



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JUN 23 2000

CC:DOM:IT&A:4/ASTucker
SPR-110789-99

MEMORANDUM FOR SHELDON SCHWARTZ, NATIONAL DIRECTOR
TAX FORMS AND PUBLICATIONS DIVISION
OP:FS:FP

FROM: Lewis J. Fernandez *by Judith M. Wall*
Deputy Assistant Chief Counsel (Income Tax & Accounting)
CC:DOM:IT&A

SUBJECT: Filing Requirement Imposed by I.R.C. § 6012(c)

The purpose of this memorandum is to alert you to the need for revisions to certain forms and IRS publications concerning the filing requirement imposed by I.R.C. § 6012(c).

Income tax filing requirements are set forth in section 6012 of the Code. An individual must file an income tax return if he has gross income that equals or exceeds the sum of the exemption amount plus the applicable standard deduction. I.R.C. § 6012(a)(1). The filing requirement hinges on the amount of gross income. Section 6012(c) provides, in pertinent part, that for purposes of the rules concerning who is required to file an income tax return, gross income is to be computed without regard to the exclusion provided for in section 121 (relating to the gain from the sale of a principal residence).

Section 6012(c) was amended by section 312(d)(11) of the Taxpayer Relief Act of 1997 (TRA 1997), Pub. L. No. 105-34. The description above reflects the changes wrought by TRA 1997. The changes to section 6012(c) were made at the same time that Congress amended section 121. The changes to section 121 significantly expanded the exclusion available to taxpayers upon the sale of their primary residence. Moreover, section 6045(e) was also amended by TRA 1997 to except the sale or exchange of a principal residence the gain from which is fully excludable under section 121 from a real estate reporting person's information reporting requirements. These changes were effective generally for sales and exchanges after May 6, 1997.

PMTA : 00376

Prior to the law change, section 1034 provided that no gain was recognized on the sale of a principal residence if a new residence (at least equal in cost to the sales price of the old residence) was purchased within the "rollover" period (generally 2 years before and 2 years after the sale). Also, under prior law, section 121 provided that an individual on a one-time basis, could exclude from gross income up to \$125,000 of the gain from the sale or exchange of a principal residence if the taxpayer had attained the age of 55 and had used the property as his/her principal residence. These transactions were reported on Form 2119, Sale of Your Home.

After the law change, there were few "rollover" transactions to report due to the repeal of section 1034, and fewer gains to be reported due to the expanded exclusion under section 121. As such, the need for the Form 2119 diminished greatly. The Tax Forms Coordinating Committee met in January of 1998 to discuss the elimination of the Form 2119. Concerns regarding the matching program for Form 1099-S were discussed.¹ The Office of Chief Counsel participated in the decision to eliminate the Form 2119. Subsequently, changes were made to the instructions to the Form 1040, to the Schedule D, to Publication 17 and to Publication 523 to reflect the elimination of the Form 2119. The changes to these forms, however, went beyond eliminating Form 2119.

The changes to the law that eliminated the need for Form 2119 were part of the same section of TRA 1997 that made changes to section 6012(c). Congress expanded the exclusion from income for gains on the sale of principal residences and authorized changes for real estate information reporting. At the same time, Congress made changes to, but did not eliminate, the filing requirements under section 6012(c) relating to gains from the sale of a principal residence.

The instructions to the 1998 Form 1040, under the "Do you have to file?" heading, informs taxpayers of their filing requirements. The language defining gross income at the bottom of Chart A states, "[g]ross income means all income you received in the form of money, goods, property, and services that is not exempt from tax including any income from sources outside the United States (even if you may exclude part or all of it)." Prior to 1998, the instructions expressly include language at the bottom of Chart A regarding including in gross income any gain on the sale of your home (even if you may exclude or postpone part or all of the gain.)

We recognize that the section 6012(c) would create a filing requirement for very few taxpayers who would not otherwise already have a filing requirement because most taxpayers who sell their homes would already have a filing requirement based upon

¹ Rev. Proc. 98-20, 1998-1 C.B. 549, sets forth the certification that a real estate reporting person needs to obtain from the seller to except a sale or exchange transaction from the information reporting requirements.

their earned or investment income.² We understand that for those few taxpayers who section 6012(c) would create their only filing requirement, their returns would likely reflect no income because of the exclusion amount. Moreover, with the revisions to the information reporting for real estate transactions and the matching capabilities for Form 1099-S, we recognize that tracking the section 6012(c) filing requirement would be nearly impossible. Nevertheless, upon review of the statute, we have concluded that the instructions to the Form 1040 and a portion of Publication 17 regarding filing requirements are not technically accurate. We request that you review the language at issue (and determine if any other publications are affected) and amend the relevant language to reflect that a taxpayer does have a filing requirement even if the only item of gross income is an amount excluded under section 121.

Attachments:

Portion of Form 1040 instructions (prior to 1998 and current)
Publication 17 excerpt

² Taxpayers whose gain exceeds the section 121 exclusion amount are instructed to include the gain on Schedule D and the corresponding entry on the Form 1040.

Filing Requirements

The rules under **Do I Have To File?** apply to all U.S. citizens and resident aliens. They also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1991 and who have elected to be treated as resident aliens.

Exception. If you were a U.S. citizen who lived in a U.S. possession or had income from a U.S. possession, different rules apply. Get **Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions.**

If you were a nonresident alien at any time during 1991, except as mentioned above, different rules apply. You may have to file **Form 1040NR, U.S. Nonresident Alien Income Tax Return.** Specific rules apply to determine if you are a resident or nonresident. Get **Pub. 519, U.S. Tax Guide for Aliens.**

Do I Have To File?

Use **Chart A** on this page to see if you must file a return. But you must use **Chart B** on page 8 if your parent (or someone else) can claim you as a dependent on his or her return. Also see **Chart C** on page 8 for other situations when you must file.

Note: 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 if you can take the earned income credit. If you file for either of these reasons only, you may be able to use Form 1040A. If you are single and file only to get a refund of tax withheld, you may be able to use Form 1040EZ.

Exception for Children Under Age 14. If your child was under age 14 on January 1, 1992, and all three of the following apply, you may elect to report your child's income on your return. If you make this election, your child does not have to file a return.

1. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends); and
2. Your child's gross income was more than \$500 but less than \$5,000; and
3. Your child had no Federal income tax withheld from his or her income (backup withholding) and did not make estimated tax payments for 1991.

If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. Get **Form 8814, Parent's Election To Report Child's Interest and Dividends**, for details.

Chart A—For Most People

To use this chart, first find your marital status at the end of 1991. Then, read across to find your filing status and age at the end of 1991. You must file a return if your **gross income** was at least the amount shown in the last column. **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home. See page 14 to find out what types of income to include.

Marital status	Filing status	Age*	Gross income	
Single (including divorced and legally separated)	Single	under 65	\$5,550	
		65 or older	\$6,400	
	Head of household	under 65	\$7,150	
		65 or older	\$8,000	
Married with a child and living apart from your spouse during the last 6 months of 1991	Head of household (see page 12)	under 65	\$7,150	
		65 or older	\$8,000	
Married and living with your spouse at end of 1991 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$10,000	
		65 or older (one spouse)	\$10,650	
		65 or older (both spouses)	\$11,300	
	Married, separate return	any age	\$2,150	
Married, not living with your spouse at end of 1991 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,150	
Widowed before 1991 and not remarried in 1991	Single	under 65	\$5,550	
		65 or older	\$6,400	
	Head of household	under 65	\$7,150	
		65 or older	\$8,000	
	Qualifying widow(er) with dependent child (see page 12)		under 65	\$7,850
			65 or older	\$8,500

* If you turned age 65 on January 1, 1992, you are considered to be age 65 at the end of 1991.

Filing Requirements

The rules under **Do I Have To File?** apply to all U.S. citizens and resident aliens. They also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1992 and who have elected to be treated as resident aliens.

Exception. If you were a U.S. citizen who lived in a U.S. possession or had income from a U.S. possession, different rules apply. Get **Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions.**

If you were a nonresident alien at any time during 1992, except as mentioned above, different rules apply. You may have to file **Form 1040NR, U.S. Nonresident Alien Income Tax Return.** Specific rules apply to determine if you are a resident or nonresident. Get **Pub. 519, U.S. Tax Guide for Aliens.**

Do I Have To File?

Use **Chart A**, on this page to see if you must file a return. But you must use **Chart B** on the next page if your parent (or someone else) can claim you as a dependent on his or her return. Also, see **Chart C** on the next page for other situations when you must file.

Note: 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 if you can take the earned income credit. If you file for either of these reasons only, you may be able to use **Form 1040A**. If you are single and file only to get a refund of tax withheld, you may be able to use **Form 1040EZ**.

Exception for Children Under Age 14. If your child was under age 14 on January 1, 1993, and all three of the following apply, you may elect to report your child's income on your return. But you must use **Form 8814, Parents' Election To Report Child's Interest and Dividends**, to do so. If you make this election, your child does not have to file a return.

1. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends), and
2. Your child's gross income was more than \$500 but less than \$5,000, and
3. Your child had no Federal income tax withheld from his or her income (backup withholding) and did not make estimated tax payments for 1992.

If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. See **Form 8814** for details.

Chart A—For Most People

To use this chart, first find your marital status at the end of 1992. Then, read across to find your filing status and age at the end of 1992. You must file a return if your **gross income** was at least the amount shown in the last column. **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home (even if you may exclude or postpone part or all of the gain). See page 13 to find out what types of income to include.

Marital status	Filing status	Age*	Gross income
Single (including divorced and legally separated)	Single	under 65	\$5,900
		65 or older	\$6,800
	Head of household	under 65	\$7,550
		65 or older	\$8,450
Married with a child and living apart from your spouse during the last 6 months of 1992	Head of household (see page 11)	under 65	\$7,550
		65 or older	\$8,450
Married and living with your spouse at end of 1992 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$10,600
		65 or older (one spouse)	\$11,300
		65 or older (both spouses)	\$12,000
	Married, separate return	any age	\$2,300
Married, not living with your spouse at end of 1992 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,300
	Single	under 65	\$5,900
		65 or older	\$6,800
Widowed before 1992 and not remarried in 1992	Head of household	under 65	\$7,550
		65 or older	\$8,450
	Qualifying widow(er) with dependent child (see page 11)	under 65	\$8,300
		65 or older	\$9,000

* If you turned age 65 on January 1, 1993, you are considered to be age 65 at the end of 1992.

Filing Requirements

The rules under **Do I Have To File?** apply to all U.S. citizens and resident aliens. They also apply to **nonresident aliens** and **dual-status aliens** who were married to U.S. citizens or residents at the end of 1993 and who have elected to be treated as resident aliens.

Exception. Different rules apply to other nonresident aliens and dual-status aliens. They may have to file **Form 1040NR**, U.S. Nonresident Alien Income Tax Return. Specific rules apply to determine if you are a resident or nonresident alien. Get **Pub. 519**, U.S. Tax Guide for Aliens, for details, including the rules for students and scholars. Different rules also apply to U.S. citizens who lived in a U.S. possession or had income from a U.S. possession. Get **Pub. 570**, Tax Guide for Individuals With Income From U.S. Possessions. Residents of Puerto Rico can call Tele-Tax (see page 30) and listen to topic 901 to see if they must file a return.

Do I Have To File?

Use **Chart A** on this page to see if you must file a return. But you must use **Chart B** on the next page if your parent (or someone else) can claim you as a dependent on his or her return. Also, see **Chart C** on the next page for other situations when you must file.

Note: 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 if you can take the earned income credit. If you file for either of these reasons only, you may be able to use **Form 1040A**. If you file only to get a refund of tax withheld and you are single or married filing a joint return, you may be able to use **Form 1040EZ**.

Exception for Children Under Age 14. If your child is required to file a return and all four of the following apply, you may elect to report your child's income on your return. But you must use **Form 8814**, Parents' Election To Report Child's Interest and Dividends, to do so. If you make this election, your child does not have to file a return.

1. Your child was under age 14 on January 1, 1994.
2. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends).
3. Your child's gross income was less than \$5,000.
4. Your child had no Federal income tax withheld from his or her income (backup withholding) and did not make estimated tax payments for 1993.

