the amount if you have a defined-benefit plan.

For more details, get **Publication 560, Self-Employed Retirement Plans.**

Line 28

Penalty on Early Withdrawal of Savings

The Form 1099-INT given to you by your bank or savings and loan association will show the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 28. (Be sure to include the interest income on Form 1040, line 8.)

Line 29

Alimony Paid

You can deduct periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement entered into after August 16, 1954, or a decree for support entered into after March 1, 1954. Don't deduct lump-sum cash or property settlements, voluntary payments not made under a court order or a written separation agreement, or amounts specified as child support. For details, see **Tele-Tax Information** (tape no. 219) in the index or get **Publication 504, Tax Information for Divorced or Separated Individuals.**

Line 30

Deduction for a Married Couple When Both Work

You can claim a deduction if:

- you are married filing a joint return,
- both you and your spouse have qualified earned income, and
- you do not exclude income earned abroad or in U.S. possessions, or claim the foreign housing deduction.

Complete **Schedule W (Form 1040)** to figure the amount of your deduction.

Other Adjustments

If you can claim any of the following adjustments, include it in the total on line 31. Be sure to identify it to the left of the total and show the amount.

Foreign Housing Deduction.—If you have income earned abroad and you claim a deduction for foreign housing expenses on **Form 2555**, enter your deduction on line 31. Write "Form 2555" in the space to the left of the total.

Forestation/Reforestation

Amortization.—If you can claim a deduction for amortization of the costs of forestation or reforestation and you do not have to file Schedule C or Schedule F for this activity, enter your deduction on line 31. Write "Reforestation" in the space to the left of the total.

Repayment of Sub-pay Under the Trade Act of 1974.

—If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, enter the amount you repaid in 1984. Write "Sub-pay TRA" in the space to the left of the total. Or, you may be able to claim a credit against your tax instead. See **Publication 525, Taxable and Nontaxable Income**, for more details.

Line 31

Total Adjustments

Add lines 24 through 30. Include any of the amounts you wrote in to the left of this total. Enter the total on this line.

Line 32

Adjusted Gross Income

Subtract line 31 from line 23. If line 32 is less than \$10,000, you may be eligible to claim the Earned Income Credit. Please see the instructions for line 59 on page 16.

If line 32 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see **Form 1045**. For more information, get **Publication 536, Net Operating Losses and the At-Risk Limits.**

IRS Will Figure Your Tax and Some of Your Credits

If you want us to, we will figure your tax for you. If you paid too much, we will send you a refund. If you did not pay enough, we will bill you for the balance. You will not be charged interest or the penalty for late payment if the bill for tax due is paid within 30 days of the notice date, or by the due date for your return, whichever is later.

We can figure your tax if you meet all of the conditions described below:

- All of your income for 1984 was from one or more of these sources:
 - a. Salaries, wages, and tips.
 - b. Interest.
 - c. Dividends.
 - d. Pensions or annuities.
- You do not itemize deductions.
- You do not file **Schedule G, Income Averaging.**
- You do not file **Form 2555, Foreign Earned Income.**
- Your adjusted gross income (line 32) is not more than \$50,000.

- You (and your spouse if you are filing a joint return) sign and date your return and mail it by April 15, 1985.
- You do not want any of your refund applied to next year's estimated tax.
- You give us enough information so that we can figure the tax. Please read the following instructions:

a. Fill in the parts of your return through line 37 that apply to you. The Line-By-Line Instructions that start on page 4 explain how to fill in your return.

b. Read lines 41 through 64. Fill in the lines that apply to you, but do not fill in the Total lines. Please be sure to fill in line 57 for Federal income tax withheld. See the instruction below if you want us to figure your Credit for the Elderly and the Permanently and Totally Disabled or Earned Income Credit.

c. If you are filing a joint return, use the space under the words "Adjustments to Income" on the front of your return to show your taxable income and your spouse's taxable income separately.

d. Fill in any forms or schedules asked for on the lines you completed, and attach them to the return when you file it.

We will figure some of your credits too. Fill in your return through line 37 as explained above. Follow the instructions below and sign, date, and mail it before the due date. We will then figure these credits if you qualify:

Credit for the Elderly and the Permanently and Totally Disabled.— Follow the instructions below. Be sure to attach the schedule to your return. Write "CFE" on the dotted line to the left of line 42.

Schedule R.—Check the box for your filing status and age, and fill in lines 11 and 13 if applicable.

Also, complete Part II of Schedule R if applicable.

Earned Income Credit.—On line 59 of your return, write "EIC."

Tax Computation

Line 34a

You will fall into one of these three classes below:

- You MUST itemize deductions, or
- You choose to itemize, or
- You do not itemize.

The three classes are described below.

You MUST Itemize Deductions

You must itemize deductions if:

A. You can be claimed as a dependent on your parents' return and had interest, dividends, or other unearned income of \$1,000 or more. Generally, this means that you must complete and attach Schedule A and complete the worksheet on this page. However, there are two exceptions to this rule:

Exception 1. You don't have to itemize deductions on Schedule A or complete the worksheet if you have earned income* of \$2,300 or more if single (\$1,700 or more if married filing a separate return). Enter zero (0) on line 34a and go on to line 34b.

Exception 2. You don't have to use Schedule A if you know that your earned income* is more than your itemized deductions. Instead, use the worksheet on this page after completing line 33 of Form 1040 and enter your earned income on line 3 of the worksheet.

Note: If your unearned income is less than \$1,000, you don't have to use Schedule A or the worksheet—enter zero (0) on line 34a and go on to line 34b.

In any case, be sure to check the box below line 34a.

B. You are married, filing a separate return, and your spouse itemizes deductions.

C. You file **Form 4563** and exclude income from sources in U.S. possessions. (Please see **Publication 570**, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

D. You had dual status as a nonresident alien for part of 1984, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you do not have to itemize if you file a joint return with your spouse who was a U.S. citizen or resident at the end of 1984 and you and your spouse agree to be taxed on your combined worldwide income.

After you've completed Schedule A:

a. If Schedule A, line 24, is more than line 25, enter the amount from Schedule A, line 26, on Form 1040, line 34a. Do not complete the worksheet below.

b. If Schedule A, line 25, is more than line 24, do not fill in Form 1040, line 34a. Go to the worksheet below instead and complete it to figure the amount to enter on Form 1040, line 35.

Worksheet (Keep for your records)

1. Enter the amount from Form 1040, line 33
2. If you checked Form 1040, Filing Status Box:
2 or 5, enter \$3,400 }
1 or 4, enter \$2,300 }
3, enter \$1,700 }
3. Enter the amount from Schedule A, line 24 (or, if you can be claimed as a dependent on your parents' return, enter earned income if earned income is more)
- Caution:** If you can be claimed as a dependent on your parents' return, be sure you check the box below line 34a of Form 1040.
4. Subtract line 3 from line 2.
5. Add lines 1 and 4. Enter here and on Form 1040, line 35. (Leave Form 1040, lines 34a and 34b blank. Disregard the instruction to subtract line 34a or 34b from line 33. Follow the rest of the instructions for Form 1040, line 35)

The example below may help you to complete this worksheet.

Example.—Walter Green is single and is claimed as a dependent on his parents' return. Walter's adjusted gross income, Form 1040, line 33, is \$4,000. Of this amount, \$1,500 was wages and \$2,500 was unearned income that he received as a beneficiary of a trust. Because Walter is being claimed as a dependent on his

parents' return and has unearned income of \$1,000 or more and earned income of less than \$2,300, he must use the worksheet. His total itemized deductions are only \$500. Since this is less than his earned income (\$1,500), he does not have to complete Schedule A. Walter enters \$2,300, the zero bracket amount for a single individual, on line 2 and his earned income on line 3. He completes the worksheet as shown below and enters the total of \$4,800 on Form 1040, line 35. He then completes his return using the instructions that follow line 35.

1	Adjusted gross income	\$4,000
2	Zero bracket amount for a single individual	\$2,300
3	Earned income	1,500
4	Subtract line 3 from line 2	800
5	Add lines 1 and 4. Enter here and on Form 1040, line 35	\$4,800

Note: If Walter's itemized deductions had been more than his earned income, he would have had to complete Schedule A first.

You Choose To Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a Qualifying widow(er) with dependent child, and your itemized deductions are more than \$3,400.
- Married and filing a separate return, and your itemized deductions are more than \$1,700.
- Single, or a Head of household, and your itemized deductions are more than \$2,300.

If you do itemize, complete and attach Schedule A and enter the amount from Schedule A, line 26, on Form 1040, line 34a.

Caution: Certain taxpayers must itemize even though their itemized deductions are less than the amount shown above for their filing status. See "You MUST Itemize Deductions" on this page.

You Do Not Itemize

If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), enter zero on line 34a, unless you MUST itemize as described on this page.

***Earned income** is income you receive for personal services you have performed. It includes wages, salaries, tips, and professional fees.

Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 19.

Earned income does not include pay for your services that included a distribution of earnings and profits other than reasonable compensation for your work for a corporation.

If you were engaged in a trade or business in which both your services and capital were important income-producing factors, your earned income will be based on a reasonable allowance for the services you performed. However, the earned income may not be more than 30 percent of your share of the net profits from the business.

Line 34b

Deduction for Charitable Contributions

You may deduct part of your charitable contributions on line 34b if you do not itemize your deductions on Schedule A (Form 1040). The amount you can deduct depends on your filing status and how much you actually gave to a qualified organization.

Include what you gave to, or for the use of, a qualified organization. Examples of qualified organizations are: churches, United Way, and nonprofit schools and hospitals.

Contributions can be cash (including checks and money orders), property, or out-of-pocket expenses paid to do volunteer work for a qualified organization.

For more details on what qualifies as a charitable contribution, see the instructions for contributions that begin on page 20.

Use the worksheet that follows to figure your deduction.

Charitable Contributions Worksheet (Keep for your records)

1. Cash contributions (including checks, money orders, receipts, or other written evidence)	_____
2. Other contributions	_____
3. Total. Add lines 1 and 2, but do not enter more than \$300 (\$150 if married, filing separately)	_____
4. Applicable percentage (25%)	\times .25
5. Multiply the amount on line 3 by the percentage on line 4. Enter here and on Form 1040, line 34b, BUT DO NOT ENTER MORE THAN \$75 (\$37.50 if married filing separately)	_____

Line 36

Exemptions

Multiply \$1,000 by the total number of exemptions you claimed on line 6e.

Line 38

Tax

To figure your tax, use one of the following methods.

Tax Rate Schedules

You must use the Tax Rate Schedules to figure your tax if your taxable income is \$50,000 or more.

Also use the Tax Rate Schedules if you figure your tax using:

Income Averaging, Schedule G.—You may pay less tax by using this method if there has been a large increase in your income this year. In some cases you may benefit even if your 1984 income did not increase substantially. This will depend on the amount of your taxable incomes in the three base years (1981-1983). Get **Schedule G** to see if you qualify.

Tax Table

If none of the above conditions apply to you, you **MUST** use the Tax Table to find your tax.

Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 38.

There is an example at the beginning of the table to help you find the correct tax.

Note: The allowance for the zero bracket amount and the tax rate reduction have already been built into both the Tax Table and the Tax Rate Schedules for you.

Line 39

Additional Taxes

Check the box(es) on line 39 to report any of the additional taxes listed below.

Form 4970, Tax on Accumulation Distribution of Trusts.

Form 4972, Special 10-Year Averaging Method.

Form 5544, Multiple Recipient Special 10-Year Averaging Method.

Credits

Line 41

Credit for Child and Dependent Care Expenses

You may be able to take a credit on line 41 for payments you made for child and disabled dependent care while you (and your spouse if you are married) worked or looked for work.

The credit is allowed if you kept up a home that included a child under age 15 or your dependent or spouse who could not care for himself or herself. Use **Form 2441** to figure the amount of any credit.

Please see Form 2441 for more information, including special rules for divorced or separated taxpayers and certain employment taxes for which you may be liable.

Line 42

Credit for the Elderly and the Permanently and Totally Disabled

Beginning in 1984, you may be able to take this credit and reduce your tax, if by the end of 1984, you were:

- Age 65 or over, or
- Under age 65, you retired on permanent and total disability, and you had taxable disability income in 1984.

For more information, see the separate instructions for **Schedule R**, Credit for the Elderly and the Permanently and Totally Disabled. Enter the credit on line 42.

If you want IRS to figure the credit for you, see on pages 12 and 13 **IRS Will Figure Your Tax and Some of Your Credits**.

Line 43

Residential Energy Credit

Generally, if you installed energy saving items in your principal residence during 1984, or you have an energy credit carryover from a prior tax year, you may take a credit against your tax.

Form 5695, Residential Energy Credit, tells you which energy saving items qualify and how to take the credit. Also, see **Publication 903**, Energy Credits for Individuals, for more information.

Line 44

Partial Credit for Political Contributions

You may take a tax credit on this line for contributions to candidates for public office and to newsletter funds and political committees of candidates and elected public officials.

Caution: Do not take this credit for the \$1 or \$2 you checked to go to the Presidential Election Campaign Fund.

To figure your credit, add up the amounts you gave. Enter half of this total on line 44, but do not enter more than \$50 (\$100 if you are married and filing a joint return).

Note: You cannot deduct political contributions as charitable contributions.

For more information, please see **Publication 585**.

Line 45

Add amounts on lines 41 through 44 and enter the total on line 45. These are your total personal credits.

Line 46

Subtract the amount on line 45 from the amount on line 40 and enter the result. However, if the amount on line 45 is more than the amount on line 40, do not enter less than zero (0) on line 46 because your total credits on lines 41 through 44 cannot be more than your tax shown on line 40. This is your net tax liability before the foreign tax credit and business and other credits.

Line 47

Foreign Tax Credit

Form 1116 explains when you can take this credit for payment of income tax to a foreign country. Also see **Publication 514**. Enter the credit from Form 1116 on line 47.

Line 48

General Business Credit

For tax years beginning in 1984, the investment credit, jobs credit, and alcohol fuels credit have been combined into one general business credit. Check the box(es) on line 48 if you can take any of these three credits. Use the appropriate credit form (as described below) to figure the credit. If you have only one credit, enter on line 48 the amount of the credit from the form.

However, if you take two or more of these credits, you must also complete **Form 3800** to figure the total credit and enter on line 48 the amount from Form 3800. Also be sure to check the box on line 48 for Form 3800.

Form 3468, Investment Credit. You are allowed a credit for investing in certain types of trade or business property. Use **Form 3468** to figure the credit.

Form 5884, Jobs Credit. If you are a business employer who hires people who are members of special targeted groups, you may qualify for this credit. Use **Form 5884** to figure the credit. Get **Publication 906**, Jobs and Research Credits, for more details. Also see the instructions for Form 5884 if you have a WIN credit carryover.

Form 6478, Alcohol Fuels Credit. If you sell straight alcohol (or an alcohol mixture) at retail or use it as fuel in your trade or business, you may be able to take a credit for the alcohol used as fuel. Use **Form 6478** to figure the credit.

Line 49

Add amounts on lines 47 and 48 and enter the total on line 49.

Also include in the total on line 49 any of the following credits.

Credit for Fuel From a Nonconventional Source

A credit is allowed for the sale of qualified fuels produced from a nonconventional source. See I.R. Code section 29 for a definition of qualified fuels, provisions for figuring the credit, and other special rules.

Attach a separate schedule showing how you figured the credit. Include the credit in the total for line 49. On the dotted line next to this total, write "FNS" and show the amount.

Credit for Increasing Research Activities

You may be able to take a credit for research and experimental expenditures paid or incurred in carrying on your trade or business. Use **Form 6765** to figure the credit. Include the credit in your total for line 49. On the dotted line next to this total, write "Research" and show the amount.

Line 50

Tax After Credits

Subtract line 49 from line 46 and enter the result on line 50. If the amount on line 50 is zero or less, enter zero (0). This is your tax after credits and before other taxes.

Other Taxes

Line 51

Self-Employment Tax

If you had self-employment income in 1984, and earned under \$37,800 in wages from which social security tax or RRTA tax was withheld, you may have to pay self-employment tax. Please see **Schedule SE (Form 1040)** and instructions. If you have to pay self-employment tax, enter the amount from Schedule SE, line 14.

Line 52

Alternative Minimum Tax

You may be liable for the alternative minimum tax if your adjusted gross income added to your tax preference items total more than:

- \$40,000 if married filing jointly or surviving spouse, or
- \$30,000 if single or head of household, or
- \$20,000 if married filing separately.

Tax preference items include:

- All-Savers interest exclusion;
- dividend exclusion;
- accelerated depreciation;
- amortization of certified pollution-control facilities;
- capital gain deduction;
- mining exploration and development costs;
- reserves for losses on bad debts of financial institutions;
- depletion;
- incentive stock options;
- intangible drilling costs; and
- circulation and research and experimental expenditures.

Get **Form 6251** to see if you are liable for this tax.

Line 53

Tax From Recapture of Investment Credit

You may owe this tax if you disposed of investment credit property before the end of its useful life or recovery period.

See **Form 4255** for details. Enter any tax from Form 4255 on this line.

Line 54

Social Security 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 or railroad retirement tax on the unreported tips.

To figure the amount of social security tax on unreported tips, complete **Form 4137** and attach it to your Form 1040. Enter the tax on this line.

To determine the amount of railroad retirement tax on unreported tips, contact your nearest Railroad Retirement Board office. On line 54, enter the tax and on the dotted line next to it, write "RRTA."

Be sure all your tips are reported as income on Form 1040, line 7.

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

Line 55

Tax on an IRA

If you owe tax on any early distributions from your IRA, any excess payments made to your IRA, or any excess accumulations in your IRA account, use **Form 5329** to figure the tax. Enter the total tax on line 55.

Line 56

Total Tax

Add lines 50 through 55. Put the total on line 56. Also include on line 56 any of the four taxes listed below that apply.

Section 72 Penalty Taxes.—If you are or were a key employee and received income from a premature or excessive distribution from a Keogh (H.R. 10) plan or trust, you will have to pay a penalty tax of 10 percent of the distribution. See **Publication 560** for more details. Or, if you were an employee, you made any deductible contributions to your employer's qualified plan, and received income from a premature distribution, you may have to pay a penalty tax.

If you received certain premature distributions from an annuity contract, you may have to pay a 5% penalty tax on the taxable part of the distribution. See **Publication 575** for more details.

Include the amount of the penalty in your total for line 56. On the dotted line next to this total, write "Section 72 penalty" and show the amount.

Advance Earned Income Credit (EIC) Payments.—If you received advance EIC payments, the amount will be shown on your Form W-2. Include the amount of these payments in your total for line 56. On the dotted line next to this total, write "AEIC" and show the amount.

Note: The amount of earned income credit that you can actually take will be figured in the worksheet shown on page 16 and entered on line 59.

Uncollected Employee Social Security and RRTA Tax on Tips.

—If you did not have enough wages to cover the social security tax or railroad retirement tax (RRTA) due on tips you reported to your employer, the amount of tax due will be shown on your Form W-2. Include that amount in the total on line 56. On the dotted line next to this total, write "Uncollected Tax on Tips" and show the amount.

Golden Parachute Payments.—Golden parachute payments are certain payments made by a corporation to key employees to compensate them if control of the corporation changes. If you received an excess parachute payment, you must pay a tax equal to 20% of this excess payment. Include the amount of this tax in your total for line 56. On the dotted line next to this total, write "GPP" and show the amount of the tax.

If you received a Form W-2 that includes a parachute payment, the amount of tax withheld on any excess payment should be identified in Box 16 of Form W-2. Include the amount from Box 16 of Form W-2 in the total for line 56 of Form 1040.

If you received a Form 1099-MISC that includes a parachute payment, any excess payment will be separately identified on Form 1099-MISC. Multiply the excess payment by 20% to figure the amount to include in the total for line 56 of Form 1040.

Payments

Line 57

Total Federal Income Tax Withheld

Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G, W-2P, and 1099R**. Enter the total on line 57.

If the amount on line 57 includes amounts withheld as shown on Form 1099R, on the dotted line to the left of line 57, write "Form 1099R."

Backup Withholding.—If you were subject to backup withholding on dividends, interest income, or other income you received during 1984, include the amount withheld in the total on line 57. On the dotted line next to this total, write "Form 1099."

Line 58

1984 Estimated Tax Payments

Enter on this line any payments you made on your estimated Federal income tax (**Form 1040-ES**) for 1984. Include any overpayment from your 1983 return that you applied to your 1984 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died.

Divorced taxpayers.—If you were divorced during 1984, you may have made joint estimated tax payments with your former spouse. If so, please enter your former spouse's social security number in the block provided on the front of Form 1040. In the upper right corner of the return, above the social security numbers, write "DIV."

If you were divorced and remarried in 1984, enter your present spouse's social security number in the block provided on the front of Form 1040. Also, enter your former spouse's social security number in the upper right corner above the blocks and write "DIV" above that number.

Line 59

Earned Income Credit

The earned income credit helps many taxpayers who have a child and have incomes under \$10,000. If you can take the earned income credit, you can subtract it from tax you owe or get a refund even if you had no tax withheld from your pay. The credit can go as high as \$500.

Who Can't Take the Earned Income Credit?

You can't take the credit if:

- your income is \$10,000 or more; or
- you are single (Filing Status Box 1); or
- you are married filing a separate return (Filing Status Box 3); or
- you file Form 2555 to exclude income earned overseas or to exclude or deduct certain housing costs; or
- you file Form 4563 to exclude income earned from sources in U.S. possessions.

If you can take the credit, enter on line 59 the credit from line 5 or line 6c of the worksheet on this page, whichever applies.

If you want IRS to figure the credit for you, see **IRS Will Figure Your Tax and Some of Your Credits** on pages 12 and 13.

Earned income includes:

- wages, salaries, and tips.
- earnings from self-employment—this is usually the amount shown on Schedule SE (Form 1040), line 9.
- anything else of value (money, goods, or services) you get from your employer for services you performed regardless of whether it is taxable.

Note: The following are examples of amounts received from your employer that must be included in line 1 of the worksheet—

- Housing allowance (or rental value of a parsonage) for members of the clergy.
- Meals and lodging.

Earned income does not include items such as interest, dividends, social security payments, welfare benefits, veterans' benefits, workmen's compensation or unemployment compensation (insurance).

Definition of Child. In general, for purposes of this credit, your **child** includes:

- your son or daughter.
- your stepchild, or adopted child.

If your filing status is **married filing a joint return** or **qualifying widow(er) with dependent child**, your child also includes a child placed with you by an authorized placement agency for adoption by you, or a foster child (any other child, such as your grandchild, whom you cared for as your own child for the whole year).

If your filing status is **head of household**, your child also includes a descendant of your son, daughter, or adopted child.

For more details about the credit, get **Publication 596, Earned Income Credit**.

To see if you can take the Earned Income Credit, answer the questions below.

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. Is the amount you listed on Form 1040, line 33, less than \$10,000? ... | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Did you receive any wages, salaries, tips, or other earned income (see "Earned Income Includes" on this page)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Did you have a child (see "Definition of Child" on this page) who lived with you in the same principal residence in the U.S. during all of 1984? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If you checked Filing Status box 2 or box 5 on Form 1040, did you claim your child as a dependent on Form 1040, line 6c? OR If you checked Filing Status box 4 on Form 1040 and your child was married for 1984, did you claim that child as a dependent on Form 1040, line 6c? OR If you checked Filing Status box 4 on Form 1040 and your child was unmarried for 1984, did you enter that child's name on Form 1040, line 4 (or line 6c if you claimed that child as a dependent)? | } | } |

If you answered **NO** to any question, you can't take the earned income credit. Do not fill in the worksheet below. Instead, write "NO" on line 59 of Form 1040.

If you answered **YES** to all the questions, you may be able to take the credit. Use the worksheet below to figure the credit.

You may be able to receive advance payments of the credit by filing **Form W-5** with your employer. Please note that some of the rules for taking the credit and receiving advance payments of the credit will change for 1985. For more details, see Publication 596.

Earned Income Credit Worksheet (Keep for your records)

To figure your credit, follow the instructions below.

1. Enter the amount from Form 1040, line 7, plus any other compensation from your employer, regardless of whether it is taxable.	\$
2. If you were self-employed, enter the amount, even if a loss, from Schedule SE, line 9. However, if you use the optional method to figure your self-employment tax, see Publication 596 for more information before entering an amount on line 2. If you have self-employment income that you reported on line 1 above, do not include it here. (Clergy and religious workers, see Publication 517 .)	
3. Earned income. Add lines 1 and 2. However, if line 2 is a loss, subtract line 2 from line 1. If line 3 is zero or less, stop here; you cannot take the credit. If line 3 is more than zero, go on to line 4.	
4. Adjusted gross income. Enter the amount from Form 1040, line 33. If the amount on line 4 is \$10,000 or more, stop here; you cannot take the credit. Otherwise, go on to line 5 or line 6, whichever applies.	
5. If line 4 above is \$6,000 or less , use the amount from line 3 above to find your credit in the table on page 43. Enter the credit here and on Form 1040, line 59.	
6. If line 4 above is over \$6,000:	
a. Find the amount from line 3 above in the table on page 43 and enter the credit for that amount here.	\$ _____
b. Find the amount from line 4 above in the table and enter the credit for that amount here.	\$ _____
c. Enter the amount from line 6a or 6b, whichever is smaller , here and on Form 1040, line 59.	\$

Line 60

Amount Paid With Form 4868 (Extension of Time To File)

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

Line 61

Excess Social Security Tax and RRTA Tax Withheld— Two or More Employers

If you had two or more employers in 1984 who together paid you more than \$37,800 in wages, too much social security tax and railroad retirement tax (RRTA) may have been withheld from your wages. If so, you may be able to take a credit for it against your income tax.

If you are filing a joint return, you must figure this separately for yourself and your spouse. Complete the following worksheet to see if you can take the credit.

If you worked for two or more railroad employers, see your employer for information on how to figure your excess RRTA tax. Do not use this worksheet.

Caution: If you were a U.S. Government employee whose wages were subject only to the 1.3% hospital insurance benefits tax, and you had other social security or RRTA wages that when combined with your U.S. Government wages totaled more than \$37,800, see Form 4469 before completing the worksheet below.

Worksheet (Keep for your records)

1. Add all social security tax withheld (but not more than \$2,532.60 for each employer).
Enter total here
2. Enter any uncollected social security tax on tips included in the total on Form 1040, line 56
3. Add lines 1 and 2 above.
4. Less -2,532.60
5. Subtract line 4 from line 3.
Enter this amount on line 61

***Note:** If any one employer withheld more than \$2,532.60, you should ask the employer to refund the excess to you. You cannot take credit for it on your return.

Excess Hospital Insurance Benefits Tax. If you were a U.S. Government employee whose wages in 1984 were subject ONLY to the 1.3% hospital insurance benefits (Medicare) tax, you may be entitled to a credit for excess medicare tax paid if:

1. you had other wages subject to social security tax or RRTA tax, and
2. your government wages plus any combination of social security wages, or RRTA wages, total more than \$37,800. See Form 4469, Computation of Excess Hospital Insurance Benefits Tax, for more details.

Line 62

Credit for Federal Tax on Gasoline and Special Fuels

If you can take a credit for tax on gasoline and special fuels used in your business (including qualified taxicabs), or for certain diesel-powered cars, vans, and light trucks, please attach Form 4136. Enter the credit on line 62.

Line 63

Regulated Investment Company Credit

Enter on this line the total amount of the credit from Form 2439. Be sure to attach Copy B of Form 2439.

Excess Hospital Insurance Benefits

Include any credit from Form 4469 in the total on line 63. On the dotted line next to this total, write "Form 4469" and show the amount.

Overpaid Windfall Profit Tax

You may be allowed a credit for overpaid windfall profit tax. Use Form 6249 to figure the overpayment. Include this amount in your total for line 64. Attach Forms 6249 and 6248 to Form 1040. On the dotted line next to this total, please write "Overpaid Windfall Profit Tax" and show the amount.

Line 64

Total

Add lines 57 through 63. Include any Overpaid Windfall Profit Tax. Enter the total on line 64.

Refund or Amount You Owe

Line 65

Amount Overpaid (If line 64 is larger than line 56)

Subtract line 56 from line 64. You can choose to have all, or part, of this amount refunded to you (line 66). The remainder, if any, can be applied to your estimated tax for 1985 (line 67). If line 65 is under \$1, we will send a refund only on written request.

Income Tax Withholding for 1985. If the amount you overpaid is large, get a copy of Form W-4 from your employer to see if you are entitled to additional allowances. If you are, file a new Form W-4 with your employer to change the amount of income tax to be withheld from your wages.

If you go back to work after a period of unemployment, you may reduce the amount of income tax withheld if your employer agrees to use the part-year method of withholding. There are also other methods which could reduce your withholding.

For more details, see your employer or get Publication 505, Tax Withholding and Estimated Tax.

Line 66

Refund

Enter the amount from line 65 that you want refunded to you. If your refund is large, you may want to have less income tax withheld from your pay.

Line 67

Applied to 1985 Estimated Tax

Subtract line 66 from line 65. This is the amount that will be applied to your estimated tax for 1985. Enter this amount on line 67.

We will apply amounts to your account unless you request us to apply it to your spouse's account. The request should include your spouse's social security number.

Line 68

Amount You Owe (If line 56 is larger than line 64)

Subtract line 64 from line 56. This is the amount you owe. Enter the amount on this line.

