

# 1971 Instructions for Form 1040 and for Schedules A, B, C, D, E, F and R

Department  
of the  
Treasury



Internal  
Revenue  
Service

## A Special Message From The Commissioner

Please give this a few  
moments of your time

We know that filling out a tax return is not fun—even if you get a refund, which most taxpayers do. Yet, we believe most American taxpayers can make their own tax return for 1971.

Turn this page and you will find an example showing how almost 30 million of you can prepare your tax return. There is no reason for anyone in this large group to pay to have his return prepared by someone else—unless he has some complicated personal situation.

If your income is less than \$10,000 and you use the tax table with the built in standard deduction, as you will see from the next page, making your tax return for 1971 should not be difficult. If you prefer, we'll even compute the tax for you when you mail your return to one of our service centers. And we will do this even if your income goes up to \$20,000. If you are entitled to a retirement income credit, we will figure that too. You will find further instructions on all of this on page 3.

If you have made heavy payments of charitable contributions, interest, medical expenses (unreimbursed), and taxes, it may pay you to itemize your deductions instead of taking the standard deduction. In such case, while we cannot make the computations for you, your local Internal Revenue Office stands ready to help you by answering your questions. In addition, the Service will supply informational pamphlets and help in other ways. This service is free.

If nevertheless you need to employ someone to help you because of personal complications, you should remember that you still are responsible for everything on your return. Therefore, be careful and satisfy yourself that you employ someone who is *competent* and *trustworthy*, and who will not misuse the confidential information you furnish for use in making your return.

Each year American taxpayers voluntarily file their tax returns and make a special effort to pay the taxes they owe. This is a real compliment to our American system. As Commissioner, we commend and thank you for your wonderful cooperation and support. We pledge to you a vigorous enforcement of your internal revenue laws against the very few who would attempt to cheat the system. The honest American taxpayer deserves no less.

A final word: Some taxpayers may not have had enough tax withheld from their salaries or wages during 1971. Because of this, we recommend that you prepare your return early. Then, if you find your tax was not fully paid by the amount withheld, you will have time—before April 17—to meet your tax obligation.



Commissioner of Internal Revenue

Filling out your tax return may be easier than you think . . .

You can do it yourself!

The filled in Form 1040 shows how,

if . . .

1. Your income is under \$10,000
2. Your income is made up of only wages and not more than \$100 of dividends or interest, and
3. You are not itemizing your deductions.

Example

John F. and Mary Brown have two dependent children. Mr. Brown's Form W-2 shows wages of \$9,875 and Federal income tax withheld of \$1,032.50. They received \$100 interest and \$90 dividends from stockholdings (if dividends exceed \$100, see page 11 of instructions). Instead of itemizing their actual deductions they choose to find their tax in Tax Table 4, which has built in their deduction for exemptions and the standard deduction. Mr. and Mrs. Brown are filing a joint return and are claiming four exemptions on line 11.

if . . .

You want IRS to compute your tax see page 3.

**Form 1040** US Department of the Treasury / Internal Revenue Service **1971**  
**Individual Income Tax Return**  
 For the year January 1-December 31, 1971, or other taxable year beginning . . . . ., 1971, ending . . . . ., 19 . . . . .

Place label on form you file. Correct name, etc., if necessary. Enter social security number(s) only if incorrect or not shown on label.

JB 516-04-1492 575-10-1776 D016  
 JOHN F & MARY BROWN  
 3700 MILL WAY  
 HOMETOWN NY 14202

Your social security number  
 Spouse's social security number

Occupation Yours *Clerk* Spouse's *Housewife*

**Filing Status—check only one:**  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately and spouse is also filing.  
 4  Unmarried Head of Household  
 5  Surviving widow(er) with dependent child  
 6  Married filing separately and spouse is not filing

**Exemptions** Regular / 65 or over / Blind Enter number of boxes checked  
 7 Yourself    **2**  
 8 Spouse (applies only if item 2 or 6 is checked)     
 9 First names of your dependent children who lived with you *James, Marie* Enter number **2**  
 10 Number of other dependents (from line 33) . . . . .  
 11 Total exemptions claimed . . . . . **4**

**Income**

12 Wages, salaries, tips, etc. (Attach Forms W-2 to back. If unavailable, attach explanation) . . . . . 12 **9,875 00**  
 13a Dividends (see pages 6 and 11 of instr.) \$ **90.00** 13b Less exclusion \$ **90.00** Balance . . . . . 13c **-0-**  
 (If gross dividends and other distributions are over \$100, list in Part I of Schedule B.)  
 14 Interest. [If \$100 or less, enter total without listing in Schedule B]. . . . . 14 **100 00**  
 [If over \$100, enter total and list in Part II of Schedule B.]  
 15 Income other than wages, dividends, and interest (from line 40) . . . . . 15  
 16 Total (add lines 12, 13c, 14 and 15) . . . . . 16 **9,975 00**  
 17 Adjustments to income (such as "sick pay," moving expense, etc. from line 45) . . . . . 17  
 18 Adjusted gross income (subtract line 17 from line 16) . . . . . 18 **9,975 00**

● See page 3 of instructions for rules under which the IRS will figure your tax.  
 ● If you do not itemize deductions and line 18 is under \$10,000, find tax in Tables and enter on line 19.  
 ● If you itemize deductions or line 18 is \$10,000 or more, go to line 46 to figure tax.

**Tax, Payments and Credits**

19 Tax (Check if from:  Tax Tables 1-13,  Tax Rate Sch. X, Y, or Z,  Sch. D,  Sch. G or  Form 4726) . . . . . 19 **996 00**  
 20 Total credits (from line 54) . . . . . 20  
 21 Income tax (subtract line 20 from line 19) . . . . . 21 **996 00**  
 22 Other taxes (from line 60) . . . . . 22  
 23 Total (add lines 21 and 22) . . . . . 23 **996 00**  
 24 Total Federal income tax withheld (attach Forms W-2 or W-2P to back) . . . . . 24 **1,032 50**  
 25 1971 Estimated tax payments (include 1970 overpayment allowed as a credit) . . . . . 25  
 26 Other payments (from line 64) . . . . . 26  
 27 Total (add lines 24, 25, and 26) . . . . . 27 **1,032 50**

**Bal. Due or Refund**

28 If line 23 is larger than line 27, enter BALANCE DUE Pay in full with return. Make check or money order payable to Internal Revenue Service . . . . . 28  
 29 If line 27 is larger than line 23, enter OVERPAYMENT . . . . . 29 **36 50**  
 30 Line 29 to be: (a) REFUNDED Allow at least six weeks for your refund check . . . . . **36 50**  
 (b) Credited on 1972 estimated tax . . . . .

**Foreign Accounts**

31 Did you, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (except in a U.S. military banking facility operated by a U.S. financial institution)?  
 If "Yes," attach Form 4683. (For definitions, see Form 4683.) . . . . .  Yes  No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Sign here Your signature *John F. Brown* Date *2/21/72*  
 Signature of preparer other than taxpayer, based on all information of which he has any knowledge. Date  
 Spouse's signature (if filing jointly, BOTH must sign even if only one had income) *Mary Brown* Date *2/21/72*  
 Address

Sample Filled-in Form

# Form 1040 Instructions

## Where to Get Forms

As far as practical, we mail forms and schedules directly to you based on what you filed last year. Many people will need only Form 1040. Schedules and forms that may be required in addition to Form 1040 include the following, which you may obtain from an Internal Revenue Service office and at many banks and post offices:

**Schedule A** for itemized deductions;  
**Schedule B** for gross dividends and other distributions on stock in excess of \$100, and for interest income in excess of \$100;

**Schedule C** for income from a personally owned business;

**Schedule D** for income from the sale or exchange of capital assets;

**Schedule E** for income from pensions, annuities, rents, royalties, partnerships, estates, trusts, etc.;

**Schedule F** for income from farming;

**Schedule G** for income averaging;

**Schedule R** for retirement income credit; and

**Schedule SE** for reporting net earnings from self-employment.

Some specialized forms available only at Internal Revenue Service offices are:

Form 1310, Statement of Claimant to Refund Due—Deceased Taxpayer;

Form 2106, Employee Business Expenses;

Form 2120, Multiple Support Declaration;

Form 2210, Underpayment of Estimated Tax by Individuals;

Form 2440, Sick-Pay Exclusion;

Form 2441, Expenses for Care of Children and Certain Other Dependents;

Form 2950SE, Self-Employed Retirement Deduction;

Form 3468, Computation of Investment Credit;

Form 3903, Moving Expense Adjustment;

Form 4136, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil;

Form 4137, Computation of Social Security Tax on Unreported Tip Income;

Form 4625, Computation of Minimum Tax;

Form 4683, U.S. Information Return on Foreign Bank, Securities, and Other Financial Accounts;

Form 4726, Maximum Tax on Earned Income; and

Form 4797, Supplemental Schedule of Gains and Losses.

**Publication 17, Your Federal Income Tax, and Publication 334, Tax Guide for Small Business (1972 editions)**, may be purchased for 75 cents a copy from either the Superintendent of Documents, Washington, D.C. 20402 or from any District Director.

Other publications referred to in these instructions are available free from any District Director.

## Who Must File

You must file a return if:

(1) You are **Single, an Unmarried Head of Household, or Surviving Widow(er) With a Dependent Child** and your income was **\$1,700** or more (**\$2,300** if 65 or over).

(2) You are a **Married Person Entitled to File Jointly** and your combined (husband's and wife's) income was **\$2,300** or more (**\$2,900** if you or your spouse is 65 or over; **\$3,500** if both 65 or over), provided:

(a) You and your spouse had the same household as your home at the close of the taxable year,

(b) No other person is entitled to claim an exemption for you or your spouse, and

(c) Your spouse does not file a separate return, or

(3) You are not covered under (1) or (2) above and you had income of **\$600** or more.

If you had income of less than these amounts and income tax was withheld, you must file a return to get a refund.

You must also file a return and pay any tax due if you have net earnings from self-employment of \$400 or more. **See Schedule SE.**

These rules apply to all citizens or residents of the United States, including minors. However, a citizen of the United States entitled to the benefits of section 931 of the Internal Revenue Code (relating to income from sources within possessions of the United States) must file a return if he had income of \$600 or more.

**Where to File.**—With the Internal Revenue Service Center for your district. Use envelope we mailed you or the appropriate address below.

If your legal residence or principal place of business is in	Use this mailing address
Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania	Internal Revenue Service Center 11601 Roosevelt Boulevard Philadelphia, Pa. 19155
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina	Internal Revenue Service Center 4800 Buford Highway Chamblee, Georgia 30006
Indiana, Michigan, Ohio, West Virginia	Internal Revenue Service Center Cincinnati, Ohio 45298
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Internal Revenue Service Center 3651 S. Interregional Highway Austin, Texas 78740
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service Center 1160 West 1200 South Street Ogden, Utah 84405
Illinois, Iowa, Missouri, Wisconsin	Internal Revenue Service Center 2306 E. Bannister Road Kansas City, Missouri 64170
Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	Internal Revenue Service Center 310 Lowell Street Andover, Mass. 01812
Kentucky, Tennessee, Virginia	Internal Revenue Service Center 3131 Democrat Road Memphis, Tenn. 38110
California: Counties of Imperial, Inyo, Kern, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura	Internal Revenue Service Center 1160 West 1200 South Street Ogden, Utah 84405
California (all other counties), Hawaii	Internal Revenue Service Center 5045 East Butler Avenue Fresno, California 93730
<b>If you are located in:</b>	<b>Use this address</b>
Panama Canal Zone, American Samoa, Guam	Internal Revenue Service Center 11601 Roosevelt Boulevard Philadelphia, Pa. 19155
Puerto Rico (or if excluding income under section 933)	Internal Revenue Service Center 11601 Roosevelt Boulevard Philadelphia, Pa. 19155
Virgin Islands: Non-permanent residents	Department of Finance, Tax Division Charlotte Amalie, St. Thomas Virgin Islands 00801

U.S. citizens with foreign addresses (except A.P.O. and F.P.O.) and those excluding income under sec. 911 or 931, should file with the Internal Revenue Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pennsylvania 19155.

**When to File.**—As soon as possible after January 1, but not later than April 17.

**How to Pay.**—Make your check or money order for the full amount on line 28 payable to the "Internal Revenue Service" and write your social security number on it. If line 28 is less than \$1, payment is not required.

**If You Change Your Address Before Receipt of Refund.**—If you move to a new address after filing your return but before you received any refund due, be sure to file a change of address with your former post office. Postal regulations prohibit forwarding government checks unless this is done.

**Refund Under \$1.**—We will refund such an amount only upon written request.

**Earned Income From Sources Outside the United States.**—Income earned from sources outside the United States must be included to determine if you must file an income tax return, even though the income may be excludable. If you received such income, attach **Form 2555**.

**Name and Address.**—Please use your preaddressed label if possible. Correct the name and address if necessary. Also, be sure to show your apartment number if you live in a multi-family building.

**Do not use an address other than the taxpayer's unless you enclose a power of attorney.**

**Social Security Number.**—If your social security number as shown on your label is incorrect or you did not receive a package with your label on it, enter your correct social security number in the space provided on the return. If you are married, include your spouse's number.

If you have no number, file application Form SS-5 with the local office of the Social Security Administration early enough to make certain you receive your social security card before the deadline for filing your return. If you do not receive your card in time, file your return when due and enter "Applied for" in the space provided for the number.

**You May Have IRS Compute Your Tax.**—If your income on line 18 is \$20,000 or less and consists only of wages, salary and tips, dividends, interest, pensions and annuities, and you choose the standard deduction instead of itemizing, you may have the Service figure your tax for you.

The Service will compute your tax if you:

1. Fill in lines 1 through 18, lines 22, 24, 25, line 26, if applicable, and line 31.

2. Skip lines 19, 20, 21, 23, and 27 through 30.

3. If you are filing a **joint return**, show husband's and wife's income separately in the space to the left of the entry space for line 18.

4. **File your return on or before April 17, 1972.**

The Service will then compute your tax and refund any overpayment or bill you for any amount you owe.

**Note:** If you elect to have IRS compute your tax, the Service will also figure your retirement income credit if you answer the question on Schedule R for columns A and B and fill in only lines 2 and 5 of Schedule R and enter RIC on line 20 of Form 1040.

**Members of Armed Forces.**—A member of the Armed Forces should give his name, social security number, permanent home address, and serial number (if different from social security number).

**Rounding Off to Whole Dollars.**—You may show the money items on your return and schedules in whole dollars. To do this, eliminate any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Deceased Taxpayers.**—If a person died in 1971, or in 1972 before filing a return for 1971, the executor, administrator, or surviving wife (husband) must file a return for the decedent. An executor or administrator may elect to file a joint return with the surviving wife (husband). If an executor or administrator has not been appointed, the survivor may file a joint return

and indicate in the signature area that she (he) is filing as surviving wife (husband).

Enter the date of death in the name and address area. If a refund is due, attach **Form 1310**.

**Attachments to the Return.**—Fill in all applicable items of income, adjustments, tax computation, and deductions on the official return forms and schedules. If you need more space, attach statements that follow the format of the official forms and attach them in the same order. Enter the totals shown on the supporting statements on the appropriate lines of the official forms.