If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. See **Form 8814** for details.

Chart A—For Most People

To use this chart, first find your marital status at the end of 1993. Then, read across to find your filing status and age at the end of 1993. You must file a return if your **gross income** was at least the amount shown in the last column. **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain). See page 15 to find out what types of income to include.

Marital status	Filing status	Age*	Gross income	
Single (including divorced and legally separated)	Single	under 65	\$6,050	
		65 or older	\$6,950	
	Head of household	under 65	\$7,800	
		65 or older	\$8,700	
Married with a child and living apart from your spouse during the last 6 months of 1993	Head of household (see page 13)	under 65	\$7,800	
		65 or older	\$8,700	
Married and living with your spouse at end of 1993 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$10,900	
		65 or older (one spouse)	\$11,600	
		65 or older (both spouses)	\$12,300	
	Married, separate return	any age	\$2,350	
Married, not living with your spouse at end of 1993 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,350	
Widowed before 1993 and not remarried in 1993	Single	under 65	\$6,050	
		65 or older	\$6,950	
	Head of household	under 65	\$7,800	
		65 or older	\$8,700	
	Qualifying widow(er) with dependent child (see page 13)		under 65	\$8,550
			65 or older	\$9,250

* If you turned age 65 on January 1, 1994, you are considered to be age 65 at the end of 1993.

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Filing Requirements

The rules under **Do I Have To File?** apply to all U.S. citizens and resident aliens. They also apply to **nonresident aliens** and **dual-status aliens** who were married to U.S. citizens or residents at the end of 1994 and who have elected to be treated as resident aliens.

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Do I Have To File?

Use **Chart A** on this page to see if you must file a return. But you must use **Chart B** on the next page if your parent (or someone else) can claim you as a dependent on his or her return. Also, see **Chart C** on the next page for other situations when you must file. **Note:** 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 if you can take the earned income credit. If you file for either of these reasons only, you may be able to use **Form 1040A** or **1040EZ**.

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If your child is required to file a return and all four of the following apply, you may elect to report your child's income on your return. But you must use **Form 8814, Parents' Election To Report Child's Interest and Dividends**, to do so. If you make this election, your child does not have to file a return.

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2. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends).
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If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. See **Form 8814** for details.

Chart A—For Most People

To use this chart, first find your marital status at the end of 1994. Then, read across to find your filing status and age at the end of 1994. You must file a return if your **gross income** was at least the amount shown in the last column. **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain).

Marital status	Filing status	Age*	Gross income
Single (including divorced and legally separated)	Single	under 65	\$6,250
		65 or older	7,200
Married with a child and living apart from your spouse during the last 6 months of 1994	Head of household	under 65	\$8,050
		65 or older	9,000
Married and living with your spouse at end of 1994 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$11,250
		65 or older (one spouse)	12,000
	Married, separate return	65 or older (both spouses)	12,750
		any age	\$2,450
Married, not living with your spouse at end of 1994 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,450
		Single	under 65 65 or older
Widowed before 1994 and not remarried in 1994	Head of household	under 65	\$8,050
		65 or older	9,000
	Qualifying widow(er) with dependent child (see page 13)	under 65 65 or older	\$8,800 9,550

* If you turned age 65 on January 1, 1995, you are considered to be age 65 at the end of 1994.

Filing Requirements

The rules below apply to all U.S. citizens and resident aliens.

Do I Have To File?

Use **Chart A, B, or C** to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should get **Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions**. Residents of Puerto Rico can call Tele-Tax (see page 36) and listen to topic 901 to see if they must file.

TIP Even if you do not otherwise have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file if you can take the earned income credit.

Exception for Children Under Age 14

If your child is required to file a return and all four of the following apply, you may elect to report your child's income on your return. But you must use **Form 8814, Parents' Election To Report Child's Interest and Dividends**, to do so. If you make this election, your child does not have to file a return.

1. Your child was under age 14 on January 1, 1996.
2. Your child had income only from interest and dividends (including Alaska Permanent Fund dividends).
3. Your child's gross income was less than \$5,000.
4. Your child had no Federal income tax withheld and did not make estimated tax payments for 1995.

If you and the child's other parent are not filing a joint return, special rules apply to determine which parent may make the election. See **Form 8814** for details.

Nonresident Aliens and Dual-Status Aliens

The rules above also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1995 and who have elected to be taxed as resident aliens.

Exception. Different rules apply to other nonresident aliens and dual-status aliens. They may have to file **Form 1040NR, U.S. Nonresident Alien Income Tax Return**, or **Form 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents**. Specific rules apply to determine if you are a resident or nonresident alien. Get **Pub. 519, U.S. Tax Guide for Aliens**, for details, including the rules for students and scholars.

Chart A—For Most People

To use this chart, first find your marital status at the end of 1995. Then, read across to find your filing status and age at the end of 1995. You must file a return if your gross income** was at least the amount shown in the last column.

Marital status	Filing status	Age*	Gross income**
Single (including divorced and legally separated)	Single	under 65	\$6,400
		65 or older	7,350
Single (including divorced and legally separated)	Head of household (see page 12)	under 65	\$8,250
		65 or older	9,200
Married with a child and living apart from your spouse during the last 6 months of 1995	Head of household (see page 12)	under 65	\$8,250
		65 or older	9,200
Married and living with your spouse at end of 1995 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$11,550
		65 or older (one spouse)	12,300
		65 or older (both spouses)	13,050
Married, not living with your spouse at end of 1995 (or on the date your spouse died)	Married, separate return	any age	\$2,500
		any age	\$2,500
Married, not living with your spouse at end of 1995 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,500
		any age	\$2,500
Widowed before 1995 and not remarried in 1995	Single	under 65	\$6,400
		65 or older	7,350
Widowed before 1995 and not remarried in 1995	Head of household	under 65	\$8,250
		65 or older	9,200
Widowed before 1995 and not remarried in 1995	Qualifying widow(er) with dependent child (see page 12)	under 65	\$9,050
		65 or older	9,800

* If you turned age 65 on January 1, 1996, you are considered to be age 65 at the end of 1995.

