



Instructions for preparing

1985 1040EZ and 1040A

From the Commissioner

There are two tax forms in this tax package—**Form 1040EZ**, for certain single taxpayers with no dependents, and **Form 1040A**. Even if you qualify to use Form 1040EZ or Form 1040A, it might benefit you to use **Form 1040** instead. For example, if you own a home, you may want to itemize your deductions; to do so, you must file Form 1040. See pages 4 through 6 to determine which form to use and whether itemizing deductions will help you.

There have been a number of changes to the forms this year because of tax law changes that are effective for 1985. Most importantly, the Tax Table has been adjusted so that inflation will not increase your tax. Similarly, the amount allowed as a deduction for each exemption has been increased to \$1,040 and the zero bracket amounts for all filing statuses have been increased. Other 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.

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.

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 13.

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.

Finally, last year some of you received your refunds later than usual because of problems that arose from major changes we made to our returns processing system. We regret the difficulties and inconvenience that resulted. The changes were necessary to enable us to keep pace with increased demands on our employees and equipment. We believe that last year's problems have been resolved, and we are continuing to make every effort to improve the level of service to the public.

Roscoe L. Egger, Jr.
Commissioner of Internal Revenue

Important tax law changes

Exemption for children of divorced or separated parents

Generally, for 1985, if you did not have custody of your child, you may claim that child as your dependent only if:

- the parent who had custody of that child waives the right to claim the exemption by completing **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, and you attach that form to your tax return, OR
- a divorce decree or written agreement executed before 1985 states that you are entitled to claim the child's exemption, and you paid at least \$600 for the child's support.

For more details, see **Children of divorced or separated parents** on page 12.

Deduction for charitable contributions

Generally, for 1985, if you do not itemize deductions, you may deduct one-half of your qualified charitable contributions. If you gave over \$3,000 to any one organization, or if you made any noncash contributions, you CANNOT use Form 1040EZ. See the instructions on page 20 for more details and for other new rules that apply to noncash contributions.

Earned income credit

For 1985, the income limit for the credit has been increased to \$11,000. See the instructions on page 26.

Important reminders

Social security benefits may be taxable

If you received social security benefits in 1985, part of these benefits may be taxable. Be sure to read the **IRS Notice 703** that you should get from the Social Security Administration with **Form SSA-1099** by January 31, 1986. If part of your benefits are taxable, you MUST use Form 1040. See page 13 for more information.

Do you want more or less income tax withheld in 1986?

If the refund you receive is large, you may want to decrease your withholding for 1986. 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 when you file your return. See **Income tax withholding for 1986** on page 30.

Voluntary contributions to reduce the public debt

We often receive inquiries about how people may make voluntary contributions to reduce the public debt. 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 may deduct this contribution on your 1986 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."

Mailing your return

If you received an envelope with your instruction booklet, please use it. Otherwise, see **Where to file** on page 30. You may be filing your return with a different Service Center this year because the Internal Revenue Service has changed the filing locations for several areas.

Telephone service for tax refund information

If it has been at least 10 weeks since you mailed your 1985 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** on page 38.

How to use this instruction booklet

The instructions are divided into three sections. **Section 1** contains information about who must file a return and how to choose the correct form to use: Form 1040EZ, Form 1040A, or Form 1040. **Section 2** contains step-by-step instructions for Form 1040A. **Section 3** contains general information.

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 that you must pay tax on. It does not include nontaxable benefits.

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

You must file a tax return if—

Your marital status at the end of 1985 was:	and your filing status is:	and at the end of 1985 you were:	and your gross income was at least:
Single (including divorced and legally separated)	Single or Head of household	under 65	\$3,430
		65 or over	\$4,470
Married with a dependent child (or a child who is claimed by his or her other parent under the rules for Children of divorced or separated parents) and living apart from your spouse during the last 6 months of 1985	Head of household	under 65	\$3,430
		65 or over	\$4,470
Married and living with your spouse at end of 1985 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$5,620
		65 or over (one spouse)	\$6,660
		65 or over (both spouses)	\$7,700
	Married, separate return	any age	\$1,040
Married, not living with spouse at end of 1985	Married, joint or separate return	any age	\$1,040
Widowed in 1984 or 1983 and not remarried in 1985	Single or Head of household	under 65	\$3,430
		65 or over	\$4,470
Widowed before 1983 and not remarried in 1985	Single or Head of household	under 65	\$3,430
		65 or over	\$4,470
	Qualifying widow(er) with dependent child	under 65	\$4,580
		65 or over	\$5,620

Other filing requirements—

You must file a tax return if you received any advance earned income credit (EIC) payments from your employer. You must also file a tax return using Form 1040 if **any one** of the following applied for 1985:

- either** you could be claimed as a dependent on your parents' return and you had \$1,040 or more in income that was not earned income—for example, taxable interest and dividends.
- or** you owe any special taxes, such as social security tax on tips you did not report to your employer.
- or** you owe uncollected social security tax or RRTA tax on tips you reported to your employer.
- or** you earned \$400 or more from self-employment after you deduct your business expenses.
- or** you earned wages of \$100 or more from a church or a church-controlled organization that is exempt from employer social security taxes.
- or** you were allowed to exclude income from sources within U.S. possessions and had gross income of \$1,040 or more.

These rules apply to all U.S. citizens and resident aliens. They also apply to nonresident aliens and dual-status aliens who are married to U.S. citizens or residents at the end of 1985 and who have elected to be treated as resident aliens. Beginning in 1985, there are new rules to determine if you are a resident or nonresident alien. See **Publication 519**, U.S. Tax Guide for Aliens, for details.

Tax Tip: Even if you do not have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file to get a refund of earned income credit if you are eligible to take the credit.

Second, be sure you use the tax form that is right for you

There are three tax forms for individuals—short Form 1040EZ for certain single taxpayers, Form 1040A, and Form 1040. All taxpayers may use Form 1040 if they want to, but you will probably save time if you are able to use one of the shorter forms instead. The following chart (pages 4 and 5) shows the kinds of filing statuses, exemptions, income, deductions, taxes, and credits that can be shown on each of these three forms. Use it to help determine **which form to use**.

	Filing status	Number of exemptions	Taxable income	Only income from
Form 1040EZ	Single only	Only one personal exemption for yourself	Only taxable income (line 7) of less than \$50,000	<ul style="list-style-type: none"> • Wages, salaries, tips • Interest of \$400 or less
Form 1040A	<ul style="list-style-type: none"> • Single • Married filing joint • Married filing separate • Head of household 	All exemptions that you are entitled to claim	Only taxable income (line 19) of less than \$50,000	<ul style="list-style-type: none"> • Wages, salaries, tips • Interest • Dividends • Unemployment compensation
Form 1040	<ul style="list-style-type: none"> • Single • Married filing joint • Married filing separate • Head of household • Qualifying widow(er) with dependent child 	All exemptions that you are entitled to claim	Any amount of taxable income (line 37)	<ul style="list-style-type: none"> • Wages, salaries, tips • Interest • Dividends • Taxable social security and tier 1 railroad retirement benefits (see page 13) • Unemployment compensation • Self-employment • Rents and royalties (Schedule E) • Pensions and annuities • Taxable state and local income tax refunds • Capital gains (Schedule D) • Gain from the sale of your home (Form 2119) • Alimony received • All other sources

Form 1040EZ for single filers

Form 1040EZ can be used only by *single* filers who—

- claim only **one** personal exemption, and
- claim **no dependents**, and
- have income only from wages, salaries, and tips, and have interest income of \$400 or less, and
- have taxable income of less than \$50,000, and
- have no dividend income, and
- have no unemployment compensation.

If you use Form 1040EZ, the step-by-step instructions on the back of the form are the only ones you will need for completing most of the items. However, you will have to use the 1040A tax table on pages 31-36 to complete line 9 of Form 1040EZ.

Adjustments to income	Itemized deductions	Other taxes	Tax credits
No adjustments to income	No itemized deductions (However, you may deduct one-half of certain cash amounts you gave to charitable organizations)	No other taxes	No tax credits
Only adjustments to income for: <ul style="list-style-type: none"> • The deduction for a married couple when both work (Schedule 1, Part I) • The deduction for certain contributions to an IRA 	No itemized deductions (However, you may deduct one-half of the amount you gave to charitable organizations)	Only advance earned income credit (EIC) payments	Only tax credits for: <ul style="list-style-type: none"> • Partial political contributions credit • Credit for child and dependent care expenses (Schedule 1, Part II) • Earned income credit
All adjustments to income: <ul style="list-style-type: none"> • Alimony paid • Penalty for early withdrawal of savings • Deduction for contributions to an IRA or Keogh plan • Moving expenses (Form 3903 or Form 3903F) • Employee business expenses (Form 2106) • Deduction for a married couple when both work (Schedule W) • Other adjustments 	All itemized deductions (Use Schedule A): <ul style="list-style-type: none"> • State and local income taxes • Real estate taxes • Sales taxes • Interest paid • Charitable contributions • Medical and dental expenses • Casualty and theft losses • Miscellaneous deductions 	All other taxes: <ul style="list-style-type: none"> • Advance earned income credit (EIC) payments • Self-employment tax (Schedule SE) • Tax on an IRA (Form 5329) • Alternative minimum tax (Form 6251) • Social security tax on tips not reported to your employer (Form 4137) • Uncollected social security tax on tips shown on your Form W-2 • All other income taxes 	All tax credits: <ul style="list-style-type: none"> • Partial political contributions credit • Earned income credit • Credit for child and dependent care expenses (Form 2441) • Investment credit (Form 3468) • Jobs credit (Form 5884) • Foreign tax credit (Form 1116) • Credit for the elderly and the permanently and totally disabled (Schedule R) • Residential energy credit (Form 5695) • Qualified diesel-powered highway vehicles credit (Form 4136) • Mortgage interest credit (Form 8396) • All other credits

Can you itemize deductions?

Many people choose to file Form 1040 so they can itemize deductions. Itemizing often benefits you when you have large deductions for items such as real estate taxes, state and local income taxes, mortgage interest, or medical expenses.

It would generally benefit you to itemize deductions if—

Your filing status is:

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

And your itemized deductions are:

- More than \$2,390
- More than \$3,540
- More than \$1,770

Even if it does not benefit you to itemize deductions, you are still allowed to claim adjustments to income for such items as moving expenses or alimony paid. However, you must use Form 1040.

Taxpayers who must use Form 1040

Use the chart on pages 4 and 5 as a guide to see which form you can use. However, even if you can otherwise use Form 1040EZ or 1040A, you **MUST** use Form 1040 instead if any of the following special situations applies to you.

You MUST use Form 1040 if:

1. You received **any** of the following types of income:
 - Taxable social security or tier 1 railroad retirement benefits (see **Social security benefits** on page 13 to determine whether any of your benefits are taxable).
 - Unearned income of \$1,040 or more (for example, taxable interest or dividends) and you can be claimed as a dependent on your parents' return.
 - Tips not reported to your employer on which you owe social security tax. See page 15.
 - Interest or dividend income received as a nominee (that is, in your name) for someone else.
 - Interest on securities transferred between interest payment dates. (You must also use Form 1040 if you paid, rather than received, the interest.)
 - Capital gain distributions or nontaxable distributions.
 - Bartering income (fair market value of goods or services you received in return for your goods or services).
2. Your marital and filing status situation is **any one** of the following:
 - You are married filing a separate return and your spouse itemizes. (**Note:** You may be able to file Form 1040A if you are considered unmarried under the rules explained on page 9 for **Married persons who live apart.**)
 - You file as a qualifying widow(er) with dependent child. (See the special rule on page 8 under **Box 2, Married filing a joint return.**)
 - You were a nonresident alien during any part of 1985 and you do not file a joint return. (**Note:** You may have to file **Form 1040NR.**)
 - At the end of 1985 you were married to a nonresident alien or dual-status alien who had U.S. source income and who has not elected to be treated as a resident alien. (**Note:** You may use Form 1040A if you are considered unmarried under the rules explained on page 9 for **Married persons who live apart.**)
3. You can exclude or deduct **any** of the following sources of income:
 - Qualified reinvested dividends from a qualified public utility. (**Note:** You must also file **Schedule B** to take the exclusion.)
 - Foreign earned income you received as a U.S. citizen or resident alien. (**Note:** You must also file **Form 2555.**)
 - Certain income received from sources in a U.S. possession. (**Note:** You must also file **Form 4563.**)
4. You made estimated tax payments in 1985 (or want to apply any part of your refund to your 1986 estimated tax). (**Note:** If you did not pay enough tax, you may have to pay a penalty. See page 27.)
5. You are a U.S. government employee or railroad employee representative and you can take a credit for excess hospital insurance benefits tax you paid in 1985. See page 25. (**Note:** You must also file **Form 4469.**)
6. You were a grantor of, or transferor to, a foreign trust that existed in 1985, OR you had an interest in, or authority over, a foreign bank account, securities account, or other foreign financial account. (**Note:** You must also file **Schedule B.**)
7. You were an employee of a church or a church-controlled organization that is exempt from employer social security taxes and you received wages of \$100 or more. (**Note:** You must also file **Schedule SE.**)

Third, prepare and mail your tax return

After you have determined which form you can use, file only one of these forms as your tax return.

Instructions for Form 1040EZ are on the back of the form. Instructions for completing Form 1040A begin on the next page.

Mail your return in the envelope we sent you. If you don't have one or you moved after receiving your tax package, mail the return to the Service Center for your state. See the list on page 30.