**How to Assemble Your Return.**—(1) Attach Form W-2 to back of Form 1040. Attach Form W-2P only if income tax was withheld or to substantiate exclusion for sick pay. (2) Then attach required sched-

ules in alphabetical order. (3) Attach other required forms in numerical order.

**Form W-2 Missing or Incorrect.**—Only your employer can issue or correct a Form W-2. If you have not received a Form W-2 by January 31, or if Form W-2 is incorrect, contact your employer as soon as possible.

**Signature and Verification.**—Regardless of who prepares your return, it is not valid unless you sign it. Both husband and wife must sign a joint return.

Any person, firm or corporation preparing a taxpayer's return for compensation must also sign the return to verify it. However, a verifying signature is not required if the return is prepared by a regular, full-time employee of the taxpayer, such as a clerk, secretary, or bookkeeper. If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation.

## Instructions for Page 1 of Form 1040

### Filing Status

#### Married Persons—Joint or Separate Returns

**Advantages of a Joint Return.**—Generally, it is advantageous for a married couple to file a joint return. This usually results in lower tax than filing separate returns.

**How To Prepare a Joint Return.**—You must include all income, exemptions and deductions of both husband and wife. In the return heading, list both names, including middle initials. (For example: John F. and Mary L. Doe.) Both must sign the return unless the husband is a serviceman serving in a combat zone or in an area in direct support of a combat zone under conditions that qualify him for Hostile Fire Pay. In that case, the wife should write "Military service in a combat zone" in the space provided for her husband's signature.

A husband and wife may file a joint return even though one of them had no income. They may also file a joint return even though they lived in different households. They may not file a joint return if either husband or wife was a nonresident alien at any time during the taxable year.

Generally, when a joint return is filed, each assumes full legal responsibility for the entire tax, and if one fails to pay it, the other must.

**How To Prepare a Separate Return.**—A husband and wife may file separate returns if each had income of his own or if only one had income.

If you file a separate return, check the box on either line 3 or line 6, as applicable. If you check the box on line 3, "Married filing separately and spouse is also filing", write wife's (husband's) first name in space provided and enter both social security numbers in spaces to right of name and address area.

Each should report his (her) income, exemptions and deductions on his (her) separate return. In community property States, deductions resulting from payments made out of funds belonging jointly to husband and wife may be divided equally between them. See **Publication 555**, Community Property and the Federal Income Tax.

If one itemizes and claims actual deductions, then both must do so. If one uses the percentage standard deduction, the other may not use the low-income allowance which for a separate return is \$525.

If you check the box on line 6, "Married filing separately and spouse is not filing", check the boxes on line 8, to claim the exemption(s) for your wife or husband, if applicable. (Enter in the name and address area only the name of the one having income.)

**Certain Married Individuals Living Apart.**—A married individual may be considered to be unmarried if:

(1) He (she) files a separate return;

(2) He (she) maintains as his (her) home a household, which for more than half of the taxable year is the principal place of abode of his (her) son or daughter or stepson or stepdaughter for whom

he (she) is entitled to a dependency deduction;

(3) He (she) furnishes more than one-half of the cost of maintaining the household; and

(4) His (her) spouse was not a member of that household during the entire taxable year.

Married individuals who meet these requirements are not subject to the \$750 standard deduction limitation applicable to married persons filing separately. Nor are they subject to the restrictions on the use of the itemized or standard deduction imposed on other married persons filing separately. Either or both may qualify for this "unmarried" treatment.

If you qualify as a Certain Married Individual Living Apart, check the Single box on line 1 as your filing status unless you also qualify as Unmarried Head of Household. In that case, check the Unmarried Head of Household box on line 4. A Certain Married Individual Living Apart will qualify as Unmarried Head of Household if he maintained as his home the household mentioned in requirement (2), above, for the entire taxable year.

**Marital Status.**—If you are married at the end of your taxable year, you are considered married for the entire year. If you are divorced (and not remarried) or legally separated on or before the end of your taxable year, you are considered single for the entire year.

If your wife or husband died during the year, you are considered married for the entire year. Generally, you may then file a joint return for the year. You may also be entitled to the benefits of joint return rates for the two years following the death of your husband or wife. (See Widows and Widowers, under Special Computations, below.)

### Special Computations

**Unmarried Head of Household.**—The law provides special tax rates for any person who qualifies as a Head of Household. (See Tax Rate Schedule Z and Tax Tables.) Only the following persons may qualify: (a) one who is unmarried (or legally separated) at the end of the taxable year including Certain Married Individuals Living Apart, or (b) one who is married at the end of the year to a person who was a nonresident alien at any time during the taxable year. In addition, you must have furnished over half the cost of maintaining as your home a household which, during

the entire year, except for temporary absence, was occupied as the principal place of abode and as a member of that household by (a) any related person other than your unmarried child or stepchild (see list on page 5) for whom you are entitled to a deduction for an exemption, unless the deduction arises from a multiple support agreement, or (b) your unmarried child, grandchild, foster child, or stepchild, even though that child is not a dependent.

If you maintain a home for your father or mother, it need not be your residence.

**Widows and Widowers.**—Under certain conditions, a taxpayer whose husband (or wife) has died during either of her two

preceding taxable years may compute her tax by including only her income, exemptions, and deductions, but otherwise compute the tax as if she were filing a joint return. (See Tax Rate Schedule Y and Tax Tables.) The survivor may claim the exemption for the decedent only for the year of death.

The conditions are that the taxpayer: (a) has not remarried, (b) maintains as her home a household which is the principal place of abode of her child or stepchild for whom she is entitled to a deduction for an exemption, and (c) was entitled to file a joint return with her husband (or his wife) for the year of death.

## Exemptions (\$675 for Each Allowable Exemption)

**Note:** The deduction for exemptions has been taken into account in determining the tax shown in Tax Tables 1-13.

### Lines 7 and 8—You and Your Wife.—

**For you.**—As the taxpayer, you are always entitled to at least one exemption. If you were either blind or 65 or over at the end of your taxable year, you get two exemptions. If you were both blind and 65 or over, you get three exemptions. Be sure to check the appropriate boxes. Age and blindness are determined as of December 31, 1971, or the last day of your taxable year. Your age is determined on the day before your actual birthday. Thus, if your 65th birthday was on January 1, 1972, you get the additional exemption for age on your return for 1971.

The exemptions for age and blindness apply only to you and your spouse. You cannot claim them for your children or other dependents.

**For Your Wife (Husband).**—An exemption is allowed for your wife (or husband) if you are filing a joint return. If you file a separate return, you may claim her exemptions only if she had no income and was not the dependent of another taxpayer. You are not entitled to an exemption for your wife on your return if she files a separate return. Otherwise, your wife's (husband's) exemptions are like your own—one, if she was neither blind nor 65 or over; two, if she was either blind or 65 or over; three, if she was both blind and 65 or over.

If your spouse is a nonresident alien, you may claim her (his) exemptions only if she (he) had no income and is not the dependent of another taxpayer. Use Part I, line 32, to claim exemption for a nonresident alien spouse instead of line 8. Write spouse's name in column (a). Specify whether wife or husband in column (b). Write Nonresident Alien across columns (c) and (d). Use columns (e) and (f) to claim any additional exemptions for age or blindness. Write Blind or 65 or Over, if applicable.

**In Case of Death.**—If your wife or husband died during 1971, the number of her or his exemptions is determined as of the date of death.

**Proof of Blindness.**—If totally blind, attach a statement to that effect. If partially blind, attach a statement from a

qualified physician or a registered optometrist that (a) central visual acuity did not exceed 20/200 in the better eye with correcting lenses, or (b) that the widest diameter of the visual field subtends an angle no greater than 20°.

**Lines 9 and 10—Children, Other Dependents.**—Enter on line 9 the first names and the total number of your dependent children who lived with you during 1971.

If you claim other dependents, complete columns (a) through (f) on page 2, line 32. If dependent died or was born during year, write in column (c) D for died or B for born. Enter on line 10 the total number of dependents shown on line 33.

Each dependent claimed must meet all of the following tests:

**1. Income.**—Received less than \$675 income. (If your child\* was under 19 or was a full-time student, this limitation does not apply.)

**2. Support.**—Received more than half his support from you (or from husband or wife if a joint return is filed). See Definition of Support below.

**3. Married Dependents.**—Did not file a joint return with husband or wife.

**4. Nationality.**—Was either a citizen or resident of the United States or a resident of Canada, Mexico, the Republic of Panama or the Canal Zone; or was an alien child adopted by and living with a United States citizen abroad.

**5. Relationship.**—(a) Was related to you (or to husband or wife if a joint return is filed) in one of the following ways:

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

or (b) was a member of your household and had your home as his principal place of abode for the entire taxable year.

\*Includes your son, daughter, stepson, stepdaughter, or a child who is a member of your household if placed with you by an authorized placement agency for legal adoption or a foster child who is a member of your household for the entire year.

**Definition of Support.**—Support includes food, shelter, clothing, medical and dental care, education, and the like. Gen-

erally the amount of an item of support is the expense incurred by the one furnishing it. If an item of support is furnished in the form of property or lodging, the amount of support attributable to such item is its fair market value. In computing the amount of support, include amounts contributed by the dependent for his own support, including amounts ordinarily excludable from income. (For example, social security benefits.)

In figuring whether you provided more than half the support of your student child, disregard amounts he received as scholarships.

**Student Dependency and Exemption.**—Even though your child had \$675 or more income, you may claim him (her) as a dependent provided he (she) was a full-time student and meets tests 2, 3, and 4, above. To qualify as a student he (she) must have been enrolled as a full-time student at an educational institution or must have attended a full-time course of institutional on-farm training under an accredited agent of an educational institution or of a State or its political subdivision for part of 5 calendar months. The calendar months need not be consecutive.

The term "educational institution" means a school maintaining a regular faculty and established curriculum, and having an organized body of students in attendance. It includes primary and secondary schools, colleges, universities, normal schools, technical schools, mechanical schools, and similar institutions. "Educational institution" does not include noneducational institutions, on-the-job training, correspondence schools, etc.

A person is not a student if he is employed full time during the day and attends school at night.

For further information see **Publication 532**, Tax Information for Students and Parents.

**Divorced or Separated Parents.**—For rules, see **Publication 501**, Your Exemptions and Exemptions for Dependents.

**Birth or Death of Dependent.**—You may claim a full \$675 exemption for a dependent who was born or died during the year if the tests for claiming an exemption for that dependent are met for the part of the year he lived.

**Support by More Than One Taxpayer.**—If two or more persons contributed toward the support of an individual and no one person contributed more than 50 percent, see **Form 2120**, Multiple Support Declaration.

## Reporting Your Income

You must include in your income tax return all income that is not specifically exempt in whatever form received, even though it may be offset by adjustments or deductions. Examples are given below.

### Examples of Income You Must Report.—

- Wages, salaries, bonuses, commissions, fees, tips, and gratuities.
- Dividends.
- Earnings (interest) from savings and loan associations, mutual savings banks, credit unions, etc.
- Interest on tax refunds.
- Interest on bank deposits, bonds, notes.
- Interest on U.S. Savings Bonds.
- Interest on arbitrage bonds issued after Oct. 9, 1969 by State and local governments.

- Profits from businesses and professions.
- Your share of profits from partnerships and small business corporations.
- Pensions, annuities, endowments.
- Supplemental annuities under the Railroad Retirement Act (but not regular Railroad Retirement Act benefits).
- Profits from the sale or exchange of real estate, securities, or other property.
- Rents and royalties.
- Your share of estate or trust income.
- Employer unemployment benefits (S.U.B.).
- Alimony, separate maintenance or support payments received from and deductible by your husband (wife).
- Prizes and awards (contests, raffles, etc.).
- Refunds of State and local taxes (principal amounts) if deducted in a prior year and resulted in tax benefits.
- Embezzled or other illegal income.

### Examples of Income You Should Not Report.—

- Disability retirement payments and other benefits paid by the Veterans Administration.
- Dividends on veterans' insurance.
- Life insurance proceeds, upon death.
- Workmen's compensation, insurance, damages, etc., for injury or sickness.
- Interest on certain State and municipal bonds.
- Federal social security benefits.
- Gifts, inheritances, bequests.
- Insurance reimbursement for excess of actual living expenses over normal living expenses resulting from damage to principal residence by fire or other casualty.

**Line 12—Wages, Salaries, Tips, etc.—** Report the full amount of wages, salaries, fees, commissions, tips, bonuses and other payments for your personal services that you receive from your employer, even though he withheld taxes and other amounts. If an amount appears on Form W-2 in the box Other compensation paid in 1971, add this amount to the amount shown in the box Wages paid subject to withholding in 1971, and include the total with other payments reported on this line. Also include wages for which you did not receive a Form W-2. See instructions for line 43 for treatment of reimbursed employee business expenses.

Tips reported to your employer are included as wages on Form W-2. Include with other amounts on this line tips not reported to your employer. See Form 4137. Also see lines 58 and 59.

**Payment in Merchandise, etc.—**If you were paid in whole or in part in merchandise, services, or other things of value, determine the fair market value of such items and include it in your wages.

Generally, a person who receives compensation in the form of property, such as stock that is subject to a restriction, must report as compensation the unrestricted value of the property at the time of its receipt unless his interest is subject to a substantial risk of forfeiture and is non-transferable. See Publication 525, Taxable Income and Nontaxable Income, for further details; and for how to make an irrevocable election to report the value of restricted property at the time of its receipt for possible capital gain treatment later.

**Meals and Living Quarters.—**If you are an employee who, as a matter of choice, received meals and lodging from your employer, whether or not designated as wages, include their fair market value in income. However, if your meals were furnished at your place of employment for the convenience of your employer, or you were required to accept lodging at your place of employment as a condition of your employment, do not report the value of the meals or lodging.

**Exclusions for Military Combat Pay.—**An enlisted man may exclude all service compensation for each month he served in a combat zone or in an area in direct support of a combat zone under conditions that qualified him for Hostile Fire Pay, and each month he was hospitalized as a result of that service.

For this purpose, service for any part of a month is considered a full month. A commissioned officer may exclude up to \$500 a month of such compensation. Forms W-2 issued for 1971 by the Armed Forces ordinarily do not include these payments. If you doubt whether the amount shown on your Form W-2 includes the nontaxable amount, contact the pay office which issued the form. If the nontaxable portion was included on Form W-2, the pay office will send you a corrected Form W-2 or a certificate to support exclusion. If you get a certificate, deduct the amount shown on it from the wages shown on Form W-2, include the difference in line 12, and attach the certificate to your return. If you receive a corrected Form W-2, include in line 12 the amount shown on that form.

**Line 13a—Dividends.—**Enter total dividends received (gross dividends and other distributions on stock less the sum of capital gain distributions reportable on Schedule D and any nontaxable distributions). If gross dividends and other distri-

butions on stock are more than \$100, list payers and amounts of all dividends received in Schedule B, line 1.