** **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time during 1995.

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Filing Requirements

Note: These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

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Do I Have To File?

Use **Chart A, B, or C** to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see **Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions**. Residents of Puerto Rico can use **Tele-Tax** topic 901 (see page 34) to see if they must file.

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

Exception for Children Under Age 14

If you are planning to file a return for your child who was under age 14 on January 1, 1997, and certain other conditions apply, you may elect to report your child's income on your return. But you must use **Form 8814, Parents' Election To Report Child's Interest and Dividends**, to do so. If you make this election, your child does not have to file a return. For details, use **Tele-Tax** topic 553 (see page 34) or see **Form 8814**.

Nonresident Aliens and Dual-Status Aliens

These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1996 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file **Form 1040NR, U.S. Nonresident Alien Income Tax Return**, or **Form 1040NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents**. Specific rules apply to determine if you are a resident or nonresident alien. See **Pub. 519, U.S. Tax Guide for Aliens**, for details, including the rules for students and scholars who are aliens.

When Should I File?

Not later than **April 15, 1997**. If you file after this date, you may have to pay penalties and interest. See page 33.

Chart A—For Most People

To use this chart, first find your filing status. Then, read across to find your age at the end of 1996. You must file a return if your **gross income**** was at least the amount shown in the last column.

Filing status	Age*	Gross income**
Single	under 65	\$6,550
	65 or older	7,550
Married, filing jointly***	under 65 (both spouses)	\$11,800
	65 or older (one spouse)	12,600
	65 or older (both spouses)	13,400
Married, filing separately	any age	\$2,550
Head of household (see page 11)	under 65	\$8,450
	65 or older	9,450
Qualifying widow(er) with dependent child (see page 12)	under 65	\$9,250
	65 or older	10,050

* If you turned age 65 on January 1, 1997, you are considered to be age 65 at the end of 1996.

** **Gross income** means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at anytime in 1996.

*** If you did not live with your spouse at the end of 1996 (or on the date your spouse died) and your gross income was at least \$2,550, you must file a return regardless of your age.

What if I Cannot File on Time?

If you know that you cannot file your return by the due date, you should file **Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return**, by April 15, 1997.

Caution: *Form 4868 does not extend the time to pay your income tax. See Form 4868.*

But if you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing **Form 4868**, if, on the due date of your return, you meet one of the following conditions:

- You live outside the United States and Puerto Rico, AND your main place of business or post of duty is outside the United States and Puerto Rico.

- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

Where Do I File?

See the back cover of this booklet.

Filing Requirements

Note: These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

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Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see Pub. 570. Residents of Puerto Rico can use TeleTax topic 901 (see page 34) to see if they must file.



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

Exception for Children Under Age 14

If you are planning to file a return for your child who was under age 14 on January 1, 1998, and certain other conditions apply, you may elect to report your child's income on your return. But you must use Form 8814 to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 34) or see Form 8814.

Nonresident Aliens and Dual-Status Aliens

These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1997 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file Form 1040NR or Form 1040NR-EZ. Specific rules apply to determine if you are a resident or nonresident alien. See Pub. 519 for details, including the rules for students and scholars who are aliens.

When Should You File?

Not later than April 15, 1998. If you file after this date, you may have to pay penalties and interest. See page 30.

What if You Cannot File on Time?

If you know that you cannot file your return by the due date, you should file Form 4868 by April 15, 1998.

Chart A—For Most People

IF your filing status is . . .	AND at the end of 1997 you were* . . .	THEN file a return if your gross income** was at least . . .
Single	under 65	\$6,800
	65 or older	7,800
Married filing jointly***	under 65 (both spouses)	\$12,200
	65 or older (one spouse)	13,000
	65 or older (both spouses)	13,800
Married filing separately	any age	\$2,650
Head of household (see page 10)	under 65	\$8,700
	65 or older	9,700
Qualifying widow(er) with dependent child (see page 10)	under 65	\$9,550
	65 or older	10,350

* If you turned age 65 on January 1, 1998, you are considered to be age 65 at the end of 1997.

** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your home (even if you may exclude or postpone part or all of the gain). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 1997.

*** If you did not live with your spouse at the end of 1997 (or on the date your spouse died) and your gross income was at least \$2,650, you must file a return regardless of your age.

Caution: Form 4868 does not extend the time to pay your income tax. See Form 4868.

But if you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868, if, on the due date of your return, you meet one of the following conditions:

- You live outside the United States and Puerto Rico, AND your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

Where Do You File?

See the back cover of this booklet for filing instructions and addresses.

Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. The IRS publishes a list of the designated private delivery services in September of each year. The list published in September 1997 includes only the following:

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M.

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

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

Filing Requirements

Note: These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

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Do You Have To File?

Use Chart A, B, or C to see if you must file a return. U.S. citizens who lived in or had income from a U.S. possession should see Pub. 570. Residents of Puerto Rico can use TeleTax topic 901 (see page 9) to see if they must file.



Even if you do not otherwise have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file if you are eligible for the earned income credit or the additional child tax credit.

Exception for Children Under Age 14

If you are planning to file a return for your child who was under age 14 on January 1, 1999, and certain other conditions apply, you may elect to report your child's income on your return. But you must use Form 8814 to do so. If you make this election, your child does not have to file a return. For details, use TeleTax topic 553 (see page 9) or see Form 8814.

Nonresident Aliens and Dual-Status Aliens

These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1998 and who have elected to be taxed as resident aliens. Other nonresident aliens and dual-status aliens have different filing requirements. They may have to file Form 1040NR or Form 1040NR-EZ. Specific rules apply to determine if you are a resident or nonresident alien. See Pub. 519 for details, including the rules for students and scholars who are aliens.

When Should You File?

Not later than April 15, 1999. If you file after this date, you may have to pay penalties and interest. See page 48.

Chart A—For Most People

IF your filing status is . . .	AND at the end of 1998 you were*	THEN file a return if your gross income** was at least
Single	under 65 65 or older	\$6,950 8,000
Married filing jointly***	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	\$12,500 13,350 14,200
Married filing separately	any age	\$2,700
Head of household (see page 18)	under 65 65 or older	\$8,950 10,000
Qualifying widow(er) with dependent child (see page 18)	under 65 65 or older	\$9,800 10,650

If you turned age 65 on January 1, 1999, you are considered to be age 65 at the end of 1998.

**** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax (including any income from sources outside the United States, even if you may exclude part or all of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time in 1998.**

***** If you did not live with your spouse at the end of 1998 (or on the date your spouse died) and your gross income was at least \$2,700, you must file a return regardless of your age.**

What if You Cannot File on Time?

You can get an automatic 4-month extension by filing Form 4868 with the IRS by April 15, 1999.

Caution: Form 4868 does not extend the time to pay your income tax. See Form 4868.

But if you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file without filing Form 4868, if, on the due date of your return, you meet one of the following conditions:

- You live outside the United States and Puerto Rico, AND your main place of business or post of duty is outside the United States and Puerto Rico.
- You are in military or naval service on duty outside the United States and Puerto Rico.

This extension gives you an extra 2 months to file and pay the tax, but interest will be charged from the original due date of the return on any unpaid tax. You must attach a statement to your return showing that you meet the requirements.

Where Do You File?

See the back cover of this booklet for filing instructions and addresses. For details on using a private delivery service to mail your return or payment, see page 17.



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Filing status. Your filing status depends on whether you are single or married and on your family situation. Your filing status is determined on the last day of your tax year, which is December 31 for most taxpayers. See Chapter 2 for an explanation of each filing status.

Age. If you are 65 or older at the end of the year, the requirement to file a return may be different for you. You can generally have a higher amount of gross income than other taxpayers before you are required to file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday was on January 1, 1995, you are considered 65 for 1994.

Filing requirements chart for most taxpayers. Generally, if you are a U.S. citizen or resident, you must file a tax return if your gross income for the year is at least as much as the amount shown for your filing status and age in *Table 1-1*. If your parent (or someone else) can claim you as a dependent, do not use this chart. See *Dependents*, later.

Surviving Spouses, Executors, Administrators, or Legal Representatives

You must file a final return for a decedent (a person who died) if:

- You are the surviving spouse, executor, administrator, or legal representative, and
- The decedent met the filing requirements at the date of death.

For more information on rules for decedents, see Chapter 4.

U.S. Citizens Living Outside the U.S.

If you are a U.S. citizen living outside the United States, you must file a return if you meet the filing requirements. For more information on special tax rules that may apply to you, get Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*. It is available at most U.S. embassies and consulates, or you can order it using the order blank at the end of this publication.

Residents of Puerto Rico

Generally, if you are a U.S. citizen and a resident of Puerto Rico, you must file a U.S. income tax return if you meet the filing requirements. This is in addition to any legal requirement you may have to file an income tax return for Puerto Rico.

If you are a resident of Puerto Rico for the entire year, gross income does not include income from sources within Puerto Rico, except for amounts received as an employee of the United States or a United States agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, the income level for your requirement to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. See

Table 1-1. 1994 Filing Requirements Chart for Most Taxpayers

To use this chart, first find your marital status at the end of 1994. Then, read across to find your filing status and age at the end of 1994. You must file a return if your gross income was at least the amount shown in the last column. Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home (even if you may exclude or postpone part or all of the gain). Also, see <i>Table 1-2</i> and <i>Table 1-3</i> for other situations when you must file.			
Marital Status	Filing Status	Age*	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$6,250 \$7,200
	Head of household	under 65 65 or older	\$8,050 \$9,000
Married with a child and living apart from your spouse during the last 6 months of 1994	Head of household	under 65 65 or older	\$8,050 \$9,000
		Married, joint return	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)
Married and living with your spouse at end of 1994 (or on the date your spouse died)	Married, separate return	any age	\$2,450
	Married, joint or separate return	any age	\$2,450
Married, not living with your spouse at the end of 1994 (or on the date your spouse died)	Single	under 65 65 or older	\$6,250 \$7,200
		Head of household	under 65 65 or older
Widowed before 1994 and not remarried in 1994	Qualifying widow(er) with dependent child	under 65 65 or older	\$8,800 \$9,550

* If you were age 65 on January 1, 1995, you are considered to be age 65 at the end of 1994.

Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for further information.

Individuals With Income From U.S. Possessions

If you had income from Guam, the Northern Mariana Islands, American Samoa, the Virgin Islands, or Puerto Rico, special rules may apply in determining whether you must file a U.S. federal income tax return. In addition, you may have to file a return with the individual island government. See Publication 570 for more information.

Dependents

If you are a dependent (one who meets the dependency tests in Chapter 3), the requirement to file a return generally depends on:

- The amount of your earned and unearned income,

- The amount of your gross income,
- Whether you are single or married,
- Whether you are 65 or older, and
- Whether you are blind.

You also must file if your situation is one of those discussed later under *Other Situations When You Must File*. See *Table 1-2* to determine whether a dependent must file a return.

Earned income. This is salaries, wages, tips, professional fees, and other amounts received as pay for work actually done. For this purpose, earned income also includes any part of a scholarship that you must include in income. See *Scholarship and Fellowship Grants* in Chapter 13.

Unearned income. This is income that does not meet the definition of earned income. It



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Community property. If you are married and have your permanent home in a community property state, half of any income described by state law as community income may be considered yours. This affects your federal taxes, including whether you must file, if you do not file a joint return with your spouse. See Publication 555, *Federal Tax Information on Community Property*, for more information.

Self-employed individuals. If you are self-employed, your gross income includes the amount on line 7 of Schedule C (Form 1040), *Profit or Loss From Business*, or line 1 of Schedule C-EZ (Form 1040), *Net Profit From Business*. See *Self-Employed Persons*, later, for more information about your filing requirements.

Filing status. Your filing status depends on whether you are single or married and on your family situation. Your filing status is determined on the last day of your tax year, which is December 31 for most taxpayers. See Chapter 2 for an explanation of each filing status.

Age. If you are 65 or older at the end of the year, you generally can have a higher amount of gross income than other taxpayers before you must file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday was on January 1, 1996, you are considered 65 for 1995.