Attach your check or money order for the full amount when you file. Make it out to "Internal Revenue Service" and be sure to write your social security number and "1984 Form 1040" on it. If line 68 is under \$1, you do not have to pay.

In most cases, people who have income tax withheld from their wages will find that the amount withheld will be fairly close to their tax for the year. Sometimes it is not, and this is more likely to happen if both you and your spouse worked, or if you had two or more jobs. You may also owe more tax because you have other income on which there is no withholding, such as capital gains.

Income Tax Withholding for 1985. If you do owe tax for 1984, you may want to increase the amount of income tax withheld from your pay for 1985. Otherwise, you may be required to make estimated tax payments for 1985. See the instructions below for **Should You Make Estimated Tax Payments for 1985?**

Underpayment of Estimated Tax

If line 68 is \$400 or more and more than 20% of the tax shown on your return, or you underpaid your 1984 estimated tax liability for any payment period, you may owe a penalty. Get Form 2210 (Form 2210F for farmers and fishermen) to see if you meet one of the exceptions to the penalty. Please attach that form to Form 1040 to show how you figured the penalty or which exceptions you believe you meet.

Note: For tax years beginning in 1984, the penalty may be waived under certain conditions. See Publication 505, Tax Withholding and Estimated Tax, for details.

If you underpaid your 1984 income tax, you will not owe a penalty or have to complete Form 2210 (or Form 2210F), if:

1. you had no tax liability for 1983;
2. you were a U.S. citizen or resident for all of 1983; and
3. your 1983 tax return was for a tax year of 12 full months.

If you attach Form 2210 or 2210F, be sure you check the box below line 68. If you owe a penalty, show the amount in the space below line 68.

If you owe tax, add the penalty amount to the tax due and show the total on line 68. Or, if you are due a refund, subtract the penalty amount from the overpayment you show on line 65.

Should You Make Estimated Tax Payments for 1985?

In general, you do not have to make estimated tax payments if you expect that your 1985 Form 1040 will show a tax refund, or a tax balance due IRS of less than \$500. If your total estimated tax is \$500 or more, please get Form 1040-ES. It contains a worksheet that you can use to see if you have to make estimated tax payments.

Sign Your Return.

Form 1040 is not considered a return unless you sign it. Your spouse must also sign if it is a joint return.

Did You Have Someone Else Prepare Your Return?

If you fill in your own return, the Paid Preparer's space should remain blank. Someone who prepares your return but does not charge you, should not sign.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Use Only area of your return.

If you have questions about whether a preparer is required to sign your return, please contact an IRS office.

The preparer required to sign your return MUST:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give you a copy of your return in addition to the copy to be filed with IRS.

Tax return preparers should be familiar with their responsibilities. They should see **Publication 1045**, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

Section 4 General Information

This section contains general information about items such as amending your tax return, how long to keep tax records, and filing a return for a deceased person.

Penalties and Interest

a. 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, gross valuation overstatements, and substantial understatements of tax. Interest is imposed on the penalty as of the due date of the return (including extensions) to the date of payment, and applies, in general, to interest accrued after July 18, 1984, on penalties assessed after that date.

b. Late Filing of Return. You can avoid penalties for late filing by sending in your return by the due date. The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late

(maximum 25%) unless you can show reasonable cause for the delay. If you file a return late, attach a full explanation to your return. If your return is more than 60 days late, the penalty will not be less than \$100 or 100% of the balance of tax due on your return, whichever is less.

c. Late Payment of Tax. The penalty for not paying tax when due is ½ of 1% of the unpaid amount for each month or part of a month it remains unpaid. The maximum penalty is 25%. The penalty applies to any unpaid tax shown on the return. It also applies to any additional tax shown on a bill that is not paid within 10 days after the date of the bill. This penalty is in addition to interest charges on late payments.

Note: If you include interest or either of these penalties with your payment, identify and enter these amounts in the bottom margin of Form 1040, page 2. Do not include the interest or penalty amounts in Amount You Owe on line 68.

d. Other Penalties. There are also other penalties that can be imposed for negligence, substantial understatement of tax, filing a frivolous return, and fraud. See **Publication 17** for details on some of these penalties.

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 which 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 any alteration or striking out of the preprinted language above the space provided for your signature.

Voluntary Contributions To Reduce the Public Debt

You can make a voluntary contribution to reduce the public debt. If you wish to do so, enclose a separate check with your income tax return and make it payable to "Bureau of the Public Debt." Please do not add it to any tax you may owe. If you owe tax, include a separate check for that amount payable to "Internal Revenue Service."

Address Change

If you move after you file your return and you are expecting a refund, you should notify the post office serving your old address. Also notify the IRS service center where you filed your return of your address change. This will help to forward your check to your new address as soon as possible.

Corresponding With IRS

Be sure to include your social security number in any correspondence with IRS.

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your return, as well as any worksheets used to figure them, 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. Also keep copies of your filed tax returns as part of your records. You should keep some records longer. For example, keep property records (including those on your own home) as long as they are needed to figure the basis of the original or replacement property. For more details, get **Publication 552**, Recordkeeping for Individuals and a List of Tax Publications.

Requesting a Copy of Your Tax Return. If you need a copy of your tax return or tax account information, use **Form 4506**, Request for Copy of Tax Form. The charge for a copy of a return is \$5.00. The charge for tax account information is \$2.50.

Substitute Tax Forms

You may not use your own version of a tax form unless it meets the requirements contained in **Publication 1167** for substitute tax forms. You can use the order blank in the instructions to get Publication 1167, or write to:

IRS, 1111 Constitution Ave., N.W., Washington, D.C. 20224, Attention: Substitute Forms Program Coordinator.

Amended Return

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, file

Where To File

Use the addressed envelope that came with your return. If you do not have one, or if you moved during the year, mail your return to the **Internal Revenue Service Center** for the place where you live. No street address is needed. Please write -2222 after the five digit ZIP Code listed below for your state; e.g., Ogden, UT 84201-2222.

Alabama—Atlanta, GA 31101
Alaska—Ogden, UT 84201
Arizona—Ogden, UT 84201
Arkansas—Austin, TX 73301
California—Fresno, CA 93888
Colorado—Ogden, UT 84201
Connecticut—Andover, MA 05501
Delaware—Philadelphia, PA 19255
District of Columbia—Philadelphia, PA 19255
Florida—Atlanta, GA 31101
Georgia—Atlanta, GA 31101
Hawaii—Fresno, CA 93888

Idaho—Ogden, UT 84201
Illinois—Kansas City, MO 64999
Indiana—Memphis, TN 37501
Iowa—Kansas City, MO 64999
Kansas—Austin, TX 73301
Kentucky—Memphis, TN 37501
Louisiana—Austin, TX 73301
Maine—Andover, MA 05501
Maryland—Philadelphia, PA 19255
Massachusetts—Andover, MA 05501
Michigan—Cincinnati, OH 45999
Minnesota—Ogden, UT 84201
Mississippi—Atlanta, GA 31101
Missouri—Kansas City, MO 64999
Montana—Ogden, UT 84201
Nebraska—Ogden, UT 84201
Nevada—Ogden, UT 84201
New Hampshire—Andover, MA 05501
New Jersey—Holtsville, NY 00501
New Mexico—Austin, TX 73301

New York—New York City and Counties of Nassau, Rockland, Suffolk and Westchester—Holtsville, NY 00501
All Other Counties—Andover, MA 05501
North Carolina—Memphis, TN 37501
North Dakota—Ogden, UT 84201
Ohio—Cincinnati, OH 45999
Oklahoma—Austin, TX 73301
Oregon—Ogden, UT 84201
Pennsylvania—Philadelphia, PA 19255
Rhode Island—Andover, MA 05501
South Carolina—Atlanta, GA 31101
South Dakota—Ogden, UT 84201
Tennessee—Memphis, TN 37501
Texas—Austin, TX 73301
Utah—Ogden, UT 84201
Vermont—Andover, MA 05501
Virginia—Memphis, TN 37501
Washington—Ogden, UT 84201
West Virginia—Memphis, TN 37501
Wisconsin—Kansas City, MO 64999

Wyoming—Ogden, UT 84201
American Samoa—Philadelphia, PA 19255
Guam—Commissioner of Revenue and Taxation, Agana, GU 96910
Puerto Rico (or if excluding income under section 933)—Philadelphia, PA 19255
Virgin Islands: Non-permanent residents—Philadelphia, PA 19255
Virgin Islands: Permanent residents—Bureau of Internal Revenue, Charlotte Amalie, St. Thomas, VI 00801
Foreign country: U.S. citizens and those filing Form 2555 or Form 4563, even if you have an A.P.O. or F.P.O. address—Philadelphia, PA 19255
A.P.O. or F.P.O. address of: Miami—Atlanta, GA 31101
New York—Holtsville, NY 00501
San Francisco—Fresno, CA 93888
Seattle—Ogden, UT 84201

Form 1040X, Amended U.S. Individual Income Tax Return, to change the Form 1040, 1040A, or 1040EZ you already filed.

Note: If your Federal return is changed for any reason, it may affect your State income tax liability. This would include changes made as a result of an examination of your return by the IRS. Contact your State tax agency for more information.

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

Free help is available in most communities to lower income, elderly, handicapped, and non-English speaking individuals in preparing Form 1040EZ, Form 1040A, and the basic Form 1040. Call the toll-free telephone number for your area for the location of the volunteer assistance site near you.

Death of Taxpayer

If the taxpayer died before filing a return for 1984, the taxpayer's spouse or personal representative must file and sign a return for the person who died if the deceased was required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

The person who files the return should write "deceased" after the deceased's name and show the date of death in the name and address space. Also write "DECEASED" across the top of the tax return.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

If your spouse died in 1984 and you did not remarry in 1984, you can file a joint return. You can also file a joint return if your spouse died in 1985 before filing a 1984 return. A joint return should show your spouse's 1984 income before death and your income for all of 1984. Also write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

If you are claiming a refund as a surviving spouse filing a joint return with the deceased and you follow the above instructions, no other form is needed to have the refund issued to you. However, all other filers requesting a refund due the deceased must file **Form 1310**, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim the refund.

For more details, see **Tele-Tax Information** (tape no. 128) in the index or get **Publication 559**, Tax Information for Survivors, Executors, and Administrators.

Unresolved Tax Problems

IRS has a Problem Resolution Program for taxpayers who have been unable to resolve their problems with IRS. If you have a tax problem you have been unable to resolve through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance.

The Problem Resolution Office will take responsibility for your problem and ensure that it receives proper attention. Although this office cannot change the tax law or technical decisions, it can frequently clear up misunderstandings that resulted from previous contacts.

Section 5

Instructions for Schedules to Form 1040

Instructions for Schedule A Itemized Deductions

Changes You Should Note

The following changes to medical and dental expenses apply to tax years beginning after 1983.

Medicines and Drugs. You may deduct only medicine and drug costs that are for prescribed drugs or insulin. Prescription drugs and insulin are subject to the 5% limitation. The separate 1% limitation on medicines and drugs has been eliminated.

Lodging Expenses. You may deduct up to \$50 a night for lodging expenses you paid while away from home to receive certain medical care. See **Publication 502**, Medical and Dental Expenses, for details.

Purpose of Schedule

*Some taxpayers must itemize their deductions and some should itemize because they will save money. See **You MUST Itemize Deductions and You Choose To Itemize** on page 13.*

If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These are explained below.

Lines 1 through 5

Medical and Dental Expenses

Before you can figure your total deduction for medical and dental expenses, you must complete Form 1040 through line 33.

You may deduct only that part of your medical and dental expenses that is more than 5% of your adjusted gross income on Form 1040, line 33.

Lines 1 through 5 of Schedule A explain how to figure your deduction for medical and dental expenses. Include amounts you paid for hospital, medical, and extra Medicare (Medicare B) insurance. When you figure your deduction, you may include medical and dental bills you paid for:

- Yourself.
- Your spouse.
- All dependents you list on your return.
- Any person that you could have listed as a dependent on your return if that person had not received \$1,000 or more of gross income or had not filed a joint return.

Example.—You gave more than half of your mother's support but may not list her as a dependent because she received \$1,000 of wages during 1984. If part of your support was the payment of her medical bills, you may include that part in your medical expenses.

You should include all amounts you paid during 1984, but do not include amounts

repaid to you, or paid to anyone else, by hospital, health or accident insurance, or your employer.

Note: On line 2c list the medical expense and the amount of the expense. Enter one total in the total amount column on line 2c.

Examples of Medical and Dental Payments You MAY Deduct

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

- Medicines and drugs that required a prescription, or insulin.
- Medical doctors, dentists, eye doctors, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you may deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- Medical treatment at a center for drug addicts or alcoholics.
- Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, crutches, wheelchairs, guide dogs and the cost of maintaining them.
- Lodging expenses (but not meals) paid while away from home to receive medical care in a hospital or a medical care facility that is related to a hospital. Do not include more than \$50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim 9 cents a mile. Add parking and tolls to the amount you claim under either method.

Examples of Medical and Dental Payments You MAY NOT Deduct

You may not deduct the following:

- The basic cost of Medicare insurance (Medicare A).
- Note:** If you are 65 or over and not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.
- Life insurance or income protection policies.
- The 1.3% hospital insurance benefits tax withheld from your pay as part of the social security tax or paid as part of social security self-employment tax.
- Nursing care for a healthy baby. (You may qualify for the child and dependent care credit; see **Form 2441**, Credit for Child and Dependent Care Expenses.)
- Illegal operations or drugs.
- Medicines or drugs you bought without a prescription.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.

Publication 502 has a discussion of expenses that may and may not be

deducted. It also explains when you may deduct capital expenditures and special care for handicapped persons.

Lines 6 through 10

Taxes You Paid

Taxes You MAY Deduct

• State and local income taxes (line 6)

Include on this line state and local income taxes that were withheld from your salary and any estimated payments made. Also include payments you made in 1984 on a tax for a prior year.

If you received a refund of (or credit for) prior-year taxes in 1984, see the instructions for Form 1040, line 10. Do not reduce your deduction by this amount.

• Real estate taxes (line 7)

Include taxes that you paid on property you own that was not used for business.

Publication 530, Tax Information for Owners of Homes, Condominiums, and Cooperative Apartments, explains the deductions homeowners may take.

If your mortgage payments include your real estate taxes, do not take a deduction for those taxes until the year the mortgage company actually pays them to the taxing authority.

• General sales taxes (line 8)

The Sales Tax Tables (see index) show how much you may deduct for your income and family size if you did not keep detailed records. You may add to the sales tax table amount the general sales tax you paid if you bought:

- A car, motorcycle, motor home, or truck. (**Note:** Beginning August 1, 1984, Texas charges a higher motor vehicle sales or use tax than it does for other items. Figure how much you would have paid at the general sales tax rate and enter only that amount on line 8b.)

- A boat, plane, home (including mobile or prefabricated), or materials to build a new home if:

1. The tax rate was the same as the general sales tax rate, and
2. Your sales receipt or contract shows how much tax was imposed on you and paid by you.

If you kept records that show you paid more state sales tax than the tables list, you may deduct the larger amount on line 8a. Separately show the sales tax you paid on any motor vehicle you bought in 1984 on line 8b. Include state or local selective sales or excise taxes if the rates were the same as the general sales tax rates.

The sales tax tables include income through \$40,000. When you figure your income, count all available income. This includes the amount on Form 1040, line 33, plus most amounts you received that are not taxed and the deduction for a married couple when both work (Form 1040, line 30). The instructions at the top of the first page of the tables give steps to help you figure your deduction.

If your available income was more than \$40,000, see the following example.

Example.—Mr. & Mrs. Green live in Virginia and have a family size of 4. Their total available income is \$56,025.

Using the table for Virginia, they find the deduction for their family size (4) with income between \$38,001 and \$40,000. This amount is \$356.

For each \$5,000 or part of \$5,000 in excess of \$40,000, the deduction is increased by the amount on the \$40,001-\$100,000 line for their family size. This amount is \$18. The Greens' available income exceeds \$40,000 by 4 units of \$5,000 (or part of \$5,000). So, they increase their sales tax deduction by \$72 (\$18 x 4).

Their total sales tax deduction from the table is \$428 (\$356 + \$72). The Greens then compare this figure to the amount of sales tax their receipts show they actually paid. The Greens enter the larger figure on Schedule A, line 8a.

• Personal property taxes and other taxes (line 9)

If you had any deductible tax not listed on Schedule A, lines 6 through 8b (such as personal property or foreign income tax), list the tax and the amount of tax. Enter one total in the total amount column on line 9.

Personal property tax must be based on value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you may deduct only the part based on value.

If you paid tax to a foreign country or U.S. possession, you may want to take it as a credit instead of a deduction. Please see **Publication 514**, Foreign Tax Credit for U.S. Citizens and Resident Aliens.

Taxes You MAY NOT Deduct

- Federal income tax.
- Social security tax.
- Railroad retirement tax (RRTA).
- Federal excise tax on transportation, telephone, gasoline, etc.
- Customs duties.
- Federal estate and gift taxes. (However, see **Miscellaneous Deductions** on page 21.)
- Certain state and local taxes, including:
 - a. Tax on gasoline.
 - b. Car inspection fees.
 - c. Tax on liquor, beer, wine, cigarettes, and tobacco.
 - d. Assessments for sidewalks or other improvements to your property.
 - e. Taxes paid for your business or profession. (Use Schedules C, E, or F of Form 1040 to deduct business taxes.)
 - f. Tax you paid for someone else.
 - g. License fees (marriage, driver's, dog, hunting, etc.).
 - h. Per capita (head) tax.

Lines 11a through 14

Interest You Paid

Include interest you paid on nonbusiness items only.

In general, a cash basis taxpayer who in 1984 paid interest that includes amounts that apply to any period after 1984 may deduct only the amount that applies for 1984.

Note: If, at the end of your tax year, you have a loan in existence whose term is in excess of 5 years and the loan agreement in any way refers to the "Rule of 78's," see

Publication 545, Interest Expense, for information on how to figure the amount of interest you may deduct on the loan.

Interest You MAY Deduct

Include the interest you paid on—

- Your home mortgage (lines 11a and 11b). Report home mortgage interest paid to financial institutions on line 11a. Report home mortgage interest paid to individuals on line 11b. Also list this person's name and address in the space provided.
- Bank and other general purpose credit cards. Deduct the finance charge paid as interest if no part of it was for service charges, membership fees, loan fees, credit investigation fees, etc. (line 12).
- Revolving charge accounts. Deduct any finance charge a retail store added if the charges are based on your monthly unpaid balance (line 12).
- Your personal note for money you borrowed from a bank, a credit union, or another person (line 13).
- Loans on life insurance if you paid the interest in cash and you report on the cash basis (line 13).
- Installment contracts on personal property, such as cars (line 13).
- Taxes you paid late. Show only the interest; do not include any amount that is considered a penalty. If the tax is deductible, show it under Taxes You Paid (lines 6 through 9 of this schedule).

- Loans on investment property. Report the nonbusiness part of interest on these loans on line 13. (If your total investment interest on investment debts created after 1969 is more than \$10,000 (\$5,000 if married filing a separate return), you may have to complete **Form 4952**, Investment Interest Expense Deduction, to figure your correct deduction. Also see **Publication 550**, Investment Income and Expenses.)

Special rules apply to interest expense imputed on below-market loans. See **Publication 545**.

Note: On line 13 list the interest expense and the amount of expense. Enter one total in the total amount column on line 13.

Interest You MAY NOT Deduct

Do not include the interest you paid for—

- Tax-exempt income. This includes interest on money you borrowed to buy or carry wholly tax-exempt securities. This also includes interest paid to purchase or carry obligations or shares, or to make deposits or other investments, to the extent any interest income received from the investment is tax-exempt.
- A loan on life insurance if the interest is added to the loan and you report on the cash basis.
- A debt to buy a single-premium life insurance or endowment contract.
- Any kind of business transaction. (Use Schedules C, E, or F of Form 1040 to deduct business interest expenses.)

See **Publication 545** for more details.

Lines 15a through 18

Contributions You Made

You may deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in

purpose. You also deduct what you gave to organizations that work to prevent cruelty to children or animals.

Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys Club of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, state, and local governments if the gifts are solely for public purposes.

If you contributed to a charitable organization and also received a benefit from it, you may deduct only the amount that is more than the benefit you received.

If you do not know whether you may deduct what you gave to an organization, check with that organization or with IRS.

Contributions You MAY Deduct

Contributions may be in cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drive to and from the volunteer work, you may take 9 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

Line 15a. Enter on line 15a all of your cash contributions **except** those that total \$3,000 or more to any one organization.

Line 15b. Enter on line 15b cash contributions totaling \$3,000 or more to any one organization. Show to whom and how much you gave in the space provided.

Line 16. If you gave property, attach a statement showing the kind of property you gave and the name of the organization you gave it to. Include the date you gave it, show how you figured its value at the time you gave it, and state whether it was capital gain or ordinary income property. If you determine the value of a gift by an appraisal, also attach a signed copy of it for gifts for which you claim a deduction of over \$200. For gifts valued over \$200, also include the following on your attached statement:

- a. The address of the organization.
- b. A description of the property.
- c. Any conditions attached to the gift.
- d. How you got the property.
- e. The cost or other basis of the property if:
 1. You owned it less than 5 years, or
 2. 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.
- f. How you figured your deduction if you chose to reduce your deduction for contributions of capital gain property.
- g. If the gift was a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the

gift, the type of legal interest donated, and describe the conservation purpose furthered by the gift.

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.

Note: Beginning in 1985, if your total deduction for gifts of property is over \$5,000, you may have to get appraisals of the values and attach a summary of them to your return.

Special rules apply if:

- Your cash contributions or contributions of ordinary income property are more than 30% of Form 1040, line 33, or
- Your gifts of capital gain property to certain organizations are more than 20% of Form 1040, line 33.

If you gave gifts of property that increased in value, made bargain sales to charity, or gave gifts of the use of property, other rules apply.

For additional information, please get **Publication 526**, Charitable Contributions.

You MAY NOT Deduct As Contributions

- Political contributions (but see instructions for Form 1040, line 44).
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- The 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:
 - a. Individuals.
 - b. Foreign organizations.
 - c. Groups that are run for personal profit.
 - d. Groups whose purpose is to lobby for changes in the laws.
 - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

Line 19

Casualty and Theft Losses

Use line 19 to report casualty or theft losses of property that is not trade, business, or rent or royalty property. Complete and attach **Form 4684**, Casualties and Thefts, or a similar statement to figure your loss. Enter on line 19 of Schedule A the amount of loss from Form 4684.

Losses You MAY Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes.

You may deduct nonbusiness casualty or theft losses only to the extent that—

- a. The amount of **EACH** separate casualty or theft loss is more than \$100, and
- b. The total amount of **ALL** losses during the year is more than 10% of your adjusted gross income on Form 1040, line 33.

Note: Beginning in 1984, special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 for details.

Losses You MAY NOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Use line 22 of Schedule A to deduct the costs of proving that you had a property loss. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, get **Publication 547**, Nonbusiness Disasters, Casualties, and Thefts. It also gives information about Federal disaster area losses.

Lines 20 through 23

Miscellaneous Deductions

Miscellaneous Expenses You MAY Deduct

Business Use of Home. You may deduct expenses for business use of part of your home only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer.

See **Tele-Tax Information** in the index (tape no. 237) or **Publication 587**, Business Use of Your Home, for details.

Educational Expenses. Generally, you may deduct what you paid for education required by your employer, or by law or regulations, to keep your present salary or job. In general, you may also deduct the cost of maintaining or improving skills you must have in your present position.

You may not deduct some educational expenses. Among them are expenses for study that helps you meet minimum requirements for your job, or qualifies you to get a new job. Also, do not deduct expenses that were repaid to you.

You must complete and attach **Form 2106**, Employee Business Expenses, if you deduct educational expenses.

For more details, see **Tele-Tax Information** in the index (tape no. 238) or **Publication 508**, Educational Expenses.

Gambling Losses. You may deduct gambling losses, but not more than the gambling winnings you reported on Form 1040, line 22.

Income in Respect of a Decedent. You may deduct the Federal estate tax attributable to income in respect of a decedent that is ordinary income.

Employee Expenses. Examples of the expenses you may deduct (if you were not reimbursed for them) are:

- Union and professional dues (line 20).
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you may not usually wear away from work.
- Protective clothing, required in your work, such as hard hats and safety shoes and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.

- Fees to employment agencies and other costs to get a new job in your present occupation.

Note: You may not have to complete **Form 2106** if you paid or incurred any employee business expenses other than reimbursed expenses, travel and transportation expenses, and outside salesperson's expenses. See **Form 2106** for details.

Expenses of Producing Income. You may deduct what you paid to produce or collect taxable income or to manage or protect property held for producing income.

Examples of these expenses are:

- Tax return preparation fees (line 21).
- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g. trust account) fees.

Qualified Adoption Expenses. You may be able to deduct up to \$1,500 of **qualified adoption expenses** you paid to adopt a child with "special needs."

A child with special needs is a child (for purposes of the Social Security Act adoption assistance program) whom the state determines cannot or should not be returned to his or her parental home, who has a specific factor or condition that makes placement difficult, and who has been the subject of an unsuccessful placement effort.

Miscellaneous Expenses You MAY NOT Deduct

Expenses you may not deduct include:

- Political contributions (but see instructions for **Form 1040**, line 44).
- Personal legal expenses.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Fines and penalties.
- Expenses of producing tax-exempt income.

For more details on miscellaneous expenses, get **Publication 529**, **Miscellaneous Deductions**.

Note: On line 22 list the type and amount of each expense. Enter one total in the total amount column on line 22.

Lines 24 through 26

Summary of Itemized Deductions

Line 24

Add lines 5, 10, 14, 18, 19, and 23, and write the total on line 24. Write the amount for your filing status on line 25.

Line 26

If line 24 is more than line 25, subtract line 25 from line 24 and enter the difference on Schedule A, line 26, and on **Form 1040**, line 34a.

Note: You will receive the full benefit of your itemized deductions because the zero bracket amount you entered for your filing status on line 25 has been built into the **Tax Table and Tax Rate Schedules** for you.

Page 22

If **line 25** is more than **line 24**, and you are required to itemize your deductions, write "TC" on Schedule A, line 26, and see the instructions for line 34a on page 13 for **You MUST Itemize Deductions**.

Instructions for

Schedule B Interest and Dividend Income

Purpose of Schedule

Use **Schedule B** if you are filing **Form 1040** and you:

- Had more than \$400 in interest,
- Had more than \$400 in dividends,
- Elect to exclude qualified reinvested dividends from a qualified public utility,
- Had a foreign account, or
- Were a grantor of, or transferor to, a foreign trust.

Part III of the schedule asks you to answer questions about foreign accounts and trusts.

Part I

Interest Income

To see what interest income you must report, read the instructions for **Form 1040**, line 8, on page 8.

The payer should send you a **Form 1099-INT** showing interest you must report. If the total interest from all payers is over \$400, fill in Part I and Part III of this schedule.

Line 1

Report on line 1 the interest portion of any payments you received from an individual based on a take-back mortgage or other form of seller financing that resulted from the sale of your home or other property. Show the payer's name and the amount.

Line 2

Report on line 2 **ALL** interest (other than seller-financed mortgage interest) that you received or that was credited to your account so you could withdraw it. List each payer's name and show the amount.

Line 3

Add up all the interest listed on lines 1 and 2 except as noted below in **Nominee and Accrued Interest, Tax-Exempt Interest, and Interest From All-Savers Certificates**. Write the total on this line and also on **Form 1040**, line 8.

Nominee and Accrued Interest, Tax-Exempt Interest, and Interest From All-Savers Certificates. When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller.

Note: If you received interest as a nominee for the actual owner, give that person a **Form 1099-INT**.

Include on line 2 interest you received as a nominee for the actual owner or as a purchaser of a bond with accrued interest. If you received a **Form 1099-INT** for tax-exempt interest, such as from municipal bonds, also include this interest on line 2. Several lines above line 3, put a subtotal of all interest income listed on line 2. Below

this subtotal, write "Nominee Distribution" or "Accrued Interest" as appropriate and show the interest amounts you paid to others. If you received a **Form 1099-INT** for tax-exempt interest, write "Tax-Exempt Interest" on the line below the subtotal and show the amount of this interest. Subtract these amounts from the subtotal and write the result on line 3.

If you are reporting Original Issue Discount (OID) in an amount less than the amount shown on **Form 1099-OID**, follow the above rules for nominee interest to see how to report the OID on Schedule B. However, identify this amount as "OID."

If you received any interest income from an All-Savers Certificate (ASC) in 1984, include the interest on line 2. If you are entitled to exclude any of the ASC interest, several lines above line 3 put a subtotal of all interest income listed on line 2. Below this subtotal, write "ASC Exclusion" and show the amount of your exclusion. Subtract this amount from the subtotal and write the result on line 3. **Publication 550**, **Investment Income and Expenses**, contains a worksheet you may use to figure your ASC exclusion.

Part II

Dividend Income

To see what dividend income you must report, read the instructions for **Form 1040**, line 9a, on page 8.

The payer should send you a **Form 1099-DIV** showing dividends you must report. If the total dividends from all payers are over \$400, or you elect to exclude qualified reinvested dividends from a qualified public utility, fill in Part II. If the total is over \$400, also fill in Part III of this schedule.

Line 4

Report **ALL** of your dividend income on this line. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, **Publication 564**, **Mutual Fund Distributions**, may be helpful.

List the payer's name and show the amount of income. If the securities are held in a brokerage account, list the name of the brokerage firm as the payer. Be sure to include capital gain and nontaxable distributions on this line. They will be deducted on lines 6 and 7.