**Note:** If you received capital gain distributions and do not need Schedule D to report any other gains or losses or to compute the alternative tax, do not file that schedule. Instead, enter 50 percent of capital gain distributions on line 39(b).

**Line 13b—Exclusion.—**See Dividends Exclusion on page 11.

**Line 14—Interest.—**Include all interest actually received or credited to your account by a bank, savings and loan association, credit union, etc. Also, include interest on tax refunds.

#### Tax—Credits—Payments

**Line 19—Tax.—**Find your tax in Tax Tables 1-13 if you do not itemize deductions and line 18 is under \$10,000. The standard deduction and deduction for exemptions are reflected in the Tax Tables. Figure your tax using Tax Rate Schedule X, Y, or Z if you itemize deductions or if line 18 is \$10,000 or more.

**Should You Use the Standard Deduction or Itemize Your Deductions?—** One of the important decisions you must make is whether to take the standard deduction or to itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Because the standard deduction varies at different income levels, it will generally be helpful to follow these guidelines based on your adjusted gross income (line 18):

If line 18 is less than \$8,000 and your deductions are less than \$1,050, find your tax in tax tables 1-13 which give you the benefit of the standard deduction. If your deductions exceed \$1,050, itemize them and figure tax on lines 46-50.

If line 18 is between \$8,000 and \$11,500 and your deductions are less than 13 percent of line 18, use the standard deduction. If more than 13 percent, itemize your deductions.

If line 18 is over \$11,500 and your deductions are less than \$1,500, use the standard deduction. If over \$1,500, itemize your deductions.

**Note:** If married filing separately, divide the above dollar amounts by 2 to determine whether you should itemize or take the standard deduction.

**Income Averaging.—**It may be to your advantage to use the "averaging method" if after subtracting \$3,000 from your 1971 taxable income, the balance is more than 30% of the sum of your four prior years' taxable income. Obtain Schedule G from an Internal Revenue Service office and see Publication 506, Computing Your Tax Under The Income Averaging Method, for full details.

**Alternative Tax.—**It may be to your advantage to use the alternative tax if your net long-term capital gain exceeds your net short-term capital loss, or if you have a net long-term capital gain only. See Alternative Tax Computation on Schedule D.

**Maximum Tax on Earned Income.—**The tax on earned taxable income is limited to a maximum rate of 60 percent for 1971. See Form 4726 for additional details, if your earned taxable income is more than:

- \$50,000 if you are single;
- \$100,000 if you are Married Filing Jointly or a Surviving Widow(er) with dependent child;
- \$70,000 if you are Unmarried Head of Household.

**Line 22—Other Taxes.—**Enter the amount shown on line 60. In case of income tax from accumulation trusts under sections 668 and 669, write Tax under Sec. 668 IRC, and show the amount to the left of the entry line. Also, include this tax in the total for line 22.

**Line 24—Federal Income Tax Withheld.—**On this line include the total income tax withheld as shown on Forms W-2 and W-2P.

**Line 25—Estimated Tax Payments.—**If you and your spouse filed a joint declaration of estimated tax for 1971 but do not file a joint income tax return for the year, the total estimated tax paid may be claimed on the separate return of either spouse, or divided between you in agreed amounts. In either event, enter both social security numbers on the separate returns.

If you and your spouse filed separate estimated tax declarations for 1971 and you elect to file a joint income tax return for the year, enter on this line the total of the amounts paid on the separate declarations. Also, enter both social security numbers in the spaces provided on Form 1040.

Follow the above instructions even if one spouse has died.

**Penalty for Underpaying Your Tax During the Year.—**Subtract the total of lines 62 and 63 from line 27 and see if the result is less than 80 percent (66 $\frac{2}{3}$  percent for farmers and fishermen) of an amount equal to the total tax on line 23 less the total of lines 57, 58, 59 and 62. If so, you may be liable for a penalty unless one or more of the specific exceptions explained on Form 2210 applies to you. (Farmers and fishermen, see Form 2210F.) Attach this form or a statement to your return to support your computation of the penalty or to describe the specific exceptions you believe apply.

If you are liable for the penalty, show the amount in the bottom margin on page 1 of Form 1040, as "Penalty—estimated tax," and increase line 28 or decrease line 29 accordingly.

**Line 27.—**If, as a beneficiary of a trust, you are entitled to a tax credit because of the "throwback" rule, write "Throwback credit" and show the amount in the space to the left of the entry line. Also, include it in the total for line 27.

**Line 28—Balance Due.—**Most individuals who are employees will find that their income tax withheld and their actual tax liability will be fairly close. However, you may find that your income tax withheld fell short of your actual liability and you owe an unexpected balance of tax. This is more likely to happen if both you and your spouse are employed. If you find that you will need more income tax withheld for 1972, file a new exemption certificate, Form W-4, with your employer claiming fewer exemptions or asking him to withhold additional dollar amounts. However, if you prefer, you may file a Declaration of Estimated Tax on Form 1040-ES and make installment payments. For more information see Publication 505, Tax Withholding and Declaration of Estimated Tax.

**Penalty for Failure to Pay Tax.—**Generally, individuals who fail to pay any balance of tax due by the due date for filing the return are subject to a penalty. The penalty is one-half percent of the unpaid tax for each month or fraction thereof until paid. This one-half percent penalty is not deductible. It is in addition to the interest of 6 percent per year on the unpaid amounts.

**Line 30(b)—Overpayments Credited to 1972 Estimated Tax.**—We will apply amounts you want credited to estimated tax to the account under your social security number, unless the return is accompanied by a request to apply it to your

spouse's account. The request should include your spouse's social security number if it is not shown on the return.

### Declarations of Estimated Tax

If you expect that your income tax and

self-employment tax for 1972 will exceed by \$40 or more the tax to be withheld from your wages, you may be required to file a declaration. If we did not mail you a **Declaration of Estimated Tax for Individuals**, obtain **Form 1040-ES** from an Internal Revenue Service office.

## Instructions for Page 2 of Form 1040

### PART II.—Income Other than Wages, Dividends, and Interest Miscellaneous Income

**Line 39(a)—Fully Taxable Pensions and Annuities (Not Reported on Schedule E).**—Report noncontributory pensions and annuities on this line. Include military retirement pay, even though you have a Form W-2. If you are retired because of disability and are below the normal retirement age, enter the gross amount reportable as wages and salary; also, amounts received as an employee annuity subject to the special rule (see page 14) if you have recovered your entire cost before January 1, 1971.

If you received retirement plan or profit-sharing distributions, report the taxable amount that was ordinary income.

**Line 39(b)—50% of Capital Gain Distributions (Not Reported on Schedule D).**—See Line 13a—Dividends on page 6.

**Line 39(c)—State Income Tax Refunds.**—Enter any refund of State income tax. The general rule is that a refund of State income tax is income to the taxpayer if a deduction resulting in a Federal tax benefit was taken in a prior year.

**Line 39(d)—Alimony.**—Report amounts received as alimony or separate maintenance.

**Line 39(e)—Other.**—Report and identify the source of any income you cannot find a specific place for on your return or related schedules. Include prizes, awards, recoveries of bad debts, and other items that reduced your tax in a prior year.

**Net Operating Loss.**—If, in 1971, your business or profession lost money, or you had a casualty loss or a loss from the sale or other disposition of depreciable property or real property used in your trade or business, you may apply the losses against your 1971 income. If the losses exceed your income, the excess is a "net operating loss." Generally, it may be used to offset your income for the three years before and the five years after this year. You must carry the loss back to the third prior year and bring any remaining balance forward to each succeeding year. If a "carryback" entitles you to a refund, use **Form 1045** to claim a quick refund.

If you had a loss in a prior year which may be carried over to 1971, enter it as a "minus" figure on line 39(e) and attach your computation.

### PART III.—Adjustments to Income

**Line 41—Sick Pay Exclusion.**—You may exclude from income amounts you received under a wage continuation plan for the period you were absent from work because of personal injuries or sickness. A disability pension may also qualify for the sick pay exclusion. See **Publication 522**, **Adjustments to Income for Sick Pay and Form 2440** for details. If both you and your employer contribute to the plan, you may exclude without limit any benefits attributable to your own contributions, but there are certain limitations on the exclusion of benefits attributable to your employer's contributions.

See **Form 2440** for limitations and how to figure your sick pay exclusion. Attach **Form 2440** or a statement showing your computation, the period or periods of absence, regular weekly rate of pay, and whether hospitalized. If you are retired because of a disability and are below the normal retirement age, you may attach the **Form W-2P** given you by the payer of the pension that shows the amount excludable as sick pay in place of **Form 2440** or a statement.

**Line 42—Moving Expenses.**—Employees, including new employees, and self-employed persons, including partners, may deduct certain moving expenses in full. These include transportation of household goods, personal effects, and members of the household, as well as meals and lodging while in transit. To a limited extent, they may also deduct expenses for travel, meals, and lodging for pre-move house-hunting trips; meals and lodging while in temporary quarters in the general location of the new job location for up to 30 days after obtaining employment; and the expenses incurred in selling, purchasing, or leasing their qualified residence.

See **Form 3903** and **Publication 521**, **Tax Information on Moving Expenses**, for full details.

You must include on line 12 amounts received as payment for (or reimbursement of) moving from one residence to another. The move must be attributable to employment or self-employment. The amounts attributable to employment should appear on the **Form W-2** your employer gives you.

**Line 43—Employee Business Expenses (and Employer Payments).**—

**Deductible Expenses and Excess Payments.**—You may deduct the expenses shown below to the extent they are not paid by your employer. If employer payments exceed the expenses, report the excess as income on your return.

(a) **Travel and Transportation.**—Bus, taxi, plane, train, etc., fares or the cost of operating an automobile in connection with your duties as an employee.

(b) **Meals and Lodging.**—These are deductible if you are temporarily away on business at least overnight from the general area where your principal or regular business is located. You may not deduct the cost of meals on daily trips that do not require sleep or rest.

(c) **Outside Salesman.**—An outside salesman is one engaged in full-time solicitation of business for his employer away from the employer's place of business. It is not one whose principal activities consist of service and delivery as, for example, a milk driver-salesman. If you are an outside salesman, you may generally deduct other expenses which are ordinary and necessary in performing your duties, such as selling expenses, stationery, and postage.

(d) **Other Business Expenses.**—If you itemize deductions on Schedule A, you may also deduct (under the heading "Miscellaneous deductions") business expenses other than those described above. Examples of such expenses are professional and union dues, and the cost of tools, materials, etc., not paid for by your employer.

See **Publication 463**, **Travel, Entertainment and Gift Expenses**, for full details.

**Additional information.**—If you claim a deduction for employee business expenses you must submit the following information with your return (you may use **Form 2106** for this purpose):

(a) The total of all amounts received from or charged to your employer for business expenses,

(b) The amount of your business expenses broken down into broad categories, and

(c) The number of days away from home on business.

If you do not claim a deduction, you must attach the information unless you were required to make and did make to your employer an adequate accounting for your expenses. You have made the equivalent of an adequate accounting if you received an allowance not in excess of \$36 a day instead of subsistence; or a mileage allowance not in excess of 15 cents a mile; these expenses were ordinary and necessary in the conduct of your employer's trade or business and you have established the time, place, and business purpose of the travel.

If you operate your own automobile for business purposes you may deduct, in addition to parking fees and tolls, the cost of its operation for business use, figured at a standard mileage rate of 12 cents a mile for the first 15,000 miles and 9 cents a mile for each additional mile, rather than actual expenses. Actual expenses include gasoline, oil, repairs, license tags, insurance and depreciation.

Use of this simplified method is optional on a yearly basis. However it cannot be used if depreciation has been claimed using a method other than straight line, or if additional first-year depreciation has been claimed.

**Reporting Deductions and Excess Payments.**—Report expenses and payments as follows:

(a) If employer payments exceeded your expenses, report the excess on line 39(e), under "Miscellaneous income."

(b) If your expenses exceeded payments, you may deduct the excess for travel and transportation, meals and lodging, and outside salesman on line 43. If you itemize deductions, you may deduct the unreimbursed portion of *Other business expenses* on Schedule A, under "Miscellaneous deductions."

(c) If your expenses equaled payments (or exceeded payments but you do not wish to claim a deduction for the excess), write on the bottom margin of page 2, **Form 1040**, "Employer payments did not exceed employee business expenses."

**NOTE:** If your employer included the reimbursement on **Form W-2**, attach a statement containing the information asked for under the caption "Additional Information," above, and include the total expense on line 43.

**Line 44—Payments as a Self-Employed Person to a Retirement Plan.**—If you are self-employed and made contributions to a qualified pension, profit-sharing, annuity or bond purchase plan you are included in, see **Form 2950SE**.

**PART V.—Credits**

**Line 51—Retirement Income Credit.**—See instructions for Schedule R.

**Line 52—Investment Credit.**—See Form 3468 for exceptions and conditions under which you may continue to take an investment credit.

**Line 53—Foreign Tax Credit.**—You may claim credit for income tax payments to a foreign country or U.S. possessions only if you itemize deductions. See Form 1116.

**Note:** For Throwback Credit, see instruction for line 27 on page 6.

**PART VI.—Other Taxes**

**Line 55—Self-employment Tax.**—Enter amount shown on line 16, Schedule SE.

**Line 56—Tax from Recomputing Prior Year Investment Credit.**—Enter the amount by which the credit taken in a prior year or years exceeds the credit as recomputed due to early disposition of property. Attach Form 4255.

**Line 57—Minimum Tax.**—File Form 4625, Computation of Minimum Tax, if you have items of tax preference (accelerated depreciation, stock options, long-term capital gains, etc.) in excess of \$15,000 even though there is no minimum tax due.

**Lines 58 and 59—Tax on Tip Income.**—If you failed to report tips to your employer, or if your wages were insufficient for him to withhold social security or railroad retirement tax, you must pay these taxes with your income tax return.

The Form W-2 your employer gives you will show any tax you owe on tips you reported to him. Enter that amount on line 59.

For unreported tips subject to social security tax, attach Form 4137 and enter the tax on line 58. For tips taxable under railroad retirement, contact the nearest Railroad Retirement Board office. Include the tax on line 58 and write "RR tax on tips" in the space to the left of the entry.

For income tax purposes, be sure all your tips are included in line 12, Form 1040.

**PART VII.—Other Payments**

**Line 61—Excess Social Security Tax Withheld—Two or More Employers.**—If you worked for two or more employers in 1971 and you received FICA wages totaling more than \$7,800, you are entitled to claim the excess social security tax withheld as a credit against your income tax. **If a joint return, separate computations must be made for you and your wife. Compute the credit as follows:**

a. Add:	
(1) Social security (FICA) tax withheld by all your employers from your wages as shown on all Forms W-2 for 1971 . . . . .	\$ _____
(2) Uncollected employee tax on tips, if any, as shown on all Forms W-2 for 1971 . . . . .	\$ _____
b. Total of (1) and (2) . . . . .	\$ _____
c. Subtract . . . . .	\$405.60
d. Enter balance on Form 1040, line 61 . . . . .	\$ _____

**Note:** If you worked for only one employer and he withheld more than \$405.60 for social security tax, you cannot claim credit on Form 1040. Contact your employer for adjustment.