File as soon as you can after January 1, 1986, but not later than **April 15, 1986**. If you need more time to file, you can get an automatic four-month extension by filing **Form 4868** by the due date of your return. If you file late, you may have to pay penalties and interest. See page 28 for details.

Tax Tip: If your taxable income in 1985 is substantially larger than your average taxable income for the past three years, it may benefit you to "income average." But you must use Form 1040 to do so. Get **Schedule G, Income Averaging**, for details.

Tax Tip: Be sure to keep a copy of your tax return for your files.

**Section 2—
Step-by-step
instructions for
Form 1040A**

Use these instructions when you prepare Form 1040A. They correspond to the steps and the entry lines on the form. They also refer you to IRS publications that you might find helpful.

Form 1040A and these instructions are separated into nine main steps. At the beginning of each step of the instructions is a filled-in example of the appropriate section of Form 1040A. You might find it helpful to refer to the examples as you complete your return.

The examples show a Form 1040A filled in for Jon and Lisa Brown. The Browns are filing a joint return for 1985 and have one son, whom they claim as a dependent. Both Jon and Lisa worked. They also had interest and dividend income. Jon, who was unemployed for part of 1985, received unemployment compensation. They contributed to two charities. They also paid a babysitter to care for their son while they worked.

**Step 1
Name, address,
and social
security number**

Department of the Treasury — Internal Revenue Service

US Individual Income Tax Return

1985

OMB No. 1545-0045

Use the IRS mailing label. If you don't have one, print or type:

JB	516-04-1492	575-10-1778	S08	3	name	Your social security no.	
JON T & LISA BROWN					↓ S I S	↓ ↓ ↓	
885 SCOTT ST							Spouse's social security no.
ANYTOWN, MD 01234							

Tax Tip: If you changed your name because of marriage, divorce, etc., be sure the Social Security Administration (SSA) has the same name in its records that you have on your tax return. This prevents delays in processing your return.

Please use the mailing label we sent you, but don't attach it until you have completed your return. Mark through and correct any errors on it. Use of the label saves processing time.

If your post office does not deliver mail to your street address and you have a P.O. box, write your P.O. box number on the line for your present home address instead of your street address.

If you don't have a label, print or type the information in the spaces provided. On a joint return, if you and your spouse use different last names, separate the names with "and"—for example, "Jon Brown and Lisa Smith." Also write your own social security number and, if you are married, your spouse's number. On a joint return, be sure the numbers are in the same order as your first names. If you don't have a social security number, get **Form SS-5** from your local SSA office and file it with them. If you don't receive a number by the time your return is due, write "applied for" in the space for your social security number.

If your spouse is a nonresident alien, has no income, does not have a social security number and you file a separate return, write "NRA" in the space for your spouse's social security number. If you and your spouse file a joint return, your spouse must get a social security number.

**Presidential Election
Campaign Fund**

Presidential Election Campaign Fund

Do you want \$1 to go to this fund? Yes No
If joint return, does your spouse want \$1 to go to this fund? Yes No

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 whether to have \$1 go to the fund.

Checking YES does not change the tax or refund shown on your return. This is NOT a political contribution, so you cannot claim this amount as a partial credit for political contributions on line 21b.

**Step 2
Check your
filing
status—
Boxes 1
through 4**

- 1 Single (See if you can use Form 1040EZ.)
- 2 Married filing joint return (even if only one had income)
- 3 Married filing separate return. Enter spouse's social security number above and spouse's full name here. _____
- 4 Head of household (with qualifying person). If the qualifying person is your unmarried child but not your dependent, write this child's name here. _____

Check **only** the filing status box that applies to you. In general, your filing status depends on whether you are considered single or married.

There is a different tax rate for each filing status. The lowest rate is **married filing a joint return** followed by **head of household**. The next higher tax rate is **single**. The highest tax rate is **married filing a separate return**. If more than one filing status applies to you, choose the filing status that will give you the lowest tax.

**Box 1
Single**

Tax Tip: *If you were widowed in 1983 or 1984 and have a dependent child, see the special rule below for widowed taxpayers.*

Check Box 1 if **any one** of the following applies as of December 31, 1985:

either you were never married,

or you were legally separated, according to your state law, under a decree of divorce or of separate maintenance,

or you were widowed before January 1, 1985, and did not remarry in 1985.

You may be able to file as head of household if you were **married**, living apart from your spouse, and you meet the tests explained on page 9 under **Married persons who live apart**.

**Box 2
Married filing a joint return**

Tax Tip: *If both you and your spouse received wages in 1985, you may be able to take a special deduction. See page 20 for more details.*

A husband and wife may file a joint return even if only one had income or they do not live together all year. However, both must agree to file jointly, and both must sign the return. On a joint return, each is responsible for the return. This means, for example, that if one spouse does not pay the tax due on the joint return, the other spouse may have to. You may file a joint return if **any one** of the following applies:

either you were married as of December 31, 1985, even if you did not live together at the end of 1985,

or your spouse died in 1985 and you did not remarry in 1985.

Note: *If you file a joint return for 1985, you may not, after the due date for filing that return, amend that return to file as married filing a separate return.*

Special rule for widowed taxpayers who have a dependent child. If your spouse died in 1983 or 1984 and you did not remarry in 1985, you may be able to file as a **qualifying widow(er) with dependent child** and use joint return tax rates to lower your tax. But you will have to use Form 1040 instead of Form 1040A. You can use this filing status if **all four** of the following apply:

1. You have a child (including stepchild or foster child) whom you claim as a dependent.
2. This child lived in your home for all of 1985 (except for temporary absences).
3. You paid over half the cost of keeping up your home for this child.
4. You could have filed a joint return with your spouse the year he or she died, even if you didn't actually do so.

If you can't file as qualifying widow(er) with dependent child, refer to page 9 to see if you can file as head of household. Otherwise, you must file as single.

Special rule for nonresident aliens and dual-status aliens. You may be able to file a joint return with your spouse if, at the end of 1985, you were a nonresident alien or a dual-status alien and were married to a citizen or resident alien of the United States. You and your spouse must also agree to be taxed on your combined worldwide income. For more details, see **How To Use Tele-Tax** on page 39 or get **Publication 519, U.S. Tax Guide for Aliens**.

**Box 3
Married filing a separate return**

Tax Tip: *If you were married in 1985, had a child living with you, and you lived apart from your spouse during the last 6 months of the year, see the special rule on page 9 for **Married persons who live apart**.*

Some married couples file separate tax returns because each wants to be responsible only for his or her own tax.

However, in almost all instances, if you file a separate return, you will pay more Federal income tax. This is because the tax rate is higher for married persons filing separately. And in general, you cannot get certain important tax benefits. For example, if you file a separate return:

- 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 instances.
- You cannot take the earned income credit.
- You will have to include in income more of any unemployment compensation or social security benefits you received in 1985 if you lived with your spouse at any time in 1985 than you would if you filed a joint return with your spouse.
- You must itemize your deductions if your spouse itemizes, even if it is not to your tax benefit to do so.

Special rules for filing a separate return

1. Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to taxpayers in community property states. (See list on page 15.) For more information, get **Publication 555, Community Property and the Federal Income Tax**.
2. If your spouse itemizes deductions, you must itemize and use Form 1040.
3. Each of you must enter the other's name and social security number in the spaces provided on the form. If your spouse does not file, check the boxes on line 5b that apply if you can claim the exemption(s) for your spouse.

**Box 4
Head of household**

This filing status is for unmarried individuals who provide a home for certain other persons.

Note: *If you were married in 1985, had a child living with you, and you lived apart from your spouse during the last 6 months of the year, see the special rule for **Married persons who live apart**, below.*

You may file as head of household if:

- You were unmarried as of December 31, 1985, and

either You provided over half the cost of keeping up a home that was the principal home of your parent whom you can claim as a dependent. Your parent did not have to live with you in your home.

or You provided over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than 6 months (except for temporary absences, such as for school):

1. Your **unmarried child or grandchild**. This child does not have to be your dependent. However, your foster child must qualify as your dependent.
2. Your **married child or grandchild** whom you can claim as a dependent. However, if your married child's other parent claims him or her as a dependent under the rules for **Children of divorced or separated parents** explained on page 12, your married child does not have to be your dependent.
3. Any **other relative** whom you can claim as a dependent. For the definition of "relative," see page 11.

Note: *You must write the child's name in the space provided on line 4 if the child is not your dependent. To determine whether someone is your "dependent," see the instructions for lines 5c through 5e that begin on page 11.*

Your "child" means your son, daughter, stepchild, or adopted child.

Your "grandchild" means a descendant of your son, daughter, or adopted child.

Special rules

- You do not qualify as head of household if your relative described in 2 or 3 above, or your foster child is your dependent under the rules for **Dependent supported by two or more taxpayers** (explained on page 12).
- If you received payments under the program for Aid to Families with Dependent Children (AFDC), and you used them to pay part of the cost of keeping up your home, you cannot count the payments as an amount you paid for keeping up your home. You must count these payments as support from someone else.
- **Married persons who live apart**. Even if you were not divorced or legally separated in 1985, you may be considered unmarried and use the head of household tax rate that is lower than that for married persons filing separate returns. This means that you may be able to claim the credit for child and dependent care expenses and the earned income credit. It also means that if your spouse itemized deductions, you do not have to. If you and your spouse each meet the tests, each of you can be treated as unmarried and use the head of household filing status.

Beginning in 1985, you are considered unmarried if **all five** of the following apply:

1. You file a separate return from your spouse, and
2. You lived apart from your spouse during the last 6 months of 1985, and
3. You provided over half the cost of keeping up your home for 1985, and
4. Your home was the principal home of your child or stepchild for more than 6 months of 1985, and
5. You claim this child or stepchild as your dependent.

However, you do not have to claim this child as your dependent if:

- either** you have signed **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child's exemption for 1985,
- or** your spouse gave at least \$600 toward the child's support in 1985, and your separate maintenance decree or written agreement was in effect before 1985, and it states that your spouse can claim the child as a dependent. This rule does not apply if your decree or agreement was changed after 1984 to specify that your spouse cannot claim the child's exemption.

For more information, see **Children of divorced or separated parents** on page 12.

Note: *You must write the child's name in the space provided on line 4 if the child is not your dependent.*

Tax Tip: *For 1985, the rules for head of household have changed. Generally, your qualifying relative need only have lived with you for more than 6 months instead of the whole year.*

Step 3
Figuring your exemptions—
Lines 5a through 5f

Always check the exemption box labeled Yourself. Check other boxes if they apply.

5a Yourself 65 or over Blind
b Spouse 65 or over Blind
c First names of your dependent children who lived with you Sean
Write number of boxes checked on 5a and b 2

d First names of your dependent children who did not live with you (see page 11). (If pre-1985 agreement, check here .)
Write number of children listed on 5c 1

e Other dependents:

1. Name	2. Relationship	3. Number of months lived in your home.	4. Did dependent have income of \$1,040 or more?	5. Did you provide more than one-half of dependent's support?
_____	_____	_____	_____	_____

Write number of other dependents listed on 5e _____

f Total number of exemptions claimed. (Also complete line 18.)
Add numbers entered on lines above **3**

Tax Tip: For 1985, the exemption amount has increased to \$1,040.

An exemption is a tax benefit. For each exemption you take—either for yourself, your spouse, or someone you claim as a dependent—you reduce by \$1,040 the amount of income on which you must pay tax.

Line 5a.
Exemptions for yourself

Please be sure to check the exemption box(es) that apply to you.

If you were:

- Under 65 and not blind
- 65 or over and not blind
- Under 65 and blind
- 65 or over and blind

You can take:

- One exemption for yourself
- Two exemptions for yourself
- Two exemptions for yourself
- Three exemptions for yourself

Age and blindness are determined as of December 31. However, if your 65th birthday was on January 1, 1986, you can take the extra age exemption for 1985.

Blindness. If you were completely blind, attach a statement to your return describing this condition.

If you were partially blind, you can take the blindness exemption if:

- either** you can't see better than 20/200 in your better eye with eyeglasses or contact lenses,
or your field of vision is 20 degrees or less.

If you were partially blind, attach a certified statement from your eye doctor describing this condition. If your eye condition is not likely to improve, you need to attach a statement only once. In later years, just mention that you have already filed a statement.

Line 5b.
Exemptions for your spouse

The same rules apply for your spouse's exemptions as for yours. If you are filing a joint return, you can always take the exemptions that apply for your spouse.

If your spouse was:

- Under 65 and not blind
- 65 or over and not blind
- Under 65 and blind
- 65 or over and blind

You can take:

- One exemption for your spouse
- Two exemptions for your spouse
- Two exemptions for your spouse
- Three exemptions for your spouse

If you are filing a separate return, you can take exemptions for your spouse only if he or she—

1. is not filing a return, and
2. had no taxable income, and
3. was not the dependent of another person.

If at the end of 1985 you were divorced or legally separated, you cannot take an exemption for your former spouse.

Note: You are considered as married for the whole year if, as of the end of 1985, you were separated under an interlocutory (not a final) decree of divorce.

Death of your spouse. If your husband or wife died in 1985, and you did not remarry by the end of 1985, check the boxes for the exemptions you could have taken for your spouse on the date of death. For other filing instructions, see **Death of taxpayer** on page 29.