Nominees. List on line 4 all dividends you received, including dividends you received as a nominee, even if you later distributed some or all of this income to others. Several lines above line 5, put a subtotal of all dividends listed on line 4. Below this subtotal write "Nominee Distribution" and show the amounts distributed. Subtract these distributions from the subtotal and write the result on line 5.

Note: If you received dividends as a nominee for the actual owner, give that person a **Form 1099-DIV**.

Line 5

Add the amounts you listed on line 4 except as noted above in **Nominees**. Write the total on this line.

Line 6

If you listed any capital gain distributions on line 4, add those amounts. Write the total on this line.

Line 7

Write the total of your nontaxable distributions on this line.

Line 8

If you choose under a dividend reinvestment plan of a qualified public utility, to receive dividends in "qualified common stock," rather than in cash or other property, you may elect to exclude up to \$750 (\$1,500 on a joint return) of the qualified common stock dividends distributed to you in 1984. This exclusion does not apply to nonresident aliens, or persons owning more than 5% of the voting power or value of stock in the distributing corporation. For more details, see **Publication 550**.

Caution: If you choose to exclude the value of the qualified common stock dividend, you may not revoke the election for that dividend without the consent of IRS.

On line 8 write the amount you are excluding in 1984. On line 4 write "DR" next to the payer's name to identify the dividend you are excluding from income.

Note: If you exclude the value of stock received in a reinvestment plan of a qualified public utility, your basis in the stock is zero.

Line 9

Add lines 6, 7, and 8. Write the total on this line.

Line 10

Subtract line 9 from line 5. Write the total on line 10 and on Form 1040, line 9a.

Tax Tip: Be sure to read the instructions on page 9 for line 9b to see whether you may exclude any part of the dividend income.

Part III

Foreign Accounts and Foreign Trusts

Fill in this part if you had more than \$400 of interest or dividend income; if you had a foreign financial account; or if you were the grantor of, or transferor to, a foreign trust.

Line 11

Check the **Yes** box if either 1 or 2 below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check **No** if any of the following applies to you.

- The combined value of the accounts was \$5,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You are 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 is in your employer's name; AND you do not have a personal financial interest in the account.
- You are 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 is in your employer's name; you do 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.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get **Form TD F 90-22.1** to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked **Yes** to question 11, file **Form TD F 90-22.1** by June 30, 1985, with the Department of the Treasury at the address shown on the form. **Form TD F 90-22.1** is not a tax return, so **do not** attach it to **Form 1040** or file it with the IRS. But be sure to **file your Form 1040 with the IRS**.

You can get **Form TD F 90-22.1** from many IRS offices or by writing to the IRS Forms Distribution Center for your State, as shown on the inside back cover.

If you checked **Yes** to question 11, write the name of the foreign country or countries in the space provided. Attach a separate sheet if you need more space.

Line 12

Check the **Yes** box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

Instructions for

Schedule D

Capital Gains and Losses

Changes You Should Note

The holding period for determining long-term capital gains and losses has been changed to more than 6 months, effective for property acquired after June 22, 1984.

Beginning in 1984, individuals who receive a **Form 1099-B** or equivalent statement (for example, a broker's confirmation statement) from their broker or barter exchange, reporting sales of stock, bonds, etc., and bartering transactions, will have to reconcile these amounts with their tax return. If you have such amounts, complete Part VI of Schedule D (**Form 1040**).

The instructions for columns d and e of Parts I and II, have been revised for sales of stocks and bonds. Read the instructions carefully for these columns.

Purpose of Schedule

Use **Schedule D (Form 1040)** to report the sale or exchange of a capital asset. See the definition of "capital asset" on this page.

In the following cases you have to use **Form 4797**, Supplemental Schedule of Gains and Losses, instead of **Schedule D**:

- You sell, exchange, or involuntarily convert (other than by casualty or theft) business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and section 126 property.
- You involuntarily convert (other than by casualty or theft) certain capital assets.
- You dispose of other noncapital assets not mentioned above.

If you involuntarily convert property because of a casualty or theft, use **Form 4684**, Casualties and Thefts.

Two publications you should find useful are **Publication 544**, Sales and Other Dispositions of Assets, and **Publication 550**, Investment Income and Expenses.

Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, and stocks and bonds are capital assets.

A capital asset is any property held by a taxpayer except the following:

- a. Stock in trade or other property included in inventory or held for sale to customers.
- b. Accounts or notes receivable you received for services in the ordinary course of your trade or business, or from the sale of any property described in a, or for services you performed as an employee.
- c. Depreciable property used in your trade or business even if it was fully depreciated.
- d. Real property (real estate) used in your trade or business.
- e. A copyright, literary, musical or artistic composition, letter, memorandum, or similar property:

1. created by your personal efforts, or
2. prepared or produced for you (in the case of a letter, memorandum, or similar property), or
3. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the previous owner.

f. 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 another taxpayer who had received it in a similar way, if your basis is determined by reference to the previous owner.

Short-Term or Long-Term

When you list your capital gains and losses, separate them according to how long you held or owned the property. The holding period for determining long-term capital gains and losses is more than one year (6 months for acquisitions after June 22, 1984).

When you figure the length of the period you held property, begin counting on the day after you got the property and include the day you disposed of it. Use the trade dates for the date acquired and date sold for stocks and bonds on an exchange or over the counter market.

A nonbusiness bad debt must be treated as a short-term capital loss.

Capital Losses

The limit on capital losses that can be applied against other income after offsetting capital gains is \$3,000. If you are married and filing separately, the limit is \$1,500.

Unused capital losses are carried over to later years until fully used. If any of your capital losses are from before 1970, use **Form 4798**, Carryover of Pre-1970 Capital Losses, Part II, to figure your capital loss carryovers. If all of your capital losses are from after 1969, use **Schedule D**, Part IV,

to figure your capital loss carryovers. You will need certain lines from those parts when you prepare your 1985 tax return.

Losses That Are Not Deductible

Do not deduct a loss from the sale or exchange of property directly or indirectly between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.
- A partnership and a corporation if the same taxpayers own directly or indirectly more than 50 percent of the capital interest, or profits interest, in the partnership or corporation.

If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) 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**, Computation of Deductible Loss From an Activity Described in Section 465(c).

Items for Special Treatment and Special Cases

The following items may require special treatment:

- Transactions by a securities dealer.
- Wash sales of stock or securities.
- Bonds and other evidence of indebtedness.
- Certain real estate subdivided for sale which may be considered a capital asset.
- Distributions received from an employee pension, profit-sharing, or stock bonus plan. (See **Form 4972**, Special 10-Year Averaging Method, or **Form 5544**, Multiple Recipient Special 10-Year Averaging Method. Also, see **Publication 575**, Pension and Annuity Income.)
- Gain on the sale of depreciable property to an 80% owned entity, or to a trust of which you are a beneficiary.
- Gain on disposition of stock in a Domestic International Sales Corporation.
- Gain or loss on options to buy or sell, including closing transactions.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if the partnership were incorporated.
- Gain on the sale of qualified reinvested dividends from a qualified public utility. See **Publication 550**, Investment Income and Expenses, for details.

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- Transfer of appreciated property to a political organization.
- Loss on sale, exchange, or worthlessness of small business stock (Section 1244 stock).

For rules on nontaxable exchanges, gifts of property, and inherited property, see **Publication 544**.

For treatment by shareholders of corporate liquidations, see **Publication 542**, Tax Information on Corporations.

Exchange of Like-Kind Property

Report the exchange of "like-kind" property even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." For exceptions, see **Publication 544**.

Identify in column a, the property you disposed of. Enter the date you acquired it in column b, and the date you exchanged it in column c. Write "like-kind exchange" in column d. Enter the cost or other basis in column e. Enter zero in columns f and g.

Sale or Exchange (Other Than Involuntary Conversion) of Capital Assets Held for Personal Use

This type of gain is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible.

Disposition of Partnership Interest

A sale or other disposition of an interest in a partnership may result in ordinary income. Please see **Publication 541**, Tax Information on Partnerships, and **Publication 544**, Sales and Other Dispositions of Assets.

Long-Term Capital Gains From Regulated Investment Companies

Include in income as a long-term capital gain the amount(s) shown on **Form 2439** that represents your share of the undistributed capital gains of a regulated investment company. Enter the tax paid by the company as shown on **Form 2439** on **Form 1040**, line 63. Add to the basis of your stock, the excess of the amount included in income over the credit.

Sale of Residence

Use **Form 2119**, Sale or Exchange of Principal Residence, to report a gain from the sale of your principal residence whether or not you bought another one. For more information, see **Publication 523**, Tax Information on Selling Your Home.

Installment Sales

If you sold property at a gain, and are to receive any payment in a tax year after the year of sale, use the installment method and **Form 6252**, Computation of Installment Sale Income, unless you elect not to. Also use **Form 6252**, if you received a payment in 1984 from a sale made in an earlier year on the installment method.

You need not use **Form 6252** for year-end stock sales where payment is received in the following year. Instead, report the sale directly on your Schedule D for the year of payment unless you elect out of the installment method.

If you want to elect out of the installment method, you must do the following on a timely filed return (including extensions):

(1) Report the full amount of the sale on Schedule D.

(2) If you received a note or other obligation and are reporting it at less than face value (including all contingent payment obligations), complete Part V. If you received more than one, enter the amounts separately in the spaces in Part V.

Investment Interest Expense Deduction Adjustment

If you have an entry on **Form 4952**, line 20, and Schedule D, line 21 (or **Form 4798**, line 8), part or all of **Form 4952**, line 20, may be treated as ordinary income.

Determine the ordinary income for Schedule D or **Form 4798** as follows:

Step 1—In a separate computation, reduce **Form 4952**, line 20, to the amount by which line 15 of that form is more than the sum of lines 16 through 19 of that form.

Step 2—Ordinary income will be the smaller of step 1 or Schedule D, line 21 (or **Form 4798**, line 8).

Enter the ordinary income in the margin to the right of Schedule D, line 21 (or **Form 4798**, Part I, line 8). Identify by writing next to it: "From **Form 4952**." Subtract the ordinary income from the gain on Schedule D, lines 20 and 21 (or **Form 4798**, Part I, lines 7 and 8). In addition, enter the ordinary gain on **Form 4797**, Part II, line 12. If you do not use **Form 4797** for other transactions, enter it on **Form 1040**, line 15, and identify it in the margin as "From **Form 4952**."

Section 1256 Contracts and Straddles

Section 1256 contracts open at the end of the year, or terminated during the year, are treated as 60% long-term and 40% short-term, regardless of how long the contracts were held. In addition, losses from positions that are part of a straddle are deferred to the extent of any unrealized gains on open offsetting positions. Use **Form 6781**, Gains and Losses From Section 1256 Contracts and Straddles, to report gains and losses from them.

Specific Instructions

Note: If you attach your own schedule to show detail of gain or loss, enter on Schedule D, lines 5 and 13, the total gain and the total loss. Do not combine the total gain with the total loss.

Column d

Gross Sales Price

Enter in this column the gross sales price from the sale. On sales of stocks and bonds, report the gross amount reported to you by your broker on **Form 1099-B**, or similar statement. However, if the broker advised you that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column d.

Column e

Cost or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions, improvements, and minus depreciation, amortization, and depletion. If you inherited the property or got it as a gift, tax-free

exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the actual cash cost as the basis. If you do not use cash cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits.

The basis of property acquired by gifts generally is 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.

If a charitable contribution deduction is allowed because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any expense of sale such as broker's fee, commission, and option premium before making an entry in column e, unless you reported net sales price in column d.

For more information, see **Publication 551**, Basis of Assets.

Line 7

Short-Term Capital Loss Carryover From Years Beginning After 1969

Enter the amount from your 1983 Schedule D (Form 1040), line 30, or 1983 Form 4798, Part II, line 20.

Line 18

Long-Term Capital Loss Carryover From Years Beginning After 1969

Enter the amount from your 1983 Schedule D (Form 1040), line 36, or 1983 Form 4798, Part II, line 26.

Note: If you used Form 4798 in 1983 and had an entry in Part II, line 17 or 23, use Form 4798 in 1984 instead of completing Schedule D, Parts III or IV.

Line 25c

(or Form 4798, Part I, line 30c)

Taxable Income, as Adjusted

Figure your taxable income, as adjusted, with a separate calculation. Do this in the following way:

a. Figure the amount from Form 1040, line 35, without regard to gains and losses from sales or exchanges of capital assets.

b. Subtract from the amount in a one of the following:

- \$2,300 if you are filing as single or head of household.
- \$3,400 if you are married filing a joint return or you are a qualifying widow(er) with a dependent child.
- \$1,700 if you are married filing a separate return.

Part VI

Reconciliation of Forms 1099-B With Tax Return

This part will enable IRS to compare amounts reported by brokers and barter exchanges with amounts reported on your return.

Enter on line 38 amounts you reported on Schedule D that were not reported to you on Form 1099-B or a similar statement. An

example would be a year-end stock sale that you report in 1984, but which your broker does not report to you until 1985.

Enter on line 40 amounts reported to you on Form 1099-B that you are not reporting on Schedule D. Attach a statement explaining why you are not reporting these amounts.

Instructions for Schedule E Supplemental Income

Changes You Should Note

If you have more than three rental or royalty properties, complete and attach as many Schedules E as are needed to list the properties. However, fill in the "Totals" column for lines 3, 17, 18, and 21 through 25 on only one Schedule E. The figures in the total column on that Schedule E should be the combined totals of all the schedules.

If you also need to use page 2 of Schedule E, use the same Schedule E that you used to enter the combined totals in Part I.

Tax Shelter Registration Number. A person who sells (or otherwise transfers) to you an interest in a tax shelter after August 31, 1984, must maintain a list of investors and give you the tax shelter registration number assigned to the tax shelter. You must attach to your tax return, **Form 8271**, Investor Reporting of Tax Shelter Registration Number, to report this number. Penalties are provided if you fail to report this number on your tax return.

Purpose of Schedule

Use Schedule E to report income (or loss) from rents and royalties, partnerships, estates and trusts, and S corporations.

Note: If you attach your own schedules to report income (or loss) from any of these sources, use the same format as the Schedule E. Enter separately on Schedule E the total of net income and the total of net loss for each part. **DO NOT** combine the total of net income with the total of net loss on the separate schedules.

At-Risk Rules (Parts I and II)

If you have (1) a loss from any activity that you, your partnership, or S corporation engaged in as a trade or business or for the production of income, except the holding of real property (other than mineral property), and (2) you have amounts for which you are not at risk in the activity, use **Form 6198**, Computation of Deductible Loss From an Activity Described in Section 465(c), to determine the allowable loss to report on Schedule E.

Amounts for which you are not at risk are amounts such as the following:

- nonrecourse loans used to finance the activity, acquire property used in the activity, or acquire your interest in the activity unless they are secured by property not used in the activity;
- loans from related parties (section 267(b));
- loans from someone who has an interest in the activity other than as a creditor; and
- amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement.

For more details, get **Publication 536**, Net Operating Loss and the At-Risk Limits.

The at-risk rules may apply to a member of a partnership or joint venture, shareholder in an S corporation, or lessor of certain property. Generally, the amount you have at risk limits the loss you can deduct for any tax year.

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. See Form 6198 and the related instructions for more information.

If, in addition to the amount that you may report on Schedule E, you sell or otherwise dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) 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.

- **Part I**—If you have a loss, enter in the appropriate column(s) on line 20 the loss from the activity or the amount at risk for the activity, whichever is smaller. If your at-risk amount is zero or less, enter zero.

- **Part II**—If you have a loss, enter in column (d) the loss from the activity or the amount at risk for the activity, whichever is smaller. If your at-risk amount is zero or less, enter zero.

Any loss from an activity not allowed for the tax year is treated as a deduction allocable to the activity in the next tax year.

Part I

Rent and Royalty Income or Loss

Generally, you should use this part to report rent and royalty income. Report rents from property you own or control, including room and other space rentals. However, if you provided services to the renter, or if your business was selling real estate, report the income on Schedule C. For more information on rental income and expenses, see **Tele-Tax Information** (tape no. 143) in the index or get **Publication 527**, Rental Property.

Report royalties from oil, gas, or mineral properties, copyrights, and patents. If you hold an operating oil, gas, or mineral interest, report gross income and expenses on Schedule C.

If you use Part I to report rent and royalty income, enter your rent and royalty expenses for each property in the appropriate columns on lines 4 through 16.

If you have a loss from an activity except the holding of real property (other than mineral property), see the **At-Risk Rules** on this page.

Rent

If you were not in the real estate sales business and you received rent from property you own or control, report it on line 3a. If you received services or property, instead of money, as rent, report its fair market value.

You can deduct an amount for the depreciation of rental property. You can also deduct all normal expenses, such as taxes, interest, repairs, insurance, maintenance, and agent's commissions. If your total interest on investment debt created after 1969, including investment interest from all other sources, is more than

\$10,000 (\$5,000 if married filing separately), see **Form 4952**, Investment Interest Expense Deduction.

Do not deduct the value of your own labor. Do not deduct capital investments or improvements; instead add these to the basis of the property for depreciation. Example: A landlord can deduct the cost of minor repairs, but not the cost of major improvements, such as a new roof.

Renting Out Part of Your Home

If you rent out only part of your home or other property, deduct the part of your expenses that apply to the rented part.

Example: You rent out one-quarter of your home and live in the other part. Deduct depreciation on only one-quarter of the home. Deduct any other expenses that apply to the rented part.

Renting Out a Home That Is Also Used for Personal Purposes

Generally, you may deduct only those expenses which apply to the time that the home or other dwelling unit is rented out. A dwelling unit includes a house, apartment, condominium, mobile home, boat, or similar property. Also, if you or your family used the property as a residence, certain expenses cannot be more than the gross rental income. Only interest, taxes, and casualty losses do not have to be limited. Generally, a home or other dwelling unit is used as a residence if you or your family used it for personal purposes for more than the greater of:

- 14 days, or
- 10% of the number of days during 1984 that the property was actually rented out at a fair rental.

A day of personal use is any day, or part of a day, that the unit is used—

- for personal purposes by you, or any other person who has an interest in it, unless the unit is rented to that person under a shared equity financing agreement, or
- by a member of your family or family member of any other person who has an interest in it, unless the unit is rented at fair rental as that person's residence, or
- by anyone under an arrangement that lets you use some other dwelling unit, or
- by anyone at less than fair rental.

If you used the property as a residence and rented it out for less than 15 days, you may not deduct any rental expenses. However, if you itemized your deductions, you may deduct any interest, taxes, and casualty losses on Schedule A (Form 1040). You do not have to report the rental income.

Family includes **ONLY** brothers, sisters, half brothers, half sisters, spouse, ancestors (parents, grandparents, etc.), and lineal descendants (children, grandchildren, etc.).

Royalties

Report on line 3b royalties from oil, gas, or mineral properties; copyrights; and patents, not including operating oil, gas, or mineral interests. Under certain circumstances, you

can treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For more details, get **Publication 544**, Sales and Other Dispositions of Assets.

If State or local taxes were withheld from oil or gas payments you received, enter on line 3b the gross amount of royalty. Include the taxes withheld by the producer on line 13, but DO NOT include on line 13 the amount of windfall profit taxes actually withheld in 1984. Instead, enter that amount in Part III, line 37.

Rental Income From Farm Production or Crop Shares

Report farm rental income and expenses on **Form 4835**, Farm Rental Income and Expenses, if you meet these two tests:

- You received rental income that was based on crops or livestock produced by the tenant.
- You did not manage or operate the farm to any great extent.

Note: For purposes of the estimated tax penalty, income received from your share of crops and rental based on farm production is considered income from farming.

If you use Form 4835, enter on line 24 of Schedule E the net farm rental profit or (loss) from Form 4835, line 49.

Certified Historic Structures

If you own a certified historic structure and pay or incur certain capital expenditures to rehabilitate it, special rules apply. See **Publication 535**, Business Expenses, for more information.

Expenses To Rehabilitate Low-Income Housing

For tax years beginning January 1, 1984, you may amortize over a 60-month period up to \$20,000 of the costs you paid or incurred to rehabilitate qualified low-income housing. Get **Publication 535** for more details.

Deduction for Removal of Barriers to the Handicapped and Elderly

Beginning in 1984, you can deduct up to \$35,000 of the costs you paid or incurred to remove architectural or transportation barriers to the handicapped and the elderly. Get **Publication 535** for more details.

Part II

Income or Losses From Partnerships, Estates, Trusts, and S Corporations

Partnerships
If you are a member of a partnership or joint venture, include in this part your share of the partnership income (whether you received it or not) or net loss for the partnership tax year that ends during the year covered by your return.

If you have other partnership items from **Schedule K-1 (Form 1065)**, such as depletion, show each item on a separate line in Part II. However, if you are claiming a deduction for recovery property (section 179), enter the amount of this deduction on line 28 of Schedule E.

Note: For tax years beginning in 1984, the amount of your section 179 deduction from ALL sources cannot be more than \$5,000 (\$2,500 if you are married filing a separate return).

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on Schedule SE (Form 1040). Enter the amount from Schedule K-1 (Form 1065), line 17a, on Schedule SE, Part I.

If you have a loss, see the **At-Risk Rules** on page 25.

For more information for this part, please see your copy of Schedule K-1 (Form 1065), Partner's Share of Income, Credits, Deductions, etc., and **Partner's Instructions for Schedule K-1 (Form 1065)** attached to Schedule K-1. If you did not receive a copy of these instructions, you can get a copy at most IRS offices.

If you are treating partnership items on your tax return differently from the way the partnership reported the items on its return, you may have to file **Form 8082**, Notice of Inconsistent Treatment or Amended Return.

If you have losses or deductions from a prior year that you could not deduct in the prior year because of the at-risk rules or basis rules, do not combine the prior-year amounts with any current-year amounts to arrive at a net figure to report on Schedule E. Instead, report on separate lines on Schedule E prior-year amounts and current-year amounts.

Estates and Trusts

If you are a beneficiary of an estate or trust, report your taxable part of the income (whether you received it or not) as follows:

- Dividends qualifying for the dividend exclusion—enter on **Schedule B (Form 1040)**, Part II, line 4. If total dividends received from all sources are \$400 or less, enter the total on Form 1040, line 9a. Do not list them on Schedule B.
- Short-term capital gains—Schedule D.
- Long-term capital gains—Schedule D.
- Other taxable income less deductions—Schedule E, Part II.

For more information, contact the fiduciary or see Schedule K-1 (Form 1041).

Include your share of tax preference items on **Form 6251**, Alternative Minimum Tax.

If you have a loss, see the **At-Risk Rules** on page 25.

A U.S. person who transferred property to a foreign trust may have to include in income the income received by the trust as a result of the transferred property if, during 1984, the trust had a U.S. beneficiary. For more information, see **Form 3520-A**, Annual Return of Foreign Trust With U.S. Beneficiaries.

S Corporations

If you are a shareholder of an S corporation, report your share of the income (whether you received it or not) or net loss of the corporation on Schedule E in the same

manner as the income or loss of a partnership. Your share of the net income is **NOT** subject to self-employment tax. Also, distributions of prior-year accumulated earnings and profits of all S corporations are dividends and are reported on Schedule B (Form 1040). For more information, get **Publication 589**, Tax Information on S Corporations.

If you have a loss, see the **At-Risk Rules** on page 25.

If you are treating S corporation items on your tax return differently from the way the S corporation reported the items on its return, you may have to file **Form 8082**.

If you are claiming a deduction for recovery property (section 179), enter the amount of this deduction on line 34 of Schedule E.

Note: For tax years beginning in 1984, the amount of your section 179 deduction from **ALL** sources cannot be more than \$5,000 (\$2,500 if you are married filing a separate return).

If you are a shareholder claiming a deduction for a net operating loss, attach to your return a computation of the adjusted basis of your stock in the corporation and the adjusted basis of any debt the corporation owes you. Your net operating loss deduction is limited to that amount.

Part III

Caution: If you are a member of a partnership, the amounts entered on lines 36 and 37 may affect your net earnings from self-employment on Schedule SE.

Line 36

In certain situations, you must report as income on line 36 the amount of any credit or refund of overpaid windfall profit tax you received in 1984 for tax year 1983, based on overwithholding or the net income limitation.

In general, the amount of credit or refund you received is income to the extent you deducted windfall profit tax withheld in 1983 on Schedule E, and received a tax benefit for the deduction on your 1983 tax return.

Line 37

If you are a cash method taxpayer, deduct on line 37 the amount of windfall profit tax actually withheld in 1984.

Part IV

Line 40

Enter on this line your share of gross farming and fishing income from partnerships, estates and trusts, and as shown on Form 4835.

You will not be charged a penalty for underpayment of estimated tax if you meet the following tests:

- your gross farming or fishing income for 1983 or 1984 is at least two-thirds of your gross income, and
- you file your 1984 tax return and pay the tax due by March 1, 1985.

Part V

Depreciation

You can deduct an amount each year for assets you buy to use in your business or

hold to produce investment income. The deduction does not apply to land and personal assets.

Generally, you **MUST** use the Accelerated Cost Recovery System (ACRS) for all assets you place in service after December 31, 1980.

Use Part V to figure your depreciation only if you did not place any assets in service after December 31, 1980. For more space, use a separate sheet and follow the same format as shown in Part V.

However, if you placed any assets in service after December 31, 1980, use Form 4562 to figure your deduction for **ALL** assets. Enter in Part I, line 18, the amount from Form 4562, Part I.

Please get **Publication 534**, Depreciation, for more information.

Instructions for

Schedule C

Profit or (Loss) From Business or Profession

Changes You Should Note

New rules apply that may limit the amount of your recovery deduction for depreciation and investment credit for certain property used in your trade or business or held for the production of income and placed in service after June 18, 1984.

- For calendar year 1984, the recovery deduction for a "passenger automobile" may not exceed \$4,000, and the investment tax credit may not exceed \$1,000. In figuring your recovery deduction, for purposes of this limitation, the section 179 expense deduction is treated as a recovery deduction. The above amounts are further reduced if your business use is less than 100%.
- The section 179 expense deduction and investment credit are not allowed for "listed property," such as cars and other transportation property; computers; property generally used for entertainment, recreation, or amusement; and certain other property not used more than 50% in your trade or business.

For more details, get **Publication 534**, Depreciation, and **Publication 572**, Investment Credit.

Beginning January 1, 1985, any person engaged in a trade or business who receives cash of more than \$10,000 in one or more related transactions may be required to file **Form 8300**.

Purpose of Schedule

If you operated a business or practiced a profession as a sole proprietorship, complete **Schedule C**. If you had more than one business, or if you and your spouse had separate businesses, you must complete a **Schedule C** for each business. Farmers should use **Schedule F**.

Deduct interest, taxes, and casualty losses not related to your business as itemized deductions on **Schedule A**.

Report sales, exchanges, and involuntary conversions (other than casualty or theft) of

trade or business property on **Form 4797**, Supplemental Schedule of Gains and Losses.

Use **Form 4684**, Casualties and Thefts, to report a casualty or theft involving trade or business, or income-producing property.

You must pay social security self-employment tax on income from any trade or business unless you are specifically excepted. Please see **Schedule SE**.

For more details about business income and expenses, get **Publication 334**, Tax Guide for Small Business.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities, and pensions, or for sales by you of \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other basis for resale. For more information, see instructions for **Form W-3**, Transmittal of Income and Tax Statements, **Form W-3G**, Transmittal of Certain Information Returns, and **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns.

Item A

Main Business Activity and Product or Service

Report the business activity that accounted for the most income included on Schedule C, Part I, line 1a. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware."

Item B

Business Name and Address

Use your home address only if you actually conducted the business from your home. You should show a street address instead of a box number.

Item C

Employer Identification (ID) Number

You don't need an employer ID number unless you had a Keogh (H.R. 10) plan or were required to file an employment, excise, or alcohol, tobacco, and firearms tax return.

Item D

Valuation Methods

Your inventories can be valued at:

- cost,
- cost or market value, whichever is lower, or
- any other method approved by the Commissioner of Internal Revenue.

Item E

Accounting Methods

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method, accrual method, or in some cases, the completed contract or percentage-of-completion method. The method used must clearly reflect your income.

To change your accounting method (including the treatment of any item such as inventories or bad debts), you must usually

first get the permission of the Commissioner of Internal Revenue. In general, file **Form 3115** within the first 180 days of the tax year in which you want to make the change.

If you use the **cash method**, show all items of taxable income actually or constructively received during the year (in cash, property, or services). Also show amounts actually paid during the year for deductible expenses. Income is constructively received when it is credited to your account or set aside for you to use.

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.

New rules put accrual-basis taxpayers on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules also apply that determine the timing of deductions based on economic performance. See **Publication 538**, Accounting Periods and Methods, for details.

Item G

Business Use of Your Home

Within certain limits, you may 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, or
- 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.

You may also deduct expenses that apply to space within your home if it is the **only** fixed location of your trade or business. The space must be used on a regular basis to store inventory held for use in your trade or business of selling products at retail or wholesale.

If you use space in your home on a regular basis in your trade or business of providing day care service, you may be able to deduct the business expenses even though you also use the same space for nonbusiness purposes.

Please get **Publication 587**, Business Use of Your Home, for more information.

Part I Income (Lines 1 through 5)

Line 1a

Gross Receipts or Sales

Enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on **Form(s) 1099-MISC**.