**Excess Hospital Insurance Benefits Tax (Railroad Employees and Railroad Employee Representatives).**—If in 1971 you received taxable RRTA compensation (exclusive of taxable compensation earned or deemed earned in a year prior to 1968) and you also received FICA (social security) wages and the total of the compensation and wages is more than \$7,800, you are entitled to claim on line 61 any excess of that amount that was applied as payment for hospital insurance tax. To compute the excess, see Form 4469.

**Line 62—Credit for Federal Taxes on Special Fuels, Nonhighway Gasoline and Lubricating Oil.**—Enter on this line any tax credit you are entitled to for (a) gasoline used (1) on a farm for farming purposes, (2) other than as fuel in a highway vehicle such as in a boat and other than as a fuel in non-commercial aircraft, or (3) in vehicles while used in furnishing certain public passenger land transportation service; (b) lubricating oil used other than in a highway motor vehicle; and (c) special fuels used (1) on a farm for farming purposes, (2) in vehicles while used in certain public passenger land transportation service, and (3) for nontaxable uses. Attach Form 4136.

**Line 63—Credit for Taxes Paid by Regulated Investment Companies.**—Enter the credit on this line. Attach Copy B of Form 2439.

# Instructions for Schedule A (Form 1040)

## Itemized Deductions

(See instruction Should You Use the Standard Deduction or Itemize Your Deductions? for line 19 on page 6.)

### Medical and Dental Expenses

You may deduct, within the limits of lines 1, 3 and 8, the amounts you paid during the year (not compensated by hospital, health or accident insurance, or otherwise) for medical or dental expenses for yourself, your wife, or any dependent who received over half his support from you, whether or not the dependent had \$675 or more income.

If you pay someone for both nursing and domestic duties, you may deduct only the nursing cost.

**You May Deduct Payments To or For—**Physicians, dentists, nurses, and other professional practitioners such as chiroprac-

tors, podiatrists, oculists, osteopaths, opticians, optometrists, physiotherapists, psychiatrists, and psychoanalysts; drugs, or vaccines; medicines; hospitals; transportation necessary to get medical care (instead of actual expenses for gas, oil, etc., you may figure your deduction at the rate of 6 cents a mile); ambulance expense; eyeglasses, dentures, medical or surgical appliances, braces, arches, crutches, sacroiliac belts, wheelchairs, batteries for hearing aids, orthopedic shoes, etc.; physical examinations, X-ray examinations or treatment; insulin treatment; whirlpool baths for medical purposes; vitamins prescribed by a doctor if not taken as a food supplement or to preserve general health; seeing eye dog and its maintenance; premiums on hospital or medical insurance; and meals and lodging if part of cost of care in a hospital or similar institution.

**You May Not Deduct Payments For—**Funeral expenses and cemetery plot; ille-

gal operations or drugs; travel ordered or suggested by your doctor for rest or change; premiums on life insurance; cosmetics.

**Medical Care Insurance.**—On line 1 you may deduct an amount equal to one-half (but not more than \$150) of the insurance premiums you paid without regard to the limitation on line 8. The other half, plus any excess over the \$150 limit, is deductible on line 5 but is subject to the 3 percent limitation. The monthly payments for supplementary medical insurance under "medicare" are deductible, but the hospital insurance benefits tax included as part of the social security tax and withheld from wages or paid on self-employment income is not.

The 1 percent and 3 percent limitations (see lines 3 and 8) apply in all cases, regardless of your age or the age of your wife or other dependents.

See Publication 502, Deduction for Medical and Dental Expenses, for more information.

## State Gasoline Tax Table

Find how much State tax to deduct on gasoline you used in your car by using the following table that is based on information available as of September 1, 1971. For mileage driven in a 4-cylinder

(or less) car deduct half the table amount.

If you can establish that you paid a larger amount than that shown in the table, you may deduct the larger amount.

Find below the rate of gasoline tax for your State. If the rate changed in 1971, find your deduction on mileage driven at each rate, and add the two amounts.

Alabama 7¢	Delaware 7¢ (after July 31, 8¢)	Illinois 7.5¢	Massachusetts 6.5¢ (after July 6, 7.5¢)	New Hampshire 7¢ (after July 31, 9¢)	Oregon 7¢	Vermont 8¢ (after April 30, 9¢)
Alaska 8¢	Dist. of Col. 7¢	Indiana 8¢	Michigan 7¢	New Jersey 7¢	Pennsylvania 8¢	Virginia 7¢
Arizona 7¢	Florida 7¢ (after June 30, 8¢)	Iowa 7¢	Minnesota 7¢	New Mexico 7¢	Rhode Island 8¢	Washington 9¢
Arkansas 7.5¢	Georgia 6.5¢ (after May 31, 7.5¢)	Kansas 7¢	Mississippi 8¢	New York 7¢	South Carolina 7¢	West Virginia 8.5¢
California 7¢	Hawaii 5¢	Kentucky 7¢	Missouri 5¢	North Carolina 9¢	South Dakota 7¢	Wisconsin 7¢
Colorado 7¢	Idaho 7¢	Louisiana 8¢	Montana 7¢	North Dakota 7¢	Tennessee 7¢	Wyoming 7¢
Connecticut 8¢ (after Aug. 22, 10¢ Use 2X5¢ rate)		Maine 8¢ (after June 30, 9¢)	Nebraska 8.5¢	Ohio 7¢	Texas 5¢	
		Maryland 7¢	Nevada 6¢	Oklahoma 6.58¢	Utah 7¢	

Nonbusiness Mileage Driven	RATE PER GALLON								Nonbusiness Mileage Driven	RATE PER GALLON							
	5¢	6¢	6.5¢ & 6.58¢	7¢	7.5¢	8¢	8.5¢	9¢		5¢	6¢	6.5¢ & 6.58¢	7¢	7.5¢	8¢	8.5¢	9¢
Under 3,000	\$7	\$9	\$9	\$10	\$11	\$11	\$12	\$13	10,000 to 10,999	\$38	\$45	\$49	\$53	\$56	\$60	\$64	\$68
3,000 to 3,499	12	14	15	16	17	19	20	21	11,000 to 11,999	41	49	53	57	62	66	70	74
3,500 to 3,999	13	16	17	19	20	21	23	24	12,000 to 12,999	45	54	58	63	67	71	76	80
4,000 to 4,499	15	18	20	21	23	24	26	27	13,000 to 13,999	48	58	63	67	72	77	82	87
4,500 to 4,999	17	20	22	24	25	27	29	31	14,000 to 14,999	52	62	67	73	78	83	88	93
5,000 to 5,499	19	23	24	26	28	30	32	34	15,000 to 15,999	55	66	72	77	83	89	94	100
5,500 to 5,999	21	25	27	29	31	33	35	37	16,000 to 16,999	59	71	77	83	88	94	100	106
6,000 to 6,499	22	27	29	31	33	36	38	40	17,000 to 17,999	63	75	81	88	94	100	106	113
6,500 to 6,999	24	29	31	34	36	39	41	43	18,000 to 18,999	66	79	86	92	99	106	112	119
7,000 to 7,499	26	31	34	36	39	41	44	47	19,000 to 19,999	70	84	91	98	104	111	118	125
7,500 to 7,999	28	33	36	39	42	44	47	50	20,000 miles*	71	86	93	100	107	114	121	129
8,000 to 8,499	29	35	38	41	44	47	50	53									
8,500 to 8,999	31	38	41	44	47	50	53	56									
9,000 to 9,499	33	40	43	46	50	53	56	59									
9,500 to 9,999	35	42	45	49	52	56	59	63									

\*For over 20,000 miles, use table amounts corresponding to total mileage driven. For example, for 25,000 miles, add the deduction for 5,000 to the deduction for 20,000 miles.

## Taxes

You may deduct general State or local retail sales taxes if they are imposed directly upon the consumer, or if they are imposed on the retailer (or wholesaler in case of gasoline taxes) and the amount of the tax is separately stated by the retailer. In certain cases, you may also deduct State or local selective sales or excise taxes, even though not part of a general sales tax (or tax similar to a general sales tax), if imposed at the general rate of that tax. Optional general sales tax tables are provided in the instructions.

Examples of how to compute the sales tax deduction if income (amount shown on Form 1040, line 18 and nontaxable receipts such as social security, veterans', and railroad retirement benefits and workmen's compensation) is more than \$19,999.

**Example 1**—Assume you have income of \$27,250, you live in Ohio, and there are 5 persons in your family.

**Step 1**—For the first \$19,999 find the amount for your family size in the table for your State.

The Ohio sales tax table for income of \$19,999 and a family size of 5 persons shows . . . \$189.00

**Step 2**—For each \$1,000 or fraction thereof of income over \$19,999, but less than \$50,000 add 2 percent of the amount you determined in Step 1, above.

.02 × \$189.00 = \$3.78  
 \$27,250 - \$19,999 = \$7,251  
 \$7,251 ÷ 1,000 = 7.251 or 8 (each \$1,000 or fraction thereof of income)

8 × \$3.78 = . . . . . 30.24

Ohio sales tax deduction on income of \$27,250 for family of 5 . . . \$219.24

**Example 2**—Assume the same facts except that your income was \$52,500.

**Step 1**—Ohio sales tax table—\$19,999 income—Family size 5 . . . \$189.00

**Step 2**—.02 × \$189.00 = \$3.78  
 \$49,999 - \$19,999 = \$30,000  
 \$30,000 ÷ 1,000 = 30  
 30 × \$3.78 = . . . . . 113.40

**Step 3**—For each \$1,000 or fraction thereof of income over \$49,999 but less than \$100,000 add 1 percent of the amount you determined in Step 1, above.

.01 × \$189.00 = \$1.89  
 \$52,500 - \$49,999 = \$2,501  
 \$2,501 ÷ 1,000 = 2.501 or 3  
 3 × \$1.89 = . . . . . 5.67

Ohio sales tax deduction on income of \$52,500 for family of 5 . . . \$308.07

The sales tax paid on the purchase of an automobile may be added to the table amount in all states except that the sales tax paid on an automobile purchased in Vermont and sales tax paid on an automobile titled in West Virginia after March 31 are not deductible because these taxes are imposed at a higher rate than the general sales tax rate. The sales tax paid on boats, airplanes, mobile homes, and on the purchase of materials to build a new home are deductible if: (1) the taxes are imposed at the general sales tax rate, and (2) the taxes are separately stated and passed on to the consumer. These are the only items that can be added to the table amount.

If the amount you paid for your automobile tags is based on the value of the automobile, you may deduct as personal property tax the part based on the value of the automobile.

If you had any deductible tax other than those shown on lines 11 through 15 of Schedule A, describe the tax and enter on line 16.

Use Schedules C, E, or F to deduct business Federal taxes, or any taxes paid in connection with a business or profession.

**Publication 530**, Tax Information on Deductions for Homeowners is available at any District Director's office.

**You May Deduct**—Real estate taxes; State and local gasoline taxes; general sales taxes; State and local income taxes; and personal property taxes.

**You May Not Deduct**—Federal excise taxes on your personal expenditures, for transportation, telephone, gasoline, etc.; Federal social security tax; hunting license fees, dog license fees; auto inspection fees, the cost of automobile tags, or driver's licenses; water taxes; taxes you paid for another person; alcoholic beverage, cigarette, and tobacco taxes; or selective sales or excise taxes (such as those on admissions, room occupancy, etc.) even if they are separately stated or imposed on you as the purchaser, unless imposed at the same rate as the general sales tax.

In general, you may not deduct taxes assessed for pavements or other improvements, including front-foot benefits, which tend to increase the value of your property.

## Contributions

**You May Deduct Gifts To**—(a) Religious, charitable, educational, scientific or literary organizations, and organizations for the prevention of cruelty to children or animals, unless the organization is operated for personal profit or a substantial part of its activities consists of propaganda or attempting to influence legislation.

(b) Fraternal organizations if the gifts are to be used for charitable, religious, etc., purposes.

(c) Certain veterans' organizations.

(d) Governmental agencies that will use the gifts exclusively for public purposes, including civil defense.

Civil defense volunteers may deduct unreimbursed expenses paid for gasoline and other expenses of participation in official civil defense activities.

You may deduct unreimbursed out-of-pocket expenses directly attributable to services you render to a charitable organization, such as expenses for gas, oil, etc. Instead of actual expenses, you may use the rate of 6 cents a mile to determine your contribution.

A contribution may be made in cash (checks, money orders, etc.) or property but not in services. If in property, give description, date of gift, and method of valuation except for securities. In addition, for each gift valued at more than \$200 and each gift of ordinary income or capital gain property, state any conditions attached to the gift, the manner of acquisition, and the cost or other basis if you owned it less than five years or section 170(e) applies. Attach a signed copy of any appraisal, state whether you elected to reduce your deduction for contributions of capital gain property and attach computation. **Publication 561**, Valuation of Donated Property, gives information and guidelines on appraisals of contributed property. A special rule is provided to determine the amount deductible in the case of a gift of ordinary income property described in section 170(e)(1)(A) of the Internal Revenue Code. Generally, a charitable deduction for a transfer of a future interest in tangible personal property is not allowed until the entire interest has been transferred.

**See Publication 526**, Income Tax Deduction for Contributions, for special rules, percentage limitations, definitions and limitations on charitable deductions for gifts of appreciated property, rent-free use of property, bargain sales to charity, and gifts of use of property.

If you supported a student in your home under a written agreement with a charitable or educational institution, you may be entitled to deduct as a contribution part or all of the amounts you spent to maintain him.

**You May Deduct Gifts To**—Churches, including assessments paid; Salvation Army, Red Cross, and CARE; United Funds and Community Chests; nonprofit schools, hospitals, and certain cultural organizations; certain veterans' organizations; Boy Scouts, Girl Scouts, and similar organizations; and nonprofit organizations primarily engaged in research or education for the alleviation and cure of diseases and disabilities such as arthritis, asthma, cancer, cerebral palsy, cystic fibrosis, heart diseases, diabetes, hemophilia, mental illness and mental retardation, multiple sclerosis, muscular dystrophy, poliomyelitis, tuberculosis, etc.

**You May Not Deduct Gifts To**—Relatives, friends, or other individuals; foreign organizations; political organizations or candidates; social clubs; labor unions; chambers of commerce; or propaganda organizations.

## Interest Expense

**You May Deduct Interest On**—Such non-business items on Schedule A as your personal note to a bank or an individual; a mortgage on your home; a life insurance loan (if interest is paid in cash); and delinquent taxes. Report interest paid on business debts in the separate schedule you report your business income in. For additional information concerning interest expenses, including points, see **Publication 545**, Income Tax Deduction for Interest Expense.

**You May Not Deduct Interest On**—Indebtedness of another person if you are not legally liable for its payment; a gambling debt or other nonenforceable obligation; or a life insurance loan if interest is added to the loan and you report on the cash basis.

Do not deduct interest paid on money borrowed to buy tax-exempt securities or

single-premium life insurance. Do not include such items as carrying charges and insurance, which are not deductible, and taxes that may be deductible but which should be itemized separately.