**Lines 5c, 5d, and 5e.
Exemptions for
dependent children
and other
dependents**

You can claim an exemption for each of your dependents. Each person you claim as a dependent must have been alive during some part of 1985. This includes a baby born in 1985 or a person who died in 1985.

On line 5c write the name of each dependent child who lived with you (except for temporary absences, such as for school or vacation).

On line 5d write the name of each dependent child who did not live with you most of the year. If you are claiming the child under the rules for **Children of divorced or separated parents** explained on page 12, you must either check the pre-1985 agreement box on line 5d, or attach **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents.

On line 5e write the name and other information for other dependents.

**Five tests to
determine
whether you can
claim someone as
a dependent**

There are five tests to determine whether someone is your dependent: *relationship, married dependent, citizen or resident, income, and support test.*

Each dependent must meet **all five** of the following tests:

Test 1— Relationship. Your dependent must be:

- either** your relative,
or someone who lived in your home as a member of your household **all year**; the relationship must not violate local law.

The following are considered your *relatives*:

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

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

Test 2— Married dependent. Your married dependent cannot file a joint return.

Note: *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 all tax withheld, you may claim him or her if the other four tests are met.*

Test 3— Citizen or resident. The dependent must be:

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

Test 4— Income. Generally, the dependent's gross income must be less than \$1,040. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

If, in 1985, your dependent was permanently and totally disabled and had gross income from services performed at a sheltered workshop school, do not include this gross income for purposes of the income test if:

- the medical care available at the workshop was the main reason your dependent was at the workshop, and
- the income earned by your dependent at the workshop was from activities that were incident to the medical care.

See **Publication 501**, Exemptions, for the definition of a sheltered workshop school.

Tax Tip: *Your child can take a \$1,040 personal exemption on his or her own tax return if he or she files one. This is true even if you can also claim this child as a dependent on your own return.*

Exemptions for dependent children and other dependents (continued)

Special rules for your dependent child. Your dependent who is your child does not have to meet this income test if:

either your child was under 19 at the end of 1985,

or your child qualifies as a **student dependent**.

Your child is a "student dependent" if he or she:

- was enrolled as a full-time student at a school during any 5 months during 1985, or
- took a full-time, on-farm training course during any 5 months of 1985. (The course had to be given by a school or a state, county, or local government agency.)

To be a full-time student, the child must be enrolled in school for the number of hours or classes that the school considers to be full time.

School includes elementary, junior and senior high schools; colleges, universities; and technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Test 5— Support. The general rule is that you had to provide over half the dependent's support in 1985. If you file a joint return, support can come from either spouse. For exceptions to the support test, see **Children of divorced or separated parents** and **Dependent supported by two or more taxpayers** below.

Support includes food, a place to live, clothing, medical and dental care, and education. Support also includes such items as a car and furniture, but only if they are given to the dependent, or if the dependent buys them, solely for his or her own use or benefit. In figuring support, use the actual cost of these items. However, you should figure the cost of a place to live at its fair rental value.

In figuring support, you must include money used by the dependent for his or her own support, even if this money was not taxable. Examples are social security and welfare benefits, gifts, and savings.

Support does **not** include such items as income and social security taxes, life insurance premiums, or funeral expenses for your deceased dependent. If your dependent is a student, do not include his or her scholarships.

Children of divorced or separated parents. Beginning in 1985, many of the rules for claiming a dependency exemption for a child of divorced or separated parents have changed. In general, the parent who has custody of the child or children for the greater part of the year is treated as having provided over half of the child's support if:

1. The child receives over half of his or her support from both of the parents, and
2. The child was in the custody of one or both of his or her parents for more than half of the year.

But there are two exceptions to this general rule, as explained below.

Parent who does not have custody. If you do not have custody (or you have custody for the shorter time), you can still claim the exemption for your child or children if:

- either** the parent having custody signs **Form 8332**, Release of Claim to Exemption for Child of Divorced or Separated Parents, or similar statement, agreeing not to claim the child's exemption. You must attach Form 8332, or similar statement, to your return.
- or** you gave at least \$600 toward each child's support in 1985, and your divorce decree or written separation agreement was in effect before 1985, and it states that you can claim the child's exemption. You must check the pre-1985 agreement box on line 5d. (**Note:** This rule does not apply if your decree or agreement was changed after 1984 to specify that you cannot claim the child's exemption.)

Dependent supported by two or more taxpayers. Even if you did not provide more than half of another person's support, you might still be able to claim the person as a dependent if **ALL** of the following apply:

1. You and one or more other eligible person(s) together provided over half of another person's support, and
2. You provided more than 10% of that person's support, and
3. No one alone provided over half of that person's support, and
4. Tests 1 through 4 on page 11 are met, and
5. You attach **Form 2120**, Multiple Support Declaration, to your return. Each eligible person who paid over 10% of support must complete Form 2120 so you can attach these forms to your return. The form states that you alone will claim the person as a dependent for 1985.

An "eligible" person is someone who could have claimed another person as a dependent except that he or she did not provide more than half of that person's support.

Tax Tip: If you care for a foster child, see **How To Use Tele-Tax** on page 39 or **Publication 501**, Exemptions, for special rules that apply.

Tax Tip: To figure the amount of support provided, a parent who has remarried may count the support furnished by the new spouse.

Step 4**Figuring your total income**

6	Total wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.)	6	<u>9,080.00</u>
7	Interest income. (If the total is over \$400, also attach Schedule 1, Part III.)	7	<u>250.00</u>
8a	Dividends. (If the total is over \$400, also attach Schedule 1, Part IV.)		
	Total. 8a <u>240.00</u> 8b Exclusion (see page 16). 8b <u>200.00</u>		
	c Subtract line 8b from line 8a. Write the result on line 8c.	8c	<u>40.00</u>
9a	Unemployment compensation (insurance), from Form(s) 1099-G. Total received. "Repayment" <u>300.00</u> 9a <u>3,000.00</u>		
	b Taxable amount, if any, from the worksheet on page 17 of the instructions.	9b	<u>— 0 —</u>
10	Add lines 6, 7, 8c, and 9b. Write the total. This is your total income.	▶ 10	<u>9,370.00</u>

Rounding off to whole dollars

You may find calculations easier if you round off cents to the nearest whole dollar. But if you do round off, do so for all amounts. You can drop amounts that are less than 50 cents. For example, \$129.39 becomes \$129. Increase amounts that are 50 cents or more to the next whole dollar. For example, \$235.67 becomes \$236.

Refunds of state or local income taxes

If you received a refund, credit, or offset of state or local income taxes in 1985, the state or other taxing authority may send you a **Form 1099-G**, Statement for Recipients of Certain Government Payments, showing the amount of this refund, credit, or offset.

You **do not** have to include this amount in your income for 1985 if you filed—

- Form 1040EZ for 1984, or
- Form 1040A for 1984, or
- Form 1040 for 1984 and you **did not** itemize deductions on Schedule A of Form 1040.

Note: If you itemized deductions on Form 1040 for 1984, you may have to report part or all of the amount shown on Form 1099-G as income on Form 1040 for 1985. See **How To Use Tele-Tax** (topic no. 134) on page 39 or **Publication 525**, Taxable and Nontaxable Income, for details.

Social security benefits (and tier 1 railroad retirement benefits)

If you received social security benefits in 1985, you may have to include some of your benefits in income. If any of the social security benefits you received for 1985 are taxable, you **MUST** use Form 1040 instead of Form 1040EZ or Form 1040A. Social security benefits for this purpose include any monthly benefit under title II of the Social Security Act or a tier 1 railroad retirement benefit.

By January 31, 1986, you should receive **Form SSA-1099** or **Form RRB-1099** showing the total benefits paid to you for 1985 and the total amount of any benefits repaid in 1985.

Use the worksheet on page 14 to see if any of your benefits may be taxable for 1985. Keep the worksheet for your records; **DO NOT** file it with your return.

For more information, see **Publication 915**, Tax Information on Social Security Benefits (and Tier 1 Railroad Retirement Benefits).

Figuring your
total income
(continued)

Worksheet to determine if any of your social security and/or tier 1 railroad retirement benefits are taxable (keep for your records)

Check only one box:

- a. Single—write \$25,000 on line M below.
- b. Married, filing a joint return—write \$32,000 on line M below.
- c. Married, not filing a joint return and DID NOT live with your spouse at any time during 1985—write \$25,000 on line M below.
- d. Married, not filing a joint return and you lived with your spouse at any time during 1985—write -0- on line M below.

Note: If you checked Box b above, include your spouse's amounts on the appropriate lines below.

- A.** Write the amount from **Box 5** of all your Forms SSA-1099 or Forms RRB-1099. (If a negative amount is shown in Box 5 on any of your forms, subtract that amount from the total of all other amounts in Box 5.) **A.**

Note: If the amount on line A above is zero or less, stop here; none of your benefits are taxable this year.

- | | | |
|--|-----------|---|
| B. Divide the amount on line A above by 2.
Write the result. | B. | . |
| C. Write your total wages, salaries, tips, etc.,
from Form(s) W-2. | C. | . |
| D. Write your total interest income. | D. | . |
| E. Write your total dividend income. | E. | . |
| F. Write the amount, if any, of your dividend
exclusion. | F. | . |
| G. Subtract line F from line E. Write the result. | G. | . |
| H. Write the taxable amount, if any, of your
unemployment compensation. | H. | . |
| I. Write the total amount of any interest
income you received in 1985 that is exempt
from Federal income tax, such as interest
from municipal bonds. | I. | . |
| J. Add lines B, C, D, G, H, and I above. Write the total. | J. | . |
| K. Write the amount, if any, of your IRA
deduction. | K. | . |
| L. Subtract line K from line J. Write the result. | L. | . |
| M. Write: \$25,000 if you checked Box a or c above.
\$32,000 if you checked Box b above.
-0- if you checked Box d above. | M. | . |

If the amount on line M is equal to or more than the amount on line L, none of your benefits are taxable this year. You may use Form 1040EZ or Form 1040A, whichever applies. DO NOT list your benefits as income.

If the amount on line L is more than the amount on line M, some of your benefits are taxable this year. You MUST use Form 1040 instead of Form 1040EZ or Form 1040A.

Note: If your figures show that some of your benefits are taxable this year and you received benefits in 1985 that were for 1984, see Publication 915 for rules on a special election you may want to make that may reduce the amount of your taxable benefits.

Figuring your
total income
(continued)

Special rules for taxpayers in community property states

Married couples living in community property states must follow state law to determine what is community property and what is individual property. Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington.

Be sure to get **Publication 555**, Community Property and the Federal Income Tax. It explains the rules for couples living in community property states. In general, the special rules for reporting only your own income apply if:

1. You and your spouse lived apart all year, and
2. You do not file a joint return, and
3. You did not transfer community earned income to your spouse before the end of the year, and
4. Your spouse did not transfer community earned income to you before the end of the year.

Line 6.
**Total wages,
salaries, tips, etc.**

Include the total of all income you received from wages, salaries, fringe benefits, and tips. This should be shown in Box 10 of the W-2 form that each employer is required to give you. For a joint return, also be sure to include your spouse's income on line 6.

If you don't have a W-2 form by January 31, ask your employer for one. If you don't get one from your employer by February 15, contact your local IRS office. You must still report your earnings even if you don't get a W-2 form from your employer. If you lose your W-2 form or the one that you have is incorrect, ask your employer for a new one.

Tip income. Be sure to report income from tips you actually received, even if the income is not included in Box 10 of your W-2. If you do not include in gross income the full amount of your tip allocation as shown on your W-2 form(s), you must be able to prove the smaller amount reported with adequate books and records. If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you generally will have to pay the social security tax on the tip income not included in Box 10 of your W-2 form. To figure this tax, complete and attach **Form 4137** to Form 1040. You may not file Form 1040A or Form 1040EZ. For more information on allocated tips, see **Publication 531**, Reporting Income From Tips.

Fringe benefits. If you used an employer-provided highway motor vehicle for both personal and business purposes and your employer included 100% of the value of the vehicle in your wages, tips, and other compensation box (Box 10) of your W-2 form, you MUST use Form 1040 together with **Form 2106**, Employee Business Expenses, to claim a deduction for the business use of the vehicle. You CANNOT use Form 1040A or 1040EZ. For more information on fringe benefits, get **Publication 525**, Taxable and Nontaxable Income.

Line 7.
Interest income

Report on line 7 your total interest income from banks, savings and loan associations, credit unions, savings bonds, seller-financed mortgages, etc. Include any interest that you received or that was credited to your account so you could withdraw it, even if it wasn't entered in your passbook.

Note: Generally, amounts you received from money market funds are not interest income. Instead, you should report these amounts as dividends.

Use Form 1040 instead of Form 1040A if:

- either** you received interest as a nominee for someone else,
or you received or paid accrued interest on securities transferred between interest payment dates.

Each payer should send you a **Form 1099-INT** showing interest you must report. Even if you do not receive a Form 1099-INT, you must report all taxable interest. For more information on interest income, see **How To Use Tele-Tax** (topic no. 132) on page 39 or **Publication 550**, Investment Income and Expenses.

Note: Be sure each payer of interest income has your correct social security number. Otherwise, the payer may withhold 20% of the interest income. You may also be subject to penalties. For more information, see **Publication 550**.

If the amount on line 7 is over \$400, also complete and attach Schedule 1 (Form 1040A), Part III, Interest income.