Installment Sales. If you use the installment method of reporting sales income, please attach a schedule showing separately for 1984 and the three preceding years: gross sales; cost of goods sold; gross profit; percentage of gross profits to gross sales; amounts collected; and gross profits on amounts collected.

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Line 1b

Returns and Allowances

You should enter on line 1b such items as returned sales, rebates, and allowances from the sales price.

Line 4a

Income From Overpaid Windfall Profit Tax

In certain situations, you must report as income on line 4a the amount of any credit or refund of overpaid windfall profit tax you received in 1984 for tax year 1983, based on overwithholding or the net income limitation.

In general, the amount of credit or refund you received is income to the extent you deducted windfall profit tax withheld in 1983 on Schedule C, and received a tax benefit for the deduction on your 1983 tax return.

Line 4b

Other Income

Include finance reserve income, scrap sales, amounts recovered from bad debts, interest, and other kinds of miscellaneous income from the business or profession.

Part II

Deductions (Lines 6 through 31)

Line 7

Bad Debts From Sales or Services

Caution: *Cash method taxpayers are not entitled to a bad debt deduction unless the amount was previously included in income.*

Include debts and partial debts arising from sales or services that were included in income and are definitely known to be worthless. Instead of this, you may deduct a reasonable amount that was added during the tax year to a bad debt reserve.

If you later collect a debt that you deducted as a bad debt, include it as income in the year you collect it unless you use the bad debt reserve method. For more information, please get **Publication 548**, Deduction for Bad Debts.

Line 9

Car and Truck Expenses

You can deduct the actual cost of running your car or truck, or take the fixed mileage rate. You must use actual costs if you use more than one vehicle in your business. If you deduct actual cost, show depreciation on line 12.

The fixed rate is figured at 20½ cents a mile up to 15,000 miles, and 11 cents for each mile after that. Add to this amount your parking fees and tolls.

For cars and trucks that have been fully depreciated, the rate is 11 cents a mile.

If you use the fixed rate, the vehicle is considered to have a useful life of 60,000 miles of business use at the maximum fixed mileage rate.

Note: *If you place a car or truck in service after December 31, 1980, and take the fixed mileage rate, you are treated as having elected to exclude this vehicle from ACRS.*

For more details, get **Publication 463**, Travel, Entertainment, and Gift Expenses.

Note: *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 use tax on these vehicles. Get Form 2290, Heavy Vehicle Use Tax Return, to see whether you are subject to the tax.

Line 11

Depletion

Enter your total deduction for depletion on this line. If you claim a deduction for timber depletion, please attach **Form T**.

Line 12

Depreciation, Including Section 179 Expense Deduction

You can deduct an amount each year for assets you buy to use in your business or hold to produce investment income. The deduction for depreciation does not apply to stock in trade, inventories, land, and personal assets.

Generally, you **MUST** use the Accelerated Cost Recovery System (ACRS) for all assets you place in service after December 31, 1980.

You may also choose under section 179 to expense part of the cost of certain depreciable property you bought in 1984 for use in your business. You may deduct up to \$5,000 (\$2,500 if married filing separately) of the cost of recovery property that would otherwise qualify for investment credit. However, you may not depreciate or amortize the same costs. In general, for cars or other "listed property" placed in service after June 18, 1984, you may not take this deduction if the property is used 50% or less in your trade or business. See "Changes You Should Note" on page 27.

Figure your depreciation deduction, including the section 179 expense deduction, on **Form 4562**, Depreciation and Amortization. Enter on line 12 of Schedule C the amount from Form 4562, Part I, that you have not included in Part III of Schedule C.

Investment Credit. You may be able to take a credit for part of the cost of qualifying property used in your trade or business. To see if you qualify, get **Form 3468**, Computation of Investment Credit.

If you dispose of investment credit property before the end of its class life or life years, or the use of the property changes so that it no longer qualifies, you may have to refigure the credit. Get **Form 4255**, Recapture of Investment Credit, for details.

Line 14

Employee Benefit Programs

Enter the amount of your contributions that are not an incidental part of a pension or profit-sharing plan included on line 21. Also include here contributions to insurance, health, and welfare programs.

Line 17

Interest on Business Indebtedness

If you paid interest that applies to future years, deduct for 1984, only the part that applies to 1984.

Don't take a deduction on Schedule C for interest you paid or accrued on debts from buying or carrying investment property. Deduct this interest on Schedule A. For more information, see **Publication 550**, Investment Income and Expenses.

Line 21

Pension and Profit-Sharing Plans

You should enter the amount you claim as a deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, you should enter contributions made as an employer on your behalf (but not voluntary contributions you made as an employee) on Form 1040, line 27, instead of on Schedule C, line 21.

Generally, you are required to file one of the following forms if you maintain a pension, profit-sharing, or other funded-deferred compensation plan whether or not it qualified under the Internal Revenue Code and whether or not you claimed a deduction for the current tax year.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with less than 100 participants.

The Employee Retirement Income Security Act of 1974 imposes a penalty for failure to timely file these forms.

For more information, get **Publication 560**, Self-Employed Retirement Plans.

Line 23

Repairs

You can deduct the cost of repairs including 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. And do not deduct amounts you spent to restore or replace property. They are chargeable to capital accounts or to the depreciation reserve, depending on how depreciation is charged on your books. However, see the instructions for line 12 of Schedule C.

Line 26

Travel and Entertainment

You can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business.

However, you cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for any activity that is usually considered entertainment, amusement, or recreation.

Note: You may be able to deduct the expense if the amount is treated as compensation and reported on **Form W-2** for an employee or **Form 1099-MISC** for an independent contractor. (See **Publication 463** for more details.)

Foreign Conventions. Generally, 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 or Jamaica as within it. (For the definition of "North American area," see **Publication 463**.) You may also be able to deduct expenses for attending conventions held in certain Caribbean countries but only if the country met certain requirements. See **Publication 463** for more details.

These rules apply to employers as well as to employees.

You may be able to deduct up to \$2,000 of the cost of business expenses for attending conventions or similar meetings on a U.S. cruise ship. On a joint return, you may be able to deduct up to \$4,000 if each spouse attended the meeting and each spouse had at least \$2,000 of qualifying expenses. You must attach two separate statements to your tax return to support the deduction. See **Publication 463** for details on what these statements must include and for specific rules on deducting expenses for attending meetings on U.S. cruise ships.

Line 28

Wages

Enter on line 28a the total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year. Do not include any amount paid to yourself.

Enter on line 28b the jobs credit from **Form 5884**. Subtract line 28b from wages shown on line 28a and enter the balance on line 28c. For more details, please get **Publication 906**, Jobs and Research Credits.

Line 29

Windfall Profit Tax Withheld

If you hold an operating oil, gas, or mineral interest, and you are a cash method taxpayer, deduct on line 29 the amount of windfall profit tax actually withheld in 1984. **Form 6248**, Annual Information Return of Windfall Profit Tax—1984, shows the amount of windfall profit tax actually withheld in 1984.

Line 30

Other Business Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal living and family expenses.

Any loss from this activity that was not allowed as a deduction last year because of the at-risk provisions is treated as a deduction allocable to this activity in 1984.

Amortization. Use **Form 4562** to figure your amortization deduction. Include on line 30 of Schedule C the amount from **Form 4562**, Part II.

You may amortize over a 60-month period:

- the cost of pollution-control facilities.
- certain expenditures made before January 1, 1982, for child-care facilities.
- up to \$20,000 of the costs to rehabilitate qualified low-income housing, effective for tax years beginning January 1, 1984.

You may amortize over a period of at least 60 months:

- amounts paid for research, experiments, and a trademark or trade name.
- certain business startup costs.

You may also amortize up to \$10,000 of qualified forestation and reforestation costs over an 84-month period.

If you own a certified historic structure and pay or incur certain capital expenditures to rehabilitate it, special rules apply. See **Publication 535**, Business Expenses, for more information.

For tax years beginning in 1984, you may be able to deduct up to \$35,000 of the costs you paid or incurred to remove architectural or transportation barriers to the handicapped and the elderly.

Real property construction period interest and taxes generally cannot be fully deducted in the year you paid or incurred them. You must capitalize and amortize amounts not allowed as a deduction in the current year. This rule does not apply to low-income housing.

However, you do not have to capitalize and amortize real property interest and taxes attributable to real property that you do not reasonably expect to use in your trade or business or in an activity engaged in for profit.

For more details, get **Publication 535**.

Line 32

Net Profit or (Loss)

If you have a loss, go on to line 33 before entering your loss on line 32. If you fail to answer the question on line 33, processing of your tax return may be delayed.

Enter the net profit or deductible loss here and combine this amount with the profit or (loss) from your other businesses, if any. Enter the total on Form 1040, line 12, and Schedule SE, Part I, line 2 (or Form 1041, line 6).

Line 33

At Risk

Deductions for losses by persons who are engaged in a trade or business or an activity for the production of income, except the holding of real property (other than mineral property), are limited to the amount they have at risk in the business.

If you have (1) a loss from any activity that you engaged in as a trade or business or for the production of income, except the holding of real property (other than mineral property), and (2) you have amounts for which you are not at risk in the activity, use **Form 6198**, Computation of Deductible Loss From an Activity Described in Section 465(c), to determine the allowable loss to report on Schedule C.

Amounts for which you are not at risk are amounts such as the following:

- nonrecourse loans used to finance the activity, acquire property used in the activity, or acquire your interest in the activity, unless they are secured by property not used in the activity;
- loans from related parties (section 267(b));
- loans from someone who has an interest in the activity other than as a creditor; and
- amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement.

For more details, get **Publication 536**, Net Operating Losses and the At-Risk Limits. Also see the instructions for Form 6198.

Answer the question on line 33 "YES" if you have any amounts for this business that:

- you borrowed from a person who is related to you under section 267(b) (unless section 465(c)(3)(E) applies); **OR**
- you borrowed from a person who has an interest in the business (other than as a creditor) (unless section 465(c)(3)(E) applies); **OR**
- you are protected against loss by a guarantee, stop-loss agreement, or similar arrangement; **OR**
- you are not personally required to pay back the money.

If you do not have any of these kinds of amounts for which you are not at risk in this business, answer the question "NO." Enter the full loss on line 32 and combine this amount with the profit or (loss) from your other businesses, if any. Enter the total on Form 1040, line 12, and Schedule SE, Part I, line 2 (or Form 1041, line 6).

If you answered "YES" to the question on line 33, enter on line 32 either the amount of your loss or the amount for which you are considered at risk, whichever is smaller. For example, if your loss is \$1,000 and your amount at risk is \$400, you would enter "\$400" on line 32. Or, if your loss is \$1,000 and your amount at risk is \$1,200, enter "\$1,000" on line 32.

If your at risk amount is zero or less, enter zero on line 32.

Also enter this amount as your loss from Schedule C on Form 1040, line 12, and Schedule SE, Part I, line 2 (or Form 1041, line 6).

If, in addition to the amount that you report on Schedule C, you dispose of an asset used 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.

Part III

Cost of Goods Sold and/or Operations

Cost of Goods Sold. If you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year.

Cost of Operations (Inventories Not an Income-Producing Factor). If the amount on line 2, Part I, includes the cost of operations, complete lines 1 through 8 of Part III as appropriate.

Instructions for

Schedule SE

Social Security

Self-Employment Tax

Changes You Should Note

- In 1984, the self-employment tax rate went from 9.35% to 14%. However, a credit of 2.7% is allowed. This reduces the rate from 14% to 11.3%.

- Employees of electing church or church-controlled organizations with Form W-2 wages of \$100 or more may be subject to self-employment tax.
- U.S. Government employees whose pay is subject only to the 1.3% hospital insurance benefits tax (Medicare), and who have combined wages and self-employment earnings in excess of \$37,800 will have to complete a worksheet in Part III of the instructions.

Purpose of Schedule

Schedule SE is used by self-employed persons to figure any self-employment tax due. The Social Security Administration uses the information provided on Schedule SE to figure benefits for self-employed people under the social security program. Social security self-employment tax applies regardless of your age, and even if you are receiving social security benefits.

Who Must Use Schedule SE

You must use Schedule SE if:

- You were self-employed and your net earnings from self-employment were \$400 or more; or
- You received Form W-2 wages of \$100 or more from an electing church or church-controlled organization; and you did not have wages (including tips) other than "qualified" U.S. Government wages, of \$37,800 or more that were subject to social security tax or railroad retirement tax.

Who Can Use Schedule SE

You can use Schedule SE if you will benefit from using the optional method of figuring self-employment earnings.

Use of the optional method may benefit you if:

- Your self-employment earnings are less than \$400 and Form 1040, line 33, is less than \$10,000 and you wish to claim the earned income credit; or
- You had a loss from self-employment and you need to increase your net earnings from self-employment to qualify to claim the child and dependent care credit.

Use of the optional method gives you credit toward your social security coverage even though you have a loss or low income from self-employment. However, the optional method may require you to pay self-employment tax when none would be required to be paid.

Fiscal Year Filers

If your tax year is a fiscal year, you must use the tax rate and earnings base that apply at the time the fiscal year begins. You need not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

More Than One Business

If you farmed and had at least one other trade or business or had two or more trades or businesses, your net earnings from self-employment are the combined net earnings from all your businesses. If you had a loss in one trade or business, it reduces the income from another. Figure the combined self-employment tax on Schedule SE.

Joint Returns

Show the name of the spouse with self-employment income on Schedule SE. If both spouses have self-employment income, each must file a separate Schedule SE. Include the total profits or losses from all businesses on Form 1040, as appropriate. Then enter the combined self-employment tax on Form 1040, line 51.

Community Income

In figuring net earnings from self-employment, if any of the income from a business, including farming, is community income, all the income from that business is considered the income of the spouse who carried on the trade or business unless there is a husband and wife partnership. The identity of the spouse who carried on the trade or business is determined by the facts in each situation.

If you file separate returns, attach Schedule(s) C, Profit or (Loss) From Business or Profession, and Schedule SE (for nonfarm business) or Schedule(s) F, Farm Income and Expenses, and Schedule SE (for farm business) to the return of the spouse with the self-employment income. Community income included on these schedules must be divided, for income tax purposes, on the basis of the community property laws.

Partnerships

In figuring your combined net earnings from self-employment, you should include your entire share of earnings from a partnership, including any guaranteed payments. However, if you are a limited partner, do not include your share of income or loss from the partnership, other than guaranteed payments. Unless you and your spouse are partners, no part of your partnership earnings can be treated as your spouse's even if the income, under State law, is community income. If you and your spouse have a partnership, enter the distributive share of each as partnership income on Schedule E (Form 1040), Part II, for income tax purposes, and on separate Schedules SE, line 1 or line 2, for self-employment tax purposes.

If a partner in a continuing partnership dies, that member's distributive share of partnership ordinary income or loss for the year must be included in the partner's net earnings from self-employment.

Share-Farming

If you produced crops or livestock on land belonging to another for a share of the crops or livestock produced, or the proceeds from them, you are an independent contractor and a self-employed person rather than an employee. Report your net earnings for income tax on Schedule F and for self-employment tax on Schedule SE.

Exemption From Self-Employment Tax for Members of the Clergy and Certain Religious Orders and Sects

If you are a duly ordained, commissioned, or licensed minister of a church, member of a religious order (who has not taken a vow of poverty), or a Christian Science practitioner, you are subject to social security self-employment tax. But you can, under certain conditions, request IRS approval to exempt your income from services as a minister,

member, or practitioner by filing **Form 4361**. If you have received IRS approval and have no other income subject to self-employment tax, write "Exempt—Form 4361" on Form 1040, line 51. If you filed Form 4361, but have \$400 or more from other earnings subject to self-employment tax, you must complete Schedule SE.

Note: If you have previously filed **Form 2031** to pay self-employment tax to get social security coverage, you cannot now apply for exemption.

If you have conscientious objections to social security insurance because of your belief in the teachings of a recognized religious sect of which you are a member, you can request exemption from self-employment tax by filing **Form 4029**. If you filed Form 4029 and have received IRS approval, do not file Schedule SE. Instead, write "Exempt—Form 4029" on Form 1040, line 51.

Coverage for Overseas Missionaries

If you are a U.S. citizen and a minister (except a Christian Science practitioner) or member of a religious order serving outside the United States, you may figure earnings from self-employment as if you were serving in the United States (provided you have not elected exemption from coverage). For more information, please get **Publication 517**, Social Security for Members of the Clergy and Religious Workers.

Employees of Churches and Qualified Church-Controlled Organizations

Note: If you are a minister or member of a religious order, do not use the following instructions.

If you were employed by a church or a qualified church-controlled organization that has in effect a certificate electing exemption from employer social security taxes, and you received wages of \$100 or more from any one church or church-controlled organization, you may be subject to self-employment tax. Enter these wages on line 2 of Schedule SE and complete the schedule. However, see the instructions for lines 9 and 13. If you do not have other self-employment income (or loss), skip lines 3 through 7 and enter the wages from line 2 on line 8. See instructions for lines 9 and 13 before completing the schedule.

Lines 9 and 13.—You may be subject to self-employment tax even if line 9 is less than \$400. If line 9 is less than \$100, you do not have to complete the rest of the schedule. If line 9 is \$100 or more but less than \$400 and you did not have a loss from a Schedule C, a Schedule F, or a partnership, enter on line 13 the smaller of line 12a or line 12c. In all other cases you will enter on line 13 the smaller of line 9 or line 12a.

U.S. Citizens Employed by Foreign Governments or International Organizations

You are subject to the self-employment tax if you are a U.S. citizen employed in the United States, Puerto Rico, Guam, American Samoa, Northern Mariana Islands, or the Virgin Islands by a foreign government, in certain cases by an instrumentality wholly owned by a foreign government, or by an international organization organized under the International Organizations Immunities

Act. Report income from this employment on Schedule SE, line 2. If you are employed by a foreign government or international organization in a country other than those listed, you are not subject to self-employment tax.

Self-Employed 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, you are generally subject to the self-employment tax. Your foreign earnings from self-employment may be reduced by the deduction for certain foreign housing costs. However, you may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

Specific Instructions

Name of Self-Employed Person. Enter the name and social security number of the self-employed person as it appears on that person's social security card.

Part I

Regular Computation of Net Earnings From Self-Employment

Income Not Included in Net Earnings From Self-Employment

- Salaries, fees, etc., subject to social security tax which you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained under **Other Income Included in Net Earnings From Self-Employment**) or as an employee or employee representative under the railroad retirement system.
- 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.
- Real estate rentals, unless received in the course of a trade or business as a real estate dealer. These include cash and crop shares received from a tenant or sharefarmer. You should report these amounts on Schedule E, Part I.
- Dividends on shares of stock and interest on bonds, notes, etc., unless received in the course of your trade or business as a dealer in stocks or securities.
- Gain or loss from:
 - The sale or exchange of a capital asset;
 - 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
 - Certain transactions in timber, coal, or domestic iron ore.
- Net operating losses from other years.

Other Income Included in Net Earnings From Self-Employment

- Rental income from a farm if the rental arrangement provides for material

participation by the landlord and, as landlord, you participated materially in the production or management of the production of farm products on this land. This income is farm earnings. Report it on Schedules F and SE. (To determine whether you participated materially in farm management or production, do not consider the activities of any agent who acted for you.)

- Cash or a payment in kind received from the Department of Agriculture for participation in a land diversion program.
- Payments for the use of rooms or other space, such as rooms in hotels, boarding houses, tourist camps, or homes, when substantial services are also provided.
- Payments you received for space in parking lots, trailer parks, warehouses, or storage garages.
- Income you received from the retail sale of newspapers and magazines if you are 18 or over and kept the profits.
- Income you received as a crew member of a fishing vessel with a crew of normally less than 10 individuals. See **Publication 595**, Tax Guide for Commercial Fishermen, for more information.
- Fees you received for services performed as a State or local government employee provided you are compensated solely on a fee basis and the position is not covered under a Federal-State social security coverage agreement.
- The rental value of a home or an allowance for a home furnished you if you are a minister or a member of a religious order.
- The value of meals and lodging provided to you for the convenience of your employer if you are a minister or member of a religious order.
- Director's fees and other payments received by a director of a corporation for services as a director.
- Fiduciaries' fees received by professional fiduciaries. Also, nonprofessional fiduciaries if the fees relate to active participation in the operation of the estate's trade or business or the facts indicate the fiduciary manages an estate which requires extensive management activities over a long period of time.
- Option and commodity dealers engaged in trading section 1256 contracts, see section 1402(i) to determine net earnings from self-employment.

Lines 1 and 2.—Exclude from lines 1 and 2 any income or expense not included in figuring net earnings from self-employment and attach an explanation. If you are a partner, adjust lines 1 and 2 for any expense deduction for recovery property (section 179) claimed, oil or gas depletion, or unreimbursed partnership expenses.

If you deposited earnings into a capital construction fund established under the Merchant Marine Act of 1936, see **Publication 595**.

If you are a duly ordained minister who is an employee of a church and if you are subject to self-employment tax, the unreimbursed business expenses that you incurred in performing your services as an

employee of the church (allowed only as an itemized deduction) are deducted from your self-employment earnings in figuring your self-employment tax. For more information, see Publication 517.

Part II

Optional Method for Figuring Net Earnings From Farm Self-Employment

If your gross farm profits for the year were not more than \$2,400, you can report two-thirds of your gross farm profits instead of your actual net earnings from farming.

If your gross farm profits were more than \$2,400, and your net farm profits were less than \$1,600, you can report \$1,600 on line 4.

There is no limit on how many times you can elect this optional method. If you use this method, you must apply it to all farm earnings from self-employment for the year. This method can be used to increase or decrease net farm earnings, even if the farming operation resulted in a loss. You may change the method (from actual net to optional net or the reverse) after you file your return.

For a farm partnership, your share of gross income is figured according to the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payment plus your share of the gross income after they are reduced by all guaranteed payments of the partnership. Limited partners should include only guaranteed payments.

Optional Method for Figuring Net Earnings From Nonfarm Self-Employment

You may be able to use an optional method to figure your net earnings from nonfarm self-employment if your net nonfarm profits from nonfarm self-employment are less than \$1,600 and less than two-thirds of your gross nonfarm income.

You may use this optional method if you are regularly self-employed or regularly a member of a partnership. You meet this requirement if you had actual net earnings from self-employment of \$400 or more (including your distributive share of the income or loss from any partnership of which you are a member) from nonfarm and farm businesses in at least 2 of the 3 years immediately before the year for which you use the nonfarm option.

You may report two-thirds of your gross nonfarm income (but not more than \$1,600) as your net earnings from self-employment on line 6, but you may not report less than your actual net earnings from nonfarm self-employment.

For a nonfarm partnership, your share of gross income is figured according to the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payment plus your share of the gross income after they are reduced by all guaranteed payments of the partnership. Limited partners should include only guaranteed payments.

The limit for the optional method for nonfarm self-employment is 5 years. The 5 years need not be consecutive.

Using Both Optional Methods

If you have both nonfarm and farm income, you may only use the nonfarm optional method if your actual net earnings from nonfarm self-employment are less than \$1,600. In all combined cases, your net nonfarm profits must be less than two-thirds of your gross nonfarm income to use the nonfarm option. If you qualify to use both options, you may report less than actual total net earnings but not less than actual net earnings from nonfarm self-employment alone.

If you use both options in figuring net earnings from self-employment, your maximum combined total of net earnings from self-employment for any tax year cannot be more than \$1,600.

Line 4

Enter $\frac{2}{3}$ of the smaller of:

- the total of the gross profits from all Schedules F, line 31 or line 87, and Schedules K-1 (Form 1065), line 17b; or
- \$1,600.

Line 6

Enter the smallest of:

- \$1,600;
- $\frac{2}{3}$ of the total of gross income from all Schedules C, line 5, plus the distributive share of gross profits from all nonfarm partnerships, Schedule K-1 (Form 1065), line 17c; or
- The amount on line 5 if you also had farm income and elect the farm optional method.

Part III

Computation of Social Security Self-Employment Tax

Line 11a

If you are a U.S. Government employee whose pay is subject ONLY to the 1.3% hospital insurance benefits tax (Medicare), do NOT include this pay as social security wages on Schedule SE, line 11a. Social security wages entered on line 11a are wages subject to the old-age, survivors, and disability insurance tax in addition to the hospital insurance benefits tax.

Note: Also see the instructions for Form 1040, line 61, to see if you must file Form 4469.

Figure your self-employment tax using the rate below line 13. Do not reduce the rate by the hospital insurance benefits tax rate.

If you are a U. S. Government employee whose pay is subject ONLY to the 1.3% hospital insurance benefits tax (Medicare), and your combined wages and self-employment earnings (lines 9, 11c, and 12b of Schedule SE) are in excess of \$37,800, skip line 13 of Schedule SE and complete the worksheet below. Be sure to enter your "qualified" U.S. Government wages on line 12b of Schedule SE if you use this worksheet. "Qualified" U.S. Government wages are your Government wages, which are subject only to the 1.3% hospital insurance benefits tax.

Worksheet (Keep for your records)

1. Enter line 9 from Schedule SE. 1. _____
2. Enter line 12a from Schedule SE. 2. _____
3. Enter your "qualified" U.S. Government wages here and on line 12b of Schedule SE. 3. _____
4. Subtract line 3 from line 2. (If zero or less, enter -0-) 4. _____
5. Multiply the smaller of line 1 or line 2 by .092 5. _____
6. Multiply the smaller of line 1 or line 4 by .021 6. _____
7. Add lines 5 and 6. Enter on line 14 of Schedule SE and on Form 1040, line 51 7. _____

Instructions for Schedule F Farm Income and Expenses

Changes You Should Note

New rules apply that may limit the amount of your recovery deduction for depreciation and investment credit for certain property used in your trade or business or held for the production of income and placed in service after June 18, 1984.

- For calendar year 1984, the recovery deduction for a "passenger automobile" may not exceed \$4,000, and the investment tax credit may not exceed \$1,000. In figuring your recovery deduction, for purposes of this limitation, the section 179 expense deduction is treated as a recovery deduction. The above amounts are further reduced if your business use is less than 100%.
- The section 179 expense deduction and investment credit are not allowed for "listed property," such as cars and other transportation property; computers; property generally used for entertainment, recreation, or amusement; and certain other property not used more than 50% in your trade or business.

For more details, get Publication 534, Depreciation, and Publication 572, Investment Credit.

Beginning January 1, 1985, any person engaged in a trade or business who receives cash of more than \$10,000 in one or more related transactions may be required to file Form 8300.

Purpose of Schedule

Use Schedule F to report farm income and expenses if you file Forms 1040, 1041, or 1065. Please get Publication 225, Farmer's Tax Guide, for additional information. It has samples of filled-in forms and schedules, and lists important dates that apply to farmers. You may also want to get Publication 534.

If you were required to make estimated tax payments in 1984 and you underpaid your estimated tax, you may be charged a penalty. However, you will not be charged a penalty if you meet the following tests:

- your gross farming or fishing income for 1983 or 1984 is at least two-thirds of your gross income, and
- you file your 1984 tax return and pay the tax due by March 1, 1985.

For more details, see Publication 225.

Do not report the following income on Schedule F:

- Rent you received that was based on farm production or crop shares if you did not run the farm yourself. Report this income on **Form 4835** and **Schedule E (Form 1040)**. It is not subject to self-employment tax.
- Rent from your pasture land. Report this income in Part I of **Schedule E (Form 1040)**. However, report on line 29 of Schedule F pasture income received from taking care of someone else's livestock.
- Sales, exchanges, or involuntary conversions (other than casualties or thefts) of certain trade or business property. Report this income on **Form 4797**.
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Report this income on **Form 4797**.

Use **Form 4684**, Casualties and Thefts, to report a casualty or theft involving farm business property, including livestock held for draft, breeding, sport, or dairy purposes.

Which Parts To Use

Schedule F has 4 parts. The accounting method you used to record your farm income determines which parts you must use.

Under the **cash method**, you include all of your income in the year you actually get it. Generally, you deduct your expenses when you pay them. If you use the cash method, fill in Parts I and II.

Under the **accrual method**, you include your income in the year you earned it. It does not matter when you get it. You deduct your expenses when you incur them. If you use the accrual method, fill in Parts II, III, and IV.

Other rules also apply that determine the timing of deductions based on economic performance. See **Publication 538**, Accounting Periods and Methods, for details.

Employer Identification (ID) Number

You need an employer ID number only if:

- you had a Keogh (H.R. 10) plan, or
- you were required to file an employment tax, excise tax, or alcohol, tobacco, or firearms tax return.

Payments in Kind

If you received (or constructively received) agricultural commodities under the Department of Agriculture's 1983 payment-in-kind (PIK) program, you do not have to report these commodities as income until the year they are sold or otherwise disposed of. In general, this rule applies only to commodities received for the 1983 crop year. However, this rule also applies to wheat received for the 1984 crop year. Your unadjusted basis in these commodities when you receive them is zero. See Publication 225 for more details. If you disposed of commodities received under the PIK program, check the appropriate boxes on Schedule F.

Part I

Farm Income

Cash Method

In Part I show the income you received for the items listed on lines 1 through 28. Count both the cash you actually or constructively received and the fair market value of goods or other property you received for these items.

Income is constructively received when it is credited to your account or set aside for you to use.

If you ran the farm yourself and received rents based on farm production or crop shares, report these rents as income on the line for the crop, or on line 29.

Sales of Livestock Because of Drought. If you sold livestock because of a drought, you can choose to count the income from the sale in the year after the drought, instead of the year of the sale. You can do this **IF**:

- your main business is farming, **AND**
- you can show that you sold the livestock only because of the drought, **AND**
- your area qualified for Federal aid.