If interest charges are not stated separately on installment purchases of personal property (such as automobiles, televisions, etc.), you may deduct the lesser of 6 percent of the average unpaid monthly balance or the actual charges for the year. However, the finance charge levied on your account under a bank's credit card plan is deductible as interest provided no part of the charge is for service charges, loan fees, credit investigation fees, or similar charges.

## Miscellaneous Deductions

**Care of Children and Other Dependents**.—Subject to certain limitations, expenses paid for the care of children and certain other dependents are deductible if the purpose of the care is to enable you to be gainfully employed or to actively seek gainful employment. To qualify for the deduction, you must be a woman or a widower, or a man divorced or legally separated under a decree and not remarried or a husband whose wife is incapacitated or is institutionalized for at least 90 consecutive days, or for a shorter period if she dies.

**Limitations**.—This deduction is not to exceed a total of \$600 for one dependent, or \$900 for two or more dependents and must be for the care of:

(a) dependent children under 13 years of age; or

(b) dependent persons (excluding husband or wife) physically or mentally incapable of caring for themselves.

For a married woman, the deduction is allowable if:

(a) she files a separate return because she has been deserted by her husband, does not know and did not know his whereabouts at any time during the year, and has applied to a court to compel him to pay support or otherwise comply with the law or a judicial order; or

(b) she files a joint return with her husband, in which case the deduction is reduced by any amount by which their combined income on Form 1040, line 18, exceeds \$6,000. *This limitation does not apply to expenses incurred while the husband is incapable of self-support due to mental or physical incapacity.*

In case of a husband whose wife is incapacitated, the deduction is allowable if he files a joint return with his wife. Then, the deduction is reduced by any amount by which their combined income on Form 1040, line 18, exceeds \$6,000. *This limitation does not apply to expenses incurred if the wife is institutionalized for at least 90 consecutive days, or for a shorter period if she dies.*

Do not deduct any child care payments to a person you claim an exemption for.

If the person who receives the payment performs duties not related to dependent care, you may deduct only that part of the payment which is for dependent care.

Attach **Form 2441**, or a statement giving all pertinent information.

**Casualty Losses and Thefts**.—You may deduct a net loss resulting from the destruction of your property in a fire, storm, automobile accident, shipwreck, or other losses caused by natural forces. If you had only one casualty or theft occurrence that resulted in a loss on property held

for the production of income other than rents or royalties or property used solely for personal purposes, report the deductible loss on line 26. Each casualty or theft loss on property used solely for personal purposes is deductible to the extent the loss exceeds \$100. (If a husband and wife own property jointly but file separate returns, both must reduce their portion of the casualty or theft loss by \$100.) A casualty or theft loss on property held for the production of income is deductible in full.

If you had more than one casualty or theft occurrence or if trade, business, rental or royalty property is involved, see **Form 4684, Casualties and Thefts**, for reporting instructions and limitations.

**Expenses for Education.**—You may deduct expenses for education if they are not personal expenditures or do not constitute an inseparable aggregate of personal and capital expenditures and are for education which:

(a) Maintains or improves skills required in your employment, trade, or business, or

(b) Meets the express requirements of your employer or the requirements of ap-

licable law or regulations imposed as a condition to the retention of your established salary, status, or employment.

You may not deduct expenses incurred for education which (a) is required to meet the minimum educational requirements for qualification in your employment, trade, or business, or (b) is part of a program of study that will lead to qualifying for a new trade or business. These are personal expenses or constitute an inseparable aggregate of personal and capital expenditures.

The rules for reporting deductible educational expenses are the same as those on page 7 for employee business expenses. (See **Publication 508, Tax Information on Educational Expenses.**)

**Other.**—You may deduct several other types of expenses under "Miscellaneous Deductions." See **Publication 529, Other Miscellaneous Deductions.**

If you work for wages or a salary, you may deduct the ordinary and necessary employee business expenses you have not claimed on line 43, Form 1040.

You may deduct all ordinary and necessary expenses connected with the production or collection of income, or for the

management or protection of property held for the production of income.

If you are divorced or legally separated and are making periodic payments of alimony or separate maintenance under a court decree, you may deduct those amounts. You may also deduct periodic payments made under either (a) a written separation agreement entered into after August 16, 1954, or (b) a decree for support entered into after March 1, 1954. (Such payments must be included in the recipient's income.) You may not deduct any voluntary payments not made under a court order or a written separation agreement, lump-sum settlements, or specific maintenance payments for support of minor children.

You may deduct gambling losses only to the extent of gambling winnings.

**You May Deduct The Cost Of**—Safety equipment, tools, and supplies used in your job; dues to unions, professional societies, chambers of commerce; business entertainment; and fees to employment agencies for securing employment.

**You May Not Deduct The Cost Of**—Traveling to and from work or entertaining friends.

## Instructions for Schedule B (Form 1040)

### PART I.—Dividend Income

**Line 1—Gross Dividends and Other Distributions on Stock.**—If you own stock, you must report any payments (dividends) you receive out of the company's earnings and profits. Usually dividends are paid in cash, but if paid in merchandise or other property they are taxable at their fair market value.

If you received gross dividends and other distributions as a stockholder (including capital gain dividends and nontaxable distributions) in excess of \$100, list payers and gross amounts of all dividends received in line 1, Schedule B. Include gross amounts received either directly or through a nominee or other intermediary, as a member of a partnership, or as a beneficiary of an estate or trust. If you received dividends through a nominee or other intermediary, list his name.

Dividends that are a reduction of premiums from mutual insurance companies are not to be included. So-called "dividends" on deposits or withdrawable accounts paid by savings and loan associations, mutual savings banks, cooperative banks, and credit unions should be reported as interest.

Special rules apply to stock dividends, liquidations, stock rights, conversions and redemptions. They are discussed in **Publication 550, Tax Information on Investment Income and Expenses.**

**Line 3—Capital Gain Distributions.**—Enter on this line all capital gain distributions. Also include any amounts received as return of capital which exceed the cost (or other basis) of your stock, even though such amounts are designated as nontaxable distributions by the paying corporations. The amounts included on this line must also be included in line 1, Schedule B, and reported on separate Schedule D, line 7.

**Line 4—Nontaxable Distributions.**—Enter on this line the total of nontaxable distributions (return of capital) not included in line 3. Amounts reported here cannot exceed the cost (or other basis) of your stock in paying corporations since amounts received in excess of cost (or other basis) are taxable as gains and must be reported on separate Schedule D as indicated in line 3, above. Any amount entered on line 4 must also be included in line 1, Schedule B.

### Dividends Exclusion

You may exclude on Form 1040, line 13b, up to \$100 of dividends received from qualifying domestic corporations.

If you file a joint return and both husband and wife had dividend income, each may exclude up to \$100 of dividends received from qualifying corporations. However, neither may use any portion of the \$100 exclusion not used by the other. For example, if a husband had \$300 in dividends, and his wife had \$20, only \$120 may be excluded.

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

(a) Foreign corporations, including your share from a controlled foreign corporation.

(b) So-called exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.

(c) Regulated investment companies, except to the extent they designate the dividends should be taken into account for this purpose.

(d) Real estate investment trusts.

(e) Corporations deriving 80 percent or more of their income from U.S. possessions and 50 percent or more of their income from the active conduct of a business therein.

### PART II.—Interest Income

**Line 7—Interest.**—You must report any interest you received or which was credited to your account (whether entered in your passbook or not) and which you can withdraw. If you received interest in excess of \$100, list payers and amounts in line 7, Schedule B. Interest on bonds, debentures, notes, savings accounts, or loans is taxable, except on State and municipal bonds and securities. However, interest is taxable on arbitrage bonds issued after October 9, 1969, by State and local governments.

**Interest received on tax refunds is taxable and must be included in your return.**

If you own U.S. Savings bonds, the gradual increase in value of each bond is interest, but you need not report it until you cash the bond or until the year of final maturity, whichever is earlier. Final maturity means the date after which the bond will yield no further interest. You may at any time elect to report each year the annual increase in value. However, if you do so, you must report in the first year the entire increase to date on all such bonds, and continue to report the annual increase each year. You may obtain **Publication 576, Tax Information on United States Savings Bonds** from any District Director.

**Original Issue Bond Discount.**—Holders of corporate bonds or other evidence of indebtedness issued after May 27, 1969 (other than evidences of indebtedness issued pursuant to a written commitment which was binding on May 27, 1969, and at all times thereafter), must include in income the ratable monthly portion of the original issue discount multiplied by the number of months and fractions thereof such bond or other evidence of debt was held during the taxable year. The holder's basis of the indebtedness is increased by the amount of original issue discount included in income.

See **Publication 550, Tax Information on Investment Income and Expenses**, for rules for interest received on industrial development bonds and for additional information on original issue bond discount.

# Instructions for Schedule D (Form 1040)

(References are to the Internal Revenue Code.)

**A. Who May File.**—Use Schedule D (Form 1040) to report the sale or exchange of a capital asset as defined in Instruction B. In general, do not use Schedule D (Form 1040), but use Form 4797, Supplemental Schedule of Gains and Losses, to report (1) the sale, exchange, or involuntary conversion of trade or business property, certain depreciable and amortizable property; (2) the involuntary conversion (for example, a casualty or theft) of certain capital assets; and (3) the disposition of other noncapital assets not mentioned in (1). If a capital asset is involuntarily converted (for example, by reason of casualty or theft) you may use Form 4684, Casualties and Thefts, instead of completing Part I, Section A, Form 4797. Obtain these forms from an Internal Revenue Service office.

**B. What is a Capital Asset.**—In general, all property you own and use for personal purposes, pleasure, or investment is a capital asset. Following are some examples: (1) stocks or bonds held in your personal account, (2) a dwelling owned and occupied by an individual and his family, (3) household furnishings used by an individual and his family, (4) an automobile used for pleasure.

In particular, a capital asset as defined by law is any piece of property, held by the taxpayer, except:

- (a) stock in trade;
- (b) real or personal property includable in inventory;
- (c) real or personal property held for sale to customers;
- (d) accounts or notes receivable acquired in the ordinary course of a trade or business for services rendered, or from the sale of any of the properties described in (a), (b), or (c), or for services rendered as an employee;
- (e) depreciable property used in your trade or business (even though fully depreciated);
- (f) real property used in your trade or business;
- (g) a copyright, literary, musical or artistic composition, letter, or memorandum, or similar property—(i) created by your personal efforts; (ii) prepared or produced for you, in the case of a letter, memorandum, or similar property; or (iii) acquired from a person described in (i) or (ii) under circumstances entitling you to his basis (for example, by gift); and
- (h) certain government obligations issued at a discount on or after March 1, 1941, payable without interest, and maturing at a fixed date not exceeding one year from date of issue.

**C. Sale or Exchange of Certain Capital Assets at a Loss.**—Property held for personal use is a capital asset. Gain from the sale or exchange of such property is a capital gain and should be reported either in Part I or Part II. However, losses from

sales and exchanges of such property (but not necessarily involuntary conversions such as by casualty or theft) are generally not deductible.

**D. Acquisition Symbol.**—In column (b) of Part I and Part II, use the following symbols to indicate how the property was acquired: "A" for purchase on the open market; "B" for exercise of stock option or through employee stock purchase plan; "C" for inheritance or gift; "D" for exchange involving carryover of prior asset basis; and "E" for other.

**E. Cost or Other Basis, as Adjusted.**—In general, this means cost (or other basis as explained in the next paragraph), less applicable depreciation (allowed or allowable), amortization, depletion, etc. (see section 1011).

If property was acquired by bequest, gift, taxfree exchange, involuntary conversion, or wash sale of stock (see sections 1014, 1015, 1031, 1033 and 1091, respectively) a basis other than cost might be applicable. Attach an explanation if the basis used is other than actual cash cost of the property.

If a charitable contribution deduction is allowed by reason of a sale of property to a charitable organization after December 19, 1969, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

**F. Short-term or Long-term.**—A sale or exchange of a capital asset will usually result in either a short-term or a long-term capital gain or loss, depending upon the period of time the property is held. (See instruction G.)

If held six months or less, the gain or loss resulting from its sale or exchange is classified as short-term, and should be reported on the applicable line in Part I.

If held more than six months, the gain or loss resulting from its sale or exchange is long-term and should be reported on the applicable line in Part II.

**G. Holding Period.**—To determine whether you held property over six months, you begin counting on the day after the day you acquired the property. The same day of each succeeding month is the beginning of a new month, regardless of the number of days in the preceding month. In your computation, include the day you disposed of the property. For special rules regarding nontaxable exchanges, gifts of property, property acquired by inheritance or through a bequest or devise, see **Publication 544**, Sales and Exchanges of Assets.

A nonbusiness bad debt is usually treated as a short-term capital loss. This does not apply to (1) a debt evidenced by a corporate security with interest coupons or in registered form and (2) a debt acquired in your trade or business.

**H. Capital Loss Carryover From 1970 to 1971.**—If there was a net capital loss on

line 14, Schedule D (Form 1040) for 1970 and it did not exceed the capital loss deduction against income on line 16(f), Schedule D (Form 1040) for 1970, there is no capital loss carryover into 1971, and lines 4(a), 4(b), 12(a), and 12(b) may be ignored on Schedule D (Form 1040) for 1971.

A capital loss carryover into 1971 may exist if the net capital loss on line 14, Schedule D (Form 1040) for 1970 exceeds the capital loss deduction against income on line 16(f), Schedule D (Form 1040) for 1970. Obtain Form 4798, Capital Loss Carryover, to determine a capital loss carryover into 1971.

**I. Capital Loss Limitation.**—If line 14 results in a net capital loss, refer to line 16 to see if the loss is limited based on the computation on lines 16(a) and (b), or the computation in Part IV. In general, the Tax Reform Act of 1969 tightened the rules on the capital loss limitation for net long-term capital losses attributable to periods beginning after December 31, 1969. However, a pre-1970 long-term capital loss carryover will still be deductible on a dollar for dollar basis (assuming there is a net long-term loss shown on line 13) to the extent that such carryover exceeds the sum of (1) the portion of the net capital gain which is the net long-term capital gain (excluding long-term capital loss carryovers), plus (2) the portion of the net capital gain which is the excess of the net short-term capital gain (excluding short-term capital loss carryovers) over the pre-1970 short-term capital loss carryover. The effect of this computation is contained on lines 21 through 29. A pre-1970 short-term capital loss carryover will be deductible on a dollar for dollar basis to the extent included in a net short-term capital loss. Married taxpayers filing a separate return should see Instruction K and Instruction L.

**J. "Taxable Income, as Adjusted."**—This term is used to describe the amount on line 48, Form 1040 (line 18, Form 1040 if you use the tax table) determined without regard to sales or exchanges of capital assets—use a side computation to arrive at this figure. If your filing status is other than "married taxpayer filing a separate return" and it is apparent that your taxable income (excluding, (1) gains and losses from the sales or exchanges of capital assets, and (2) personal and dependency exemptions) exceeds \$1,000, omit this side computation and if you are to complete line 16, enter on line 16(b) the loss on line 16(a); or, if you are to complete Part IV instead of line 16, enter on line 33 the loss on line 32—but in either case, do not enter a loss larger than \$1,000.