Tax Tip: If you redeemed a time savings deposit early, your interest statement may show a penalty for early withdrawal. You can deduct this penalty, but you must use **Form 1040** to take the deduction.

Interest
income
(continued)

Tax-exempt interest. If you received a Form 1099-INT for tax-exempt interest, such as from municipal bonds, do not include this income on line 7. If you are completing Schedule 1 (Form 1040A), Part III, include in line 1 the tax-exempt interest as shown on Form 1099-INT. Several lines above line 2, put a subtotal of all interest income. Below this subtotal, write "Tax-Exempt Interest" and show the amount of this interest. Subtract this amount from the subtotal and write the result on line 2 of Part III.

In the example on page 13, the Browns reported \$250 in taxable interest earned on their deposits in a savings account. Since the amount of interest they received was not more than \$400, they did not have to complete the interest section of Schedule 1.

Line 8.
Dividends

Use line 8 to report dividend income. There are three parts to this line.

Line 8a, Total. Report your total dividends on line 8a.

Each payer should send you a **Form 1099-DIV**. It will show you whether your dividend qualifies for the dividend exclusion. If you are unsure, contact the corporation. Report all taxable dividends even if you did not receive a Form 1099-DIV.

Note: *Be sure each payer of dividends has your correct social security number. Otherwise, the payer may withhold 20% of the dividend income. You may also be subject to penalties. For more information, see **Publication 550, Investment Income and Expenses**.*

If the amount on line 8a is over \$400, also complete and attach Schedule 1 (Form 1040A), Part IV, Dividend income.

Use Form 1040 instead of Form 1040A if **any** of the following applies:

- You had capital gain distributions or nontaxable distributions.
- You received dividends as a nominee for someone else.
- You exclude qualified reinvested dividends from a qualified public utility.

Note: *Earnings from savings and loan associations, building and loan associations, or credit unions are often called dividends. But they are really interest and should be reported on line 7.*

Line 8b, Exclusion. You can exclude (subtract) up to \$100 of qualifying dividend income. (You can exclude up to \$200 on a joint return regardless of which spouse owns the stock.) On line 8b show the amount of your exclusion.

In the example on page 13, Jon Brown had \$190 in dividends on stock he owned separately. Jon and Lisa also received \$50 in dividends on stock they owned jointly. Since they are filing a joint return, they can claim a \$200 dividend exclusion. If they had filed separate returns, Jon could have claimed a \$100 dividend exclusion. However, Lisa could have claimed only a \$25 dividend exclusion. This is because she is treated as having received one-half of the jointly-owned dividends.

Qualifying dividends. Only dividends from **domestic** corporations qualify for the dividend exclusion.

Nonqualifying dividends. Dividends from the following do **not** qualify for the exclusion:

- Money market funds, unless the corporation has told you how much of the dividend you can exclude.
- Foreign corporations.
- Real estate investment trusts (REITS).
- Exempt corporations (such as charitable organizations and farmers' cooperative associations).
- Employee stock ownership plans.

For more details on the dividend exclusion, get **Publication 550**.

Line 8c. Subtract line 8b from line 8a. Write your answer on line 8c. If it's less than zero, write -0-.

Line 9.
**Unemployment
compensation**

If you received unemployment compensation in 1985, you might have to pay tax on some or all of it. Your state will send you a **Form 1099-G**, Statement for Recipients of Certain Government Payments, showing the amount you were paid. Write this amount on line 9a. Then use the worksheet on page 17 to see if any of it is taxable.

Do not include on line 9a any supplemental unemployment benefits you received from a company-financed supplemental unemployment benefit fund. Instead, report these benefits as wages on line 6. If you pay back these supplemental unemployment benefits in a later year because you receive payments under the Trade Act of 1974, you can deduct the repayment. However, you must use Form 1040 to do so. For more details, get **Publication 525, Taxable and Nontaxable Income**.

Line 9.
Unemployment
compensation
(continued)

Unemployment compensation worksheet

SAMPLE

Check only one box:

- a. Single—write \$12,000 on line H below.
 b. Married filing a joint return—write \$18,000 on line H below.
 c. Married not filing a joint return and lived with your spouse at any time during the year—write -0- on line H below.
 d. Married not filing a joint return and DID NOT live with your spouse at any time during the year—write \$12,000 on line H below.

Here is a sample worksheet showing how the Browns figure how much, if any, of their unemployment compensation is taxable. Jon Brown received unemployment compensation of \$3,000 in 1985. He was overpaid \$300 and repaid this amount in 1985.

A. Write total unemployment compensation from Form(s) 1099-G. Also write this amount on line 9a of Form 1040A.	A. <u>3,000.00</u>
B. Write amount of any 1985 unemployment compensation payments repaid in 1985. Also write "repayment" and the amount in the space to the left of line 9a entry space.	B. <u>300.00</u>
C. Subtract line B from line A. Write the result.	C. <u>= 2,700.00</u>
D. Add lines 6, 7, and 8c of Form 1040A. Write the total.	D. <u>+ 9,370.00</u>
E. Add lines C and D. Write the total.	E. <u>= 12,070.00</u>
F. Write the amount, if any, from line 11, IRA deduction.	F. <u>-0-</u>
G. Subtract line F from line E. Write the result.	G. <u>= 12,070.00</u>
H. Write: $\left\{ \begin{array}{l} \$12,000 \text{ if you checked Box a or d above.} \\ \$18,000 \text{ if you checked Box b above.} \\ -0- \text{ if you checked Box c above.} \end{array} \right\}$	H. <u>18,000.00</u>
I. Subtract line H from line G. If zero or less, write -0- on line 9b of Form 1040A and do not complete lines J and K.	I. <u>= -0-</u>
J. Divide the amount on line I by 2. Write the result.	J. <u>.</u>
K. Write the smaller of line C or line J. Also write this amount on line 9b of Form 1040A.	K. <u>.</u>

Unemployment compensation worksheet (keep for your records)

Check only one box:

- a. Single—write \$12,000 on line H below.
 b. Married filing a joint return—write \$18,000 on line H below.
 c. Married not filing a joint return and lived with your spouse at any time during the year—write -0- on line H below.
 d. Married not filing a joint return and DID NOT live with your spouse at any time during the year—write \$12,000 on line H below.

A. Write total unemployment compensation from Form(s) 1099-G. Also write this amount on line 9a of Form 1040A.	A. <u>.</u>
B. Write amount of any 1985 unemployment compensation payments repaid in 1985. Also write "repayment" and the amount in the space to the left of line 9a entry space.	B. <u>.</u>
C. Subtract line B from line A. Write the result.	C. <u>= .</u>
D. Add lines 6, 7, and 8c of Form 1040A. Write the total.	D. <u>+ .</u>
E. Add lines C and D. Write the total.	E. <u>= .</u>
F. Write the amount, if any, from line 11, IRA deduction.	F. <u>= .</u>
G. Subtract line F from line E. Write the result.	G. <u>= .</u>
H. Write: $\left\{ \begin{array}{l} \$12,000 \text{ if you checked Box a or d above.} \\ \$18,000 \text{ if you checked Box b above.} \\ -0- \text{ if you checked Box c above.} \end{array} \right\}$	H. <u>= .</u>
I. Subtract line H from line G. If zero or less, write -0- on line 9b of Form 1040A and do not complete lines J and K.	I. <u>= .</u>
J. Divide the amount on line I by 2. Write the result.	J. <u>.</u>
K. Write the smaller of line C or line J. Also write this amount on line 9b of Form 1040A.	K. <u>.</u>

Step 5
Figuring your
adjusted gross
income

11	Individual retirement arrangement (IRA) deduction, from the worksheet on page 19.	11	
12	Deduction for a married couple when both work. Complete and attach Schedule 1, Part I.	12	190 .00
13	Add lines 11 and 12. Write the total. These are your total adjustments .	13	190 .00
14	Subtract line 13 from line 10. Write the result. This is your adjusted gross income .	▶ 14	9,180 .00

Line 11.
Deduction for
contributions to
an Individual
Retirement
Arrangement
(IRA)

You can deduct contributions to your IRA for 1985 on line 11 of Form 1040A. Use the worksheet on page 19 to figure how much you can deduct.

You should receive a statement showing ALL contributions made to your IRA for 1985. Before you complete the worksheet on page 19, please note the following:

- If you made contributions to your IRA in 1985 that you deducted on your 1984 income tax return, DO NOT include those contributions in the worksheet on page 19 and DO NOT deduct them on your 1985 tax return. You have already deducted those contributions for 1984.
- If you made or will make contributions to your IRA in 1986 by April 15, 1986, that you want to deduct on your 1985 Form 1040A, be sure to include these contributions when you complete the worksheet on page 19.

Note: *If you deduct contributions that you have not yet made and you do not make the contributions by April 15, 1986, you should amend your tax return by filing **Form 1040X** to show the actual contributions you made to your IRA.*

If any of the following applies, you must use Form 1040 instead of Form 1040A:

- Your employer made contributions to your IRA under a Simplified Employee Pension (SEP) plan.
- You made deductible employee contributions (DECs) to your employer's qualified plan.
- You received any taxable distribution from your IRA.
- You received amounts from one IRA and transferred them to another IRA, or you received amounts from one qualified pension or profit-sharing plan and transferred them to an IRA. The amounts you received and transferred are called "rollover" contributions.
- You owe tax on any early distributions from your IRA, any excess contributions made to your IRA, or any excess accumulations in your IRA account.

For more information, see **How To Use Tele-Tax** (topic no. 218) on page 39 or **Publication 590**, Individual Retirement Arrangements (IRAs).

Married taxpayers. If both you and your spouse worked and you both have IRAs, figure each spouse's deduction separately using columns 1 and 2 of lines A through F of the worksheet. Then add the separate deductions and write the total amount on line 11 of Form 1040A.

If you made contributions to your nonworking spouse's IRA, complete lines A through N (column 1) of the worksheet and write the amount from line N on line 11 of Form 1040A.

Line 11.
Deduction for
contributions to an
IRA
(continued)

Worksheet to figure your IRA deduction
(keep for your records)

(1)
**Your
IRA**

(2)
**Your working
spouse's IRA**

- A.** Write IRA contributions you made in 1985 that you are deducting for 1985.

Note: Do not include on line A any amount you contributed in 1985 and deducted on your 1984 income tax return.

A. . **A.** .

- B.** Write IRA contributions you made or will make in 1986 by April 15, 1986, that you are deducting for 1985.

B. . **B.** .

- C.** Add amounts on lines A and B. Write the total.

C. . **C.** .

- D.** Write your wages, salaries, and tips.

D. . **D.** .

- E.** Maximum amount.

E. 2,000.00 **E.** 2,000.00

- F.** Compare amounts on lines C, D, and E. Write the **smallest** of the three amounts on line F. If you are married and made contributions to your nonworking spouse's IRA, go on to line G. Otherwise, stop here; add the amounts in columns 1 and 2 (if applicable) from line F, and write the total on Form 1040A, line 11.

F. . **F.** .

Complete lines G through N only if you made contributions to your nonworking spouse's IRA and you file a joint return for 1985.

- G.** Write IRA contributions made in 1985 for your nonworking spouse that you are deducting for 1985.

Note: Do not include on line G any amount you contributed in 1985 and deducted on your 1984 income tax return.

G. .

- H.** Write IRA contributions made or that will be made for your nonworking spouse in 1986 by April 15, 1986, that you are deducting for 1985.

H. .

- I.** Add amounts on lines G and H. Write the total.

I. .

- J.** Write the amount from line D (column 1) above.

J. .

- K.** Maximum amount.

K. 2,000.00

- L.** Compare amounts on lines I, J, and K. Write on line L the **smallest** of the three amounts.

L. .

- M.** Add amounts on line F (column 1) and line L. Write the total, but **not more** than \$2,250.

M. .

- N.** Compare amounts on lines J and M. Write on line N the **smaller** of the two amounts. Also write this amount on Form 1040A, line 11.

N. .

**Line 12.
Deduction for a
married couple
(filing a joint return)
when both work**

If you are married and you and your spouse both work and file a joint return, you may be able to take a deduction that will reduce your income.

Complete and attach Schedule 1 (Form 1040A), Part I, to figure the deduction. Write the amount from line 6 of Part I on line 12 of Form 1040A.

Note: Do not consider community property laws in figuring this deduction.

In the example on page 18, the Browns deducted \$190 on line 12 of their return because they both worked and they filed a joint return. Jon's wages were \$7,180 and Lisa's wages were \$1,900. Since Lisa's wages were the smaller of the two, they figured their deduction on her wages.

Here is a sample worksheet showing how the Browns figure their deduction on Schedule 1, Part I.

SAMPLE

		(a) You	(b) Your spouse
1	Wages, salaries, tips, etc., from Form 1040A, line 6.	1 7,180.00	1,900.00
2	IRA deduction, if any, from Form 1040A, line 11.	2 - 0-	- 0-
3	Subtract line 2 from line 1. Write the result.	3 = 7,180.00	= 1,900.00
4	Write the amount from line 3, column (a) or (b) above, whichever is smaller.	4	1,900.00
5	Percentage used to figure the deduction (10%).	5	x.10
6	Multiply the amount on line 4 by the percentage on line 5. Write your answer here and on Form 1040A, line 12.	6 =	190.00

**Line 14.
Adjusted gross
income**

Subtract line 13 from line 10. This is your adjusted gross income for 1985.

If line 14 is less than \$11,000, you might be eligible for the earned income credit. See page 26 of the instructions for more details.