Line 1

In column (b) show the amount you received from sales of livestock you bought for resale. In column (c) show the cost or other basis of the livestock.

Line 2

In column (b) show the amount you received from sales of other items you bought for resale. In column (c) show the cost or other basis of those items.

Lines 5 through 19

Show the amount you got from the sale of livestock and produce you raised.

Line 20

Show the amount you were paid for the use of your farm machinery.

Line 21

Show patronage dividends you 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 you received from a marketing cooperative.

You do not have to include as income patronage dividends from buying:

- personal or family items.
- capital assets.
- depreciable assets you use in your business.

Enter these amounts on line 21b. 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.

Line 22

If you get per-unit retains in cash, show the amount of cash. If you get qualified per-unit retain certificates, show the stated dollar amount of the certificate.

Line 24

Enter on line 24a cash you got as price support payments, diversion payments, and cost-share payments (sight drafts).

On line 24b, show the amounts the Department of Agriculture paid for materials, such as fertilizer or lime, or services, such as grading or constructing dams.

Line 25

Report Commodity Credit Corporation loans you received as income if:

- the commodities are delivered or forfeited to the Corporation instead of sold in the market, **OR**
- you choose to report the loan as income when you receive it. If you do this, attach a statement showing the details of the loan. You must continue to report these loans as income unless the IRS permits you to change your accounting method.

Line 26

If you took a credit for Federal tax on gasoline or other fuel on your 1983 Form 1040, enter the amount of the credit here.

Line 27

Enter the amount of any State gasoline tax refund you got in 1984.

Line 28

In general, you must report crop insurance proceeds in the year you receive them.

However, you may choose to include crop insurance proceeds and certain disaster payments in income in the tax year after the year of damage if you can show that it is your practice to report income from these crops in the later tax year.

Line 29

Use this line to report income other than that shown on lines 1 through 28.

Report the sale of commodity futures contracts on this line if they were made to protect you from price changes. These are a form of business insurance and are considered hedges. Enter any profit on line 29. If you had a loss in a closed futures contract, show it as a minus amount.

Caution: For property acquired and hedging positions established, you must clearly identify on your books and records that the transaction was a hedging transaction.

Purchase or sales contracts are not true hedges if they offset losses that already happened. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the profit or loss on this line. Report the gain or loss on **Form 6781**, Gains and Losses From Contracts and Straddles.

Report as income the amount of the credit for alcohol used as a fuel that was entered on **Form 6478**.

For more details, see Publication 225.

Part II

Farm Deductions

Cash and Accrual Method

Do not deduct:

- personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.

- expenses of raising anything you or your family used.
- the value of animals you raised that died.
- loss of inventory.
- personal losses.

- the cost of planting and growing citrus or almond groves before the close of the fourth tax year beginning with the tax year you plant them in their permanent grove. You must treat these items as part of the cost of the grove.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

Farming Syndicates

A farming syndicate may be:

- a partnership, or
- any other noncorporate group, or
- an S corporation, if

a. the interests in the business have ever been for sale in a way that would require registration with any Federal or State agency, **or**

b. more than 35% of the loss during any tax year is spread between limited partners or limited entrepreneurs.

(A limited partner or limited entrepreneur is a person who does not take any active part in managing the business, and who can lose only the amount he or she has invested.)

If you are a farming syndicate, your deductions are limited as follows:

- Generally, you can deduct feed, seed, fertilizers, and other farm supplies only in the year you actually use them (or only in the year you can deduct them under your accounting method). However, if you bought supplies you could not use because of fire, storm, flood, disease, or other casualty, then you may deduct them in the year you bought them.
- You must spread the cost of poultry you bought to use in business (or to resell) over 12 months, or the useful life, whichever is less.
- You cannot deduct the cost of planting, cultivating, maintaining or developing groves, orchards, or vineyards, which produce fruit or nuts, before the tax year in which they produce commercial quantities. You must treat these costs as part of the cost of the grove.

Line 32

Enter the amount you paid for farm labor. You can count the cost of boarding farm labor but not the value of any products they used from the farm. You can count only what you paid household help to care for farm laborers. Do not count the value of your own or your family's labor.

Enter on line 32b the jobs credit from **Form 5884**. Subtract line 32b from line 32a and enter the balance on line 32c. For more details, please get **Publication 906**, Jobs and Research Credits.

Line 33

Enter what you paid for repairs and upkeep of farm buildings (but not your home), machinery, and equipment. You can also include what you paid for tools of short life or small cost, such as shovels and rakes.

Line 34

Show the interest you paid on your farm (but not your home) mortgage. Also include interest on other loans related to this farm. If you prepaid interest in 1984 for years after 1984, include only the part that applies to 1984.

Line 35

Enter what you paid to rent pasture or farm land.

Line 36

If you use the cash method, show what you paid for feed to be consumed by your livestock in the year of payment. However, if the feed is to be consumed in a later tax year, the expense might not be deductible in the year paid. See Publication 225 for more information on advance payments for feed.

Line 39

Show what you paid to rent machinery used on your farm.

Line 45

You can deduct the following taxes:

- real estate and personal property taxes on farm business assets.
- social security taxes you paid to match what you are required to withhold from farm employees' wages.

Do not deduct:

- Federal income taxes.
- estate and gift taxes.
- taxes assessed to pay for improvements, such as paving and sewers.
- taxes on your home or personal property.
- other taxes not related to the farm business.

Line 46

Show only the amount of premiums for fire, storm, crop, and theft insurance for this year for your farm business assets. Do not include insurance on personal assets, or medical, health, or disability insurance on yourself or your family.

Line 47

Show what you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities.

Line 48

Do not include as freight paid the cost of transportation incurred in purchasing livestock held for resale. Instead, add these costs to the cost of the livestock, and deduct them when the livestock are sold.

Line 49

You can deduct what you spent to conserve soil or water, or to prevent erosion of your land. You can also deduct what you paid to

a soil or water district for conservation expenses. Do not deduct more than 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, you can carry the excess over to following years.

Line 50

Show what you paid to clear land so you could farm it. Do not enter more than \$5,000 or 25% of your taxable income from farming, whichever is less. (See Publication 225 for the definition of taxable income from farming for purposes of the limitation.)

If you choose to deduct land clearing expenses for 1984, you must attach a statement to your tax return. See Publication 225 for details on what you must include in this statement.

Line 51

Enter the amount you paid to pension, profit-sharing, or annuity plans for your employees. If the plan included you as an owner-employee, see the instructions for Schedule C, line 21, on page 29. Enter the amount you paid for yourself on Form 1040, line 27.

Line 52

Enter any amounts you paid to programs for your employees that are not a part of the plans on line 51. Examples are insurance, health, and welfare programs. Do not include here amounts paid for yourself or your family.

Line 53

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.

Generally, you **MUST** use the Accelerated Cost Recovery System (ACRS) for all assets you place in service after December 31, 1980.

You may also choose under section 179 to expense part of the cost of certain depreciable property you bought in 1984 for use in your business. You may deduct up to \$5,000 (\$2,500 if married filing separately) of the cost of recovery property that would otherwise qualify for investment credit. However, you may not depreciate or amortize the same costs. In general, for cars or other "listed property" placed in service after June 18, 1984, you may not take this deduction if the property is used 50% or less in your trade or business. See "Changes You Should Note" on page 32.

Figure your depreciation deduction, including the section 179 expense deduction, on **Form 4562**, Depreciation and Amortization. Enter on line 53 of Schedule F the amount from Form 4562, Part I.

Investment Credit. You may be able to take a credit for part of the cost of qualifying property used in your trade or business. To see if you qualify, get **Form 3468**, Computation of Investment Credit.

If you dispose of investment credit property before the end of its class life or life years, or the use of the property changes so that it no longer qualifies, you may have to refigure the credit. Get **Form 4255**, Recapture of Investment Credit, for details.

Line 54

Enter expenses not listed on another line, such as:

- office supplies.
- advertising.
- car and truck expenses. You can deduct what it cost you to run your car or truck, or take the fixed mileage rate. The rate is 20½ cents a mile up to 15,000 miles, and 11 cents a mile for each mile after that. If you use more than one vehicle for business, you must use the actual cost. If you use the vehicle for both personal and farm purposes, show only the miles (or costs), which apply to farming.

For vehicles that have been fully depreciated, the rate is 11 cents a mile.

If you use the fixed rate, the vehicle is considered to have a useful life of 60,000 miles of business use at the maximum fixed mileage rate.

Note: If you place a car or truck in service after December 31, 1980, and take the fixed mileage rate, you are treated as having elected to exclude this vehicle from ACRS.

For more details, get **Publication 463**, Travel, Entertainment, and Gift Expenses.

Note: 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 use tax on these vehicles. Get **Form 2290**, Heavy Vehicle Use Tax Return, to see whether you are subject to the tax.

- any loss from this activity that was not allowed as a deduction last year because of the at-risk provisions. This is treated as a deduction allocable to this activity in 1984.
- amortization of qualifying forestation and reforestation costs over an 84-month period.
- amortization of certain business startup costs over a period of at least 60 months.

Use **Form 4562** to figure your amortization deduction. Include on line 54 of Schedule F the amount of the deduction from **Form 4562**, Part II.

For more information on amortization, see **Publication 535**, Business Expenses.

Line 56

If you have a loss, go on to line 57 before entering your loss on line 56. If you fail to answer the question on line 57, processing of your tax return may be delayed.

Enter the net profit or deductible loss here and on **Form 1040**, line 19, and Schedule SE, Part I, line 1 (or **Form 1041**, line 6). Partnerships should stop here and enter the profit or loss on this line and on **Form 1065**, line 8.

Line 57

If you have (1) a loss from any farming activity that you engaged in as a trade or business or for the production of income, except the holding of real property (other than mineral property), and (2) you have amounts for which you are not at risk in the activity, use **Form 6198**, Computation of Deductible Loss From an Activity Described in Section 465(c), to determine the allowable loss to report on Schedule F.

Amounts for which you are not at risk are amounts such as the following:

- nonrecourse loans used to finance the activity, acquire property used in the activity, or acquire your interest in the activity, unless they are secured by property not used in the activity;
- loans from related parties (section 267(b));
- loans from someone who has an interest in the activity other than as a creditor; and
- amounts protected against loss by a guarantee, stop-loss agreement, or similar arrangement.

For more details, get **Publication 536**, Net Operating Losses and the At-Risk Limits. Also see **Form 6198** and its instructions for more information.

Answer the question on line 57 "YES" if you have any amounts for this farm that:

- you borrowed from a person who is related to you under section 267(b); **OR**
- you borrowed from a person who has an interest in the business (other than as a creditor); **OR**
- you are protected against loss by a guarantee, stop-loss agreement, or similar arrangement; **OR**
- you are not personally required to pay back the money.

If you do not have any of these kinds of amounts for which you are not at risk in this business, then answer the question "NO." Enter the full loss on line 56 and on **Form 1040**, line 19, and Schedule SE, Part I, line 1 (or **Form 1041**, line 6).

If you answered "YES" to the question on line 57, enter on line 56 either the amount of your loss or the amount for which

you are considered at risk, whichever is smaller. For example, if your loss is \$1,000 and your amount at risk is \$400, you would enter "\$400" on line 56. Or, if your loss is \$1,000 and your amount at risk is \$1,200, enter "\$1,000" on line 56.

If your at-risk amount is zero or less, enter zero on line 56.

Also enter this amount as your loss from farming on **Form 1040**, line 19, and Schedule SE, Part I, line 1 (or **Form 1041**, line 6).

If, in addition to the amount that you report on Schedule F, you sell or otherwise dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) 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**.

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 inventory your animals and crops if you use this method. See **Publication 538**, Accounting Periods and Methods, for exceptions, inventory methods, and how to change from accrual to cash methods of accounting.

Lines 58 through 74

For each item listed, fill in columns (b), (c), (d), and (e) across. See the line-by-line instructions for Part I for more information.

Part IV

Summary of Income and Deductions

Accrual Method

Lines 78 and 79

See instructions for Part I, lines 24 and 25.

Line 80

If you take a credit for Federal gasoline tax on your 1984 income tax return, enter the amount of the credit on this line.

Line 81

If you are due a refund of State gasoline tax for 1984, enter the amount here.

Line 82

See instructions for Part I, line 29.

Lines 89 and 90

See instructions for Part I, lines 56 and 57.

1984 Tax Table

Based on Taxable Income

For persons with taxable incomes of less than \$50,000.

Example: Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 37 of Form 1040 is \$25,325. First, they find the \$25,300–25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$3,646. This is the tax amount they must write on line 38 of their return.

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—					
25,200	25,250	4,633	3,621	5,770	4,289
25,250	25,300	4,648	3,634	5,789	4,303
25,300	25,350	4,663	3,646	5,808	4,317
25,350	25,400	4,678	3,659	5,827	4,331

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—			
\$0	\$1,700	\$0	\$0	\$0	\$0	2,400	2,425	12	0	78	12	3,400	3,450	124	63	197	124
1,700	1,725	0	0	a1	0	2,425	2,450	15	0	81	15	3,450	3,500	130	8	203	129
1,725	1,750	0	0	4	0	2,450	2,475	18	0	84	18	3,500	3,550	136	14	209	135
1,750	1,775	0	0	7	0	2,475	2,500	21	0	87	21	3,550	3,600	142	19	215	140
1,775	1,800	0	0	10	0	2,500	2,525	23	0	89	23	3,600	3,650	148	25	221	146
1,800	1,825	0	0	12	0	2,525	2,550	26	0	92	26	3,650	3,700	154	30	227	151
1,825	1,850	0	0	15	0	2,550	2,575	29	0	95	29	3,700	3,750	160	36	233	157
1,850	1,875	0	0	18	0	2,575	2,600	32	0	98	32	3,750	3,800	166	41	239	162
1,875	1,900	0	0	21	0	2,600	2,625	34	0	100	34	3,800	3,850	172	47	245	168
1,900	1,925	0	0	23	0	2,625	2,650	37	0	103	37	3,850	3,900	178	52	252	173
1,925	1,950	0	0	26	0	2,650	2,675	40	0	106	40	3,900	3,950	184	58	259	179
1,950	1,975	0	0	29	0	2,675	2,700	43	0	109	43	3,950	4,000	190	63	266	184
1,975	2,000	0	0	32	0	2,700	2,725	45	0	111	45	4,000					
2,000						2,725	2,750	48	0	114	48	4,000	4,050	196	69	273	190
2,000	2,025	0	0	34	0	2,750	2,775	51	0	117	51	4,050	4,100	202	74	280	195
2,025	2,050	0	0	37	0	2,775	2,800	54	0	120	54	4,100	4,150	208	80	287	201
2,050	2,075	0	0	40	0	2,800	2,825	56	0	123	56	4,150	4,200	214	85	294	206
2,075	2,100	0	0	43	0	2,825	2,850	59	0	126	59	4,200	4,250	220	91	301	212
2,100	2,125	0	0	45	0	2,850	2,875	62	0	129	62	4,250	4,300	226	96	308	217
2,125	2,150	0	0	48	0	2,875	2,900	65	0	132	65	4,300	4,350	232	102	315	223
2,150	2,175	0	0	51	0	2,900	2,925	67	0	135	67	4,350	4,400	238	107	322	228
2,175	2,200	0	0	54	0	2,925	2,950	70	0	138	70	4,400	4,450	245	113	329	234
2,200	2,225	0	0	56	0	2,950	2,975	73	0	141	73	4,450	4,500	252	118	336	240
2,225	2,250	0	0	59	0	2,975	3,000	76	0	144	76	4,500	4,550	259	124	343	246
2,250	2,275	0	0	62	0	3,000						4,550	4,600	266	129	350	252
2,275	2,300	0	0	65	0	3,000	3,050	80	0	149	80	4,600	4,650	273	135	357	258
2,300	2,325	b1	0	67	b1	3,050	3,100	85	0	155	85	4,650	4,700	280	140	364	264
2,325	2,350	4	0	70	4	3,100	3,150	91	0	161	91	4,700	4,750	287	146	371	270
2,350	2,375	7	0	73	7	3,150	3,200	96	0	167	96	4,750	4,800	294	151	378	276
2,375	2,400	10	0	76	10	3,200	3,250	102	0	173	102	4,800	4,850	301	157	385	282
						3,250	3,300	107	0	179	107	4,850	4,900	308	162	392	288
						3,300	3,350	113	0	185	113	4,900	4,950	315	168	399	294
						3,350	3,400	118	0	191	118	4,950	5,000	322	173	406	300

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

Continued on next page

a If your taxable income is exactly \$1,700, your tax is zero.
b If your taxable income is exactly \$2,300, your tax is zero.

c If your taxable income is exactly \$3,400, your tax is zero.

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
5,000						8,000						11,000					
5,000	5,050	329	179	413	306	8,000	8,050	764	543	875	697	11,000	11,050	1,244	963	1,452	1,186
5,050	5,100	336	184	420	312	8,050	8,100	771	550	884	704	11,050	11,100	1,253	970	1,463	1,195
5,100	5,150	343	190	427	318	8,100	8,150	779	557	893	711	11,100	11,150	1,262	977	1,474	1,203
5,150	5,200	350	195	434	324	8,150	8,200	786	564	902	718	11,150	11,200	1,271	984	1,485	1,212
5,200	5,250	357	201	441	330	8,200	8,250	794	571	911	725	11,200	11,250	1,280	991	1,496	1,220
5,250	5,300	364	206	448	336	8,250	8,300	801	578	920	732	11,250	11,300	1,289	998	1,507	1,229
5,300	5,350	371	212	455	342	8,300	8,350	809	585	929	739	11,300	11,350	1,298	1,005	1,518	1,237
5,350	5,400	378	217	462	348	8,350	8,400	816	592	938	746	11,350	11,400	1,307	1,012	1,529	1,246
5,400	5,450	385	223	469	354	8,400	8,450	824	599	947	753	11,400	11,450	1,316	1,019	1,540	1,254
5,450	5,500	392	228	476	360	8,450	8,500	831	606	956	760	11,450	11,500	1,325	1,026	1,551	1,263
5,500	5,550	399	234	483	366	8,500	8,550	839	613	965	767	11,500	11,550	1,334	1,033	1,562	1,271
5,550	5,600	406	240	490	372	8,550	8,600	847	620	974	774	11,550	11,600	1,343	1,040	1,573	1,280
5,600	5,650	413	246	497	378	8,600	8,650	855	627	983	781	11,600	11,650	1,352	1,047	1,584	1,288
5,650	5,700	420	252	504	384	8,650	8,700	863	634	992	788	11,650	11,700	1,361	1,054	1,595	1,297
5,700	5,750	427	258	511	390	8,700	8,750	871	641	1,001	795	11,700	11,750	1,370	1,061	1,606	1,305
5,750	5,800	434	264	518	396	8,750	8,800	879	648	1,010	804	11,750	11,800	1,379	1,068	1,617	1,314
5,800	5,850	441	270	525	402	8,800	8,850	887	655	1,019	812	11,800	11,850	1,388	1,075	1,628	1,323
5,850	5,900	448	276	532	408	8,850	8,900	895	662	1,028	821	11,850	11,900	1,397	1,082	1,639	1,332
5,900	5,950	455	282	539	414	8,900	8,950	903	669	1,037	829	11,900	11,950	1,406	1,089	1,650	1,341
5,950	6,000	462	288	547	420	8,950	9,000	911	676	1,046	838	11,950	12,000	1,415	1,097	1,661	1,350
6,000						9,000						12,000					
6,000	6,050	469	294	555	426	9,000	9,050	919	683	1,055	846	12,000	12,050	1,424	1,105	1,672	1,359
6,050	6,100	476	300	563	432	9,050	9,100	927	690	1,064	855	12,050	12,100	1,433	1,113	1,683	1,368
6,100	6,150	483	306	571	438	9,100	9,150	935	697	1,073	863	12,100	12,150	1,442	1,121	1,694	1,377
6,150	6,200	490	312	579	444	9,150	9,200	943	704	1,082	872	12,150	12,200	1,451	1,129	1,705	1,386
6,200	6,250	497	318	587	450	9,200	9,250	951	711	1,091	880	12,200	12,250	1,460	1,137	1,716	1,395
6,250	6,300	504	324	595	456	9,250	9,300	959	718	1,100	889	12,250	12,300	1,469	1,145	1,727	1,404
6,300	6,350	511	330	603	462	9,300	9,350	967	725	1,109	897	12,300	12,350	1,478	1,153	1,739	1,413
6,350	6,400	518	336	611	468	9,350	9,400	975	732	1,118	906	12,350	12,400	1,487	1,161	1,751	1,422
6,400	6,450	525	342	619	474	9,400	9,450	983	739	1,127	914	12,400	12,450	1,496	1,169	1,764	1,431
6,450	6,500	532	348	627	480	9,450	9,500	991	746	1,136	923	12,450	12,500	1,505	1,177	1,776	1,440
6,500	6,550	539	354	635	487	9,500	9,550	999	753	1,145	931	12,500	12,550	1,514	1,185	1,789	1,449
6,550	6,600	546	360	643	494	9,550	9,600	1,007	760	1,154	940	12,550	12,600	1,523	1,193	1,801	1,458
6,600	6,650	554	366	651	501	9,600	9,650	1,015	767	1,163	948	12,600	12,650	1,532	1,201	1,814	1,467
6,650	6,700	561	372	659	508	9,650	9,700	1,023	774	1,172	957	12,650	12,700	1,541	1,209	1,826	1,476
6,700	6,750	569	378	667	515	9,700	9,750	1,031	781	1,181	965	12,700	12,750	1,550	1,217	1,839	1,485
6,750	6,800	576	384	675	522	9,750	9,800	1,039	788	1,190	974	12,750	12,800	1,559	1,225	1,851	1,494
6,800	6,850	584	390	683	529	9,800	9,850	1,047	795	1,199	982	12,800	12,850	1,568	1,233	1,864	1,503
6,850	6,900	591	396	691	536	9,850	9,900	1,055	802	1,208	991	12,850	12,900	1,577	1,241	1,876	1,512
6,900	6,950	599	402	699	543	9,900	9,950	1,063	809	1,217	999	12,900	12,950	1,586	1,249	1,889	1,521
6,950	7,000	606	408	707	550	9,950	10,000	1,071	816	1,226	1,008	12,950	13,000	1,596	1,257	1,901	1,530
7,000						10,000						13,000					
7,000	7,050	614	414	715	557	10,000	10,050	1,079	823	1,235	1,016	13,000	13,050	1,606	1,265	1,914	1,539
7,050	7,100	621	420	723	564	10,050	10,100	1,087	830	1,244	1,025	13,050	13,100	1,616	1,273	1,926	1,548
7,100	7,150	629	426	731	571	10,100	10,150	1,095	837	1,254	1,033	13,100	13,150	1,626	1,281	1,939	1,557
7,150	7,200	636	432	739	578	10,150	10,200	1,103	844	1,265	1,042	13,150	13,200	1,636	1,289	1,951	1,566
7,200	7,250	644	438	747	585	10,200	10,250	1,111	851	1,276	1,050	13,200	13,250	1,646	1,297	1,964	1,575
7,250	7,300	651	444	755	592	10,250	10,300	1,119	858	1,287	1,059	13,250	13,300	1,656	1,305	1,976	1,584
7,300	7,350	659	450	763	599	10,300	10,350	1,127	865	1,298	1,067	13,300	13,350	1,666	1,313	1,989	1,593
7,350	7,400	666	456	771	606	10,350	10,400	1,135	872	1,309	1,076	13,350	13,400	1,676	1,321	2,001	1,602
7,400	7,450	674	462	779	613	10,400	10,450	1,143	879	1,320	1,084	13,400	13,450	1,686	1,329	2,014	1,611
7,450	7,500	681	468	787	620	10,450	10,500	1,151	886	1,331	1,093	13,450	13,500	1,696	1,337	2,026	1,620
7,500	7,550	689	474	795	627	10,500	10,550	1,159	893	1,342	1,101	13,500	13,550	1,706	1,345	2,039	1,629
7,550	7,600	696	480	803	634	10,550	10,600	1,167	900	1,353	1,110	13,550	13,600	1,716	1,353	2,051	1,638
7,600	7,650	704	487	811	641	10,600	10,650	1,175	907	1,364	1,118	13,600	13,650	1,726	1,361	2,064	1,647
7,650	7,700	711	494	819	648	10,650	10,700	1,183	914	1,375	1,127	13,650	13,700	1,736	1,369	2,076	1,656
7,700	7,750	719	501	827	655	10,700	10,750	1,191	921	1,386	1,135	13,700	13,750	1,746	1,377	2,089	1,665
7,750	7,800	726	508	835	662	10,750	10,800	1,199	928	1,397	1,144	13,750	13,800	1,756	1,385	2,101	1,674
7,800	7,850	734	515	843	669	10,800	10,850	1,208	935	1,408	1,152	13,800	13,850	1,766	1,393	2,114	1,683
7,850	7,900	741	522	851	676	10,850	10,900	1,217	942	1,419	1,161	13,850	13,900	1,776	1,401	2,126	1,692
7,900	7,950	749	529	859	683	10,900	10,950	1,226	949	1,430	1,169	13,900	13,950	1,786	1,409	2,139	1,701
7,950	8,000	756	536	867	690	10,950	11,000	1,235	956	1,441	1,178	13,950	14,000	1,796	1,417	2,151	1,710