Surviving Spouses, Executors, Administrators, or Legal Representatives

You must file a final return for a decedent (a person who died) if:

- You are the surviving spouse, executor, administrator, or legal representative, and
- The decedent met the filing requirements at the date of death.

For more information on rules for decedents, see Chapter 4.

U.S. Citizens Living Outside the U.S.

If you are a U.S. citizen living outside the United States, you must file a return if you meet the filing requirements. For more information on special tax rules that may apply to you, get Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*. It is available at most U.S. embassies and consulates, or you can order it using the order blank at the end of this publication.

Residents of Puerto Rico

Generally, if you are a U.S. citizen and a resident of Puerto Rico, you must file a U.S. income tax return if you meet the filing requirements. This is in addition to any legal requirement you may have to file an income tax return for Puerto Rico.

If you are a resident of Puerto Rico for the entire year, gross income does not include

Table 1-1. 1995 Filing Requirements for Most Taxpayers

To use this table, first find your marital status at the end of 1995. Then, read across to find your filing status and age at the end of 1995. You must file a return if your gross income was at least the amount shown in the last column.

Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home (even if you may exclude or postpone part or all of the gain). When using this table, do not count social security benefits as gross income unless you are married filing a separate return and lived with your spouse at any time in 1995. (If you must count the benefits, see *Married filing separately and living with spouse* under *Are Any of Your Benefits Taxable?* in Chapter 12 for the amount of social security benefits to count.)

Also, see *Table 1-2* and *Table 1-3* for other situations when you must file.

Marital Status	Filing Status	Age*	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$6,400 \$7,350
	Head of household	under 65 65 or older	\$8,250 \$9,200
Married with a child and living apart from your spouse during the last 6 months of 1995	Head of household	under 65 65 or older	\$8,250 \$9,200
		Married, joint return	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)
Married and living with your spouse at end of 1995 (or on the date your spouse died)	Married, separate return	any age	\$2,500
	Married, joint or separate return	any age	\$2,500
Married, not living with your spouse at the end of 1995 (or on the date your spouse died)	Single	under 65 65 or older	\$6,400 \$7,350
		Head of household	under 65 65 or older
Widowed before 1995 and not remarried in 1995	Qualifying widow(er) with dependent child	under 65 65 or older	\$9,050 \$9,800

* If you were age 65 on January 1, 1996, you are considered to be age 65 at the end of 1995.

income from sources within Puerto Rico, except for amounts received as an employee of the United States or a United States agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, you must reduce your standard deduction. As a result, the income level for your requirement to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. See *U.S. taxation* and its discussion, *Standard deduction*, under *The Commonwealth of Puerto Rico* in Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for further information.

Individuals With Income From U.S. Possessions

If you had income from Guam, the Northern Mariana Islands, American Samoa, the Virgin Islands, or Puerto Rico, special rules may

apply in determining whether you must file a U.S. federal income tax return. In addition, you may have to file a return with the individual island government. See Publication 570 for more information.

Dependents

If you are a dependent (one who meets the dependency tests in Chapter 3), see *Table 1-2* to find whether you must file. You also must file if your situation is one of those described in *Table 1-3*.

Responsibility of parent. If a dependent child with taxable income cannot file an income tax return, a parent, guardian, or other legally responsible person must file it for the child. If the child cannot sign the return, the filer must sign the child's name followed by



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Individuals—In General

If you are a U.S. citizen or resident, whether you must file depends on three factors:

- 1) Your gross income,
- 2) Your filing status, and
- 3) Your age.

To find out whether you must file, see *Table 1-1*, *Table 1-2*, and *Table 1-3*. Even if no table shows that you must file, you may need to file to get money back (see *Who Should File*, later).

Gross income. This includes all income you receive in the form of money, goods, property, and services that is not exempt from tax. Common types of income are discussed in the chapters in Part Two of this publication.

Community property. If you are married and have your permanent home in a community property state, half of any income described by state law as community income may be considered yours. This affects your federal taxes, including whether you must file, if you do not file a joint return with your spouse. See Publication 555, *Community Property*, for more information.

Self-employed individuals. If you are self-employed, your gross income includes the amount on line 7 of Schedule C (Form 1040), *Profit or Loss From Business*, or line 1 of Schedule C-EZ (Form 1040), *Net Profit From Business*. See *Self-Employed Persons*, later, for more information about your filing requirements.

Filing status. Your filing status depends on whether you are single or married and on your family situation. Your filing status is determined on the last day of your tax year, which is December 31 for most taxpayers. See Chapter 2 for an explanation of each filing status.

Age. If you are 65 or older at the end of the year, you generally can have a higher amount of gross income than other taxpayers before you must file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday was on January 1, 1997, you are considered 65 for 1996.

Surviving Spouses, Executors, Administrators, or Legal Representatives

You must file a final return for a decedent (a person who died) if:

- You are the surviving spouse, executor, administrator, or legal representative, and
- The decedent met the filing requirements at the date of death.

For more information on rules for decedents, see Chapter 4.

U.S. Citizens Living Outside the U.S.

If you are a U.S. citizen living outside the United States, you must file a return if you meet the filing requirements. For more information on special tax rules that may apply to you, get Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*. It is available at most U.S. embassies and consulates, or you can order it using the order blank at the end of this publication.

Residents of Puerto Rico

Generally, if you are a U.S. citizen and a resident of Puerto Rico, you must file a U.S. income tax return if you meet the filing requirements. This is in addition to any legal requirement you may have to file an income tax return for Puerto Rico.

If you are a resident of Puerto Rico for the entire year, gross income does not include income from sources within Puerto Rico, except for amounts received as an employee of the United States or a United States agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, you must reduce your standard deduction. As a result, the income level for your requirement to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. See *U.S. taxation* and its discussion, *Standard deduction*, under *The Commonwealth of Puerto Rico* in Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for further information.