**Step 6
Figuring your
taxable income**

15	Write the amount from line 14.	15	9,180.00
16a	If you made charitable contributions, write your cash contributions. (If \$3,000 or more to any one organization, see page 21.)	16a	60.00
b	Write your noncash contributions. If over \$500, you must attach Form 8283.	16b	0.
c	Add lines 16a and 16b. Write the total.	16c	60.00
d	Divide the amount on line 16c by 2 and write the result.	16d	30.00
17	Subtract line 16d from line 15. Write the result.	17	9,150.00
18	Multiply \$1,040 by the total number of exemptions claimed on line 5f. See the chart on page 22 of the instructions.	18	3,120.00
19	Subtract line 18 from line 17. Write the result. This is your taxable income .	19	6,030.00

**Line 16.
Allowable part of
your charitable
contributions**

For 1985, you can deduct **one-half** of what you gave to certain charitable organizations. The amount you can deduct depends on how much you actually contributed to qualified organizations. Qualified organizations are religious, charitable, educational, scientific, or literary in purpose, or are those that work to prevent cruelty to children or animals.

Examples of contributions you **CAN** deduct:

- Gifts to churches, temples, synagogues, Salvation Army, Red Cross, Scouts, United Way, etc.
- Gifts to nonprofit schools and hospitals.
- Gifts to veterans' and certain cultural groups.

Examples of contributions you **CANNOT** deduct:

- Political contributions (but see line 21b instructions).
- Gifts to individuals, foreign organizations, and civic leagues.
- The value of your time or services.
- The cost of raffle, bingo, or lottery tickets.
- Value of blood given to a blood bank.

Tax Tip: For more details on what qualifies as a charitable contribution, get **Publication 526, Charitable Contributions**.

Contributions can be in cash (keep cancelled checks, receipts, or other reliable written records showing the name of the organization and the date and amount given), property, or out-of-pocket expenses you paid to do volunteer work. If you drive to and from the volunteer work, you may take 12 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. But don't deduct any amounts that were repaid to you.

Line 16.
Charitable
contributions
(continued)

See Publication 526 for information on special rules that apply if:

- either** you gave cash gifts of more than 30% of your adjusted gross income shown on Form 1040A, line 15, or on Form 1040EZ, line 3;
- or** you gave gifts of ordinary income property that are more than 30% of your adjusted gross income shown on Form 1040A, line 15;
- or** you gave gifts of capital gain property to certain organizations that are more than 20% of your adjusted gross income shown on Form 1040A, line 15;
- or** you gave gifts of property that increased in value, made bargain sales to charity, or gave gifts of the use of property.

Line 16a. Write on line 16a all of your cash contributions (including out-of-pocket expenses). If you gave cash of \$3,000 or more to any one organization, in the space provided, write the name of the organization and how much you gave.

Line 16b. Enter your total gifts of property. If the total is more than \$500, you must complete and attach **Form 8283**, Noncash Charitable Contributions (Rev. October 1985). See **Recordkeeping** below for special rules on the records you must keep for gifts of property.

Note: *If you made cash contributions of \$3,000 or more to any one organization, or if you made any noncash contributions, such as clothing, you CANNOT use Form 1040EZ. You must use Form 1040A.*

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.

Line 16c. Add the amounts on lines 16a and 16b.

Line 16d. Divide the amount on line 16c by 2. Write the result on line 16d. This is the amount of your deductible charitable contributions.

Recordkeeping. Beginning in 1985, if you gave gifts of property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. You should also keep reliable written records for each gift of property that include the following information:

- How you figured the property's value at the time you gave it. (If the value was determined by appraisal, you should also keep a signed copy of the appraisal.)
- The cost or other basis of the property if you must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.
- How you figured your deduction if you chose to reduce your deduction for gifts of capital gain property.
- Any conditions attached to the gift.

Note: *If your total gifts of property are over \$500, your records should contain additional information, and you must attach Form 8283 to your return. See Form 8283 and Publication 526 for details.*

In the example on page 20, the Browns wrote \$60 on line 16a. These were the total cash contributions they gave to qualified charities in 1985. Since they did not give any noncash contributions, they wrote -0- on line 16b and \$60 on line 16c. They divided \$60 by 2 and wrote \$30 on line 16d. This is the amount of their deduction for charitable contributions.

**Line 18.
Exemptions**

You are entitled to a \$1,040 deduction for each exemption you can take. Multiply \$1,040 by the number of exemptions shown on line 5f, **OR** use the chart below. Write this amount on line 18.

Number of exemptions shown on line 5f—

	1	2	3	4	5	6	7	8	9	10
Write this amount on line 18—	1,040	2,080	3,120	4,160	5,200	6,240	7,280	8,320	9,360	10,400

If you are entitled to more than 10 exemptions, figure your deduction as follows. Add the amount shown in the column for 10 exemptions to the amount shown in the column that would total the number of exemptions you are taking. For example, if you are entitled to 12 exemptions, add the amount shown for 10 exemptions (10,400) to the amount shown for 2 exemptions (2,080). Your deduction would be 12,480 (10,400 plus 2,080).

**Line 19.
Taxable income**

Subtract line 18 from line 17. This is your taxable income. Your tax is figured on this amount.

IRS will figure your tax and your earned income credit for you

If you want, we will figure your tax for you. If it turns out that you have paid too much tax, we will send you a refund. If you did not pay enough tax, we'll send you a bill. We won't charge you interest or a late payment penalty if you pay within 30 days of the notice date or by the due date for filing your return, whichever is later.

To have IRS figure your tax for you—

1. Fill in the parts of the return through line 19 that apply to you.
2. If you file a joint return, use the space in the margin to the left of line 19 to show your own taxable income and that of your spouse.
3. Complete lines 21a, 21b, and 24a if they apply to you. If you received any **advance earned income credit (EIC)** payments, in the space to the left of line 23 entry space, write "AEIC" and show the amount of the payment. Your Form(s) W-2 will show these payments.
4. Attach the first copy or Copy B of all your W-2 forms.
5. Complete and attach Schedule 1 of Form 1040A, if required.
6. Sign and date your return (both spouses must sign a joint return) and show your occupation.
7. Mail your return by April 15, 1986.

Earned income credit. See line 24b instructions on page 26 to see if you can take the earned income credit. If you can take the credit, we can figure it for you too. If you don't have to file a return, but are filing only to take the earned income credit, follow all of the above instructions.

**Step 7
Figuring your tax, credits, and payments**

If You Want IRS to Figure Your Tax, See Page 22 of the Instructions.

20	Find the tax on the amount on line 19. Use the tax table, pages 31-36.	20	276.00
21a	Credit for child and dependent care expenses. Complete and attach Schedule 1, Part II.	21a	90.00
b	Partial credit for political contributions for which you have receipts. See page 24 of the instructions.	21b	.
22	Add lines 21a and 21b. Write the total.	22	90.00
23	Subtract line 22 from line 20. Write the result. (If line 22 is more than line 20, write -0- on line 23.) This is your total tax . "AEIC" 58.00	▶ 23	244.00
24a	Total Federal income tax withheld. This should be shown in Box 9 of your W-2 form(s). (If line 6 is more than \$39,600, see page 25 of the instructions.)	24a	379.00
b	Earned income credit, from the worksheet on page 27 of the instructions. See page 26 of the instructions.	24b	223.00
25	Add lines 24a and 24b. Write the total. These are your total payments .	▶ 25	602.00

Line 20.
Figuring your
income tax

Find your tax in the tax table on pages 31-36.

Note: *The tax in the table has been figured to give you the benefit of the zero bracket amount and it has been adjusted so that inflation will not increase your tax.*

Line 21a.
Credit for child and
dependent care
expenses

You may be able to take a credit against your tax if you paid someone to care for your child, or disabled spouse, or disabled dependent so that you (and your spouse if you were married) could work or look for work. The instructions that begin below explain:

- Who can qualify you for the credit,
- Who can take the credit,
- Which expenses qualify for the credit, and
- How to figure the credit.

Who can qualify you for the credit

If you worked or looked for work in 1985, you may be able to take a tax credit for expenses you paid for the care of **any one** of the following **qualifying persons**:

- Any person under age 15 whom you can claim as a dependent (but see **Children of divorced or separated parents**, below).
- Your disabled spouse who is not able to care for himself or herself.
- Any disabled person not able to care for himself or herself whom you can claim as a dependent (or could claim as a dependent except that the person had \$1,040 or more of gross income).

Children of divorced or separated parents. If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1985, your child is a qualifying person if you had custody of the child for a longer time during 1985 than the other parent. The child does not have to be your dependent. If the child is not your dependent, he or she must meet **all** of the following tests:

The child—

1. Received over half of his or her support from both parents, and
2. Was in the custody of one or both parents for more than half of 1985, and
3. Was under 15, or was disabled and unable to care for himself or herself, and
4. Is not your dependent because the child's other parent claims the child's exemption under the rules explained on page 12 for **Children of divorced or separated parents**.

Who can take the credit

To be eligible to take the credit, **all** of the following must apply:

1. You paid for the care so you (and your spouse if you were married) could work or look for work (but see **Spouse who is a full-time student or is disabled**, on page 24).
2. The qualifying person lived in your home.
3. You (and your spouse if you were married) paid more than half the cost of keeping up your home. (See **How To Use Tele-Tax** (topic no. 306) on page 39 or **Publication 503**, Child and Dependent Care Credit, and Employment Taxes for Household Employers, for an explanation of what costs are included.)
4. You must file a joint return if you were married unless—
either you were legally separated,
or you lived apart from your spouse during the last 6 months of the year. If this situation applied, the qualifying person must have lived with you in your home more than 6 months in 1985, and you must have provided more than half the cost of keeping up your home.
5. You paid someone, other than your spouse or a person whom you can claim as a dependent, to care for the qualifying person.

Note: *If the person you paid to provide the care is your child, he or she must be at least age 19 by the end of the year.*

Which expenses qualify for the credit

You can count only those expenses that are for the qualifying person's well-being and protection while you work or look for work. These include:

- Household services needed for the care of the qualifying person as well as to run the home, and
- Expenses for the care of the qualifying person.

Generally, you cannot include amounts paid for food or schooling. However, if these items are included as part of the total care, and they are incident to and cannot be separated from the total cost, you can include the total cost. You may not include any part of the cost of schooling for a child in the first grade or above.

Note: *Generally, if you paid cash wages of \$50 or more in a calendar quarter for household services performed in your home, you must file an employment tax return. Get **Form 942** for details.*

Tax Tip: *If you are divorced or separated and you have a child, the rules that allow you to take the credit have changed for 1985.*

Tax Tip: *Some disabled spouse and dependent care expenses may qualify as medical expenses if you itemize deductions. However, you must use Form 1040 to claim these expenses as itemized deductions. See **Publication 503** for details.*

Line 21a.
Credit for child
and dependent
care expenses
(continued)

Care provided outside the home. You can include the cost of care provided outside your home for
either your dependent who is under age 15,
or any other qualifying person who regularly spends at least 8 hours each day in your household.

If the care of the qualifying person is provided by a dependent care center, the center must meet all applicable state and local regulations. See Publication 503 for the definition of a "dependent care center."

How to figure the credit

We have provided specific instructions below for some of the lines on Schedule 1 (Form 1040A), Part II. Those lines that do not appear below are self-explanatory.

Line 2. Write on line 2 the amount of qualified expenses you incurred and actually paid in 1985. Do not include amounts paid or incurred by your employer if those amounts are excluded from your income.

Note: *If you had qualified expenses in 1984 that you did not pay until 1985, you may be able to increase the amount of credit you can take in 1985; however, you must complete and attach **Form 2441** to Form 1040. You may not use Form 1040A.*

The amount of your qualified expenses on line 2 **cannot** be more than—
either \$2,400 if you paid for the care of one qualifying person in 1985,
or \$4,800 if you paid for the care of two or more qualifying persons in 1985.

Line 3. Use line 3 to figure your earned income. The amount you use to figure the credit **cannot** be more than—

either your earned income if you were unmarried at the end of 1985;
or if you are married filing a joint return, the **smaller** of:

1. your earned income, or
2. your spouse's earned income.

Earned income for this purpose generally means wages, salaries, tips, and other employee compensation. See Publication 503 for more details.

Spouse who is a full-time student or is disabled. If your spouse was a full-time student or was disabled in 1985, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have worked and earned income of not less than \$200 a month (\$400 a month if more than one qualifying person was cared for in 1985). For any month that your spouse was not disabled or a full-time student, use actual earned income if your spouse worked during the month.

Note: *To be a full-time student, you must be enrolled in school for the number of hours or classes that the school considers full time. You must also have been enrolled for at least 5 months in 1985.*

Line 21b.
Partial credit for
political
contributions for
which you have
receipts

You can take a credit for part of what you gave in 1985 to help pay the campaign expenses of candidates for public office and to political committees and newsletter funds of candidates and elected public officials.

Note: *You cannot deduct political contributions as a charitable contribution on line 16 of Form 1040A.*

Married couples filing a joint return:

- If you gave \$200 or more, you can take a credit for \$100.
- If you gave less than \$200, you can take a credit for one-half of what you gave.

All other filing statuses:

- If you gave \$100 or more, you can take a credit for \$50.
- If you gave less than \$100, you can take a credit for one-half of what you gave.