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

Continued on next page

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
14,000						17,000						20,000					
14,000	14,050	1,806	1,425	2,164	1,719	17,000	17,050	2,467	1,926	2,976	2,299	20,000	20,050	3,212	2,466	3,937	2,972
14,050	14,100	1,816	1,433	2,176	1,728	17,050	17,100	2,478	1,935	2,990	2,309	20,050	20,100	3,225	2,475	3,954	2,984
14,100	14,150	1,826	1,441	2,189	1,737	17,100	17,150	2,490	1,944	3,004	2,319	20,100	20,150	3,238	2,484	3,970	2,996
14,150	14,200	1,836	1,449	2,201	1,746	17,150	17,200	2,501	1,953	3,018	2,329	20,150	20,200	3,251	2,493	3,987	3,008
14,200	14,250	1,846	1,457	2,214	1,755	17,200	17,250	2,513	1,962	3,032	2,339	20,200	20,250	3,264	2,503	4,003	3,020
14,250	14,300	1,856	1,465	2,226	1,764	17,250	17,300	2,524	1,971	3,046	2,349	20,250	20,300	3,277	2,514	4,020	3,032
14,300	14,350	1,866	1,473	2,239	1,773	17,300	17,350	2,536	1,980	3,060	2,359	20,300	20,350	3,290	2,525	4,036	3,044
14,350	14,400	1,876	1,481	2,251	1,782	17,350	17,400	2,547	1,989	3,074	2,369	20,350	20,400	3,303	2,536	4,053	3,056
14,400	14,450	1,886	1,489	2,264	1,791	17,400	17,450	2,559	1,998	3,088	2,379	20,400	20,450	3,316	2,547	4,069	3,068
14,450	14,500	1,896	1,497	2,276	1,800	17,450	17,500	2,570	2,007	3,102	2,389	20,450	20,500	3,329	2,558	4,086	3,080
14,500	14,550	1,906	1,505	2,289	1,809	17,500	17,550	2,582	2,016	3,116	2,399	20,500	20,550	3,342	2,569	4,102	3,092
14,550	14,600	1,916	1,513	2,301	1,818	17,550	17,600	2,593	2,025	3,130	2,409	20,550	20,600	3,355	2,580	4,119	3,104
14,600	14,650	1,926	1,521	2,314	1,827	17,600	17,650	2,605	2,034	3,145	2,419	20,600	20,650	3,368	2,591	4,135	3,116
14,650	14,700	1,936	1,529	2,326	1,836	17,650	17,700	2,616	2,043	3,162	2,429	20,650	20,700	3,381	2,602	4,152	3,128
14,700	14,750	1,946	1,537	2,339	1,845	17,700	17,750	2,628	2,052	3,178	2,439	20,700	20,750	3,394	2,613	4,168	3,140
14,750	14,800	1,956	1,545	2,351	1,854	17,750	17,800	2,639	2,061	3,195	2,449	20,750	20,800	3,407	2,624	4,185	3,152
14,800	14,850	1,966	1,553	2,364	1,863	17,800	17,850	2,651	2,070	3,211	2,459	20,800	20,850	3,420	2,635	4,201	3,164
14,850	14,900	1,976	1,561	2,376	1,872	17,850	17,900	2,662	2,079	3,228	2,469	20,850	20,900	3,433	2,646	4,218	3,176
14,900	14,950	1,986	1,569	2,389	1,881	17,900	17,950	2,674	2,088	3,244	2,479	20,900	20,950	3,446	2,657	4,234	3,188
14,950	15,000	1,996	1,577	2,402	1,890	17,950	18,000	2,685	2,097	3,261	2,489	20,950	21,000	3,459	2,668	4,251	3,200
15,000						18,000						21,000					
15,000	15,050	2,007	1,585	2,416	1,899	18,000	18,050	2,697	2,106	3,277	2,499	21,000	21,050	3,472	2,679	4,267	3,212
15,050	15,100	2,018	1,593	2,430	1,909	18,050	18,100	2,708	2,115	3,294	2,509	21,050	21,100	3,485	2,690	4,284	3,224
15,100	15,150	2,030	1,601	2,444	1,919	18,100	18,150	2,720	2,124	3,310	2,519	21,100	21,150	3,498	2,701	4,300	3,236
15,150	15,200	2,041	1,609	2,458	1,929	18,150	18,200	2,731	2,133	3,327	2,529	21,150	21,200	3,511	2,712	4,317	3,248
15,200	15,250	2,053	1,617	2,472	1,939	18,200	18,250	2,744	2,142	3,343	2,540	21,200	21,250	3,524	2,723	4,333	3,260
15,250	15,300	2,064	1,625	2,486	1,949	18,250	18,300	2,757	2,151	3,360	2,552	21,250	21,300	3,537	2,734	4,350	3,272
15,300	15,350	2,076	1,633	2,500	1,959	18,300	18,350	2,770	2,160	3,376	2,564	21,300	21,350	3,550	2,745	4,366	3,284
15,350	15,400	2,087	1,641	2,514	1,969	18,350	18,400	2,783	2,169	3,393	2,576	21,350	21,400	3,563	2,756	4,383	3,296
15,400	15,450	2,099	1,649	2,528	1,979	18,400	18,450	2,796	2,178	3,409	2,588	21,400	21,450	3,576	2,767	4,399	3,308
15,450	15,500	2,110	1,657	2,542	1,989	18,450	18,500	2,809	2,187	3,426	2,600	21,450	21,500	3,589	2,778	4,416	3,320
15,500	15,550	2,122	1,665	2,556	1,999	18,500	18,550	2,822	2,196	3,442	2,612	21,500	21,550	3,602	2,789	4,432	3,332
15,550	15,600	2,133	1,673	2,570	2,009	18,550	18,600	2,835	2,205	3,459	2,624	21,550	21,600	3,615	2,800	4,449	3,344
15,600	15,650	2,145	1,681	2,584	2,019	18,600	18,650	2,848	2,214	3,475	2,636	21,600	21,650	3,628	2,811	4,465	3,356
15,650	15,700	2,156	1,689	2,598	2,029	18,650	18,700	2,861	2,223	3,492	2,648	21,650	21,700	3,641	2,822	4,482	3,368
15,700	15,750	2,168	1,697	2,612	2,039	18,700	18,750	2,874	2,232	3,508	2,660	21,700	21,750	3,654	2,833	4,498	3,380
15,750	15,800	2,179	1,705	2,626	2,049	18,750	18,800	2,887	2,241	3,525	2,672	21,750	21,800	3,667	2,844	4,515	3,392
15,800	15,850	2,191	1,713	2,640	2,059	18,800	18,850	2,900	2,250	3,541	2,684	21,800	21,850	3,680	2,855	4,531	3,404
15,850	15,900	2,202	1,721	2,654	2,069	18,850	18,900	2,913	2,259	3,558	2,696	21,850	21,900	3,693	2,866	4,548	3,416
15,900	15,950	2,214	1,729	2,668	2,079	18,900	18,950	2,926	2,268	3,574	2,708	21,900	21,950	3,706	2,877	4,564	3,428
15,950	16,000	2,225	1,737	2,682	2,089	18,950	19,000	2,939	2,277	3,591	2,720	21,950	22,000	3,719	2,888	4,581	3,440
16,000						19,000						22,000					
16,000	16,050	2,237	1,746	2,696	2,099	19,000	19,050	2,952	2,286	3,607	2,732	22,000	22,050	3,732	2,899	4,597	3,452
16,050	16,100	2,248	1,755	2,710	2,109	19,050	19,100	2,965	2,295	3,624	2,744	22,050	22,100	3,745	2,910	4,614	3,464
16,100	16,150	2,260	1,764	2,724	2,119	19,100	19,150	2,978	2,304	3,640	2,756	22,100	22,150	3,758	2,921	4,630	3,476
16,150	16,200	2,271	1,773	2,738	2,129	19,150	19,200	2,991	2,313	3,657	2,768	22,150	22,200	3,771	2,932	4,647	3,488
16,200	16,250	2,283	1,782	2,752	2,139	19,200	19,250	3,004	2,322	3,673	2,780	22,200	22,250	3,784	2,943	4,663	3,500
16,250	16,300	2,294	1,791	2,766	2,149	19,250	19,300	3,017	2,331	3,690	2,792	22,250	22,300	3,797	2,954	4,680	3,512
16,300	16,350	2,306	1,800	2,780	2,159	19,300	19,350	3,030	2,340	3,706	2,804	22,300	22,350	3,810	2,965	4,696	3,524
16,350	16,400	2,317	1,809	2,794	2,169	19,350	19,400	3,043	2,349	3,723	2,816	22,350	22,400	3,823	2,976	4,713	3,536
16,400	16,450	2,329	1,818	2,808	2,179	19,400	19,450	3,056	2,358	3,739	2,828	22,400	22,450	3,836	2,987	4,729	3,548
16,450	16,500	2,340	1,827	2,822	2,189	19,450	19,500	3,069	2,367	3,756	2,840	22,450	22,500	3,849	2,998	4,746	3,560
16,500	16,550	2,352	1,836	2,836	2,199	19,500	19,550	3,082	2,376	3,772	2,852	22,500	22,550	3,862	3,009	4,762	3,572
16,550	16,600	2,363	1,845	2,850	2,209	19,550	19,600	3,095	2,385	3,789	2,864	22,550	22,600	3,875	3,020	4,779	3,584
16,600	16,650	2,375	1,854	2,864	2,219	19,600	19,650	3,108	2,394	3,805	2,876	22,600	22,650	3,888	3,031	4,795	3,596
16,650	16,700	2,386	1,863	2,878	2,229	19,650	19,700	3,121	2,403	3,822	2,888	22,650	22,700	3,901	3,042	4,812	3,608
16,700	16,750	2,398	1,872	2,892	2,239	19,700	19,750	3,134	2,412	3,838	2,900	22,700	22,750	3,914	3,053	4,828	3,620
16,750	16,800	2,409	1,881	2,906	2,249	19,750	19,800	3,147	2,421	3,855	2,912	22,750	22,800	3,927	3,064	4,845	3,632
16,800	16,850	2,421	1,890	2,920	2,259	19,800	19,850	3,160	2,430	3,871	2,924	22,800	22,850	3,940	3,075	4,861	3,644
16,850	16,900	2,432	1,899	2,934	2,269	19,850	19,900	3,173	2,439	3,888	2,936	22,850	22,900	3,953	3,086	4,878	3,656
16,900	16,950	2,444	1,908	2,948	2,279	19,900	19,950	3,186	2,448	3,904	2,948	22,900	22,950	3,966	3,097	4,896	3,668
16,950	17,000	2,455	1,917	2,962	2,289	19,950	20,000	3,199	2,457	3,921							

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—																					
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household																		
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—																					
23,000		26,000				29,000		24,000		27,000				30,000																					
23,000	23,050	3,992	3,119	4,934	3,692	26,000	26,050	4,873	3,821	6,074	4,513	29,000	29,050	5,782	4,571	7,214	5,362	24,000	24,050	4,273	3,339	5,314	3,953	27,000	27,050	5,173	4,071	6,454	4,793	30,000	30,050	6,122	4,825	7,595	5,682
23,050	23,100	4,005	3,130	4,953	3,704	26,050	26,100	4,888	3,834	6,093	4,527	29,050	29,100	5,799	4,584	7,233	5,378	24,050	24,100	4,288	3,350	5,333	3,967	27,050	27,100	5,188	4,084	6,473	4,807	30,050	30,100	6,139	4,839	7,616	5,698
23,100	23,150	4,018	3,141	4,972	3,716	26,100	26,150	4,903	3,846	6,112	4,541	29,100	29,150	5,816	4,596	7,252	5,394	24,100	24,150	4,303	3,361	5,352	3,981	27,100	27,150	5,203	4,096	6,492	4,821	30,100	30,150	6,156	4,853	7,637	5,714
23,150	23,200	4,031	3,152	4,991	3,728	26,150	26,200	4,918	3,859	6,131	4,555	29,150	29,200	5,833	4,609	7,271	5,410	24,150	24,200	4,318	3,372	5,371	3,995	27,150	27,200	5,218	4,109	6,511	4,835	30,150	30,200	6,173	4,867	7,658	5,730
23,200	23,250	4,044	3,163	5,010	3,740	26,200	26,250	4,933	3,871	6,150	4,569	29,200	29,250	5,850	4,621	7,290	5,426	24,200	24,250	4,333	3,383	5,390	4,009	27,200	27,250	5,233	4,121	6,530	4,849	30,200	30,250	6,190	4,881	7,679	5,746
23,250	23,300	4,057	3,174	5,029	3,752	26,250	26,300	4,948	3,884	6,169	4,583	29,250	29,300	5,867	4,634	7,309	5,442	24,250	24,300	4,348	3,394	5,409	4,023	27,250	27,300	5,248	4,134	6,549	4,863	30,250	30,300	6,207	4,895	7,700	5,762
23,300	23,350	4,070	3,185	5,048	3,764	26,300	26,350	4,963	3,896	6,188	4,597	29,300	29,350	5,884	4,646	7,328	5,458	24,300	24,350	4,363	3,405	5,428	4,037	27,300	27,350	5,263	4,146	6,568	4,877	30,300	30,350	6,224	4,909	7,721	5,778
23,350	23,400	4,083	3,196	5,067	3,776	26,350	26,400	4,978	3,909	6,207	4,611	29,350	29,400	5,901	4,659	7,347	5,474	24,350	24,400	4,378	3,416	5,447	4,051	27,350	27,400	5,278	4,159	6,587	4,891	30,350	30,400	6,241	4,923	7,742	5,794
23,400	23,450	4,096	3,207	5,086	3,788	26,400	26,450	4,993	3,921	6,226	4,625	29,400	29,450	5,918	4,671	7,366	5,490	24,400	24,450	4,393	3,427	5,466	4,065	27,400	27,450	5,293	4,171	6,606	4,905	30,400	30,450	6,258	4,937	7,763	5,810
23,450	23,500	4,109	3,218	5,105	3,800	26,450	26,500	5,008	3,934	6,245	4,639	29,450	29,500	5,935	4,684	7,385	5,506	24,450	24,500	4,408	3,438	5,485	4,079	27,450	27,500	5,308	4,184	6,625	4,919	30,450	30,500	6,275	4,951	7,784	5,826
23,500	23,550	4,123	3,229	5,124	3,813	26,500	26,550	5,023	3,946	6,264	4,653	29,500	29,550	5,952	4,696	7,404	5,522	24,500	24,550	4,423	3,449	5,504	4,093	27,500	27,550	5,323	4,196	6,644	4,933	30,500	30,550	6,292	4,965	7,805	5,842
23,550	23,600	4,138	3,240	5,143	3,827	26,550	26,600	5,038	3,959	6,283	4,667	29,550	29,600	5,969	4,709	7,423	5,538	24,550	24,600	4,438	3,460	5,523	4,107	27,550	27,600	5,338	4,209	6,663	4,947	30,550	30,600	6,309	4,979	7,826	5,858
23,600	23,650	4,153	3,251	5,162	3,841	26,600	26,650	5,053	3,971	6,302	4,681	29,600	29,650	5,986	4,721	7,442	5,554	24,600	24,650	4,453	3,471	5,542	4,121	27,600	27,650	5,353	4,221	6,682	4,961	30,600	30,650	6,326	4,993	7,847	5,874
23,650	23,700	4,168	3,262	5,181	3,855	26,650	26,700	5,068	3,984	6,321	4,695	29,650	29,700	6,003	4,734	7,461	5,570	24,650	24,700	4,468	3,484	5,561	4,135	27,650	27,700	5,368	4,234	6,701	4,975	30,650	30,700	6,343	5,007	7,868	5,890
23,700	23,750	4,183	3,273	5,200	3,869	26,700	26,750	5,083	3,996	6,340	4,709	29,700	29,750	6,020	4,746	7,480	5,586	24,700	24,750	4,483	3,496	5,580	4,149	27,700	27,750	5,383	4,246	6,720	4,989	30,700	30,750	6,360	5,021	7,889	5,906
23,750	23,800	4,198	3,284	5,219	3,883	26,750	26,800	5,098	4,009	6,359	4,723	29,750	29,800	6,037	4,759	7,499	5,602	24,750	24,800	4,498	3,509	5,599	4,163	27,750	27,800	5,398	4,259	6,739	5,003	30,750	30,800	6,377	5,035	7,910	5,922
23,800	23,850	4,213	3,295	5,238	3,897	26,800	26,850	5,113	4,021	6,378	4,737	29,800	29,850	6,054	4,771	7,518	5,618	24,800	24,850	4,513	3,521	5,618	4,177	27,800	27,850	5,413	4,271	6,758	5,017	30,800	30,850	6,394	5,049	7,931	5,938
23,850	23,900	4,228	3,306	5,257	3,911	26,850	26,900	5,128	4,034	6,397	4,751	29,850	29,900	6,071	4,784	7,537	5,634	24,850	24,900	4,528	3,534	5,637	4,191	27,850	27,900	5,428	4,284	6,777	5,031	30,850	30,900	6,411	5,063	7,952	5,954
23,900	23,950	4,243	3,317	5,276	3,925	26,900	26,950	5,143	4,046	6,416	4,765	29,900	29,950	6,088	4,797	7,556	5,650	24,900	24,950	4,543	3,546	5,656	4,205	27,900	27,950	5,443	4,296	6,796	5,045	30,900	30,950	6,428	5,077	7,973	5,970
23,950	24,000	4,258	3,328	5,295	3,939	26,950	27,000	5,158	4,059	6,435	4,779	29,950	30,000	6,105	4,811	7,575	5,666	24,950	25,000	4,558	3,559	5,675	4,219	27,950	28,000	5,458	4,309	6,815	5,059	30,950	31,000	6,445	5,091	7,994	5,986
25,000		28,000				31,000		25,000		28,000				31,000																					
25,000	25,050	4,573	3,571	5,694	4,233	28,000	28,050	5,473	4,321	6,834	5,073	31,000	31,050	6,462	5,105	8,015	6,002	25,000	25,050	4,573	3,571	5,694	4,233	28,000	28,050	5,473	4,321	6,834	5,073	31,000	31,050	6,462	5,105	8,015	6,002
25,050	25,100	4,588	3,584	5,713	4,247	28,050	28,100	5,488	4,334	6,853	5,087	31,050	31,100	6,479	5,119	8,036	6,018	25,050	25,100	4,588	3,584	5,713	4,247	28,050	28,100	5,488	4,334	6,853	5,087	31,050	31,100	6,479	5,119	8,036	6,018
25,100	25,150	4,603	3,596	5,732	4,261	28,100	28,150	5,503	4,346	6,872	5,101	31,100	31,150	6,496	5,133	8,057	6,034	25,100	25,150	4,603	3,596	5,732	4,261	28,100	28,150	5,503	4,346	6,872	5,101	31,100	31,150	6,496	5,133	8,057	6,034
25,150	25,200	4,618	3,609	5,751	4,275	28,150	28,200	5,518	4,359	6,891	5,115	31,150	31,200	6,513	5,147	8,078	6,050	25,150	25,200	4,618	3,609	5,751	4,275	28,150	28,200	5,518	4,359	6,891	5,115	31,150	31,200	6,513	5,147	8,078	6,050
25,200	25,250	4,633	3,621	5,770	4,289	28,200	28,250	5,533	4,371	6,910	5,129	31,200	31,250	6,530	5,161	8,099	6,066	25,200	25,250	4,633	3,621	5,770	4,289	28,200	28,250	5,533	4,371	6,910	5,129	31,200	31,250	6,530	5,161	8,099	6,066
25,250	25,300	4,648	3,634	5,789	4,303	28,250	28,300	5,548	4,384	6,929	5,143	31,250	31,300	6,547	5,175	8,120	6,082	25,250	25,300	4,648	3,634	5,789	4,303	28,250	28,300	5,548	4,384	6,929	5,143	31,250	31,300	6,547	5,175	8,120	6,082
25,300	25,350	4,663	3,646	5,808	4,317	28,300	28,350	5,563	4,396	6,948	5,157	31,300	31,350	6,564	5,189	8,141	6,098	25,300	25,350	4,663	3,646	5,808	4,317	28,300	28,350	5,563	4,396	6,948	5,157	31,300	31,350	6,564	5,189	8,141	6,098
25,350	25,400	4,678	3,659	5,827	4,331	28,350	28,400	5,578	4,409	6,967	5,171	31,350	31,400	6,581	5,203	8,162	6,114	25,350	25,400	4,678	3,659	5,827	4,331	28,350	28,400	5,578	4,409	6,967	5,171	31,350	31,400	6,581	5,203	8,162	6,114
25,400	25,450	4,693	3,671	5,846	4,345	28,400	28,450	5,593	4,421	6,986	5,185	31,400	31,450	6,598	5,217	8,183	6,130	25,400	25,450	4,693	3,671	5,846	4,345	28,400	28,450	5,593	4,421	6,986	5,185	31,400	31,450	6,598	5,217	8,183	6,130
25,450	25,500	4,708	3,684	5,865	4,359	28,450	28,500	5,608	4,434	7,005	5,199	31,450	31,500	6,615	5,231	8,204	6,146	25,450	25,500	4,708	3,684	5,865	4,359	28,450	28,500	5,608	4,434	7,005	5,199	31,450	31,500	6,615	5,231	8,204	6,146
25,500	25,550	4,723	3,696	5,884	4,373	28,500	28,550	5,623	4,446	7,024	5,2																								

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
32,000						35,000						38,000					
32,000	32,050	6,802	5,385	8,435	6,322	35,000	35,050	7,859	6,225	9,695	7,310	38,000	38,050	8,999	7,206	10,955	8,360
32,050	32,100	6,819	5,399	8,456	6,338	35,050	35,100	7,878	6,239	9,716	7,327	38,050	38,100	9,018	7,223	10,976	8,377
32,100	32,150	6,836	5,413	8,477	6,354	35,100	35,150	7,897	6,253	9,737	7,345	38,100	38,150	9,037	7,239	10,997	8,395
32,150	32,200	6,853	5,427	8,498	6,370	35,150	35,200	7,916	6,267	9,758	7,362	38,150	38,200	9,056	7,256	11,018	8,412
32,200	32,250	6,870	5,441	8,519	6,386	35,200	35,250	7,935	6,282	9,779	7,380	38,200	38,250	9,075	7,272	11,039	8,430
32,250	32,300	6,887	5,455	8,540	6,402	35,250	35,300	7,954	6,299	9,800	7,397	38,250	38,300	9,094	7,289	11,060	8,447
32,300	32,350	6,904	5,469	8,561	6,418	35,300	35,350	7,973	6,315	9,821	7,415	38,300	38,350	9,113	7,305	11,081	8,465
32,350	32,400	6,921	5,483	8,582	6,434	35,350	35,400	7,992	6,332	9,842	7,432	38,350	38,400	9,132	7,322	11,102	8,482
32,400	32,450	6,938	5,497	8,603	6,450	35,400	35,450	8,011	6,348	9,863	7,450	38,400	38,450	9,151	7,338	11,123	8,500
32,450	32,500	6,955	5,511	8,624	6,466	35,450	35,500	8,030	6,365	9,884	7,467	38,450	38,500	9,170	7,355	11,144	8,517
32,500	32,550	6,972	5,525	8,645	6,482	35,500	35,550	8,049	6,381	9,905	7,485	38,500	38,550	9,189	7,371	11,165	8,535
32,550	32,600	6,989	5,539	8,666	6,498	35,550	35,600	8,068	6,398	9,926	7,502	38,550	38,600	9,208	7,388	11,186	8,552
32,600	32,650	7,006	5,553	8,687	6,514	35,600	35,650	8,087	6,414	9,947	7,520	38,600	38,650	9,227	7,404	11,207	8,570
32,650	32,700	7,023	5,567	8,708	6,530	35,650	35,700	8,106	6,431	9,968	7,537	38,650	38,700	9,246	7,421	11,228	8,587
32,700	32,750	7,040	5,581	8,729	6,546	35,700	35,750	8,125	6,447	9,989	7,555	38,700	38,750	9,265	7,437	11,249	8,605
32,750	32,800	7,057	5,595	8,750	6,562	35,750	35,800	8,144	6,464	10,010	7,572	38,750	38,800	9,284	7,454	11,270	8,622
32,800	32,850	7,074	5,609	8,771	6,578	35,800	35,850	8,163	6,480	10,031	7,590	38,800	38,850	9,303	7,470	11,291	8,640
32,850	32,900	7,091	5,623	8,792	6,594	35,850	35,900	8,182	6,497	10,052	7,607	38,850	38,900	9,322	7,487	11,312	8,657
32,900	32,950	7,108	5,637	8,813	6,610	35,900	35,950	8,201	6,513	10,073	7,625	38,900	38,950	9,341	7,503	11,333	8,675
32,950	33,000	7,125	5,651	8,834	6,626	35,950	36,000	8,220	6,530	10,094	7,642	38,950	39,000	9,360	7,520	11,354	8,692
33,000						36,000						39,000					
33,000	33,050	7,142	5,665	8,855	6,642	36,000	36,050	8,239	6,546	10,115	7,660	39,000	39,050	9,379	7,536	11,375	8,710
33,050	33,100	7,159	5,679	8,876	6,658	36,050	36,100	8,258	6,563	10,136	7,677	39,050	39,100	9,398	7,553	11,396	8,727
33,100	33,150	7,176	5,693	8,897	6,674	36,100	36,150	8,277	6,579	10,157	7,695	39,100	39,150	9,417	7,569	11,417	8,745
33,150	33,200	7,193	5,707	8,918	6,690	36,150	36,200	8,296	6,596	10,178	7,712	39,150	39,200	9,436	7,586	11,438	8,762
33,200	33,250	7,210	5,721	8,939	6,706	36,200	36,250	8,315	6,612	10,199	7,730	39,200	39,250	9,455	7,602	11,459	8,780
33,250	33,300	7,227	5,735	8,960	6,722	36,250	36,300	8,334	6,629	10,220	7,747	39,250	39,300	9,474	7,619	11,480	8,797
33,300	33,350	7,244	5,749	8,981	6,738	36,300	36,350	8,353	6,645	10,241	7,765	39,300	39,350	9,493	7,635	11,501	8,815
33,350	33,400	7,261	5,763	9,002	6,754	36,350	36,400	8,372	6,662	10,262	7,782	39,350	39,400	9,512	7,652	11,522	8,832
33,400	33,450	7,278	5,777	9,023	6,770	36,400	36,450	8,391	6,678	10,283	7,800	39,400	39,450	9,531	7,668	11,543	8,850
33,450	33,500	7,295	5,791	9,044	6,786	36,450	36,500	8,410	6,695	10,304	7,817	39,450	39,500	9,550	7,685	11,564	8,867
33,500	33,550	7,312	5,805	9,065	6,802	36,500	36,550	8,429	6,711	10,325	7,835	39,500	39,550	9,569	7,701	11,585	8,885
33,550	33,600	7,329	5,819	9,086	6,818	36,550	36,600	8,448	6,728	10,346	7,852	39,550	39,600	9,588	7,718	11,606	8,902
33,600	33,650	7,346	5,833	9,107	6,834	36,600	36,650	8,467	6,744	10,367	7,870	39,600	39,650	9,607	7,734	11,627	8,920
33,650	33,700	7,363	5,847	9,128	6,850	36,650	36,700	8,486	6,761	10,388	7,887	39,650	39,700	9,626	7,751	11,648	8,937
33,700	33,750	7,380	5,861	9,149	6,866	36,700	36,750	8,505	6,777	10,409	7,905	39,700	39,750	9,645	7,767	11,669	8,955
33,750	33,800	7,397	5,875	9,170	6,882	36,750	36,800	8,524	6,794	10,430	7,922	39,750	39,800	9,664	7,784	11,690	8,972
33,800	33,850	7,414	5,889	9,191	6,898	36,800	36,850	8,543	6,810	10,451	7,940	39,800	39,850	9,683	7,800	11,711	8,990
33,850	33,900	7,431	5,903	9,212	6,914	36,850	36,900	8,562	6,827	10,472	7,957	39,850	39,900	9,702	7,817	11,732	9,007
33,900	33,950	7,448	5,917	9,233	6,930	36,900	36,950	8,581	6,843	10,493	7,975	39,900	39,950	9,721	7,833	11,753	9,025
33,950	34,000	7,465	5,931	9,254	6,946	36,950	37,000	8,600	6,860	10,514	7,992	39,950	40,000	9,740	7,850	11,774	9,042
34,000						37,000						40,000					
34,000	34,050	7,482	5,945	9,275	6,962	37,000	37,050	8,619	6,876	10,535	8,010	40,000	40,050	9,759	7,866	11,795	9,060
34,050	34,100	7,499	5,959	9,296	6,978	37,050	37,100	8,638	6,893	10,556	8,027	40,050	40,100	9,778	7,883	11,816	9,077
34,100	34,150	7,517	5,973	9,317	6,995	37,100	37,150	8,657	6,909	10,577	8,045	40,100	40,150	9,797	7,899	11,837	9,095
34,150	34,200	7,536	5,987	9,338	7,012	37,150	37,200	8,676	6,926	10,598	8,062	40,150	40,200	9,816	7,916	11,858	9,112
34,200	34,250	7,555	6,001	9,359	7,030	37,200	37,250	8,695	6,942	10,619	8,080	40,200	40,250	9,835	7,932	11,879	9,130
34,250	34,300	7,574	6,015	9,380	7,047	37,250	37,300	8,714	6,959	10,640	8,097	40,250	40,300	9,854	7,949	11,900	9,147
34,300	34,350	7,593	6,029	9,401	7,065	37,300	37,350	8,733	6,975	10,661	8,115	40,300	40,350	9,873	7,965	11,921	9,165
34,350	34,400	7,612	6,043	9,422	7,082	37,350	37,400	8,752	6,992	10,682	8,132	40,350	40,400	9,892	7,982	11,942	9,182
34,400	34,450	7,631	6,057	9,443	7,100	37,400	37,450	8,771	7,008	10,703	8,150	40,400	40,450	9,911	7,998	11,963	9,200
34,450	34,500	7,650	6,071	9,464	7,117	37,450	37,500	8,790	7,025	10,724	8,167	40,450	40,500	9,930	8,015	11,984	9,217
34,500	34,550	7,669	6,085	9,485	7,135	37,500	37,550	8,809	7,041	10,745	8,185	40,500	40,550	9,949	8,031	12,005	9,235
34,550	34,600	7,688	6,099	9,506	7,152	37,550	37,600	8,828	7,058	10,766	8,202	40,550	40,600	9,968	8,048	12,026	9,252
34,600	34,650	7,707	6,113	9,527	7,170	37,600	37,650	8,847	7,074	10,787	8,220	40,600	40,650	9,987	8,064	12,047	9,270
34,650	34,700	7,726	6,127	9,548	7,187	37,650	37,700	8,866	7,091	10,808	8,237	40,650	40,700	10,006	8,081	12,068	9,287
34,700	34,750	7,745	6,141	9,569	7,205	37,700	37,750	8,885	7,107	10,829	8,255	40,700	40,750	10,025	8,097	12,089	9,305
34,750	34,800	7,764	6,155	9,590	7,222	37,750	37,800	8,904	7,124	10,850	8,272	40,750	40,800	10,044	8,114	12,110	9,322
34,800	34,850	7,783	6,169	9,611	7,240	37,800	37,850	8,923	7,140	10,871	8,290	40,800	40,850	10,063	8,130	12,131	9,340
34,850	34,900	7,802	6,183	9,632	7,257	37,850	37,900	8,942	7,157	10,892	8,307	40,850	40,900	10,082	8,147	12,152	9,357
34,900	34,950	7,821	6,197	9,653	7,275	37,900	37,950	8,961	7,173	10,913	8,325	40,900	40,950	10,101	8,163	12,173	9,375
34,95																	