Table 1-1. 1996 Filing Requirements for Most Taxpayers

To use this table, first find your marital status at the end of 1996. Then, read across to find your filing status and age at the end of 1996. You must file a return if your gross income was at least the amount shown in the last column.			
Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home (even if you may exclude or postpone part or all of the gain). When using this table, do not count social security benefits as gross income unless you are married filing a separate return and lived with your spouse at any time in 1996. (If you must count the benefits, see <i>Married filing separately and living with spouse under Are Any of Your Benefits Taxable?</i> in Chapter 12 for the amount of social security benefits to count.)			
Also, see <i>Table 1-2</i> and <i>Table 1-3</i> for other situations when you must file.			
Marital Status	Filing Status	Age*	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$6,550 \$7,550
	Head of household	under 65 65 or older	\$8,450 \$9,450
Married with a child and living apart from your spouse during the last 6 months of 1996	Head of household	under 65 65 or older	\$8,450 \$9,450
		Married, joint return	under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)
Married and living with your spouse at end of 1996 (or on the date your spouse died)	Married, separate return	any age	\$2,550
	Married, joint or separate return	any age	\$2,550
Married, not living with your spouse at the end of 1996 (or on the date your spouse died)	Single	under 65 65 or older	\$6,550 \$7,550
		Head of household	under 65 65 or older
Widowed before 1996 and not remarried in 1996	Qualifying widow(er) with dependent child	under 65 65 or older	\$9,250 \$10,050

* If you were age 65 on January 1, 1997, you are considered to be age 65 at the end of 1996.



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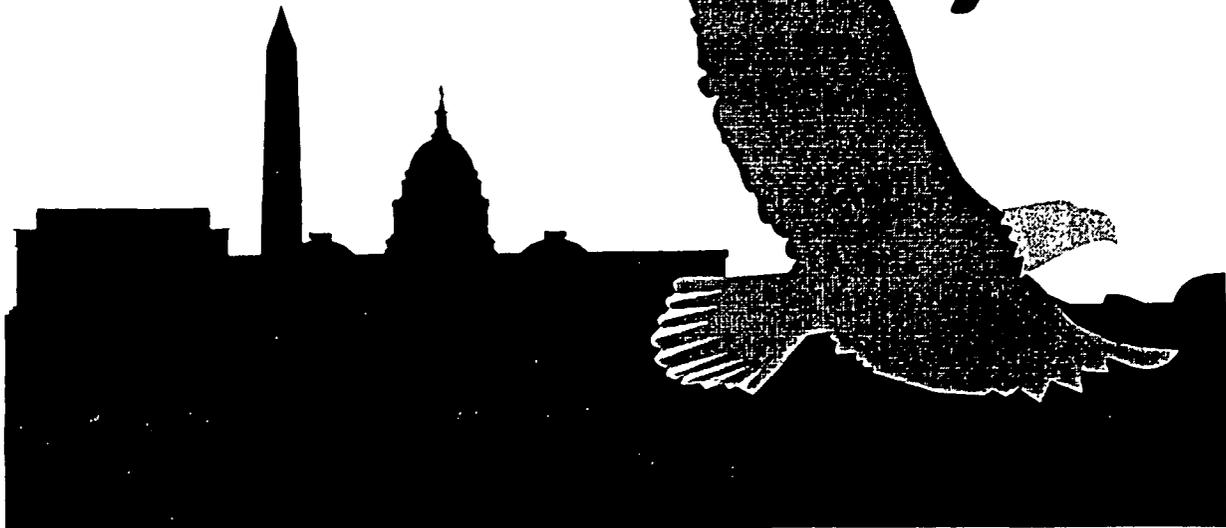
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FOR INDIVIDUALS

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See Where To Go for Help.

Age. If you are 65 or older at the end of the year, you generally can have a higher amount of gross income than other taxpayers before you must file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday was on January 1, 1998, you are considered 65 for 1997.

Surviving Spouses, Executors, Administrators, or Legal Representatives

You must file a final return for a decedent (a person who died) if both of the following are true.

- You are the surviving spouse, executor, administrator, or legal representative.
- The decedent met the filing requirements at the date of death.

For more information on rules for filing a decedent's final return, see chapter 4.

U.S. Citizens Living Outside the U.S.

If you are a U.S. citizen living outside the United States, you must file a return if you meet the filing requirements. For information on special tax rules that may apply to you, get Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*. It is available at most U.S. embassies and consulates, or you can order it using the order blank at the end of this publication.

Residents of Puerto Rico

Generally, if you are a U.S. citizen and a resident of Puerto Rico, you must file a U.S. income tax return if you meet the filing requirements. This is in addition to any legal requirement you may have to file an income tax return for Puerto Rico.

If you are a Puerto Rico resident for the entire year, gross income does not include income from sources within Puerto Rico, except for amounts received as an employee of the United States or a United States agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, you must reduce your standard deduction. As a result, the amount of income you must have before you are required to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. See *U.S. taxation* and its discussion, *Standard deduction*, under *The Commonwealth of Puerto Rico* in Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for further information.

Individuals With Income From U.S. Possessions

If you had income from Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the Virgin Islands, special rules may apply when determining whether you must file a U.S. federal income tax return. In addition, you may have to file a return with the individual island government. See Publication 570 for more information.

Table 1-1. 1997 Filing Requirements for Most Taxpayers

To use this table, first find your marital status at the end of 1997. Then, read across the line that shows your filing status and age at the end of 1997. You must file a return if your gross income was at least the amount shown in the last column.			
Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any gain on the sale of your main home (even if you can exclude or postpone part or all of the gain).			
When using this table, do not include social security benefits as gross income unless you are married filing a separate return and lived with your spouse at any time in 1997. (If you must include the benefits, see chapter 12 for the amount to include.)			
Also, see <i>Table 1-2</i> and <i>Table 1-3</i> for other situations when you must file a return			
Marital Status	Filing Status	Age*	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$6,800 \$7,800
	Head of household	under 65 65 or older	\$8,700 \$9,700
Married, with a child, living apart from your spouse during the last 6 months of 1997	Head of household	under 65	\$8,700
		65 or older	\$9,700
Married, living with your spouse at end of 1997 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$12,200
		65 or older (one spouse)	\$13,000
	65 or older (both spouses)	\$13,800	
	Married, separate return	any age	\$2,650
Married, not living with your spouse at end of 1997 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,650
Widowed before 1997 and not remarried in 1997	Single	under 65 65 or older	\$6,800 \$7,800
	Head of household	under 65 65 or older	\$8,700 \$9,700
	Qualifying widow(er) with dependent child	under 65 65 or older	\$9,550 \$10,350

*If you turned age 65 on January 1, 1998, you are considered to be age 65 at the end of 1997

Dependents

If you are a dependent (one who meets the dependency tests in chapter 3), see *Table 1-2* to find whether you must file a return. You also must file if your situation is described in *Table 1-3*.

