The scenario continues. You have checked box 3 in Part I and entered $7,500 on line 12 of Jim and Sarah Hillsdale's Schedule R.

In 2008, they received nontaxable social security benefits of $4,500, and their adjusted gross income (line 37, Form 1040) was $13,000.

How would you complete lines 13 through 24 of Part III?

| | | | |
|---|---|---|---|
| 12 | If you completed line 11, enter the **smaller** of line 10 or line 11. **All others,** enter the amount from line 10 | 12 | 7,500 00 |
| 13 | Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 2008. | | |
| a | Nontaxable part of social security benefits and nontaxable part of railroad retirement benefits treated as social security (see page R-3). | 13a | |
| b | Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is nontaxable under any other provision of law (see page R-3). | 13b | |
| c | Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c | 13c | |
| 14 | Enter the amount from Form 1040, line 38 | 14 | |
| 15 | **If you checked (in Part I): Enter:** Box 1 or 2 $7,500; Box 3, 4, 5, 6, or 7 $10,000; Box 8 or 9 $5,000 | 15 | |
| 16 | Subtract line 15 from line 14. If zero or less, enter -0- | 16 | |
| 17 | Enter one-half of line 16 | 17 | |
| 18 | Add lines 13c and 17 | 18 | |
| 19 | Subtract line 18 from line 12. If zero or less, **stop;** you **cannot** take the credit. Otherwise, go to line 20 | 19 | |
| 20 | Multiply line 19 by 15% (.15) | 20 | |
| 21 | Enter the amount from Form 1040, line 44, minus the amount, if any, on Form 1040, line 47 | 21 | |
| 22 | Enter the amount from Form 6251, line 31 | 22 | |
| 23 | Subtract line 22 from line 21. If zero or less, **stop;** you **cannot** take the credit | 23 | |
| 24 | **Credit for the elderly or the disabled.** Enter the **smaller** of line 20 or line 23 here and on Form 1040, line 48 | 24 | |