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
41,000						44,000						47,000					
41,000	41,050	10,139	8,196	12,215	9,410	44,000	44,050	11,380	9,186	13,511	10,460	47,000	47,050	12,640	10,238	14,861	11,673
41,050	41,100	10,158	8,213	12,236	9,427	44,050	44,100	11,401	9,203	13,534	10,477	47,050	47,100	12,661	10,257	14,884	11,694
41,100	41,150	10,177	8,229	12,257	9,445	44,100	44,150	11,422	9,219	13,556	10,495	47,100	47,150	12,682	10,276	14,906	11,715
41,150	41,200	10,196	8,246	12,278	9,462	44,150	44,200	11,443	9,236	13,579	10,512	47,150	47,200	12,703	10,295	14,929	11,736
41,200	41,250	10,215	8,262	12,299	9,480	44,200	44,250	11,464	9,252	13,601	10,530	47,200	47,250	12,724	10,314	14,951	11,757
41,250	41,300	10,234	8,279	12,320	9,497	44,250	44,300	11,485	9,269	13,624	10,547	47,250	47,300	12,745	10,333	14,974	11,778
41,300	41,350	10,253	8,295	12,341	9,515	44,300	44,350	11,506	9,285	13,646	10,565	47,300	47,350	12,766	10,352	14,996	11,799
41,350	41,400	10,272	8,312	12,362	9,532	44,350	44,400	11,527	9,302	13,669	10,582	47,350	47,400	12,787	10,371	15,019	11,820
41,400	41,450	10,291	8,328	12,383	9,550	44,400	44,450	11,548	9,318	13,691	10,600	47,400	47,450	12,808	10,390	15,041	11,841
41,450	41,500	10,310	8,345	12,404	9,567	44,450	44,500	11,569	9,335	13,714	10,617	47,450	47,500	12,829	10,409	15,064	11,862
41,500	41,550	10,330	8,361	12,425	9,585	44,500	44,550	11,590	9,351	13,736	10,635	47,500	47,550	12,850	10,428	15,086	11,883
41,550	41,600	10,351	8,378	12,446	9,602	44,550	44,600	11,611	9,368	13,759	10,652	47,550	47,600	12,871	10,447	15,109	11,904
41,600	41,650	10,372	8,394	12,467	9,620	44,600	44,650	11,632	9,384	13,781	10,670	47,600	47,650	12,892	10,466	15,131	11,925
41,650	41,700	10,393	8,411	12,488	9,637	44,650	44,700	11,653	9,401	13,804	10,687	47,650	47,700	12,913	10,485	15,154	11,946
41,700	41,750	10,414	8,427	12,509	9,655	44,700	44,750	11,674	9,417	13,826	10,707	47,700	47,750	12,934	10,504	15,176	11,967
41,750	41,800	10,435	8,444	12,530	9,672	44,750	44,800	11,695	9,434	13,849	10,728	47,750	47,800	12,955	10,523	15,199	11,988
41,800	41,850	10,456	8,460	12,551	9,690	44,800	44,850	11,716	9,450	13,871	10,749	47,800	47,850	12,976	10,542	15,221	12,009
41,850	41,900	10,477	8,477	12,572	9,707	44,850	44,900	11,737	9,467	13,894	10,770	47,850	47,900	12,997	10,561	15,244	12,030
41,900	41,950	10,498	8,493	12,593	9,725	44,900	44,950	11,758	9,483	13,916	10,791	47,900	47,950	13,018	10,580	15,266	12,051
41,950	42,000	10,519	8,510	12,614	9,742	44,950	45,000	11,779	9,500	13,939	10,812	47,950	48,000	13,039	10,599	15,289	12,072
42,000						45,000						48,000					
42,000	42,050	10,540	8,526	12,635	9,760	45,000	45,050	11,800	9,516	13,961	10,833	48,000	48,050	13,060	10,618	15,311	12,093
42,050	42,100	10,561	8,543	12,656	9,777	45,050	45,100	11,821	9,533	13,984	10,854	48,050	48,100	13,081	10,637	15,334	12,114
42,100	42,150	10,582	8,559	12,677	9,795	45,100	45,150	11,842	9,549	14,006	10,875	48,100	48,150	13,102	10,656	15,356	12,135
42,150	42,200	10,603	8,576	12,698	9,812	45,150	45,200	11,863	9,566	14,029	10,896	48,150	48,200	13,123	10,675	15,379	12,156
42,200	42,250	10,624	8,592	12,719	9,830	45,200	45,250	11,884	9,582	14,051	10,917	48,200	48,250	13,144	10,694	15,401	12,177
42,250	42,300	10,645	8,609	12,740	9,847	45,250	45,300	11,905	9,599	14,074	10,938	48,250	48,300	13,165	10,713	15,424	12,198
42,300	42,350	10,666	8,625	12,761	9,865	45,300	45,350	11,926	9,615	14,096	10,959	48,300	48,350	13,186	10,732	15,446	12,219
42,350	42,400	10,687	8,642	12,782	9,882	45,350	45,400	11,947	9,632	14,119	10,980	48,350	48,400	13,207	10,751	15,469	12,240
42,400	42,450	10,708	8,658	12,803	9,900	45,400	45,450	11,968	9,648	14,141	11,001	48,400	48,450	13,228	10,770	15,491	12,261
42,450	42,500	10,729	8,675	12,824	9,917	45,450	45,500	11,989	9,665	14,164	11,022	48,450	48,500	13,249	10,789	15,514	12,282
42,500	42,550	10,750	8,691	12,845	9,935	45,500	45,550	12,010	9,681	14,186	11,043	48,500	48,550	13,270	10,808	15,536	12,303
42,550	42,600	10,771	8,708	12,866	9,952	45,550	45,600	12,031	9,698	14,209	11,064	48,550	48,600	13,291	10,827	15,559	12,324
42,600	42,650	10,792	8,724	12,887	9,970	45,600	45,650	12,052	9,714	14,231	11,085	48,600	48,650	13,312	10,846	15,581	12,345
42,650	42,700	10,813	8,741	12,908	9,987	45,650	45,700	12,073	9,731	14,254	11,106	48,650	48,700	13,333	10,865	15,604	12,366
42,700	42,750	10,834	8,757	12,929	10,005	45,700	45,750	12,094	9,747	14,276	11,127	48,700	48,750	13,354	10,884	15,626	12,387
42,750	42,800	10,855	8,774	12,950	10,022	45,750	45,800	12,115	9,764	14,299	11,148	48,750	48,800	13,375	10,903	15,649	12,408
42,800	42,850	10,876	8,790	12,971	10,040	45,800	45,850	12,136	9,782	14,321	11,169	48,800	48,850	13,396	10,922	15,671	12,429
42,850	42,900	10,897	8,807	12,994	10,057	45,850	45,900	12,157	9,801	14,344	11,190	48,850	48,900	13,417	10,941	15,694	12,450
42,900	42,950	10,918	8,823	13,016	10,075	45,900	45,950	12,178	9,820	14,366	11,211	48,900	48,950	13,438	10,960	15,716	12,471
42,950	43,000	10,939	8,840	13,039	10,092	45,950	46,000	12,199	9,839	14,389	11,232	48,950	49,000	13,459	10,979	15,739	12,492
43,000						46,000						49,000					
43,000	43,050	10,960	8,856	13,061	10,110	46,000	46,050	12,220	9,858	14,411	11,253	49,000	49,050	13,480	10,998	15,761	12,513
43,050	43,100	10,981	8,873	13,084	10,127	46,050	46,100	12,241	9,877	14,434	11,274	49,050	49,100	13,501	11,017	15,784	12,534
43,100	43,150	11,002	8,889	13,106	10,145	46,100	46,150	12,262	9,896	14,456	11,295	49,100	49,150	13,522	11,036	15,806	12,555
43,150	43,200	11,023	8,906	13,129	10,162	46,150	46,200	12,283	9,915	14,479	11,316	49,150	49,200	13,543	11,055	15,829	12,576
43,200	43,250	11,044	8,922	13,151	10,180	46,200	46,250	12,304	9,934	14,501	11,337	49,200	49,250	13,564	11,074	15,851	12,597
43,250	43,300	11,065	8,939	13,174	10,197	46,250	46,300	12,325	9,953	14,524	11,358	49,250	49,300	13,585	11,093	15,874	12,618
43,300	43,350	11,086	8,955	13,196	10,215	46,300	46,350	12,346	9,972	14,546	11,379	49,300	49,350	13,606	11,112	15,896	12,639
43,350	43,400	11,107	8,972	13,219	10,232	46,350	46,400	12,367	9,991	14,569	11,400	49,350	49,400	13,627	11,131	15,919	12,660
43,400	43,450	11,128	8,988	13,241	10,250	46,400	46,450	12,388	10,010	14,591	11,421	49,400	49,450	13,648	11,150	15,941	12,681
43,450	43,500	11,149	9,005	13,264	10,267	46,450	46,500	12,409	10,029	14,614	11,442	49,450	49,500	13,669	11,169	15,964	12,702
43,500	43,550	11,170	9,021	13,286	10,285	46,500	46,550	12,430	10,048	14,636	11,463	49,500	49,550	13,690	11,188	15,986	12,723
43,550	43,600	11,191	9,038	13,309	10,302	46,550	46,600	12,451	10,067	14,659	11,484	49,550	49,600	13,711	11,207	16,009	12,744
43,600	43,650	11,212	9,054	13,331	10,320	46,600	46,650	12,472	10,086	14,681	11,505	49,600	49,650	13,732	11,226	16,031	12,765
43,650	43,700	11,233	9,071	13,354	10,337	46,650	46,700	12,493	10,105	14,704	11,526	49,650	49,700	13,753	11,245	16,054	12,786
43,700	43,750	11,254	9,087	13,376	10,355	46,700	46,750	12,514	10,124	14,726	11,547	49,700	49,750	13,774	11,264	16,076	12,807
43,750	43,800	11,275	9,104	13,399	10,372	46,750	46,800	12,535	10,143	14,749	11,568	49,750	49,800	13,795	11,283	16,099	12,828
43,800	43,850	11,296	9,120	13,421	10,390	46,800	46,850	12,556	10,162	14,771	11,589	49,800	49,850	13,816			

1984 Tax Rate Schedules Your zero bracket amount has been built into these Tax Rate Schedules.

Caution: You must use the Tax Table instead of these Tax Rate Schedules if your taxable income is less than \$50,000 unless you use **Schedule G**, Income Averaging, to figure

your tax. In that case, even if your taxable income is less than \$50,000, use the rate schedules on this page to figure your tax.

Schedule X Single Taxpayers

Use this Schedule if you checked **Filing Status Box 1** on Form 1040—

If the amount on Form 1040, line 37 is:	But not over—	Enter on Form 1040, line 38	of the amount over—
\$0	\$2,300	—0—	
2,300	3,400	..... 11%	\$2,300
3,400	4,400	\$121 + 12%	3,400
4,400	6,500	241 + 14%	4,400
6,500	8,500	535 + 15%	6,500
8,500	10,800	835 + 16%	8,500
10,800	12,900	1,203 + 18%	10,800
12,900	15,000	1,581 + 20%	12,900
15,000	18,200	2,001 + 23%	15,000
18,200	23,500	2,737 + 26%	18,200
23,500	28,800	4,115 + 30%	23,500
28,800	34,100	5,705 + 34%	28,800
34,100	41,500	7,507 + 38%	34,100
41,500	55,300	10,319 + 42%	41,500
55,300	81,800	16,115 + 48%	55,300
81,800	.....	28,835 + 50%	81,800

Schedule Z Unmarried Heads of Household

(including certain married persons who live apart—see page 5 of the instructions)

Use this schedule if you checked **Filing Status Box 4** on Form 1040—

If the amount on Form 1040, line 37 is:	But not over—	Enter on Form 1040, line 38	of the amount over—
\$0	\$2,300	—0—	
2,300	4,400	..... 11%	\$2,300
4,400	6,500	\$231 + 12%	4,400
6,500	8,700	483 + 14%	6,500
8,700	11,800	791 + 17%	8,700
11,800	15,000	1,318 + 18%	11,800
15,000	18,200	1,894 + 20%	15,000
18,200	23,500	2,534 + 24%	18,200
23,500	28,800	3,806 + 28%	23,500
28,800	34,100	5,290 + 32%	28,800
34,100	44,700	6,986 + 35%	34,100
44,700	60,600	10,696 + 42%	44,700
60,600	81,800	17,374 + 45%	60,600
81,800	108,300	26,914 + 48%	81,800
108,300	.....	39,634 + 50%	108,300

Schedule Y Married Taxpayers and Qualifying Widows and Widowers

Married Filing Joint Returns and Qualifying Widows and Widowers

Use this schedule if you checked **Filing Status Box 2 or 5** on Form 1040—

If the amount on Form 1040, line 37 is:	But not over—	Enter on Form 1040, line 38	of the amount over—
\$0	\$3,400	—0—	
3,400	5,500	..... 11%	\$3,400
5,500	7,600	\$231 + 12%	5,500
7,600	11,900	483 + 14%	7,600
11,900	16,000	1,085 + 16%	11,900
16,000	20,200	1,741 + 18%	16,000
20,200	24,600	2,497 + 22%	20,200
24,600	29,900	3,465 + 25%	24,600
29,900	35,200	4,790 + 28%	29,900
35,200	45,800	6,274 + 33%	35,200
45,800	60,000	9,772 + 38%	45,800
60,000	85,600	15,168 + 42%	60,000
85,600	109,400	25,920 + 45%	85,600
109,400	162,400	36,630 + 49%	109,400
162,400	.....	62,600 + 50%	162,400

Married Filing Separate Returns

Use this schedule if you checked **Filing Status Box 3** on Form 1040—

If the amount on Form 1040, line 37 is:	But not over—	Enter on Form 1040, line 38	of the amount over—
\$0	\$1,700	—0—	
1,700	2,750	..... 11%	\$1,700
2,750	3,800	\$115.50 + 12%	2,750
3,800	5,950	241.50 + 14%	3,800
5,950	8,000	542.50 + 16%	5,950
8,000	10,100	870.50 + 18%	8,000
10,100	12,300	1,248.50 + 22%	10,100
12,300	14,950	1,732.50 + 25%	12,300
14,950	17,600	2,395.00 + 28%	14,950
17,600	22,900	3,137.00 + 33%	17,600
22,900	30,000	4,886.00 + 38%	22,900
30,000	42,800	7,584.00 + 42%	30,000
42,800	54,700	12,960.00 + 45%	42,800
54,700	81,200	18,315.00 + 49%	54,700
81,200	.....	31,300.00 + 50%	81,200

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:

- a. Our legal right to ask for the information.
- b. What major purposes we have in asking for it, and how it will be used.
- c. What could happen if we do not receive it.
- d. Whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

For the Internal Revenue Service, the laws include:

- Tax returns and any papers filed with them.
- Any questions we need to ask you so we can:

Complete, correct, or process your return.

Figure your tax.

Collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001 and 6011 and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 and its regulations say that you must show your social security number on what you file. This is so we know who you are, and can process your return and 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.

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

We may give the information to the Department of Justice and to other Federal

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

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

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

1984 Earned Income Credit Table Caution: This is Not a Tax Table

To find your earned income credit: Read down the column titled "If line 3 or 4 of the worksheet is—" and find the appropriate

amount from the Earned Income Credit Worksheet on page 16. Read across to the right and find the amount of the

earned income credit. Enter that amount on line 5 or 6 of the worksheet, whichever applies.

If line 3 or 4 of the worksheet is—			Your earned income credit is—			If line 3 or 4 of the worksheet is—			Your earned income credit is—			If line 3 or 4 of the worksheet is—			Your earned income credit is—		
Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over	
\$0	\$50	\$3	\$1,800	\$1,850	\$183	\$3,600	\$3,650	\$363	\$6,350	\$6,400	\$453	\$8,150	\$8,200	\$228			
50	100	8	1,850	1,900	188	3,650	3,700	368	6,400	6,450	447	8,200	8,250	222			
100	150	13	1,900	1,950	193	3,700	3,750	373	6,450	6,500	441	8,250	8,300	216			
150	200	18	1,950	2,000	198	3,750	3,800	378	6,500	6,550	434	8,300	8,350	209			
200	250	23	2,000	2,050	203	3,800	3,850	383	6,550	6,600	428	8,350	8,400	203			
250	300	28	2,050	2,100	208	3,850	3,900	388	6,600	6,650	422	8,400	8,450	197			
300	350	33	2,100	2,150	213	3,900	3,950	393	6,650	6,700	416	8,450	8,500	191			
350	400	38	2,150	2,200	218	3,950	4,000	398	6,700	6,750	409	8,500	8,550	184			
400	450	43	2,200	2,250	223	4,000	4,050	403	6,750	6,800	403	8,550	8,600	178			
450	500	48	2,250	2,300	228	4,050	4,100	408	6,800	6,850	397	8,600	8,650	172			
500	550	53	2,300	2,350	233	4,100	4,150	413	6,850	6,900	391	8,650	8,700	166			
550	600	58	2,350	2,400	238	4,150	4,200	418	6,900	6,950	384	8,700	8,750	159			
600	650	63	2,400	2,450	243	4,200	4,250	423	6,950	7,000	378	8,750	8,800	153			
650	700	68	2,450	2,500	248	4,250	4,300	428	7,000	7,050	372	8,800	8,850	147			
700	750	73	2,500	2,550	253	4,300	4,350	433	7,050	7,100	366	8,850	8,900	141			
750	800	78	2,550	2,600	258	4,350	4,400	438	7,100	7,150	359	8,900	8,950	134			
800	850	83	2,600	2,650	263	4,400	4,450	443	7,150	7,200	353	8,950	9,000	128			
850	900	88	2,650	2,700	268	4,450	4,500	448	7,200	7,250	347	9,000	9,050	122			
900	950	93	2,700	2,750	273	4,500	4,550	453	7,250	7,300	341	9,050	9,100	116			
950	1,000	98	2,750	2,800	278	4,550	4,600	458	7,300	7,350	334	9,100	9,150	109			
1,000	1,050	103	2,800	2,850	283	4,600	4,650	463	7,350	7,400	328	9,150	9,200	103			
1,050	1,100	108	2,850	2,900	288	4,650	4,700	468	7,400	7,450	322	9,200	9,250	97			
1,100	1,150	113	2,900	2,950	293	4,700	4,750	473	7,450	7,500	316	9,250	9,300	91			
1,150	1,200	118	2,950	3,000	298	4,750	4,800	478	7,500	7,550	309	9,300	9,350	84			
1,200	1,250	123	3,000	3,050	303	4,800	4,850	483	7,550	7,600	303	9,350	9,400	78			
1,250	1,300	128	3,050	3,100	308	4,850	4,900	488	7,600	7,650	297	9,400	9,450	72			
1,300	1,350	133	3,100	3,150	313	4,900	4,950	493	7,650	7,700	291	9,450	9,500	66			
1,350	1,400	138	3,150	3,200	318	4,950	5,000	498	7,700	7,750	284	9,500	9,550	59			
1,400	1,450	143	3,200	3,250	323	5,000	6,000	500	7,750	7,800	278	9,550	9,600	53			
1,450	1,500	148	3,250	3,300	328	6,000	6,050	497	7,800	7,850	272	9,600	9,650	47			
1,500	1,550	153	3,300	3,350	333	6,050	6,100	491	7,850	7,900	266	9,650	9,700	41			
1,550	1,600	158	3,350	3,400	338	6,100	6,150	484	7,900	7,950	259	9,700	9,750	34			
1,600	1,650	163	3,400	3,450	343	6,150	6,200	478	7,950	8,000	253	9,750	9,800	28			
1,650	1,700	168	3,450	3,500	348	6,200	6,250	472	8,000	8,050	247	9,800	9,850	22			
1,700	1,750	173	3,500	3,550	353	6,250	6,300	466	8,050	8,100	241	9,850	9,900	16			
1,750	1,800	178	3,550	3,600	358	6,300	6,350	459	8,100	8,150	234	9,900	9,950	9			
												9,950	9,999	3			

1984 Optional State Sales Tax Tables

(If you keep records that show you paid more sales tax than the table for your State indicates, you may claim the higher amount on Schedule A, line 8a.)

Your itemized deduction for general sales tax paid can be estimated from these tables plus any qualifying sales taxes paid on the items listed on page 20. To use the tables:

Step 1—Figure your total available income. (See note to the right.)

Step 2—Count the number of exemptions for you and your family. Do not count exemptions claimed for being 65 or over or blind as part of your family size.

Step 3 A—If your total available income is not over \$40,000, find the income line for your State on the

tables and read across to find the amount of sales tax for your family size.

Step 3 B—If your income is over \$40,000 but not over \$100,000, find the deduction listed on the income line "\$38,001-\$40,000" for your family size and State. For each \$5,000 (or part of \$5,000) of income over \$40,000, increase the deduction by the amount listed for the line "\$40,001-\$100,000."

Step 3 C—If your income is over \$100,000, your sales tax deduction is limited to the deduction for

income of \$100,000. To figure your sales tax deduction, use Step 3 B, but don't go over \$100,000.

Note: Use the total of the amount on Form 1040, line 33, and nontaxable income such as veterans' benefits, workmen's compensation, untaxed portion of long-term capital gains or unemployment compensation, nontaxable part of social security and railroad retirement benefits, dividend's exclusion, deduction for a married couple when both work, and public assistance payments.

Income	Alabama ¹					Arizona ²					Arkansas ¹					California ³					Colorado ²					Connecticut					Dist. of Columbia																																																																																																																						
	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5																																																																																																													
\$1-\$8,000	91	113	120	130	141	160	105	120	120	127	133	103	128	134	143	153	173	125	147	155	164	47	56	59	63	126	139	146	94	112	125	125	132	140	125	147	155	164	150	167	175	110	129	145	146	155	164																																																																																																						
\$8,001-\$10,000	107	129	140	151	164	185	124	142	142	150	157	120	146	156	167	178	200	147	173	183	193	55	66	70	74	150	167	175	125	145	164	166	177	186	172	194	203	215	224	170	192	202	213	224	186	220	232	243	70	85	90	95	194	220	229	239	249	214	244	254	266	83	102	108	113	234	268	279	291	303	253	291	302	317	328	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409
\$10,001-\$12,000	121	144	159	171	185	207	141	162	163	171	179	136	162	176	189	201	224	167	198	208	219	63	76	80	85	172	194	203	215	224	170	192	202	213	224	186	220	232	243	70	85	90	95	194	220	229	239	249	214	244	254	266	83	102	108	113	234	268	279	291	303	253	291	302	317	328	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409									
\$12,001-\$14,000	135	158	176	190	204	227	157	181	183	192	200	151	177	195	209	223	246	186	220	232	243	70	85	90	95	194	220	229	239	249	214	244	254	266	83	102	108	113	234	268	279	291	303	253	291	302	317	328	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																											
\$14,001-\$16,000	148	170	192	207	223	246	173	199	203	211	219	165	191	213	228	243	266	204	242	255	266	77	94	99	104	214	244	254	266	83	102	108	113	234	268	279	291	303	253	291	302	317	328	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																
\$16,001-\$18,000	160	182	208	224	240	265	187	217	222	229	238	179	204	230	246	262	286	222	263	276	288	83	102	108	113	234	268	279	291	303	253	291	302	317	328	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																								
\$18,001-\$20,000	172	193	222	240	257	285	201	233	240	247	256	191	216	246	263	280	305	238	282	297	309	89	110	117	122	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																						
\$20,001-\$22,000	183	204	236	255	273	298	215	249	258	264	274	203	228	261	279	297	322	254	301	317	330	95	118	125	130	271	313	325	337	349	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																						
\$22,001-\$24,000	194	214	250	269	288	314	228	265	275	281	291	215	239	276	295	314	339	270	320	336	349	101	126	133	138	289	335	347	360	372	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																											
\$24,001-\$26,000	204	224	263	283	303	329	241	280	292	297	307	227	249	290	311	330	356	285	338	355	368	107	133	141	146	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																																
\$26,001-\$28,000	214	234	276	297	317	344	253	295	308	313	323	238	259	304	326	345	372	299	355	373	386	112	140	149	154	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																																
\$28,001-\$30,000	224	243	289	310	331	358	265	309	324	328	338	249	269	317	340	360	387	313	372	391	404	117	147	156	162	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																																
\$30,001-\$32,000	234	252	301	323	344	372	277	323	340	343	353	259	279	330	354	375	402	327	389	408	422	122	154	163	169	306	357	369	381	393	211	232	269	287	300	310	214	234	274	286	112	140	149	154	340	398	410	422	434	340	398	410	422	434	356	418	432	442	452	372	438	452	462	472	388	458	472	482	492	403	477	491	501	511	418	496	510	520	530	280	299	352	386	400	409																																																																
\$32,001-\$34,000	244	261	313	336	357	385	289	337	355	358																																																																																																																																											

1984 Optional State Sales Tax Tables—Continued

Income	Michigan				Minnesota ¹		Mississippi					Missouri ¹					Nebraska ¹				Nevada ¹				New Jersey			
	Family size		Over		Family size		Family size					Family size					Family size		Over		Family size		Over					
	1&2	3&4	5	5	1&2	Over 2	1	2	3	4	5	5	1	2	3	4	5	5	1&2	3&4	5	5	1&2	3&4	5	5	1&2	2
\$1-\$8,000	88	102	108	113	86	99	167	201	215	227	242	271	99	119	126	135	145	163	75	86	91	95	94	106	111	115	76	83
\$8,001-\$10,000	103	121	127	133	101	118	194	231	250	264	282	313	116	137	147	158	169	188	88	102	107	112	112	128	134	138	91	101
\$10,001-\$12,000	118	138	145	151	115	136	220	257	282	298	318	350	132	153	167	178	191	211	101	117	123	128	129	148	154	159	105	118
\$12,001-\$14,000	131	154	161	168	129	152	244	282	312	330	352	385	147	168	185	198	211	233	112	131	137	142	145	167	174	179	118	134
\$14,001-\$16,000	144	169	177	184	142	168	266	304	340	360	383	418	162	181	202	216	230	253	123	144	151	156	160	186	193	199	131	150
\$16,001-\$18,000	156	184	192	199	154	183	287	326	367	388	413	449	175	194	219	234	248	271	133	157	164	170	174	204	211	217	144	165
\$18,001-\$20,000	168	198	207	214	166	198	308	346	392	415	442	478	188	207	234	250	266	289	143	169	177	183	188	221	229	235	156	180
\$20,001-\$22,000	180	211	221	228	177	212	327	365	416	441	470	506	200	219	249	266	282	306	152	181	189	195	202	238	246	253	167	194
\$22,001-\$24,000	191	224	234	241	188	226	345	384	440	466	496	533	212	230	264	282	298	323	161	192	201	207	215	254	263	270	178	208
\$24,001-\$26,000	202	237	247	254	198	240	364	401	462	490	529	559	224	241	278	297	314	339	170	203	212	219	228	276	279	287	189	220
\$26,001-\$28,000	212	249	260	267	208	253	382	418	484	513	547	584	235	251	291	311	329	354	179	214	223	230	241	286	295	303	200	236
\$28,001-\$30,000	222	261	272	280	218	266	399	435	506	536	571	608	246	261	304	325	343	369	187	225	234	241	253	301	311	319	211	249
\$30,001-\$32,000	232	273	284	292	228	279	416	451	527	558	594	631	257	271	317	339	357	383	195	235	245	252	265	316	326	335	221	262
\$32,001-\$34,000	242	284	296	304	238	291	432	467	547	580	617	654	268	281	330	352	371	397	203	245	256	263	277	331	341	350	231	275
\$34,001-\$36,000	252	295	308	316	247	303	448	482	566	601	639	676	278	291	342	365	384	411	211	255	266	273	288	346	356	365	241	288
\$36,001-\$38,000	261	306	319	327	256	315	463	497	585	622	661	698	288	299	354	378	397	424	219	265	276	283	299	360	371	380	251	301
\$38,001-\$40,000	270	317	330	338	265	327	478	511	604	642	682	719	298	307	366	391	410	437	226	274	286	293	310	374	385	394	261	313
\$40,001-\$100,000 (See Step 3B)	14	16	17	17	13	16	24	26	30	32	34	36	15	15	18	20	21	22	11	14	14	15	16	19	19	20	13	16

Income	New Mexico ¹					New York ⁹					North Carolina ¹⁰					North Dakota				Ohio ¹				Oklahoma ¹					Pennsylvania						
	Family size		Over			Family size		Over			Family size					Family size				Family size		Over			Family size		Over								
	1	2	3	4	5	5	1&2	3&4	5	5	1	2	3	4	5	5	1&2	3	4	5	5	1&2	3&4	5	5	1	2	3	4	5	5	1&2	2		
\$1-\$8,000	117	144	150	155	165	184	86	99	103	108	103	118	123	128	108	131	141	151	162	183	72	83	90	90	102	107	112	71	85	90	95	107	115	77	86
\$8,001-\$10,000	136	164	174	181	193	213	103	118	123	128	108	131	141	151	162	183	85	99	107	127	127	128	134	107	122	128	134	83	97	105	112	119	133	92	103
\$10,001-\$12,000	153	183	197	206	219	240	118	136	141	147	123	146	159	171	182	204	98	115	122	123	141	147	154	123	141	147	154	95	109	119	127	135	150	106	120
\$12,001-\$14,000	169	200	217	228	242	265	132	152	159	165	137	159	176	189	202	224	109	129	137	138	159	166	172	138	159	166	172	106	120	132	141	150	165	120	136
\$14,001-\$16,000	184	216	237	249	265	288	146	168	176	182	150	172	192	206	220	243	120	143	151	153	176	184	191	153	176	184	191	116	130	144	154	164	180	133	151
\$16,001-\$18,000	198	231	255	269	286	310	159	183	192	198	162	184	207	222	237	261	131	156	164	167	193	201	208	167	193	201	208	125	139	156	167	177	193	145	166
\$18,001-\$20,000	211	245	273	289	306	331	172	198	208	214	174	195	222	237	253	277	142	169	177	178	209	217	225	180	209	217	225	134	148	167	179	189	206	157	180
\$20,001-\$22,000	224	259	290	307	326	351	184	212	223	229	185	206	236	252	268	293	152	182	189	193	225	233	241	193	225	233	241	143	156	178	191	201	219	169	194
\$22,001-\$24,000	238	272	305	325	345	371	196	226	238	244	196	216	249	266	283	308	162	194	201	206	240	248	257	206	240	248	257	152	164	188	202	213	231	180	207
\$24,001-\$26,000	248	284	321	342	363	389	208	240	252	258	207	226	262	280	298	323	171	206	213	218	255	263	272	218	255	263	272	160	172	198	213	224	242	191	220
\$26,001-\$28,000	260	296	335	359	380	407	219	253	266	272	217	236	275	293	312	337	180	217	224	230	269	278	287	230	269	278	287	168	180	208	223	235	253	202	233
\$28,001-\$30,000	271	308	351	375	397	425	230	266	280	286	227	245	287	306	325	351	189	228	235	242	283	293	302	242	283	293	302	176	187	218	233	246	264	213	246
\$30,001-\$32,000	282	319	365	391	414	442	241	278	293	299	237	254	299	319	338	364	198	239	246	253	297	307	316	253	297	307	316	184	194	227	243	255	275	223	259
\$32,001-\$34,000	293	330	379	407	430	459	252	290	306	312	247	263	310	331	351	377	207	250	257	264	311	321	330	264	311	321	330	192	201	236	253	265	285	233	271
\$34,001-\$36,000	304	341	393	422	446	475	262	302	319	325	257	271	321	343	364	390	215	261	267	275	324	334	344	275	324	334	344	199	208	245	263	276	295	243	283
\$36,001-\$38,000	314	351	406	437	462	491	272	314	332	337	266	279	332	355	376	402	223	272	277	286	337	347	357	286	337	347	357	206	214	253	272	286	305	253	295
\$38,001-\$40,000	323	361	419	451	477	506	282	326	345	349	275	287	343	366	388	414	231	282	287	297	350	360	370	297	350	360	370	213	220	261	281	295	314	263	306
\$40,001-\$100,000 (See Step 3B)	16	18	21	23	24	25	14	16	17	17	14	14	17	18	19	21	12	14	14	15	18	18	19	15	18	18	19	11	11	13	14	15	16	13	15

Income	Rhode Island		South Carolina					South Dakota ²					Tennessee ¹					Texas ¹				Utah ¹¹					
	Family size		Family size					Family size					Family size					Family size		Over			Family size		Over		

How To Use Tele-Tax Information

Recorded Tax Information

IRS has recorded about 150 tapes of tax information that answer many Federal tax questions. You can hear up to three tapes on each call you make.