**K. Married Taxpayers Filing Separate Returns.**—

The \$500 limitation mentioned in the parenthesis ". . . if married filing a separate return" remains at \$500 if line 4(a) and line 12(a) are blank. However, if either of such lines contain losses, the \$500 limitation may be increased by amounts

attributable to pre-1970 short-term and long-term capital loss components, but the combined total may not exceed \$1,000.

If lines 4(a) and 5 show losses, complete Part V to determine the pre-1970 short-term capital loss component which will be the amount, if any, shown on line 42. If lines 12(a) and 13 show losses the pre-1970 long-term capital loss component will have already been computed in your computation of Part IV, which is the amount, if any, shown on line 29.

Accordingly, if married and filing a separate return, the limitation on line 16(b)(ii), or line 33(c) (if Part IV instead of line 16 was completed), for a married person filing a separate return, is the sum of \$500 plus the amounts on lines 29 and 42, **but not to exceed \$1,000.**

**L. Part V, Losses shown on Lines 4(a), 5, and 14.**—If lines 4(a), 5, and 14 show losses, completion of Part V may be required to serve one or two purposes. (1) A married person filing a separate return (see Instruction K) will need to complete Part V to determine one of the elements that will be considered in his capital loss limitation. (2) Part V should be completed by an individual if the capital loss deduction shown on line 35, Form 1040 is less than the net capital loss on line 14, Schedule D. Except for a married person filing a separate return, this computation will not affect the capital loss deduction against income for 1971. The computation, in this case, will aid in ascertaining the portion of the loss on line 5 which may remain a pre-1970 short-term loss in 1972; and treated accordingly, in the computation of the capital loss carryover provisions contained on the 1972 version of Form 4798, Capital Loss Carryover.

**M. Installment Sales.**—If you sold personal property for more than \$1,000, or real property for any amount, you may be eligible to report any gain under the installment method if (1) there are no payments in the year of sale or (2) the payments in the year of sale do not exceed 30 percent of the selling price. (See section 453.) Such sales must provide for one or more payments in each of two or more taxable years.

For treatment of a portion of payments as "unstated interest" on deferred payment sales, see section 483.

For further information, obtain **Publication 537**, Installment and Deferred-Pay-

ment Sales, from any Internal Revenue Service office.

**N. Capital Gain Distributions.**—See pages 6 and 11 of the instructions for Form 1040.

**O. Special Rules.**—The following items may require special treatment: (1) transactions by a securities dealer (section 1236), (2) wash sales of stock or securities (section 1091), (3) bonds and other evidence of indebtedness if original issue discount is a factor (section 1232), (4) certain real property subdivided for sale may be considered a capital asset (section 1237), (5) distributions received attributable to an employee pension, profit-sharing, or bonus plan (sections 401–407), (6) gain on sale of depreciable property between husband and wife or between shareholder and a "controlled corporation" treated as ordinary gain (section 1239).

**P. Sale of Personal Residence.**—Tax on a portion or all of the gain from the sale of your principal residence may be deferred if:

(1) within one year after or before the sale, you purchase another principal residence and use it as such; or

(2) within one year after or before the sale, you begin construction of a new principal residence and use it as such not later than 18 months after the sale.

If you sold property for \$20,000 or less on or after your 65th birthday, which was owned and used by you as your principal residence for at least five of the last eight years, any gain on the sale need not be included in income. If the property was sold for more than \$20,000, part of the gain may be taken into income. See **Publication 523**, Tax Information on Selling Your Home.

**Q. Losses in Transactions Between Certain Persons.**—No deduction is allowable for loss from sale or exchange of property directly or indirectly between (1) members of a family; (2) a corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (liquidations excepted); (3) a grantor and fiduciary of a trust; (4) a fiduciary and a beneficiary of the same trust; (5) a fiduciary and a fiduciary or beneficiary of another trust created by the same grantor; or (6) an individual and a tax-exempt organization controlled by the individual or his family. Partners and partnerships see section 707(b).

**R. Long-term Capital Gains from Regulated Investment Companies.**—Include in income as a long-term capital gain the amount shown on Form 2439, that constitutes your share of the undistributed capital gains of a regulated investment company. Enter the tax paid by the company as shown on Form 2439 in line 63, Form 1040. Add to the basis of your stock, the excess of the amount included in income over the credit.

**S. Losses on Small Business Stock.**—If you had a loss on section 1244 stock which, but for that section, would be treated as a loss from the sale or exchange of a capital asset, treat it as a loss from the sale or exchange of an asset that is not a capital asset to the extent provided in that section.

**T. Alternative Tax Computation.**—It may be to your advantage to use the alternative tax if the net long-term capital gain exceeds the net short-term capital loss, or if there is a net long-term capital gain only, and you are filing (1) a separate return with taxable income exceeding \$26,000; or (2) a joint return, or as a surviving husband or wife, with taxable income exceeding \$52,000; or (3) as a head of household with taxable income exceeding \$38,000.

If the net long-term capital gain exceeds the net short-term capital loss, or if there is only a net long-term capital gain, compute the tax using the alternative method (section 1201) to determine if the resulting tax is less than the tax computed using the regular method.

**Line 47.**—"Certain subsection (d) gains" referred to on line 47 consist of:

(1) long-term capital gains (except gains under sections 631 and 1235) received before 1975 from sales or other dispositions under binding contracts that were entered into on or before October 9, 1969, or sales or dispositions completed on or before October 9, 1969;

(2) long-term capital gains on distributions made by a corporation before October 10, 1970, under a plan of complete liquidation adopted on or before October 9, 1969; and

(3) installment proceeds consisting of long-term capital gains (except gains under sections 631 and 1235) received before 1975 from sales made under a binding contract that was entered into on or before October 9, 1969, or sales or dispositions completed on or before October 9, 1969.

# Instructions for Schedule E (Form 1040)

## PART I.—Pensions and Annuities

**General Rule for Annuities.**—Generally, amounts received from annuities and pensions are included in income in an amount which is figured upon your life expectancy. This computation and your life expectancy multiple can be found in the regulations covering annuities and pensions. Once you have obtained the multiple it remains unchanged. It is not necessary to recompute your excludable portion each year. In making this computation you can get help from the Internal Revenue Service as well as from some employers and insurance companies.

**Special Rule for Certain Types of Employees' Annuities.**—A special rule applies for amounts received as employees' annuities if part of the cost is contributed by the employer and if the amount contributed by the employee will be returned within three years from the date of the first payment received under the contract. If both conditions are met, exclude from income the payments you received under the contract during the first three years, until you recover your cost (the amount you contributed, plus the contributions made by your employer on which you were previously taxed). Thereafter, all amounts you receive are fully taxable. This method of computing taxable income also applies to the employee's beneficiary if the employee died before receiving any annuity or pension payments.

*Example:* An employee received \$200 a month from an annuity. While he worked, he contributed \$4,925 toward the cost of the annuity. His employer also made contributions toward the cost of the annuity, for which the employee was not taxed. The retired employee would be paid \$7,200 during the first three years, which exceeds his contribution of \$4,925. He would exclude from income all the payments received from the annuity until he has received \$4,925. All payments received thereafter are fully taxable.

**Note:** If you did not contribute to the cost of your annuity or you have recovered your entire cost before January 1, 1971, report that annuity on Form 1040, line 39(a) instead of on Schedule E.

**Death Benefit Exclusion.**—If you receive pension or annuity payments as a beneficiary of a deceased employee and the employee received no retirement pension or annuity payments, you may be entitled to a death benefit exclusion of up to \$5,000. For details, see **Publication 575**, Tax Information on Pensions and Annuities.

**Form W-2P.**—If you received a Form W-2P, report in Part I the gross amount of pension or annuity payments you received.

Disability retirees who are under normal retirement age must include the gross amount reportable as wages or salary on Form 1040, line 39(a). They must show on Form 1040, line 41, the amount excludable as sick pay.

If you received retirement plan or profit-sharing distributions, report the taxable amount paid as: (1) capital gain (amount from column b of Form W-2P) on Schedule D (Form 1040); and (2) ordinary income (amount from column c of Form W-2P) on Form 1040, line 39(a).

## PART II.—Rent and Royalty Income

**Rents.**—If you are not engaged in selling real estate but received rent from property you own or control, report the total in

column (b), Part II, Schedule E. If you received property other than money as rent, report its fair market value.

**Form 4831, Rental Income,** is available at Internal Revenue Service offices. This is an optional form for use as an attachment to your return. If you use Form 4831, be sure to carry over the totals of income and related expenses to the appropriate columns of Part II.

**Rental Income Based upon Farm Production or Crop Shares.**—If you received rental income based upon farm production or if you received crop shares based on the rental of all or part of your crop land on a crop share basis, but did not materially participate in the operation of the farm and you meet the two-thirds gross income from farming (or fishing) requirement (see note below), report this income and related expenses on **Form 4835**, Farm Rental Income and Expenses. If you use Form 4835, be sure to carry over the totals of income and related expenses to the appropriate columns of Part II. Report crop shares received only for the year in which they are reduced to money or its equivalent.

**Note:** For purposes of estimated tax, such income received from crop shares and from rental based upon farm production (but not a fixed rental without reference to farm production) is considered to be income from farming. Add such income shown on Form 4835, line 22, to your other income from farming (or fishing). If the total is at least two-thirds of your gross income, the penalty for failure to pay estimated tax will not apply if you file your tax return and pay the tax on or before March 1, 1972.

In the case of buildings, you may deduct depreciation. You may also deduct all ordinary and necessary expenditures on the property, such as taxes, interest, repairs, insurance, agent's commissions, maintenance, and similar items. However, you may not deduct capital investments or improvements. You must add them to the basis of the property for the purpose of depreciation. For example, a landlord may deduct the cost of minor repairs, but not the cost of major improvements such as a new roof or remodeling. You may not deduct the value of your own labor.

**If You Rent Part of Your House.**—If you rent out only part of your property, you may deduct only that portion of your expenses which relates to the rented part. If you cannot determine these expenses exactly, figure them on a proportionate basis. For example, if you rent out half of your home and live in the other half, deduct only half the depreciation and other expenses.

Report amounts received from room rent and other space rentals in this part, unless you rendered services to the occupant. If you rendered services, report the amounts as business income in separate Schedule C (Form 1040). If you are engaged in the business of selling real estate, report rentals received in separate Schedule C.

**Royalties.**—Report in column (c) royalties from oil, gas or mineral properties, and royalties from copyrights and patents. If you hold an operating oil, gas, or mineral interest, report gross income and expenses in separate Schedule C. Under certain circumstances, you may treat amounts received on the disposal of coal and iron ore as the sale of a capital asset. (See **Publication 544**, Sales and Exchanges of Assets.)

If State or local taxes were withheld from oil or gas payments you received, report in column (c) the gross amount of royalty, and include the taxes withheld by the producer in column (e), other expenses.

## PART III.—Partnerships, etc.

**Partnerships.**—If you are a member of a partnership, joint venture, or the like, include in Part III, Schedule E, your share of the ordinary income, whether you received it or not, or the net loss for the taxable year which ends within or with the year covered by your return. Losses are only allowed to the extent of the adjusted basis of your partnership interest at the end of the partnership year in which the losses occurred.

Items of income, deductions, etc., to be carried to your individual return are shown in Schedule K of the partnership return. Enter on the appropriate lines and schedules of your return your share of income from the following sources:

Dividends from qualifying domestic corporations.

Salaries and interest you received from the partnership.

Gains from the sale or exchange of capital assets and certain other property.

Also, include your share of the specially allocated income and deduction items. Include your share of items of tax preference on Form 4625.

The individual partner must include on separate Schedule SE his distributive share of partnership income (or loss) from the operation of a trade or business which constitutes net earnings from self-employment. Members of farm partnerships should complete Part II of Schedule SE first to figure self-employment tax. For further details see **Publication 541**, Tax Information on Partnership Income and Losses.

**Estates and Trusts.**—If you are a beneficiary of an estate or trust, report your taxable portion of its income in Part III, Schedule E, whether you received it or not. Enter your share of income of the following classes on the appropriate lines and schedules of your return:

Dividends from qualifying domestic corporations.

Gains from the sale or exchange of capital assets and certain other property.

Include all other taxable income from estates and trusts in this Part. Any depreciation on estate or trust property allocable to you may be subtracted. You may get information from the fiduciary regarding these items. Include your share of items of tax preference on Form 4625.

**Income from Farming Reported in Part III.**—If your gross income from farming (or fishing) is at least two-thirds of your gross income, the penalty for failure to pay estimated tax will not apply if you file your tax return, and pay the tax due, on or before March 1, 1972.

If you are a member of a partnership or if you are a beneficiary of an estate or trust reporting income from farming in Part III, Schedule E, and meet the two-thirds requirement, show your share of partnership gross income or your portion of fiduciary taxable income from farming in Part III, Form 4835. Attach to Form 1040.

**Small Business Corporations.**—If you are a shareholder in a small business corporation which elects to have its current taxable income taxed to its stockholders,

report your share of both the distributed and undistributed current taxable income as ordinary income in Part III, Schedule E, except that portion reportable in separate Schedule D as a long-term capital gain. Neither type of income is eligible for the dividends exclusion. A shareholder claiming a deduction for a net operating loss must attach to his return a computation of the adjusted basis of his stock in the corporation and the adjusted basis of any indebtedness of the corporation to him. See sections 1374, 1376, and related regulations for limitation on deduction and required adjustments. Include your share of items of tax preference on Form 4625.

## Depreciation

You may deduct a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in a trade or business, or of property held for the production of income. The allowance is not allowed for stock in trade, inventories, land and personal assets. See **Form 4562** for information on depreciation methods, special rules; limitations on accelerated depreciation for new and used section 1250 (real) property; election to compute depreciation deduction for reha-

ilitation expenditures incurred for low-income rental housing under the straight line method using a useful life of 60 months and no salvage value; etc.

**New Depreciation Rules.**—New depreciation rules are in effect for 1971. Persons using Rev. Procs. 62-21, 65-13, or 71-25 should see Form 4832 (Revised) and Publication 534, Tax Information on Depreciation, for details. Form 4832 (Revised) should be used for making the election and determining your depreciation deduction under the new rules.

## Instructions for Schedule R (Form 1040)

### Retirement Income Credit

You may qualify for this credit, which is generally 15 percent of retirement income, if you received earned income in excess of \$600 in each of any 10 not necessarily consecutive calendar years before the beginning of your taxable year.

The maximum amount allowed any individual as a credit against his income tax is \$228.60 (15% × \$1,524). The maximum allowable credit on a joint return where both husband and wife show \$1,524 on line 6, columns A and B, is \$457.20.

**Alternative Computation.**—The maximum allowable credit on a joint return where both husband and wife are 65 years of age or over, but who would otherwise be limited to \$228.60 as a credit because either the husband or wife did not have earned income in excess of \$600 in each of any 10 prior calendar years, can be \$342.90 (15% × \$2,286). If you meet these requirements, also complete the Alternative Computation, in column C, to determine which computation results in the larger credit.