Note: *If you checked "Yes" for the Presidential Election Campaign Fund, do NOT include that \$1 (or \$2) on line 21b as a political contribution.*

Line 23. Subtract the amount on line 22 from the amount on line 20. Write the result. If the amount on line 22 is more than the amount on line 20, write -0- on line 23.

Total tax

Advance earned income credit (EIC) payments. If you received advance EIC payments in 1985, include these payments, as shown on Form(s) W-2, in the total on line 23. In the space to the left of this total, write "AEIC" and show the amount of the payment.

Line 24a. On line 24a write the total amount of **Federal income tax withheld** during 1985. This should be shown in Box 9 of your 1985 Form(s) W-2.

Total Federal income tax withheld

If you received a Form 1099 showing income tax withheld ("backup withholding") on dividends or interest income for 1985, include the amount withheld in the total on line 24a. In the space to the left of this total, write "Form 1099."

Excess social security taxes withheld. If you had more than one employer for 1985 and your total wages were over \$39,600, your employers may have withheld too much social security tax. If so, you can add the excess amount to your income tax withheld. Use the worksheet below to figure any excess social security taxes.

Excess railroad retirement taxes (RRTA) withheld. For 1985 no more than \$3,831.30 in RRTA tax should have been withheld from your pay. If any one railroad employer withheld more than that amount, you must ask that employer to refund the excess to you. You cannot claim it on your return.

Do not use the worksheet below if:

- either** you had more than one railroad employer and you paid more than \$3,831.30 in RRTA tax in 1985,
- or** you had both RRTA tax and social security tax withheld from your wages in 1985 and the total withheld was more than \$2,791.80.

If either of the above apply to you, see **Publication 505, Tax Withholding and Estimated Tax**, to figure the amount of any excess RRTA or social security taxes withheld.

Worksheet to figure excess social security taxes (keep for your records)

Caution: If you were a U.S. Government employee who paid **ONLY** the 1.35% hospital insurance benefits (Medicare) tax on your government wages, **do not** include on line A of the worksheet below the Medicare tax withheld from your government wages. See **Excess hospital insurance benefits tax**, on this page.

Note: If you are filing a joint return, you must figure excess social security tax withholding separately for each spouse. Do **NOT** combine amounts of both husband and wife.

Employer	Social security tax withheld (Do not enter more than \$2,791.80 for each employer.)
A.	\$.
	+
	+
B. Add amounts withheld	= .
C. Social security tax limit	— 2,791.80
D. Subtract line C from line B, and write the result here. Also add this amount to the Federal income tax withheld on line 24a (line 8 of Form 1040EZ). Write "Excess SST" and show the amount in the space to the left of line 24a (line 8 of Form 1040EZ).	= .

Note: If any one employer withheld more than \$2,791.80 in social security taxes, you must ask your employer to refund the excess to you. You cannot claim it on your return.

Excess hospital insurance benefits tax. If you were a U.S. Government employee whose wages in 1985 were subject **ONLY** to the 1.35% hospital insurance benefits (Medicare) tax and you also had another job that was subject to social security tax or RRTA tax, you may have paid too much Medicare tax. To get a credit on the excess, your total government wages plus your other wages subject to social security tax or RRTA tax must be more than \$39,600. You must use Form 1040 with **Form 4469** attached to it to claim the credit.

Line 24b.
Earned income credit

This is a special credit that can help some people who have a child and have income under \$11,000. The credit can be as much as \$550.

To qualify for the credit, **all** of the following must apply:

1. You had earned income (explained below) in 1985 of less than \$11,000, and
2. The amount on line 15 of Form 1040A is less than \$11,000, and
3. You have a child who lived with you in your principal home for more than half the year during 1985 (this home must have been in the United States), and
4. Your filing status is **either** married filing joint **or** head of household. In addition, special rules apply to each of these two filing statuses.

Note: If your child was born, or died, in 1985 and your home was the child's home for the part of 1985 that your child was alive, your child is considered to have lived with you for more than 6 months.

Tax Tip: 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.

Married filing joint. Your child must be claimed as your dependent on line 5c of Form 1040A. **Exception:** If your spouse is not your child's parent and the child's other parent claimed him or her as a dependent under the rules for **Children of divorced or separated parents** explained on page 12, you can take the credit if you meet all of the other conditions listed above. If you can take the credit because of this exception, you must enter your child's name in the space to the left of line 24b entry space. For this purpose, your "child" means:

- Your son or daughter.
- Your stepchild, adopted child, 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).

Head of household. If your child is **unmarried**, this child does not have to be your dependent. But you must write that child's name on line 4 of your return if the child is not your dependent.

If your child is **married**, this child must be claimed as your dependent on line 5c of Form 1040A. **Exception:** If this child's other parent claimed him or her as a dependent under the rules for **Children of divorced or separated parents** explained on page 12, you can take the credit if you meet all of the conditions listed above. If you can take the credit because of this exception, you must enter your child's name in the space to the left of line 24b entry space. For this purpose, your "child" means:

- Your son or daughter.
- Your stepchild, adopted child, or a descendant of your son, daughter, or adopted child.

Note: You **MUST** file a return if you get advance EIC payments. You must include the amount of these payments in the total on line 23. See line 23 instructions for more details.

Earned income includes:

- Wages, salaries, tips, etc.
- Anything else of value (money, goods, services) that you get from your employer for your services even if it is not taxable (such as housing allowance or rental value of a parsonage for clergy members and meals and lodging for employees)

Earned income does not include:

- Interest and dividends
- Social security and tier 1 railroad retirement benefits
- Welfare benefits
- Nondisability pensions
- Veterans' benefits
- Workmen's compensation
- Unemployment compensation

Tax Tip: For 1985, the amount of this credit has increased and the new rules may allow you to take the credit in 1985, even if you could not take it in 1984.

If you qualify for the credit, use the worksheet on page 27 to figure it. Otherwise, write -0- on line 24b and go on to line 25.

Here is a sample worksheet showing how the Browns figure their credit.

SAMPLE

A. Write the amount from Form 1040A, line 6. Also include other earned income whether taxable or not. Note: If line 6 is \$11,000 or more, stop here. You cannot take the credit.	A. 9,080.00
B. Write the amount from Form 1040A, line 15. Note: If line 15 is \$11,000 or more, stop here. You cannot take the credit.	B. 9,180.00
C. If line B is \$6,500 or less , use line A to find the credit in the table on page 37. Write the amount here and on Form 1040A, line 24b.	C. .
D. If line B is more than \$6,500:	
1. First, use line A to find the credit in the table on page 37. Write the amount here.	1. 235.00
2. Then, use line B to find the credit in the table. Write that amount here.	2. 223.00
3. Compare lines 1 and 2 above. Write the smaller of the two amounts here. Also write this amount on Form 1040A, line 24b.	D. 223.00

Line 24b.
Earned
income credit
(continued)

Earned income credit worksheet (keep for your records)

Note: If you have not already done so, please read the instructions for line 24b that begin on page 26 to see whether you qualify for the credit.

If you checked filing status Box 1 or 3, you cannot take the credit. Do not complete this worksheet.

- A.** Write the amount from Form 1040A, line 6. Also include other earned income whether taxable or not. **Note:** If line 6 is \$11,000 or more, stop here. You cannot take the credit. A. _____
- B.** Write the amount from Form 1040A, line 15. **Note:** If line 15 is \$11,000 or more, stop here. You cannot take the credit. B. _____
- C.** If line B is **\$6,500 or less**, use line A to find the credit in the table on page 37. Write the amount here and on Form 1040A, line 24b. C. _____
- D. If line B is more than \$6,500:**
1. First, use line A to find the credit in the table on page 37. Write the amount here. → 1. _____
 2. Then, use line B to find the credit in the table. Write that amount here. → 2. _____
 3. Compare lines 1 and 2 above. Write the smaller of the two amounts here. Also write this amount on Form 1040A, line 24b. D. _____

Line 25.
Total payments

Add lines 24a and 24b and write the total on line 25.

Extensions of time to file. If you filed **Form 4868** to get an automatic extension of time to file Form 1040A, include in the total on line 25 the amount of any payment you made with Form 4868. In the space to the left of line 25 entry space, write "Form 4868" and show the amount paid. Also include any amount paid with **Form 2688** that you filed to request an additional extension.

Step 8
Figuring your
refund or
amount you owe

- | | | | |
|-----------|---|----|---------------|
| 26 | If line 25 is larger than line 23, subtract line 23 from line 25. Write the result. This is the amount of your refund . | 26 | <u>358.00</u> |
| 27 | If line 23 is larger than line 25, subtract line 25 from line 23. Write the result. This is the amount you owe . Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number and "1985 Form 1040A" on it. | 27 | . |

Line 26.
Refund

If you had more tax withheld than you owe, the amount on line 25 will be larger than the amount on line 23. Subtract line 23 from line 25 and write your answer on line 26—this is the amount of your refund. If line 26 is less than \$1, we will send the refund only if you request it when you file the return.

If your refund is large, see your payroll office about having less tax withheld from your pay. Ask about filling out a new **Form W-4**.

Line 27.
Amount you owe

If you did not have enough tax withheld, the amount on line 23 will be larger than the amount on line 25. Subtract line 25 from line 23 and write your answer on line 27—this is the amount you still owe IRS. If line 27 is less than \$1, you do not have to pay it.

Pay the full amount by check or money order, payable to the "Internal Revenue Service." On your payment write your social security number and "1985 Form 1040A," and attach the payment to your return.

Penalty for not paying enough tax during the year. There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The amount you owe IRS (line 27) is \$500 or more, and
- The amount of Federal income tax withheld (line 24a) is less than 80% of—the amount of your total tax (line 23) minus your earned income credit (line 24b).

If you owe a penalty, you must file Form 1040 and attach **Form 2210**, Underpayment of Estimated Tax by Individuals, to it. However, you may be able to avoid the penalty under certain conditions. See Form 2210 and **Publication 505**, Tax Withholding and Estimated Tax, for details.

Step 9

Sign your return

Reminder: Be sure to attach the first copy or Copy B of your W-2 form(s) to your return.

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

Your signature	Date	Your occupation
X <u>Jon T Brown</u>	<u>2/15/86</u>	<u>Clerk</u>
Spouse's signature (if joint return, both must sign)	Date	Spouse's occupation
X <u>Lisa Brown</u>	<u>2/15/86</u>	<u>Sales</u>
Paid preparer's signature	Date	Preparer's social security no.
X		
Firm's name (or yours, if self-employed)	Employer identification no.	
Address and ZIP code	Check if self-employed <input type="checkbox"/>	

Form 1040A or Form 1040EZ is not considered a return unless you sign it. Your spouse must also sign if you are filing a joint return on Form 1040A. Be sure to date your return and show your occupation in the space provided.

Tax return preparers

Paid preparers must sign your return. Generally, anyone you pay to prepare your return must sign it. Someone who prepares it for you but does not charge you should not sign. A preparer who must sign your return must sign it by hand in the space provided (signature stamps or labels cannot be used), and give you a copy of the return for your records. Paid preparers of Form 1040EZ must sign the return and provide all other required information (in their own format) at the bottom of the form below the area for the taxpayer's signature.

Note: Tax return preparers should see **Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns**, for details on their responsibilities as paid tax return preparers.

Filing dates, penalties, and interest

If you do not file your return by **April 15, 1986**, you may have to pay a penalty.

Filing late. You can avoid penalties for late filing by sending in your return by the due date. The penalty for filing late is 5% of the amount due for each month, or part of a month, the return is late. The penalty cannot be more than 25% of your tax due. We will charge you interest on the penalty from the due date of the return. If you have a reasonable explanation for filing late, you might not have to pay the penalty, but you must attach the explanation to your return.

Minimum penalty for extended failure to file. If you fail to file your return within 60 days of the due date (with extensions), the penalty will not be less than \$100 or the amount of any additional tax you owe, whichever is smaller.

Paying tax late. The penalty is 1/2 of 1% of the unpaid amount for each month, or part of a month, the tax is not paid. The penalty cannot be more than 25% of the unpaid amount. The penalty applies to any unpaid tax on the return and also applies to any additional tax shown on a bill not paid within 10 days of the date of the bill.

Other penalties. There are also other penalties that can be imposed for negligence, substantial underpayment of tax, filing a frivolous return, failure to give your social security number to certain payers, and fraud. See **Publication 17** for details.

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.

Interest. We will charge you interest on taxes not paid by their due date.

Extension of time to file. If you need more time to file, you can get an automatic four-month extension by filing **Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return**, by April 15, 1986. If you make a payment with Form 4868, see line 25 instructions for more information.

Section 3— General Information

This section contains general information about items such as how to file a return for a deceased taxpayer, how long to keep your tax records, and how to file an amended return if you need to change your return.

Corresponding with IRS

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

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.

Voluntary contributions to reduce the public debt

You may make voluntary contributions to reduce the public debt. Subject to the limitations on charitable contributions, you can deduct this contribution on your 1986 tax return. If you wish to contribute, enclose a **separate** check in your tax return envelope made payable to "Bureau of the Public Debt." Please keep this contribution **separate** from any amount payable on your tax return.

Note: *If you owe an amount on your tax return, make a separate check for the amount you owe payable to "Internal Revenue Service."*

Death of taxpayer

If the taxpayer died before filing a return for 1985, the taxpayer's spouse or personal representative may have to file a return and sign for the person who died. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased person's property. If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

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

If your spouse died in 1985 and you did not remarry in 1985, or if your spouse died in 1986 before filing a return for 1985, you can file a joint return. A joint return should show your spouse's 1985 income before death and your income for all of 1985. 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 decedent 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 a deceased taxpayer must file **Form 1310**, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim the refund.