Responsibility of parent. Generally, a child is responsible for filing his or her own tax return and for paying any tax on the return. But if a dependent child who must file an income tax return cannot file it for any reason, such as age, a parent, guardian, or other legally responsible person must file it for the child. If the child cannot sign the return, the parent or guardian must sign the child's name followed by the words "By (signature), parent (or guardian) for minor child."

Child's earnings. Amounts a child earns by performing services are his or her gross income. This is true even if under local law the child's parents have the right to the earnings and may actually have received them. If the child does not pay the

tax due on this income, the parent is liable for the tax.

Child Under Age 14

If a child's only income is interest and dividends (including Alaska Permanent Fund dividends) and certain other conditions are met, a parent can elect to include the child's income on the parent's return. If this election is made, the child does not have to file a return. See *Parent's Election To Report Child's Interest and Dividends* in chapter 32.

Self-Employed Persons

You are self-employed if you:

- Carry on a trade or business as a sole proprietor.
- Are an independent contractor.
- Are a member of a partnership.
- Are in business for yourself in any other way.



Department
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For Individuals

Publication 17
Cat. No. 10311G

For use in
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1998
Returns

*Tax
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1998
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See How to Get More Information

Age. If you are 65 or older at the end of the year, you generally can have a higher amount of gross income than other taxpayers before you must file. See *Table 1-1*. You are considered 65 on the day before your 65th birthday. For example, if your 65th birthday was on January 1, 1999, you are considered 65 for 1998.

Surviving Spouses, Executors, Administrators, or Legal Representatives

You must file a final return for a decedent (a person who died) if both of the following are true.

- You are the surviving spouse, executor, administrator, or legal representative.
- The decedent met the filing requirements at the date of death.

For more information on rules for filing a decedent's final return, see chapter 4.

U.S. Citizens Living Outside the U.S.

If you are a U.S. citizen living outside the United States, you must file a return if you meet the filing requirements. For information on special tax rules that may apply to you, get Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*. It is available at most U.S. embassies and consulates. Also see *How To Get More Information* in the back of this publication.

Residents of Puerto Rico

Generally, if you are a U.S. citizen and a resident of Puerto Rico, you must file a U.S. income tax return if you meet the filing requirements. This is in addition to any legal requirement you may have to file an income tax return for Puerto Rico.

If you are a Puerto Rico resident for the entire year, gross income does not include income from sources within Puerto Rico, except for amounts received as an employee of the United States or a United States agency. If you receive income from Puerto Rican sources that is not subject to U.S. tax, you must reduce your standard deduction. As a result, the amount of income you must have before you are required to file a U.S. income tax return is lower than the applicable amount in *Table 1-1* or *Table 1-2*. See *U.S. taxation* and its discussion, *Standard deduction*, under *The Commonwealth of Puerto Rico* in Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*, for further information.

Individuals With Income From U.S. Possessions

If you had income from Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, or the Virgin Islands, special rules may apply when determining whether you must file a U.S. federal income tax return. In addition, you may have to file a return with the individual island government. See Publication 570 for more information.

Table 1-1. 1998 Filing Requirements for Most Taxpayers

To use this table, first find your marital status at the end of 1998. Then, read across the line that shows your filing status and age at the end of 1998. You must file a return if your gross income was at least the amount shown in the last column.			
Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude part or all of it).			
When using this table, do not include social security benefits as gross income unless you are married filing a separate return and lived with your spouse at any time in 1998. (If you must include the benefits, see chapter 12 for the amount to include.)			
Also, see <i>Table 1-2</i> and <i>Table 1-3</i> for other situations when you must file a return.			
Marital Status	Filing Status	Age*	Gross Income
Single (including divorced and legally separated)	Single	under 65 65 or older	\$6,950 \$8,000
	Head of household	under 65 65 or older	\$8,950 \$10,000
Married, with a child, living apart from your spouse during the last 6 months of 1998	Head of household	under 65	\$8,950
		65 or older	\$10,000
Married, living with your spouse at end of 1998 (or on the date your spouse died)	Married, joint return	under 65 (both spouses)	\$12,500
		65 or older (one spouse)	\$13,350
		65 or older (both spouses)	\$14,200
	Married, separate return	any age	\$2,700
Married, not living with your spouse at end of 1998 (or on the date your spouse died)	Married, joint or separate return	any age	\$2,700
Widowed before 1998 and not remarried in 1998	Single	under 65 65 or older	\$6,950 \$8,000
	Head of household	under 65 65 or older	\$8,950 \$10,000
	Qualifying widow(er) with dependent child	under 65 65 or older	\$9,800 \$10,650

*If you turned age 65 on January 1, 1999, you are considered to be age 65 at the end of 1998.

Dependents

If you are a dependent (one who meets the dependency tests in chapter 3), see *Table 1-2* to find whether you must file a return. You also must file if your situation is described in *Table 1-3*.

Responsibility of parent. Generally, a child is responsible for filing his or her own tax return and for paying any tax on the return. But if a dependent child who must file an income tax return cannot file it for any reason, such as age, a parent, guardian, or other legally responsible person must file it for the child. If the child cannot sign the return, the parent or guardian must sign the child's name followed by the words "By (signature), parent (or guardian) for minor child."

Child's earnings. Amounts a child earns by performing services are his or her gross income. This is true even if under local law the child's parents have the right to the earnings and may actually have received them. If the child does not pay the

tax due on this income, the parent is liable for the tax.

Child Under Age 14

If a child's only income is interest and dividends (including Alaska Permanent Fund dividends) and certain other conditions are met, a parent can elect to include the child's income on the parent's return. If this election is made, the child does not have to file a return. See *Parent's Election To Report Child's Interest and Dividends* in chapter 32.

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