Automated Refund Information is available at selected locations after March 15. If it has been ten weeks since you mailed your 1984 tax return, we will be able to check the status of your refund.

Tele-Tax is not a toll-free call. Long-distance charges apply if you call from outside the local dialing area of the numbers listed below. A complete list of these tapes and instructions on how to use Tele-Tax are on the next page.

Note: Cities with a 1 or 2 before them only have Recorded Tax Information. Cities with a 1 before them can be called only if you have a push-button (tone signalling) phone. Cities with a 2 before them can be called if you have a rotary (dial) or push-button (pulse dial) phone. Cities with a 3 before them have Recorded Tax Information and Automated Refund Information and can be called by using any type of phone.

ALABAMA

1 Birmingham, 251-9454
2 Birmingham, 251-3881
1 Huntsville, 534-5203
1 Mobile, 433-6993
1 Montgomery, 262-8304

ALASKA

1 Anchorage, 279-0653
2 Anchorage, 279-8689

ARIZONA

3 Phoenix, 261-3560
1 Tucson, 624-9042

ARKANSAS

1 Little Rock, 372-3891
2 Little Rock, 374-3117

CALIFORNIA

1 Bakersfield, 861-4105
1 Carson, 632-3555
1 El Monte, 571-6902
1 Fresno, 268-5395
2 Laguna Niguel, 831-4246
3 Los Angeles, 617-3177
3 Oakland, 839-4245
1 Oxnard, 485-7236
1 Riverside, 351-6769
1 Sacramento, 448-4367
2 Sacramento, 448-4556
1 San Diego, 293-5020
1 San Francisco, 863-4039
1 San Jose, 293-5606
2 San Jose, 287-4631
1 Santa Ana, 836-2974
1 Santa Maria, 928-7503
1 Santa Rosa, 528-6233
1 Stockton, 463-6005
1 Van Nuys, 904-6393
1 Visalia, 733-8194

COLORADO

1 Colorado Springs, 597-6344
3 Denver, 592-1118
1 Ft. Collins, 223-0688

CONNECTICUT

1 Bridgeport, 335-0070
1 Hartford, 547-0015
2 Hartford, 247-5500

DELAWARE

1 Dover, 674-1118
1 Wilmington, 652-0272
2 Wilmington, 571-1097

DISTRICT of COLUMBIA

3 Call 628-2929

FLORIDA

1 Daytona Beach, 253-0669
1 Ft. Lauderdale, 523-3100
3 Jacksonville, 353-9579
1 Miami, 374-5144
2 Miami, 372-0397
1 Orlando, 422-0592
1 Orlando, 843-0762
1 St. Petersburg, 578-0424
1 Tallahassee, 222-0807
1 Tampa, 229-0815
1 West Palm Beach, 655-1996

GEORGIA

1 Albany, 435-1415
3 Atlanta, 221-6572
1 Augusta, 722-9068
1 Columbus, 327-0298
1 Macon, 745-2890
1 Savannah, 355-9632

HAWAII

1 Honolulu, 546-7162
2 Honolulu, 546-3700

IDAHO

1 Boise, 383-0034
2 Boise, 344-8628

ILLINOIS

1 Aurora, 851-2718
1 Bloomington, 828-6116
1 Champaign, 398-1779
3 Chicago, 886-9614
1 East St. Louis, 875-4050
1 Ottawa, 433-1568
1 Peoria, 637-9305
1 Quad Cities, 326-1720
1 Rockford, 987-4280
1 Springfield, 789-0489
2 Springfield, 753-0316

INDIANA

1 Evansville, 422-1026
1 Gary, 884-4465
3 Indianapolis, 634-1550

IOWA

1 Cedar Rapids, 399-2210
1 Des Moines, 284-6117
2 Des Moines, 284-4050
1 Quad Cities, 326-1720
1 Waterloo, 234-0817

KANSAS

1 Wichita, 264-3147
2 Wichita, 262-4454

KENTUCKY

1 Erlanger, 727-3338
1 Lexington, 233-2889

1 Louisville, 582-5599
2 Louisville, 582-6372

LOUISIANA

1 New Orleans, 529-2854
2 New Orleans, 589-4620

MAINE

2 Augusta, 623-3854
1 Portland, 775-0465

MARYLAND

3 Baltimore, 244-7306
1 Cumberland, 722-5331
1 Frederick, 663-5798
1 Hagerstown, 733-6815
1 Salisbury, 742-9458

MASSACHUSETTS

3 Boston, 523-8602
1 Springfield, 739-6624

MICHIGAN

1 Ann Arbor, 665-4544
3 Detroit, 961-4282
1 Flint, 238-4599
1 Grand Rapids, 451-2034
1 Kalamazoo, 343-0255
1 Lansing, 372-2454
1 Mt. Clemens, 463-9550
1 Pontiac, 858-2336
1 Saginaw, 753-9911

MINNESOTA

1 Duluth, 722-5494
1 Rochester, 288-5595
3 St. Paul, 224-4288

MISSISSIPPI

1 Gulfport, 863-3302
1 Jackson, 960-4168
2 Jackson, 960-4808

MISSOURI

1 Jefferson City, 636-8312
1 Kansas City, 421-3741
1 Springfield, 883-3419
3 St. Louis, 241-4700

MONTANA

1 Billings, 656-1422
1 Great Falls, 727-4902
1 Helena, 443-7034
2 Helena, 443-0600

NEBRASKA

1 Lincoln, 471-5450
1 Omaha, 221-3324
2 Omaha, 221-3326

NEVADA

1 Las Vegas, 385-1778
2 Las Vegas, 382-1189

NEW HAMPSHIRE

1 Manchester, 623-5778
2 Portsmouth, 431-0780

NEW JERSEY

1 Atlantic City, 348-2636
1 Camden, 966-3412
1 Hackensack, 487-1817
3 Newark, 624-1223
1 Paterson, 278-5442
1 Trenton, 599-2150

NEW MEXICO

1 Albuquerque, 766-1102
2 Albuquerque, 243-4557

NEW YORK

1 Albany, 465-8318
2 Albany, 465-3566
3 Brooklyn, 858-4461
3 Buffalo, 856-9320
3 Manhattan, 406-4080
1 Mineola, 248-6790
1 Poughkeepsie, 452-1877
1 Rochester, 454-3330
1 Smithtown, 979-0720
1 Syracuse, 471-1630
1 White Plains, 683-0134

NORTH CAROLINA

1 Asheville, 254-3044
1 Charlotte, 567-9885
1 Durham, 541-5283
1 Fayetteville, 483-0735
1 Greensboro, 378-1572
2 Greensboro, 379-1168
1 Raleigh, 755-1498
1 Winston-Salem, 725-3013

NORTH DAKOTA

1 Bismarck, 258-8210
1 Fargo, 232-9360
2 Fargo, 232-1070
1 Grand Forks, 746-0324
1 Minot, 838-1234

OHIO

1 Akron, 253-1170
3 Cincinnati, 684-3531
3 Cleveland, 522-3037
1 Columbus, 469-2266
1 Dayton, 225-7237
1 Toledo, 255-3743

OKLAHOMA

1 Oklahoma City, 235-3434
2 Oklahoma City, 235-4907
1 Tulsa, 599-0555

OREGON

1 Eugene, 687-6737
3 Portland, 294-5363
1 Salem, 399-5784

PENNSYLVANIA

1 Bethlehem, 861-0325
1 Erie, 459-7419
1 Harrisburg, 236-1356
1 Jenkintown, 887-1261
1 Lancaster, 392-0980
1 Norristown, 275-0242
3 Philadelphia, 592-8946
1 Pittsburgh, 281-3120
2 Pittsburgh, 281-3138
1 Reading, 373-4568
1 Scranton, 961-0325
1 Wilkes-Barre, 823-9552
1 Williamsport, 323-4242

PUERTO RICO

1 & 2 Call 753-4055

RHODE ISLAND

1 Providence, 861-5220
2 Providence, 521-6440

SOUTH CAROLINA

1 Charleston, 722-0369
1 Columbia, 254-4749
2 Columbia, 799-8169
1 Greenville, 235-8093

SOUTH DAKOTA

2 Aberdeen, 229-6856
1 Brookings, 692-4507
1 Rapid City, 348-3454
1 Sioux Falls, 335-7081
1 Watertown, 882-4979

TENNESSEE

1 Chattanooga, 892-5577
1 Jackson, 664-1858
1 Johnson City, 282-1917
1 Knoxville, 521-7478
1 Memphis, 525-2611
3 Memphis, 242-1541

TEXAS

1 Austin, 479-0391
2 Austin, 478-6422
3 Dallas, 767-1792
1 El Paso, 778-9907
1 Ft. Worth, 334-3888
3 Houston, 850-8801
1 San Antonio, 680-9591

UTAH

1 Salt Lake City, 355-9328
2 Salt Lake City, 359-9218

VERMONT

1 Burlington, 658-0007
2 Burlington, 658-1149

VIRGINIA

1 Bailey's Crossroads, 557-0034
1 Bristol, 669-0565
1 Danville, 797-2223
1 Norfolk, 441-3623
1 Richmond, 771-2369
2 Richmond, 771-2165
1 Roanoke, 982-6062

WASHINGTON

3 Seattle, 343-7221
1 Spokane, 455-9213
1 Tacoma, 383-4668

WEST VIRGINIA

1 Charleston, 343-3597
1 Huntington, 523-0104
2 Parkersburg, 422-4011

WISCONSIN

1 Green Bay, 433-3884
1 Madison, 264-5349
3 Milwaukee, 291-1783
1 Racine, 886-1615

WYOMING

1 Cheyenne, 634-1198
2 Cheyenne, 638-6109

How To Use Tele-Tax

Recorded Tax Information

1. Select, by number, the tape you wish to hear.
2. Have paper and pencil handy to take notes.
3. Call the appropriate phone number.
4. ● If you have a push-button (tone signalling) phone, follow the recorded instructions, or
 - If you have a rotary (dial) or push-button (pulse dial) phone, ask the IRS operator for the tape number you want to hear.
5. Available service:
 - Push-button (tone signalling) service is available 24 hours a day, 7 days a week.
 - Rotary (dial)/push-button (pulse dial) service is available Monday through Friday during regular office hours.

Automated Refund Information

1. Have a copy of your tax return available.
2. Call the appropriate phone number.
3. Follow the recorded instructions.
4. Available Service:
 - Push-button (tone signalling) service is available Monday through Friday from 7:30 A.M. to 6 P.M.
 - Rotary (dial)/push-button (pulse dial) service is available Monday through Friday during regular office hours.

Tele-Tax Subjects and Tape Numbers

Tape No.	Subject
	IRS Procedures and Services
100	IRS help available—Volunteer tax assistance programs, toll-free telephone, walk-in assistance, and outreach program
101	Tax assistance for handicapped individuals and the deaf
102	Small business tax workshops—Tax help for the new business person
103	Problem resolution program—Special help for problem situations
104	Public libraries—Tax information tapes and reproducible tax forms
105	Examination procedures and how to prepare for an audit
106	The collection process
107	Tax fraud—How to report
108	Special enrollment examination to practice before IRS
109	Organizations—How to apply for exempt status
	Filing Requirements, Filing Status, Exemptions
110	Who must file?
111	Which form—1040, 1040A, or 1040EZ?
112	When, where, and how to file
113	Filing requirements for a dependent child
114	Filing as single
115	Filing joint or separate
116	Filing as head of household
117	Filing as qualifying widow/widower
118	Filing status for separated individuals
119	Exemptions for age and blindness
120	Dependent—Who can be claimed?
121	Dependent child—Divorced or separated parents
122	Dependent—Items to include in determining support
126	Estimated tax
127	Amended returns
128	Decedents
	Types of Income
130	Wages and salaries
131	Tips
132	Interest received
133	Dividends and dividend exclusion
134	Refund of state and local taxes
135	Alimony received
136	Business income
137	Sole proprietorship
138	Capital gains and losses

Tape No.	Subject
139	Pensions and annuities
140	Pensions—The general rule
141	Lump-sum distributions—Profit-sharing plans
143	Rental income and expenses
200	Renting vacation property/Renting to relatives
201	Royalties
202	Farming and fishing income
203	Earnings for clergy members
204	Unemployment compensation
205	Gambling income and expenses
206	Bartering income
207	Scholarships, fellowships, and grants
208	Nontaxable income
209	Social security and tier 1 railroad retirement taxability
210	Social Security Benefit Statement—Form SSA-1099
	Adjustments to Income
211	Charitable contributions deduction for those who do not itemize
212	Deduction for married couples when both work
213	Moving expenses
214	Employee business expenses
215	Business use of car
216	Business travel expenses
217	Business entertainment expenses
218	Individual retirement accounts (IRA's)
219	Alimony paid
225	Bad debt deduction
226	Tax shelters
	Itemized Deductions
227	Should I itemize?
228	Medical and dental expenses
229	Medical insurance
231	Taxes
232	Sales tax
233	Interest expense
234	Contributions
235	Casualty losses
236	Miscellaneous expenses
237	Office-in-the-home expenses
238	Educational expenses
	Tax Computation
240	Tax table
241	Tax rate schedules
243	Tax and credits figured by IRS
244	Income averaging
300	Self-employment tax
301	Ten-year averaging for lump-sum distributions
303	Alternative minimum tax
304	Gift tax
305	Estate tax
	Tax Credits
306	Child care credit
307	Earned income credit
308	Residential energy credit
309	Credit for the elderly and the permanently and totally disabled
310	Tax credit for contributions to candidates for public office
311	Investment credit
312	Qualified royalty owners exemption (windfall profit tax)
	General Information
315	Highlights of 1984 tax changes
316	Refunds—How long they should take
317	Copy of your tax return—How to get one
318	Forms/Publications—How to order
319	Tax shelter registration
320	Extensions for time to file your tax return
325	Form W-2—What to do if not received
326	Penalty and interest charges
327	IRS notices and bills—How to pay
328	Tax benefits for low income Americans
329	Penalty for underpayment of estimated tax—Form 2210
330	Recordkeeping
331	How to choose a tax preparer
332	Audit appeal rights
333	Failure to pay child/spousal support

Tape No.	Subject
334	Highlights of 1985 tax changes
335	Withholding on interest and dividends
336	Highway use tax
337	Checklist/Common errors when preparing your tax return
338	Withholding on pensions and annuities
339	Your tax form is overdue—Let us hear from you
340	Second request for information about your tax form
341	Notice of intent to levy
342	Notice of underreported income—CP2000

Basis of Assets, Depreciation, Sale of Assets

343	Sale of personal residence—General
344	Sale of personal residence—How to report gain
400	Sale of personal residence—Exclusion of gain, age 55 and over
401	Basis of assets
402	Depreciation—General
403	Depreciation—Accelerated cost recovery system
404	Installment sales

Employer Tax Information

406	Social security withholding rates
407	Form W-2—Where, when and how to file
408	Form W-4—Employee's Withholding Allowance Certificate
409	Federal tax deposits—General
410	Employer identification number—How to apply
411	Paying taxes on your employees
412	Form 942—Employer's Quarterly Tax Return for Household Employees
413	Form 941—Deposit requirements
414	Form 941—Employer's Quarterly Federal Tax Return
415	Form 940—Deposit requirements
416	Form 940—Employer's Annual Federal Unemployment Tax Return
417	Targeted jobs credit
418	Tips—Withholding and reporting

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

420	Resident and nonresident aliens
425	Dual-status alien
426	Alien tax clearance
428	Foreign earned income exclusion—General
429	Foreign earned income exclusion—Who qualifies?
430	Foreign earned income exclusion—What income qualifies?
431	Foreign tax credit

The following tapes are in Spanish

433	Who must file?
434	Which form to use?
435	Filing status—Single, married filing jointly, and married filing separately
436	Filing status—Head of household and qualifying widow/widower
437	Earned income credit
438	Highlights of 1984 tax changes
439	Forms and publications—How to order
440	Alien tax clearance
441	Refunds—How long they should take
442	IRS help available—Volunteer tax assistance programs, toll-free telephone, walk-in assistance, and outreach program
443	Social security and tier 1 railroad retirement taxability
444	Social Security Benefit Statement—Form SSA-1099

To Call IRS Toll-Free for Answers to Your Federal Tax Questions, Use Only the Number Listed Below for Your Area

Caution: "Toll-free" is a telephone call for which you pay only local charges with no long-distance charge. Please use a local city number only if it is not a long-distance call for you. Otherwise, use the general toll-free number given.

We are happy to answer questions 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.

To make sure that IRS employees give courteous responses and correct information to taxpayers, a second IRS employee sometimes listens in on telephone calls. No record is kept of any taxpayer's name, address, or social security number.

If you find it necessary to write instead of calling, please address your letter to your IRS District Director for a prompt reply. Make sure you include your social security number or taxpayer identifying number when you write.

The IRS has a telephone service called Tele-Tax. It provides automated refund information and recorded tax information tapes on about 150 topics covering such areas as filing requirements, dependents, itemized deductions, and tax credits. Tele-Tax is available 24 hours a day, 7 days a week, to taxpayers using push-button (tone signalling) telephones, and Monday through Friday, during office hours, to taxpayers using push-button (pulse dial) or rotary (dial) phones. See Tele-Tax Information in the index for the page numbers that contain telephone numbers, available topics, and instructions describing how to use this service.

ALABAMA
Call 1-800-424-1040

ALASKA
Anchorage, 276-1040
Elsewhere in Alaska, call operator and ask for Zenith 3700

ARIZONA
Phoenix, 257-1233
Tucson, 882-4181

ARKANSAS
Call 1-800-424-1040

CALIFORNIA
Please call the telephone number shown in the white pages of your local telephone directory under U.S. government, Internal Revenue Service, Federal Tax Assistance.

COLORADO
Denver, 825-7041

CONNECTICUT
Call 1-800-424-1040

DELAWARE
Wilmington, 573-6400

DISTRICT of COLUMBIA
Call 488-3100

FLORIDA
Jacksonville, 354-1760

GEORGIA
Atlanta, 522-0050

HAWAII
Oahu, 546-8660
All other islands, 1-800-232-2511

IDAHO
Call 1-800-424-1040

ILLINOIS
Chicago, 435-1040

INDIANA
Indianapolis, 269-5477

IOWA
Des Moines, 283-0523

KANSAS
Call 1-800-424-1040

KENTUCKY
Call 1-800-424-1040

LOUISIANA
Call 1-800-424-1040

MAINE
Call 1-800-424-1040

MARYLAND
Baltimore, 962-2590
Prince George's County, 488-3100
Montgomery County, 488-3100

MASSACHUSETTS
Boston, 523-1040

MICHIGAN
Detroit, 237-0800

MINNESOTA
Minneapolis, 291-1422
St. Paul, 291-1422

MISSISSIPPI
Call 1-800-424-1040

MISSOURI
St. Louis, 342-1040

MONTANA
Call 1-800-424-1040

NEBRASKA
Omaha, 422-1500

NEVADA
Las Vegas, 388-6291

NEW HAMPSHIRE
Call 1-800-424-1040

NEW JERSEY
Newark, 622-0600

NEW MEXICO
Call 1-800-424-1040

NEW YORK
Bronx, 732-0100
Brooklyn, 596-3770
Buffalo, 855-3955
Manhattan, 732-0100
Nassau, 294-3600
Queens, 596-3770
Rockland County, 997-1510
Staten Island, 732-0100
Suffolk, 724-5000
Westchester County, 997-1510

NORTH CAROLINA
Greensboro, 274-3711

NORTH DAKOTA
Call 1-800-424-1040

OHIO
Cincinnati, 621-6281
Cleveland, 522-3000

OKLAHOMA
Call 1-800-424-1040

OREGON
Portland, 221-3960

PENNSYLVANIA
Philadelphia, 574-9900
Pittsburgh, 281-0112

PUERTO RICO
San Juan Metro Area, 753-4040
Isla DDD, 753-4549

RHODE ISLAND
Providence, 274-1040

SOUTH CAROLINA
Call 1-800-424-1040

SOUTH DAKOTA
Call 1-800-424-1040

TENNESSEE
Nashville, 259-4601

TEXAS
Austin, 472-1974
Corpus Christi, 888-9431
Dallas, 742-2440
El Paso, 532-6116
Ft. Worth, 335-1370
Houston, 965-0440
San Antonio, 229-1700

UTAH
Salt Lake City, 524-4060

VERMONT
Burlington, 658-1870

VIRGINIA
Bailey's Crossroads, 557-9230
Richmond, 649-2361

WASHINGTON
Seattle, 442-1040

WEST VIRGINIA
Call 1-800-424-1040

WISCONSIN
Milwaukee, 271-3780

WYOMING
Call 1-800-424-1040

Note: If there is no number listed for your specific area, please call 1-800-424-1040.

Telephone Assistance Services for Deaf Taxpayers Who Have Access to TV / Telephone—TTY Equipment.

Hours of Operation

8:00 A.M. to 6:45 P.M. EST (Filing Season)

8:00 A.M. to 4:30 P.M. EST (Nonfiling Season)

Indiana residents, 1-800-382-4059

Elsewhere in U.S., including Alaska, Hawaii, Virgin Islands, and Puerto Rico, 1-800-428-4732

Toll-Free "Forms Only" Telephone Numbers

If you only need to order tax forms and publications and do not have any tax questions, please call the number listed below for your area. If there is no telephone number listed for your state or specific area, please refer to the toll-free telephone numbers listed above.

ALABAMA
Call 1-800-241-3860

ALASKA
Anchorage, 276-4368

ARIZONA
Phoenix, 257-9722
Tucson, 882-0730

CONNECTICUT
Call 1-800-225-0717

FLORIDA
Call 1-800-241-3860

GEORGIA
Atlanta, 221-6023
Elsewhere in Georgia, 1-800-282-6689

HAWAII
Honolulu, 546-7300

MAINE
Call 1-800-225-0717

MARYLAND
Baltimore, 962-0801

MASSACHUSETTS
Boston, 367-1040
Elsewhere in Massachusetts, 1-800-892-0288

MICHIGAN
Detroit, 237-0794
Residents in Area Code 313, 1-800-462-9910
Elsewhere in Michigan, 1-800-482-0828

MINNESOTA
St. Paul, 224-7461

MISSISSIPPI
Call 1-800-241-3860

MISSOURI
Kansas City, 421-2330
St. Louis, 231-6505

MONTANA
Call 1-800-547-4960

NEBRASKA
Omaha, 221-3321
Elsewhere in Nebraska, 1-800-542-8278

NEVADA
Las Vegas, 388-6516

NEW HAMPSHIRE
Call 1-800-225-0717

NEW JERSEY
Camden, 966-7200
Hackensack, 342-1211
Newark, 622-5550
Paterson, 278-0339
Trenton, 393-0900
Elsewhere in New Jersey, 1-800-242-0249

NEW YORK
Albany, 1-800-225-0717
Bronx, 732-0240
Brooklyn, 596-3610
Buffalo, 847-1510
Manhattan, 732-0240
Nassau County, 294-3700
Rockland County, 997-1410
Staten Island, 732-0240
Suffolk County, 724-8836
Westchester County, 997-1410
Western New York, 1-800-462-1860

NORTH CAROLINA
Call 1-800-241-3860

OREGON
Portland, 221-3933
Elsewhere in Oregon, 1-800-452-1996

PENNSYLVANIA
Allentown, 866-2914
Philadelphia, 627-7373
Pittsburgh, 281-0137

RHODE ISLAND
Call 1-800-225-0717

SOUTH CAROLINA
Call 1-800-241-3860

TENNESSEE
Call 1-800-241-3860

UTAH
Salt Lake City, 524-4368

VERMONT
Call 1-800-225-0717

WASHINGTON
Seattle, 442-5100
Elsewhere in Washington, 1-800-542-7890

WISCONSIN
Milwaukee, 291-3244
Elsewhere in Wisconsin, 1-800-242-9699

How To Get Forms

Generally, we mail forms and schedules directly to you based on what seems to be right for you. Schedules and forms you may need are listed below.

To save time, you can get the following items at many participating banks, post offices, and public libraries, or order them from IRS:

Form 1040, U.S. Individual Income Tax Return
Instructions for Form 1040

Form 1040A
Instructions for Form 1040A

Form 1040EZ
Instructions for Form 1040EZ

Schedule A for itemized deductions

Schedule B for interest income if more than \$400; for dividends and other distributions on stock if more than \$400; and for answering the Foreign Accounts or Foreign Trusts Questions

Schedule G for income averaging

Schedule W for the deduction for a married couple when both work

You can photocopy the following items (as well as those listed above) at many participating public libraries or order them from IRS:

Schedule C for income from a personally-owned business

Schedule D for income from the sale or exchange of capital assets

Schedule E for income from rents, royalties, partnerships, estates, trusts, etc.

Schedule F for income from farming

Schedule R for credit for the elderly and the permanently and totally disabled

Schedule SE for reporting net earnings from self-employment

Form 1040-ES to make estimated tax payments

Form 2106, Employee Business Expenses

Form 2119, Sale or Exchange of Principal Residence

Form 2210, Underpayment of Estimated Tax by Individuals

Form 2441, Credit for Child and Dependent Care Expenses

Form 3468, Computation of Investment Credit

Form 3903, Moving Expense Adjustment

Form 4136, Computation of Credit for Federal Tax on Gasoline and Special Fuels

Form 4562, Depreciation and Amortization

Form 4684, Casualties and Thefts

Form 4797, Supplemental Schedule of Gains and Losses

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

Form 5695, Residential Energy Credit

How To Get Publications

You can read or photocopy the following publications at many participating public libraries or order them from IRS:

17 Your Federal Income Tax

54 Tax Guide for U.S. Citizens and Resident Aliens Abroad

334 Tax Guide for Small Business

463 Travel, Entertainment, and Gift Expenses

501 Exemptions

502 Medical and Dental Expenses

503 Child and Dependent Care Credit, and Employment Taxes for Household Employers

504 Tax Information for Divorced or Separated Individuals

505 Tax Withholding and Estimated Tax

506 Income Averaging

508 Educational Expenses

521 Moving Expenses

523 Tax Information on Selling Your Home

524 Credit for the Elderly and the Permanently and Totally Disabled

525 Taxable and Nontaxable Income

526 Charitable Contributions

527 Rental Property

529 Miscellaneous Deductions

530 Tax Information for Owners of Homes, Condominiums, and Cooperative Apartments

531 Reporting Income From Tips

533 Self-Employment Tax

545 Interest Expense

547 Nonbusiness Disasters, Casualties, and Thefts

550 Investment Income and Expenses

552 Recordkeeping for Individuals and a List of Tax Publications

553 Highlights of 1984 Tax Changes

554 Tax Benefits for Older Americans

575 Pension and Annuity Income

583 Information for Business Taxpayers

587 Business Use of Your Home

590 Individual Retirement Arrangements (IRA's)

596 Earned Income Credit

903 Energy Credits for Individuals

905 Tax Information on Unemployment Compensation

907 Tax Information for Handicapped and Disabled Individuals

910 Taxpayer's Guide to IRS Information, Assistance, and Publications

915 Tax Information on Social Security Benefits

Other publications and forms referred to in the instructions are also available without cost from the "Forms Distribution Center" for your state.

Where To Send Your Order for Free Forms and Publications

Please send your order to the "Forms Distribution Center" for your state. If there is more than one Center for your state, send the order to the Center nearest you.

- Alabama**—Caller No. 848, Atlanta, GA 30370
- Alaska**—P.O. Box 12626, Fresno, CA 93778
- Arizona**—P.O. Box 12626, Fresno, CA 93778
- Arkansas**—P.O. Box 2924, Austin, TX 78769
- California**—P.O. Box 12626, Fresno, CA 93778
- Colorado**—P.O. Box 2924, Austin, TX 78769
- Connecticut**—P.O. Box 1040, Methuen, MA 01844
- Delaware**—P.O. Box 25866, Richmond, VA 23260
- District of Columbia**—P.O. Box 25866, Richmond, VA 23260
- Florida**—Caller No. 848, Atlanta, GA 30370
- Georgia**—Caller No. 848, Atlanta, GA 30370
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