For more details, see **How To Use Tele-Tax** (topic no. 128) on page 39 or **Publication 559**, Tax Information for Survivors, Executors, and Administrators.

How long to keep your tax records

Keep records of all items appearing on your tax return until the statute of limitations runs out for the 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.

How to get copies of your tax returns

If you need a copy of your tax return or tax account information, use **Form 4506**, Request for Copy of Tax Form or Income Tax Account Information. The charge for a copy of a return is \$4.25. The charge for tax account information is \$2.25.

How to amend your tax return

If, after you file your income tax return, you become aware of any changes you must make to income, deductions, or credits, file **Form 1040X**, Amended U.S. Individual Income Tax Return, to change the return you already filed.

If your return is changed for any reason (for example, as a result of an audit of your return by IRS), it may affect your state income tax return. 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.

Note: *If you received a Federal Income Tax Forms Package in the mail, be sure to take it with you to the assistance site.*

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 often clear up misunderstandings that resulted from previous contacts.

Substitute tax forms

You may not use your own version of a tax form unless it meets the requirements explained in **Publication 1167** for acceptable privately designed and printed substitute tax forms. You can order the publication by writing to: Forms Distribution Center, P.O. Box 25866, Richmond, VA 23260.

Income tax withholding for 1986

If the amount due IRS on line 27 or the refund IRS owes you on line 26 is large, see your payroll office. Ask about filling out a new **Form W-4** to change the amount of tax to be withheld from your pay. For example, working married couples and persons with two or more jobs often need to have more tax withheld to avoid owing a large payment when the return is filed. You may also owe more tax because you have other income on which there is no withholding.

If you go back to work after a period of unemployment, there are methods which could reduce your withholding. For details, see your employer or get **Publication 505**.

Estimated tax payments

In general, you do not have to make estimated tax payments if you expect that your 1986 tax return will show a tax refund OR a tax balance due IRS of less than \$500. However, if you make estimated tax payments for 1986, you must use Form 1040 to claim the payments you made. Please see Publication 505 for more details.

Where to file

Please use the addressed envelope that came with your return. If you do not have an addressed envelope, 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.**

Alabama—Atlanta, GA 31101

Alaska—Ogden, UT 84201

Arizona—Ogden, UT 84201

Arkansas—Memphis, TN 37501

California—Counties of—Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba—

Ogden, UT 84201

All other Counties—

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—Cincinnati, OH 45999

Louisiana—Austin, TX 73301

Maine—Andover, MA 05501

Maryland—Philadelphia, PA 19255

Massachusetts—Andover, MA 05501

Michigan—Cincinnati, OH 45999

Minnesota—Andover, MA 05501

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—Cincinnati, OH 45999

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: Nonpermanent resident—Philadelphia, PA 19255

Virgin Islands: Permanent resident—V.I. Bureau of Internal Revenue P.O. Box 3186 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

1985 Tax Table

Based on Taxable Income

For persons with taxable incomes of less than \$50,000

Example: Mr. and Mrs. Green are filing a joint return. Their taxable income on line 19 of Form 1040A is \$23,270. First, they find the \$23,250-23,300 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 \$3,094. This is the tax amount they must write on line 20 of Form 1040A.

At least	But less than	Single (and 1040EZ filers)	Married filing jointly	Married filing separately	Head of a household
Your tax is—					
23,200	23,250	3,963	3,083	4,885	3,666
23,250	23,300	3,976	3,094	4,901	3,678
23,300	23,350	3,989	3,105	4,918	3,690
23,350	23,400	4,002	3,116	4,934	3,702

If 1040A, line 19, OR 1040EZ, line 7 is—		And you are—				If 1040A, line 19, OR 1040EZ, line 7 is—		And you are—				If 1040A, line 19, OR 1040EZ, line 7 is—		And you are—			
At least	But less than	Single (and 1040EZ filers)	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single (and 1040EZ filers)	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single (and 1040EZ filers)	Married filing jointly	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
\$0	\$1,775	\$0	\$0	\$0	\$0	2,400	2,425	2	0	71	2	3,400	3,450	114	0	188	114
1,775	1,800	0	0	2	0	2,425	2,450	5	0	73	5	3,450	3,500	119	0	194	119
						2,450	2,475	8	0	76	8	3,500	3,550	125	0	200	125
						2,475	2,500	11	0	79	11	3,550	3,600	131	4	206	130
1,800	1,825	0	0	5	0	2,500	2,525	13	0	82	13	3,600	3,650	137	9	212	136
1,825	1,850	0	0	7	0	2,525	2,550	16	0	84	16	3,650	3,700	143	15	218	141
1,850	1,875	0	0	10	0	2,550	2,575	19	0	87	19	3,700	3,750	149	20	224	147
1,875	1,900	0	0	13	0	2,575	2,600	22	0	90	22	3,750	3,800	155	26	230	152
						2,600	2,625	24	0	93	24	3,800	3,850	161	31	236	158
						2,625	2,650	27	0	95	27	3,850	3,900	167	37	242	163
						2,650	2,675	30	0	98	30	3,900	3,950	173	42	248	169
1,900	1,925	0	0	16	0	2,675	2,700	33	0	101	33	3,950	4,000	179	48	254	174
1,925	1,950	0	0	18	0							4,000					
1,950	1,975	0	0	21	0	2,700	2,725	35	0	104	35	4,000	4,050	185	53	261	180
1,975	2,000	0	0	24	0	2,725	2,750	38	0	106	38	4,050	4,100	191	59	268	185
2,000						2,750	2,775	41	0	109	41	4,100	4,150	197	64	275	191
						2,775	2,800	44	0	112	44	4,150	4,200	203	70	282	196
2,000	2,025	0	0	27	0	2,800	2,825	46	0	115	46	4,200	4,250	209	75	289	202
2,025	2,050	0	0	29	0	2,825	2,850	49	0	117	49	4,250	4,300	215	81	296	207
2,050	2,075	0	0	32	0	2,850	2,875	52	0	120	52	4,300	4,350	221	86	303	213
2,075	2,100	0	0	35	0	2,875	2,900	55	0	123	55	4,350	4,400	227	92	310	218
						2,900	2,925	57	0	126	57	4,400	4,450	233	97	317	224
2,100	2,125	0	0	38	0	2,925	2,950	60	0	129	60	4,450	4,500	239	103	324	229
2,125	2,150	0	0	40	0	2,950	2,975	63	0	132	63	4,500	4,550	245	108	331	235
2,150	2,175	0	0	43	0	2,975	3,000	66	0	135	66	4,550	4,600	251	114	338	240
2,175	2,200	0	0	46	0	3,000						4,600	4,650	258	119	345	246
						3,000	3,050	70	0	140	70	4,650	4,700	265	125	352	252
						3,050	3,100	75	0	146	75	4,700	4,750	272	130	359	258
						3,100	3,150	81	0	152	81	4,750	4,800	279	136	366	264
						3,150	3,200	86	0	158	86	4,800	4,850	286	141	373	270
2,200	2,225	0	0	49	0	3,200	3,250	92	0	164	92	4,850	4,900	293	147	380	276
2,225	2,250	0	0	51	0	3,250	3,300	97	0	170	97	4,900	4,950	300	152	387	282
2,250	2,275	0	0	54	0	3,300	3,350	103	0	176	103	4,950	5,000	307	158	394	288
2,275	2,300	0	0	57	0	3,350	3,400	108	0	182	108						
2,300	2,325	0	0	60	0												
2,325	2,350	0	0	62	0												
2,350	2,375	0	0	65	0												
2,375	2,400	0	0	68	0												

Continued on next page

1985 Tax Table—Continued

Main table with columns for income ranges and tax amounts. It is divided into four sections based on the number of earners: 19 or 1040EZ filers (single or head of household), 19 or 1040EZ filers (married jointly or separately), 19 or 1040EZ filers (single or head of household), and 19 or 1040EZ filers (married jointly or separately).

1985 Tax Table—Continued

Main table grid with columns for 'If 1040A, line 19, OR 1040EZ, line 7 is', 'And you are', 'Your tax is', 'If 1040A, line 19, OR 1040EZ, line 7 is', 'And you are', 'Your tax is', 'If 1040A, line 19, OR 1040EZ, line 7 is', 'And you are', 'Your tax is'. Rows include tax brackets like 32,000, 33,000, 34,000, 35,000, 36,000, 37,000, 38,000, 39,000, 40,000.

Tele-Tax

How To Use Tele-Tax Information

Recorded Tax Information. IRS has recorded about 150 topics of tax information that answer many Federal tax questions. You can hear up to three topics 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 1985 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 topics 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	Georgia 1 Albany, 435-1415 3 Atlanta, 331-6572 1 Augusta, 722-9068 1 Columbus, 327-0298 1 Macon, 745-2890 1 Savannah, 355-9632	Maryland 3 Baltimore, 244-7306 1 Cumberland, 722-5331 1 Frederick, 663-5798 1 Hagerstown, 733-6815 1 Salisbury, 742-9458	New York 1 Albany, 465-8318 2 Albany, 465-3566 1 Binghamton, 722-8426 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	South Carolina 1 Charleston, 722-0369 1 Columbia, 254-4749 3 Columbia, 799-8169 1 Greenville, 235-8093
Alaska 1 Anchorage, 562-1848 3 Anchorage, 561-7417	Hawaii 1 Honolulu, 546-7162 3 Honolulu, 946-4100	Massachusetts 3 Boston, 523-8602 1 Springfield, 739-6624	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	South Dakota 3 Aberdeen, 229-6856 1 Brookings, 692-4507 1 Rapid City, 348-3454 1 Sioux Falls, 335-7081 1 Watertown, 882-4979
Arizona 3 Phoenix, 252-4909 1 Tucson, 624-9042	Idaho 1 Boise, 383-0034 3 Boise, 344-8628	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	Tennessee 1 Chattanooga, 892-5577 1 Jackson, 654-1858 1 Johnson City, 282-1917 1 Knoxville, 521-7478 1 Memphis, 525-2611 3 Nashville, 242-1541	Texas 1 Austin, 479-0391 3 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
Arkansas 1 Little Rock, 372-3891 3 Little Rock, 374-3117	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 3 Springfield, 753-0316	Minnesota 1 Duluth, 722-5494 1 Rochester, 288-5595 3 St. Paul, 224-4288	North Dakota 1 Bismarck, 258-8210 1 Fargo, 232-9360 3 Fargo, 232-1070 1 Grand Forks, 746-0324 1 Minot, 838-1234	Utah 1 Salt Lake City, 355-9328 3 Salt Lake City, 359-9218
California 1 Bakersfield, 861-4105 1 Carson, 632-3555 1 El Monte, 571-6902 1 Fresno, 268-5395 3 Laguna Niguel, 643-4246 3 Los Angeles, 617-3177 3 Oakland, 839-4245 1 Oxnard, 485-7236 1 Riverside, 351-6769 1 Sacramento, 448-4367 3 Sacramento, 448-4556 1 San Diego, 293-5020 1 San Francisco, 863-4039 1 San Jose, 293-5606 3 San Jose, 279-0576 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	Indiana 1 Evansville, 422-1026 1 Fort Wayne, 484-3065 1 Gary, 884-4465 3 Indianapolis, 634-1550 1 South Bend, 232-5459	Mississippi 1 Gulfport, 863-3302 1 Jackson, 960-4168 3 Jackson, 960-4808	Ohio 1 Akron, 253-1170 1 Canton, 455-6061 3 Cincinnati, 421-0329 3 Cleveland, 522-3037 1 Columbus, 469-2266 1 Dayton, 225-7237 1 Lima, 224-0341 1 Mansfield, 525-3474 1 Toledo, 255-3743 1 Youngstown, 744-4200	Vermont 1 Burlington, 658-0007 2 Burlington, 658-1149
Colorado 1 Colorado Springs, 597-6344 3 Denver, 592-1118 1 Ft. Collins, 221-0658	Iowa 1 Cedar Rapids, 399-2210 1 Des Moines, 284-4271 3 Des Moines, 284-4050 1 Quad Cities, 326-1720 1 Waterloo, 234-0817	Missouri 1 Jefferson City, 636-8312 1 Kansas City, 421-3741 1 Springfield, 883-3419 3 St. Louis, 241-4700	Virginia 3 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
Connecticut 1 Bridgeport, 335-0070 1 Hartford, 547-0015 2 Hartford, 247-5500 1 New Haven, 777-4594 1 Waterbury, 754-4235	Kansas 1 Wichita, 264-3147 3 Wichita, 262-4454	Montana 1 Billings, 656-1422 1 Great Falls, 727-4902 1 Helena, 443-7034 3 Helena, 443-0600	Oklahoma 1 Oklahoma City, 235-3434 3 Oklahoma City, 235-4907 1 Tulsa, 599-0555	West Virginia 1 Charleston, 343-3597 1 Huntington, 523-0104 3 Parkersburg, 422-4011
Delaware 1 Dover, 674-1118 1 Wilmington, 652-0272 3 Wilmington, 571-1097	Kentucky 1 Erlanger, 727-3338 1 Lexington, 233-2889 1 Louisville, 582-5599 2 Louisville, 582-6372	Nebraska 1 Lincoln, 471-5450 1 Omaha, 221-3324 3 Omaha, 345-8224	Oregon 1 Eugene, 687-6737 3 Portland, 294-5363 1 Salem, 399-5784	Wisconsin 1 Eau Claire, 834-6121 1 Green Bay, 433-3884 1 Madison, 264-5349 3 Milwaukee, 291-1783 1 Racine, 886-1615
District of Columbia 3 Call, 628-2929	Louisiana 1 New Orleans, 529-2854 2 New Orleans, 589-4620	Nevada 1 Las Vegas, 385-1778 3 Las Vegas, 388-6925	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	West Virginia 1 Charleston, 343-3597 1 Huntington, 523-0104 3 Parkersburg, 422-4011
Florida 1 Daytona Beach, 253-0669 1 Ft. Lauderdale, 523-3100 3 Jacksonville, 353-9579 1 Miami, 374-5144 2 Miami, 372-0397	Maine 2 Augusta, 623-3854 1 Portland, 775-0465	New Hampshire 1 Manchester, 623-5778 2 Portsmouth, 431-0780	Puerto Rico 1 & 2 Call, 753-4055	Wisconsin 1 Eau Claire, 834-6121 1 Green Bay, 433-3884 1 Madison, 264-5349 3 Milwaukee, 291-1783 1 Racine, 886-1615
		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	Rhode Island 1 Providence, 861-5220 2 Providence, 521-6440	Wisconsin 1 Eau Claire, 834-6121 1 Green Bay, 433-3884 1 Madison, 264-5349 3 Milwaukee, 291-1783 1 Racine, 886-1615
		New Mexico 1 Albuquerque, 766-1102 3 Albuquerque, 243-4557		

How To Use Tele-Tax

Recorded Tax Information

1. Select, by number, the topic you want to hear.
2. Have paper and pencil handy to take notes.
3. Call the appropriate phone number listed on page 38.
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 topic number you want to hear.
5. ● 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. (In Hawaii, from 6:30 A.M. to 1:00 P.M.)