The term "earned income" means wages, salaries, professional fees, etc., received as compensation for personal services rendered. It does not include any amount received as an annuity or pension. If you were engaged in a trade or business in which both personal services and capital were material income-producing factors, a reasonable allowance as compensation for the personal services you rendered, not in excess of 30 percent of your share of the net profits of the business, shall be considered as earned income.

Both husband and wife may take the retirement income credit if both qualify and both have retirement income. If you are a surviving widow or widower and have not remarried, you may use the earned income of your deceased husband (wife), or you may combine his (her) earned income with yours to determine if you qualify for the credit.

Retirement income for the purpose of the credit means—

(a) If you are not 65 before the end of your taxable year, only the income you received from pensions and annuities under a public retirement system (one established by the Federal government, a State, county, city, etc.) which you included in income in your return.

Disability annuities received by Federal employees prior to normal retirement age that exceed the sick pay exclusion do not qualify as retirement income.

(b) If you are 65 or over before the end of your taxable year, the income from pensions, annuities, interest, rents and dividends included in gross income in your return. (Gross income from rents for this purpose means gross receipts from rents without reduction for depreciation or any other expenses. Royalties are not considered rents for this purpose.)

Except as provided in the Alternative Computation, the amount of the retirement income you use for the credit computation may not exceed \$1,524 reduced by:

(a) Any amount you received and excluded from income as a pension or annuity under the Social Security Act and Railroad Retirement Acts (but not supplemental annuities) and other tax-exempt

pensions or annuities. Show in line 2(a) the gross amount of social security benefits before deduction of any amounts withheld to pay medicare insurance premiums. This reduction does not include (1) that part of a pension or annuity that you excluded from income because it represents, in effect, a return of capital or tax-free proceeds of a like nature, or (2) amounts you excluded from income received as compensation for injury or sickness or under accident or health plans; and

(b) Certain adjustments for earned income.

**Married Residents of Community Property States.**—Allocate equally retirement income, earned income, or nontaxable pensions and annuities that are community income, to determine the extent to which each spouse is entitled to the retirement income credit. This equal allocation of community income rule also applies for determining whether you and your spouse received earned income in excess of \$600 in each of any 10 calendar years before 1971.

In computing the retirement income credit, your spouse if under 65, will consider half of your pension from a public retirement system as retirement income. However, your spouse if under 65, cannot consider her (his) half share or rents, dividends, interest, or annuities as retirement income, even though you consider your half share of that income as retirement income because you are 65 or older. For additional information obtain **Publication 524**, Retirement Income and Retirement Income Credit and **Publication 555**, Community Property and the Federal Income Tax, from an Internal Revenue Service office.

## Instructions for Schedule C (Form 1040)

If you owned a business or practiced a profession, fill in Schedule C and enter the net profit (loss) on Form 1040, line 34. If you had more than one business, or if husband and wife had separate businesses, a Schedule C must be completed for each business. Farmers should use Schedule F.

Income from any trade or business is subject to the social security self-employment tax, unless specifically excluded. See Schedule SE. If you filed Form 4029, Application for Exemption from Tax on Self-employment Income and Waiver of Benefits, do not file Schedule SE. Instead write "Exempt—Form 4029" in the bottom margin on the back of Form 1040.

If some of your expenses are part business and part personal, you can deduct the business portion but not the personal por-

tion. For instance, if only half of a businessman's car usage is for business, he can deduct only half its operating expenses.

Sales, exchanges, or involuntary conversions of certain trade or business property are to be reported on Form 4797, Supplemental Schedule of Gains and Losses.

**Accounting Methods and Records.**—Your return must be on the "cash method" unless you keep books of account. Otherwise, you may use the "cash method," "accrual method," or other method, such as "completed contract" or "percentage of completion." You may use any of these methods or a combination of them, provided the method or methods used properly reflect your income.

"Cash method" means you generally show all items of taxable income actually or constructively received during the year (whether in cash, property, or services) and those amounts actually paid during the year for deductible expenses. Income is "constructively" received when it is credited to your account or set aside for you to draw upon at any time.

"Accrual method" means you report income when earned, even if not received, and deduct expenses when incurred, even if not paid within the taxable year.

**Item A—Principal Business Activity and Product.**—Give the one business activity that accounts for the largest percentage of gross income included in Schedule C, page 1, line 1. State the broad field of business activity as well as the product or serv-

ice. For example, "wholesale—drugs," "retail—apparel."

**Item D—Business Address.**—Do not use home address as business address unless business is actually conducted from home. Use street address rather than box number.

**Item G—Information Returns.**—You may be required to file information returns for certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities and pensions. For more detailed information see instructions on Form 1096.

**Line 1—Gross receipts or gross sales.**—Enter gross receipts or sales from your trade or business, including finance reserve income, discounts received, sale of scrap, bad debt recoveries, interest, etc.

**Returns and allowances.**—Enter such items as returned sales, rebates, and allowances from the sale price or service charge.

**Installment Sales.**—If you use the installment method of reporting income from sales, you must attach to your return a schedule showing separately for the years 1968, 1969, 1970, and 1971 the following: (a) gross sales; (b) cost of goods sold; (c) gross profits; (d) percentage of profits to gross sales; (e) amounts collected; and (f) gross profits on amounts collected.

#### Cost of Goods Sold

**Lines 2–9.**—If you are engaged in a trade or business in which the production, purchase, or sale of merchandise is an income producing factor, you must take inventories of merchandise and materials on hand at the beginning and end of the taxable year to reflect the gross profits correctly. The method adopted for the first year in which inventory is taken must be continued unless permission to change is secured from the Commissioner of Internal Revenue, Washington, D.C. 20224. Application for permission to change the method of valuing inventories should be made on Form 3115 and filed with the Commissioner within 180 days after the beginning of the taxable year in which it is desired to effect a change.

#### Other Business Deductions

**Line 11—Depreciation.**—You may deduct a reasonable allowance for the exhaustion,

wear and tear, and obsolescence of property used in a trade or business. The allowance is not allowed for stock in trade, inventories, land and personal assets.

**New Depreciation Rules.**—New Depreciation rules are in effect for 1971. Persons using Rev. Procs. 62–21, 65–13, or 71–25 should see Form 4832 (Revised) and Publication 534, Tax Information on Depreciation, for details. Form 4832 (Revised) should be used for making the election and determining your depreciation deduction under the new rules.

If you use depreciation rules other than the rules provided for on Form 4832 (Revised), you may complete Form 4562, Depreciation. See instructions on back of Form 4562 for more detailed information regarding methods of computing depreciation, other than the new depreciation rules mentioned in the preceding paragraph.

**Line 14—Repairs.**—You may deduct the cost of incidental repairs, including labor (but not the value of your own labor), supplies, and other items, that do not add to the value or appreciably prolong the life of the property. Expenditures for restoring or replacing property are not deductible. They are chargeable to capital accounts or to depreciation reserve, depending on how depreciation is charged on your books. Include on line 14 the total amount of repairs from Form 4832.

**Line 19—Amortization.**—For the election to amortize expenditures for pollution control facilities, research or experimentation, a trademark or trade name, railroad rolling stock, railroad grading and tunnel bores, and certain coal mine safety equipment, see Code sections 169, 174, 177, 184, 185, and 187 respectively.

**Retirement Plans, etc. (other than contributions made on your behalf).**

**Line 20a.**—The amount contributed to a pension or profit-sharing plan for the taxable year shall constitute the deduction being claimed on this line. Attach Form 2950 in accordance with the instructions for Form 2950. If the plan includes you as a self-employed individual, enter contributions made as an employer on your behalf (but not voluntary contributions you made as an employee) on Form 1040, line 44, instead of on line 20a and attach Form 2950SE.

**Line 20b.—Employee benefit programs.**—Enter the amount of your contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 20a. Contributions to employee benefit programs that are to be reported on this line include insurance, health and welfare programs.

**Line 22—Bad Debts Arising from Sales or Services.**—Include debts, or portions of them arising from sales or professional services that have been included in income and definitely ascertained to be worthless; or a reasonable amount that has been added within the taxable year to a reserve for bad debts. A debt which is deducted as bad and which reduces your tax must, if subsequently collected, be returned as income for the year in which collected.

**Line 23—Depletion.**—If a deduction is claimed on account of timber depletion, attach Form T to your return.

**Line 24—Other Business Expenses.**—Include all ordinary and necessary business expenses for which no space is provided in the schedule. Do not include cost of business equipment or furniture, expenditures for replacements or permanent improvements to property, or personal living and family expenses.

**Automobile Expenses, Special Rule.**—See page 7 of Form 1040 instructions for optional method of computing deductible automobile expenses.

**Net Operating Loss Deduction.**—Enter as a "minus" figure on Form 1040, line 39(e).

**Expense Account Information.**—Expense account allowance means (a) amounts other than compensation, received as advances or reimbursements, and (b) amounts paid by or for you for expenses incurred by or on behalf of yourself or your employees, including all amounts charged through any type of credit card, for which a deduction is claimed in this schedule. This term does not include amounts paid for (a) the purchase of goods for resale or use in your business, and (b) incidental expenses, such as the purchase of office supplies or for local transportation in connection with an errand. You should maintain records to substantiate entertainment expenditures.

## Instructions for Schedule F (Form 1040)

### A. Cash Receipts and Disbursements Method

Include in income (a) cash and the value of merchandise or other property received from the sale of livestock and produce raised during the taxable year or prior years, (b) profits received from the sale of any livestock and other items purchased, and (c) income received from all other sources. Expenses will be the amounts paid during the taxable year, plus deductions such as depreciation.

An election may be made to report crop insurance proceeds in income in the taxable year following the taxable year of destruction or damage if the taxpayer establishes that it is his practice to report income from such crops in a following taxable year. For further information, contact any Internal Revenue Service office, or refer to **Publication 225, Farmer's Tax Guide.**

### B. Accrual Method

The gross profits are computed as indicated in summary of income and deductions on page 2 of Schedule F. Farm expenses are the actual expenses incurred during the year, whether paid or not. You may value inventories according to the "farm-price method," which provides for the valuation of inventories at market price less direct cost of disposition, or use other methods. Farmers raising livestock may value their inventories of animals according to either the "farm-price method" or the "unit-livestock-price method."

### C. Income

Generally, you should report all farm income in Schedule F. However, if you received rental income based upon farm production or if you received crop shares based on the renting of all or part of your crop land on a crop share basis, but you did not materially participate in the operation of the farm, report such income on

Schedule E, or Form 4835, Farm Rental Income and Expense (such income is not subject to self-employment tax). If you materially participated in the operation of a farm, the rental income you received is subject to self-employment tax and should be reported in Schedule F. Report crop shares received only for the year in which they are reduced to money or its equivalent.

Sales, exchanges, or involuntary conversions of certain trade or business property are to be reported on Form 4797, Supplemental Schedule of Gains and Losses.

Anything of value received instead of cash, such as groceries in exchange for produce, must be treated as income to the extent of its market value. The value of farm produce consumed by the farmer and his family need not be reported as income, but expenses incurred in raising such produce must not be claimed as deductions. Recoveries from insurance on growing crops should be included. ("Cash method" taxpayers, see item A, above).

Also include in farm income (1) per-unit retain allocations received from co-operatives in money and qualified per-unit

retain certificates (to the extent of stated dollar amounts), and (2) patronage dividends received from cooperatives in money and qualified written notices of allocation (to the extent of stated dollar amount).

Nonqualified per-unit retain certificates and patronage dividends received in the form of nonqualified written notices of allocation are not includible in income at the time of receipt. However, amounts received at the time of redemption, sale, or other disposition must be reported as income.

Patronage dividends received in property other than written notices of allocation are includible in farm income to the extent of fair market value.

Cash advances received from marketing cooperatives you do business with are includible in farm income.

Losses you incurred upon the redemption of qualified written notices of allocation are ordinary losses deductible in the year of redemption provided you acquired the qualified written notices of allocation in the ordinary course of your trade or business.

Patronage dividends received on purchase of capital assets or depreciable property used in farming are not includible in income, but the purchase price of such items must be reduced accordingly. Patronage dividends you received on non-business purchases are not includible in income.

Income from farming is subject to the self-employment tax. (See Schedule SE.) If you have filed Form 4029, do not file Schedule SE. Instead, write "Exempt—Form 4029" in the bottom margin on the back of Form 1040.

**Federal Gasoline Tax Credit.**—If you use the "cash method," enter in Part I, line 24 any Federal gasoline tax claimed as a credit on Form 1040 for 1970. If you use the "accrual method," enter in Part V, line 62 any Federal gasoline tax you claim as a credit on Form 1040 for 1971.

#### **Agricultural Program Payments.**

*In cash.*—Enter the total amount of price support payments, diversion payments, and cost share payments received in cash (sight drafts).

*In Materials and Services.*—If benefits were received in the form of materials, such as fertilizer or lime, or in the form of services, such as grading or the construction of dams, enter the total amount paid by the Department of Agriculture to the vendor or contractor.

#### **Commodity Credit Corporation Loans Forfeited (or Under Election).**

If commodities are pledged as security for a loan from the Commodity Credit Corporation, income is not considered received until the commodities are delivered or forfeited to the Corporation, unless an election is made to include the loan in income when received. If you made this election or delivered or forfeited the pledged commodity, enter the amount received on this line. In the case of an election, attach to your return a statement showing details of the loan. You must continue to report similar loans as income until you receive permission from the Commissioner to change your method of accounting.

#### **D. Expenses and Other Deductions**

**Labor Hired.**—You may deduct amounts paid for farm labor. Do not deduct the value of your own labor or that of your family. Deduct only that part of the board which is purchased for hired labor. The

value of products furnished by the farm and used in the board of hired labor is not deductible. Do not deduct amounts paid to persons engaged in household work except to the extent their services are used in boarding and otherwise caring for farm laborers.

**Repairs and Maintenance.**—You may deduct amounts paid for repairs and maintenance of farm buildings (except your dwelling), farm machinery and equipment; and the cost of ordinary tools of short life or small cost, such as shovels, rakes, etc. Amounts paid for replacements of, or additions to, farm machinery, farm buildings, or other farm equipment of a permanent nature are not deductible. Include in this deduction the total amount of repairs from Form 4832.

**Rent of Farm, Part of Farm, or Pasture.**—You may deduct rent paid in cash. A tenant farmer paying rent to his landlord in the form of crops raised on the farm under a crop share agreement may not deduct as rent the value of the crop, but may deduct amounts paid in raising the crop.

**Fertilizers, Lime, etc.**—May be either capitalized or deducted as an expense.

**Taxes.**—You may deduct State and local taxes. Do not deduct Federal income taxes; estate, inheritance, legacy, succession, and gift taxes; nor taxes assessed for any improvement or betterment. Do not deduct taxes on your dwelling or household property and other taxes not related to the business of farming.

**Conservation Expenses.**—You may deduct certain expenditures (including any amount paid on any assessment levied by a soil or water conservation or drainage district to defray expenditures made) for soil or water conservation and the prevention of erosion if the expenditures are in respect of land you use.

