

Tax from Recomputing a Prior Year Investment Credit
 (Computation of Recapture Tax)
 Attach to your income tax return

For the calendar year 19, or other taxable year beginning, 19, and ending, 19

Name _____ Identifying number as shown on page 1 of your tax return _____

If there is an unused investment credit attributable to the disposed asset,
 compute the recapture tax on a separate schedule. Do not use this form.

1. Original Credit							Recomputed Credit					(13)
(1) Description of property (also state whether new or used)	(2) Date placed in service	(3) Cost or basis	(4) Estimated useful life	(5) Applicable percentage	(6) Qualified investment (column 3 x column 5)	(7) Credit taken (column 6 x 7%)	(8) Date item ceased to be investment credit property	(9) Actual useful life	(10) Applicable percentage	(11) Qualified investment (column 3 x column 10)	(12) Recomputed investment credit (column 11 x 7%)	Recapture tax (column 7 less column 12)
(A)												
(B)												
(C)												
(D)												
(E)												
(F)												
(G)												

2. Tax from recomputing a prior year investment credit. Enter here and on the line provided on your tax return.

Note: The recapture tax is an addition to your income tax for the year in which you dispose of investment credit property. Do not use the recapture tax to offset the current year's investment credit on Form 3468.

Instructions

A. Who Must File.—If you received tips of \$20 or more in any month, any part of which was not reported to your employer, you must file this form.

If you reported all your tip income to your employer you need not use this form, even though your Form W-2 shows uncollected employee F.I.C.A. tax. In such case write the amount and the words "F.I.C.A. Tax on Tips" on the bottom margin of page 1, Form 1040, and add to the amount of the "Balance Due" or subtract from the amount of the "Overpayment" accordingly.

B. Tips Which Are Required To Be Reported to an Employer.—An employee must furnish his employer a written statement of cash tips if he receives \$20 or more in tips during a calendar month. If an employee in any calendar month performs services for two or more employers and receives tips in the course of his employment for each employer, the \$20 test is applied separately for cash tips received by the employee for his services for each employer and not to the total received. Tips meeting the \$20 test must be reported to employers on or before the 10th day of the month following the month in which they are received.

C. Certain Tips Not Reportable on This Form.—Do not report on this form tips received in employment covered by the Railroad Retirement Tax Act, employment for State and local governmental entities, or certain nonprofit organizations not subject to F.I.C.A. tax. Contact the nearest Railroad Retirement Board office for information as to how to secure railroad retirement credit for tips not reported to railroad employers.

D. When Tips Are Taxable.—Tips timely reported to an employer on or before the 10th day of the month following the month in which they are received, are considered income to an employee in the month when reported. For example, tips received in December of 1969 which are reported to an employer between January 1, 1970, and January 10, 1970, are considered income in 1970 and would be included on the

employee's 1970 Form W-2 (do not include these tips in line 1 of this form).

Tips not timely reported and/or tips not reported to an employer are considered income to an employee in the month when they are actually received. For example, tips received in December of 1969 which are reported to an employer after January 10, 1970, are considered income in 1969 since they were not reported to the employer within the required time period (include these tips in line 1 of this form).

E. Payment of Tax.—Tips you reported to your employer are subject to social security (or railroad retirement) tax and income tax withholding. These taxes are collected by your employer to the extent he has wages (excluding tips) or other funds of yours available to cover such amounts. If your wages are not sufficient to cover these taxes you may furnish your employer with the additional amounts needed. Your Form W-2 will include the tips you reported to your employer and the taxes withheld. If there were not sufficient funds to cover the F.I.C.A. (social security) or railroad retirement tax, the amount of such tax due will also be shown on your Form W-2.

F. Penalty for Failure To Report Tips.—If an employee fails to report tips received to his employer, he may be subject to a penalty equal to 50 percent of the F.I.C.A. tax due on such tips. Therefore, an employee should attach a statement to his return explaining why the tips were not reported to his employer.

G. Quarterly Breakdown of Unreported Tips.—In order that you receive proper credits to your social security record it is necessary to allocate your unreported tips subject to F.I.C.A. tax (line 9) to the calendar quarter in which the tips were received (see items A(1) through A(4) of Schedule U on the other side). Be sure you have excluded tips of less than \$20 received in any one month from any one employer. Enter the word "none" for any quarter in which there were no unreported tips.