Automated Refund Information

1. Have a copy of your tax return available since you will need to know the first social security number shown on your return, the filing status, and the exact amount of your refund.
2. Call the appropriate phone number listed on page 38.
3. Follow the recorded instructions.
4. ● Push-button (tone signalling) service is available Monday through Friday from 6:30 A.M. to 7:00 P.M. (Hours may vary in your area.)
 - Rotary (dial)/push-button (pulse dial) service is available Monday through Friday during regular office hours. (In Hawaii, from 6:30 A.M. to 1:00 P.M.)

Tele-Tax Topic Numbers and Subjects

Topic 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

Topic No. *Subject*

- 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
- 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

Topic No. *Subject*

- 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/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

Topic No. *Subject*

- 312 Qualified royalty owners exemption (windfall profit tax)

General Information

- 314 Substitute tax forms
- 315 Highlights of 1985 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
- 327 IRS notices and bills/Penalty and interest charges
- 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
- 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—CP 2000

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

Topic No. *Subject*

- 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 topics 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 1985 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

**Privacy Act and
Paperwork
Reduction Act
Notice**

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information we must tell you:

- Our legal right to ask for the information.
- What major purposes we have in asking for the information, and how it will be used.
- What could happen if we do not receive the information.
- 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—
 1. Complete, correct, or process your return.
 2. Figure your tax.
 3. 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.

How to get forms and publications

Generally, we mail forms directly to you based on what seems to be right for you. But if you need other forms or publications, you can call the "Forms Only" telephone numbers listed on page 40 OR you can order them from IRS by following the instructions at the bottom of page 43. Please allow 10 days to receive your order.

How to get forms

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; or for qualified reinvested dividends from qualified public utilities; and for answering the Foreign Accounts or Foreign Trusts Questions

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, Profit or (Loss) From Business or Profession

Schedule D, Capital Gains and Losses and Reconciliation of Forms 1099-B

Schedule E, Supplemental Income Schedule

Schedule F, Farm Income and Expenses

Schedule G, Income Averaging

Schedule R, Credit for the Elderly and the Permanently and Totally Disabled

Schedule SE, Computation of Social Security Self-Employment Tax

Form 1040-ES, Estimated Tax for Individuals

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, Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions

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

Form 5695, Residential Energy Credit

Form 8283, Noncash Charitable Contributions

Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents

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 1985 Tax Changes

554 Tax Information for Older Americans

575 Pension and Annuity Income

583 Information for Business Taxpayers

587 Business Use of Your Home

590 Individual Retirement Arrangements (IRAs)

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 (and Tier 1 Railroad Retirement 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 2924, Austin, TX 78769
Arkansas—P.O. Box 6900, Florence, KY 41042
California—P.O. Box 12626, Fresno, CA 93778
Colorado—P.O. Box 2924, Austin, TX 78769
Connecticut—P.O. Box 25866, Richmond, VA 23260
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
Hawaii—P.O. Box 12626, Fresno, CA 93778
Idaho—P.O. Box 12626, Fresno, CA 93778
Illinois—P.O. Box 338, Kansas City, MO 64141
Indiana—P.O. Box 6900, Florence, KY 41042
Iowa—P.O. Box 338, Kansas City, MO 64141
Kansas—P.O. Box 2924, Austin, TX 78769
Kentucky—P.O. Box 6900, Florence, KY 41042
Louisiana—P.O. Box 6900, Florence, KY 41042
Maine—P.O. Box 25866, Richmond, VA 23260
Maryland—P.O. Box 25866, Richmond, VA 23260
Massachusetts—P.O. Box 25866, Richmond, VA 23260
Michigan—P.O. Box 6900, Florence, KY 41042
Minnesota—P.O. Box 338, Kansas City, MO 64141
Mississippi—Caller No. 848, Atlanta, GA 30370
Missouri—P.O. Box 338, Kansas City, MO 64141
Montana—P.O. Box 338, Kansas City, MO 64141
Nebraska—P.O. Box 338, Kansas City, MO 64141

Nevada—P.O. Box 12626, Fresno, CA 93778
New Hampshire—P.O. Box 25866, Richmond, VA 23260
New Jersey—P.O. Box 25866, Richmond, VA 23260
New Mexico—P.O. Box 2924, Austin, TX 78769
New York—P.O. Box 25866, Richmond, VA 23260
North Carolina—Caller No. 848, Atlanta, GA 30370
North Dakota—P.O. Box 338, Kansas City, MO 64141
Ohio—P.O. Box 6900, Florence, KY 41042
Oklahoma—P.O. Box 2924, Austin, TX 78769
Oregon—P.O. Box 12626, Fresno, CA 93778
Pennsylvania—P.O. Box 25866, Richmond, VA 23260
Rhode Island—P.O. Box 25866, Richmond, VA 23260
South Carolina—Caller No. 848, Atlanta, GA 30370
South Dakota—P.O. Box 338, Kansas City, MO 64141
Tennessee—Caller No. 848, Atlanta, GA 30370
Texas—P.O. Box 2924, Austin, TX 78769
Utah—P.O. Box 2924, Austin, TX 78769
Vermont—P.O. Box 25866, Richmond, VA 23260
Virginia—P.O. Box 25866, Richmond, VA 23260
Washington—P.O. Box 12626, Fresno, CA 93778
West Virginia—P.O. Box 6900, Florence, KY 41042
Wisconsin—P.O. Box 338, Kansas City, MO 64141
Wyoming—P.O. Box 2924, Austin, TX 78769

Foreign Addresses—Taxpayers with mailing addresses in foreign countries should send this order blank to either: Forms Distribution Center, Caller No. 848, Atlanta, GA 30370 or Forms Distribution Center, P.O. Box 12626, Fresno, CA 93778, whichever is closer. Send letter requests for other forms and publications to: Richmond Distribution Center, P.O. Box 25866, Richmond, VA 23260.

Puerto Rico—Director's Representative, U.S. Internal Revenue Service, Federal Office Building, Chardon Street, Hato Rey, PR 00918

Virgin Islands—V.I. Bureau of Internal Revenue, P.O. Box 3186, St. Thomas, VI 00801

Order blank—The forms and publications listed here are available at no cost. Cut the order blank on the dotted line and mail it in your own envelope to the address shown above for your state. Be sure to print your name and address on the other side. Attach a separate sheet of paper listing any additional forms and publications you need that are not listed on the order blank. We will send you 2 copies of each form and 1 copy of each set of instructions or publication you ask for. To help reduce waste, order only what you need. Be sure to allow 10 days to receive your order.

Circle Desired Forms and Publications		Schedule G (1040)	2119	4562	5695	Pub. 521	Pub. 545
		Schedule R (1040)	2210	4562 Instructions	Pub. 463	Pub. 523	Pub. 552
1040	Schedules A&B (1040)	Instructions for Sch. R	2441	4684	Pub. 501	Pub. 524	Pub. 553
Instructions for 1040 & Schedules	Schedule C (1040)	Schedule SE (1040)	3468	4684 Instructions	Pub. 502	Pub. 526	Pub. 554
1040A	Schedule D (1040)	Schedule W (1040)	3468 Instructions	4797	Pub. 503	Pub. 527	Pub. 903
1040EZ	Schedule E (1040)	1040-ES (1986)	3903	4797 Instructions	Pub. 504	Pub. 529	
1040A & 1040EZ Instructions	Schedule F (1040)	2106	4136	4868	Pub. 506	Pub. 530	

Index to Instructions**A**

Address Change 29
 Address of Internal Revenue Service Centers 30
 Advance Earned Income Credit Payments 25
 Allocated Tip Income 15
 Amended Return 29
 Amount You Owe IRS 27

B

Blindness 10

C

Charitable Contributions 20 and 21
 Child and Dependent Care Expenses, Credit for 23 and 24
 Children of Divorced or Separated Parents, Exemption for 12
 Community Property States 15
 Corresponding with IRS 29

D

Death of Spouse 10
 Death of Taxpayer 29
 Deduction for a Married Couple When Both Work 20
 Deduction for Contributions to an Individual Retirement Arrangement (IRA) 18 and 19
 Dependents—
 Birth or Death of Dependent 11
 Children 11 and 12
 Other 11 and 12
 Student 12
 Supported by Two or More Taxpayers 12
 Who Have Unearned Income 6
 Dividends and Exclusion 16

Divorced or Separated Parents, Children of 12
 Dual-Status Alien 8

E

Earned Income Credit 26 and 27
 Earned Income Credit Table 37
 Estimated Tax Payments 30
 Excess Hospital Insurance Benefits Tax 25
 Excess Social Security and RRTA Taxes Withheld 25
 Exemptions 10, 11, 12, and 22
 Extensions of Time To File 6, 27, and 28

F

Figuring Your Income Tax 23
 Filing Information 3-6
 Filing Instructions—
 When To File 28
 Where To File 30
 Filing Status—
 Which Box To Check 7, 8, and 9
 Foreign Bank Account 6
 Foreign Trust 6
 Form 1040EZ 4 and 5
 Form 1040EZ, 1040A, or 1040? 4, 5, and 6
 Form W-2 15
 Forms, How To Get 42 and 43
 Forms Order Blank 43
 Fringe Benefits 15

G

General Information 29 and 30

H

Head of Household 9

I

Income Tax Withheld (Federal) 25
 Individual Retirement Arrangement (IRA)—Deduction for Contributions to 18 and 19

Interest Income 15
 Interest—Late Payment of Tax 28
 Itemized Deductions 5

M

Married Persons—
 Filing Joint Returns 8
 Filing Separate Returns 8
 Married Persons Living Apart 9

N

Name and Address 7
 Nonresident Alien 6, 7, and 8

P

Paperwork Reduction Act Notice 41
 Penalty—
 Late Filing 28
 Late Payment 28
 Pensions and Annuities 4
 Political Campaigns—
 Tax Credit 24
 \$1 Check-off 7
 Preparer, Tax Return 28
 Privacy Act Notice 41
 Problems, Unresolved Tax 30
 Publications, How To Get 42 and 43

R

Recordkeeping 29
 Refund of Tax 27
 Refunds of State and Local Income Taxes 13
 Rounding Off to Whole Dollars 13

S

Salaries 15
 Sign Your Return 28

Single Person 8
 Social Security Benefits 13 and 14
 Social Security Number 7
 State and Local Income Taxes, Refunds of 13
 Step-by-Step Instructions 7-28
 Student Dependent 12
 Substitute Tax Forms 30

T

Tax Assistance for Taxpayers 29, 30, 38, 39, and 40
 Tax Computation by IRS 22
 Tax Table 31-36
 Telephone Assistance—Federal Tax Information 38, 39, and 40
 Tele-Tax Information 38 and 39
 Tier 1 Railroad Retirement Benefits 13 and 14
 Tip Income 15

U

Unemployment Compensation 16 and 17

V

Voluntary Contributions To Reduce the Public Debt 29

W

Wages 15
 When To File 28
 Where To File 30
 Who Can Use
 Form 1040A 4 and 5
 Who Can Use
 Form 1040EZ 4 and 5
 Who Must File 3
 Who Must Use
 Form 1040 4, 5, and 6
 Who Should File 3
 Widows and Widowers 8
 Withholding for 1986 30
 Working Married Couple, Deduction for 20

 Detach At This Line

Order blank

Use your own envelope. Do not use the envelope we furnished you in your income tax package because this envelope may be used only for filing your income tax return.

Print or type your name and address on this label. It will be used to speed your order for forms to you.

Name _____

Number and street _____

City or town, state, and ZIP code _____