The allowable deduction for any one year may not exceed 25 percent of your gross income from farming (excluding certain gains from sales of assets such as farm machinery or from the disposition of land), but any excess may be carried over to succeeding years with the same limit applying to those years.

To claim a deduction for these expenditures you must (a) elect to do so by claiming the deduction on your return for the first taxable year for which the expenditures are paid; or (b) secure consent from the District Director of Internal Revenue for any other year. Once you have elected to treat the expenditures as deductions, you must continue to do so in all future taxable years unless you secure consent to change from the District Director.

#### **Retirement Plans, etc. (Other than contributions made on your behalf).**

**Line 47a.**—The amount contributed to a pension or profit sharing plan for the taxable year shall constitute the deduction being claimed on this line. Attach Form 2950 in accordance with the instructions for Form 2950. If the plan includes you as a self-employed individual, enter contributions made as an employer on your behalf (but not voluntary contributions you made as an employee) on Form 1040, line 44, instead of on line 47a and attach Form 2950SE.

**Line 47b.**—Employee benefit programs.—Enter the amount of your contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 47a. Contributions to employee benefit programs that are to be reported on this line include insurance, health and welfare programs.

**Automobile Expenses, Special Rule.**—See page 7 of Form 1040 instructions for optional method.

**Other Farm Expenses.**—Include such items as advertising, stationery, stamps, account books, other office supplies, travel, etc.

You may deduct expenditures for clearing land to make it suitable for farming. This deduction is limited to 25 percent of taxable income from farming, or \$5,000, whichever is lesser.

Losses of property included in your inventory are taken care of by the reduced amount of the inventory at the end of the year. The loss of a prospective crop by frost, storm, flood, or fire is not deductible. When using the cash method, the value of animals you raised and lost by death is not deductible. For animals purchased and lost by death, the cost less depreciation allowed or allowable is deductible if not compensated by insurance or otherwise. Do not deduct personal losses.

**Planting and Developing Citrus and Almond Groves.**—Charge to capital account expenses attributable to the planting, cultivation, maintenance, or development of any citrus and almond grove, (or part thereof), incurred before the close of the fourth taxable year beginning with the taxable year in which trees were planted. Treat the portion of a citrus and almond grove planted in one taxable year separately from the portion of the grove planted in another taxable year. Do not apply the rule for capitalization of such expenses to expenses attributable to a citrus and almond grove which was (a) replanted after having been lost or damaged by reason of freeze, disease, drought, pests or casualty, or (b) planted or replanted prior to December 30, 1969 in the case of a citrus grove; or, December 30, 1970, in the case of an almond grove.

**Depreciation.**—You may deduct an allowance for the depreciation of buildings, improvements, machinery, or other farm equipment of a permanent nature. Similar assets may be grouped together as one item for reporting purposes in the depreciation schedule in Schedule F. In computing depreciation do not include the value of land. Do not claim depreciation on livestock or any other property included in your inventory. You may claim depreciation on livestock not included in your inventory of livestock purchased or raised for sale if it was acquired for work, breeding, sport, or dairy purposes.

**New Depreciation Rules.**—New Depreciation rules are in effect for 1971. Persons using Rev. Procs. 62–21, 65–13, or 71–25 should see Form 4832 (Revised) and Publication 534, Tax Information on Depreciation, for details. Form 4832 (Revised) should be used for making the election and determining your depreciation deduction under the new rules.

If you use depreciation rules other than the rules provided for on Form 4832 (Revised), you may complete Form 4562, Depreciation. See instructions on back of Form 4562 for more detailed information regarding methods of computing depreciation, other than the new depreciation rules mentioned in the preceding paragraph.

**Net Operating Loss Deduction.**—Enter as a "minus" figure on Form 1040, line 39(e).

**Additional Information Available.**—You may obtain Publication 225, Farmer's Tax Guide, free from your county agricultural agent or an Internal Revenue Service office.

**For persons with incomes under \$10,000 who do not itemize deductions on Schedule A, Form 1040.**

The standard deduction and deduction for exemptions have been taken into account in determining the tax shown in these Tables.

The Tables show the LOWER tax after taking into account both the percentage standard deduction and the low income allowance except in the case of married persons filing separately. For married persons filing separate returns, the tables show the tax figured on the percentage standard deduction and on the low income allowance.

Select the Tax Table that covers the total number of exemptions on Form 1040, line 11. On the appropriate table, read

down the income columns until you find the line covering the adjusted gross income you entered on Form 1040, line 18. Then read across to the column heading describing your marital status. Enter the tax you find there on Form 1040, line 19.

**Married persons filing separate returns:** Choose either the low income allowance or percentage standard deduction to figure your tax, but if one uses the percentage standard deduction, then both must use it. **If you are a married person living apart from your spouse,** see page 4 of the instructions in this package to see if you can be considered to be "unmarried" for purposes of using the tax tables below.

**TABLE 1.—Returns claiming ONE exemption (and not itemizing deductions)**

If adjusted gross income is—		And you are—				If adjusted gross income is—		And you are—				If adjusted gross income is—		And you are—			
At least	But less than	Single, not head of household	Head of household	Married filing separate—		At least	But less than	Single, not head of household	Head of household	Married filing separate—		At least	But less than	Single, not head of household	Head of household	Married filing separate—	
				Low income allowance	% Standard deduction					Low income allowance	% Standard deduction					Low income allowance	% Standard deduction
		Your tax is—						Your tax is—						Your tax is—			
		\$0	\$0	\$0	\$0	\$2,675	\$2,700	\$139	\$135	\$223	\$253	\$6,200	\$6,250	\$795	\$755	\$916	\$866
\$0	\$775																
775	800	0	0	0	1	2,700	2,725	143	138	227	256	6,250	6,300	806	765	927	877
800	825	0	0	0	4	2,725	2,750	147	142	231	260	6,300	6,350	816	774	938	888
825	850	0	0	0	8	2,750	2,775	151	146	236	264	6,350	6,400	827	784	949	899
850	875	0	0	0	11	2,775	2,800	155	150	240	268	6,400	6,450	837	793	960	910
875	900	0	0	0	14	2,800	2,825	159	154	244	271	6,450	6,500	848	803	971	921
900	925	0	0	0	17	2,825	2,850	163	158	248	275	6,500	6,550	858	812	982	932
925	950	0	0	0	20	2,850	2,875	167	162	253	279	6,550	6,600	869	822	993	943
950	975	0	0	0	23	2,875	2,900	171	166	257	282	6,600	6,650	879	831	1,004	954
975	1,000	0	0	0	26	2,900	2,925	175	170	261	286	6,650	6,700	890	841	1,015	965
1,000	1,025	0	0	0	29	2,925	2,950	179	174	265	290	6,700	6,750	900	850	1,026	976
1,025	1,050	0	0	0	32	2,950	2,975	183	178	270	293	6,750	6,800	911	860	1,037	987
1,050	1,075	0	0	0	35	2,975	3,000	187	182	274	297	6,800	6,850	921	869	1,048	998
1,075	1,100	0	0	0	38	3,000	3,050	193	188	280	303	6,850	6,900	932	879	1,059	1,009
1,100	1,125	0	0	0	41	3,050	3,100	201	196	289	310	6,900	6,950	942	888	1,070	1,020
1,125	1,150	0	0	0	44	3,100	3,150	209	204	297	318	6,950	7,000	953	898	1,081	1,031
1,150	1,175	0	0	0	47	3,150	3,200	217	212	306	327	7,000	7,050	963	907	1,092	1,042
1,175	1,200	0	0	0	50	3,200	3,250	225	220	315	335	7,050	7,100	974	917	1,103	1,053
1,200	1,225	0	0	2	53	3,250	3,300	234	228	324	343	7,100	7,150	984	926	1,114	1,064
1,225	1,250	0	0	5	56	3,300	3,350	242	236	334	351	7,150	7,200	995	936	1,125	1,075
1,250	1,275	0	0	9	59	3,350	3,400	251	244	343	360	7,200	7,250	1,005	945	1,136	1,086
1,275	1,300	0	0	12	62	3,400	3,450	259	252	353	368	7,250	7,300	1,016	955	1,149	1,097
1,300	1,325	0	0	16	65	3,450	3,500	268	260	362	376	7,300	7,350	1,026	964	1,161	1,108
1,325	1,350	0	0	19	68	3,500	3,550	276	268	372	384	7,350	7,400	1,037	974	1,174	1,119
1,350	1,375	0	0	23	72	3,550	3,600	285	276	381	393	7,400	7,450	1,047	983	1,186	1,130
1,375	1,400	0	0	26	75	3,600	3,650	293	284	391	401	7,450	7,500	1,058	993	1,199	1,143
1,400	1,425	0	0	30	78	3,650	3,700	302	292	400	409	7,500	7,550	1,068	1,002	1,211	1,155
1,425	1,450	0	0	33	81	3,700	3,750	310	300	410	417	7,550	7,600	1,079	1,012	1,224	1,168
1,450	1,475	0	0	37	85	3,750	3,800	320	309	419	426	7,600	7,650	1,089	1,021	1,236	1,180
1,475	1,500	0	0	40	88	3,800	3,850	329	318	429	434	7,650	7,700	1,100	1,031	1,249	1,193
1,500	1,525	0	0	44	91	3,850	3,900	339	327	438	442	7,700	7,750	1,110	1,040	1,261	1,205
1,525	1,550	0	0	47	94	3,900	3,950	348	336	448	451	7,750	7,800	1,122	1,051	1,274	1,218
1,550	1,575	0	0	51	98	3,950	4,000	358	345	457	459	7,800	7,850	1,134	1,062	1,286	1,230
1,575	1,600	0	0	54	101	4,000	4,050	367	354	467	467	7,850	7,900	1,146	1,073	1,299	1,243
1,600	1,625	0	0	58	104	4,050	4,100	377	363	476	475	7,900	7,950	1,158	1,084	1,311	1,255
1,625	1,650	0	0	61	107	4,100	4,150	386	372	486	484	7,950	8,000	1,170	1,095	1,324	1,268
1,650	1,675	0	0	65	111	4,150	4,200	396	381	495	492	8,000	8,050	1,182	1,106	1,336	1,280
1,675	1,700	0	0	68	114	4,200	4,250	405	390	505	500	8,050	8,100	1,194	1,117	1,349	1,293
1,700	1,725	0	0	72	117	4,250	4,300	415	399	514	508	8,100	8,150	1,205	1,127	1,361	1,305
1,725	1,750	2	2	76	120	4,300	4,350	424	408	524	517	8,150	8,200	1,215	1,136	1,374	1,318
1,750	1,775	5	5	79	124	4,350	4,400	434	417	533	525	8,200	8,250	1,225	1,146	1,386	1,330
1,775	1,800	9	9	83	127	4,400	4,450	443	426	543	533	8,250	8,300	1,236	1,155	1,399	1,343
1,800	1,825	12	12	87	130	4,450	4,500	453	435	552	541	8,300	8,350	1,246	1,165	1,411	1,355
1,825	1,850	16	16	91	134	4,500	4,550	462	444	562	550	8,350	8,400	1,257	1,174	1,424	1,368
1,850	1,875	19	19	94	137	4,550	4,600	472	453	571	558	8,400	8,450	1,267	1,184	1,436	1,380
1,875	1,900	23	23	98	140	4,600	4,650	481	462	581	566	8,450	8,500	1,278	1,194	1,449	1,393
1,900	1,925	26	26	102	143	4,650	4,700	491	471	590	575	8,500	8,550	1,288	1,203	1,461	1,405
1,925	1,950	30	30	106	147	4,700	4,750	500	480	600	583	8,550	8,600	1,298	1,213	1,474	1,418
1,950	1,975	33	33	109	150	4,750	4,800	510	489	609	591	8,600	8,650	1,309	1,222	1,486	1,430
1,975	2,000	37	37	113	154	4,800	4,850	519	498	619	599	8,650	8,700	1,319	1,232	1,499	1,443
2,000	2,025	40	40	117	157	4,850	4,900	529	507	628	608	8,700	8,750	1,330	1,241	1,511	1,455
2,025	2,050	44	44	121	161	4,900	4,950	538	516	638	616	8,750	8,800	1,340	1,251	1,524	1,468
2,050	2,075	47	47	124	164	4,950	5,000	548	525	647	624	8,800	8,850	1,351	1,261	1,536	1,480
2,075	2,100	51	51	128	168	5,000	5,050	557	534	657	632	8,850	8,900	1,361	1,270	1,549	1,493
2,100	2,125	54	54	132	171	5,050	5,100	567	543	666	641	8,900	8,950	1,372	1,280	1,561	1,505
2,125	2,150	58	58	136	175	5,100	5,150	576	552	676	649	8,950	9,000	1,382	1,289	1,574	1,518
2,150	2,175	61	61	139	178	5,150	5,200	586	561	685	657	9,000	9,050	1,392	1,299	1,586	1,530
2,175	2,200	65	65	143	181	5,200	5,250	595	570	696	665	9,050	9,100	1,403	1,308	1,599	1,543
2,200	2,225	68	68	147	185	5,250	5,300	605	579	707	674	9,100	9,150	1,413	1,318	1,611	1,555
2,225	2,250	72	72	151	188	5,300	5,350	614	588	718	682	9,150	9,200	1,424	1,328	1,624	1,568
2,250	2,275	76	75	155	192	5,350	5,400	624	597	729	690	9,200	9,250	1,434	1,337	1,637	1,580
2,275	2,300	79	79	159	195	5,400	5,450	633	606	740	700	9,250	9,300	1,445			

**TABLE 2.—Returns claiming TWO exemptions (and not itemizing deductions)**

If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—							
At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—	Low income allowance	%Stand-ard deduction	At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—	Low income allowance	%Stand-ard deduction	At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—	Low income allowance	%Stand-ard deduction
		Your tax is—							Your tax is—							Your tax is—							
\$0	\$1,550	\$0	\$0	\$0	\$0	\$0	\$3,400	\$3,450	\$149	\$144	\$144	\$234	\$247	\$6,750	\$6,800	\$769	\$731	\$691	\$888	\$839			
1,550	1,575	0	0	0	0	1	3,450	3,500	157	152	151	242	254	6,800	6,850	779	741	701	899	850			
1,575	1,600	0	0	0	0	4	3,500	3,550	165	160	159	251	262	6,850	6,900	790	750	710	910	861			
1,600	1,625	0	0	0	0	7	3,550	3,600	173	168	166	259	269	6,900	6,950	800	760	720	921	872			
1,625	1,650	0	0	0	0	10	3,600	3,650	181	176	174	268	277	6,950	7,000	811	769	729	932	883			
1,650	1,675	0	0	0	0	13	3,650	3,700	189	184	181	276	284	7,000	7,050	821	779	739	943	894			
1,675	1,700	0	0	0	0	17	3,700	3,750	197	192	189	285	291	7,050	7,100	832	788	748	954	905			
1,700	1,725	0	0	0	0	20	3,750	3,800	205	200	196	293	299	7,100	7,150	842	798	758	965	916			
1,725	1,750	0	0	0	0	23	3,800	3,850	213	208	204	302	306	7,150	7,200	853	807	767	976	927			
1,750	1,775	0	0	0	0	26	3,850	3,900	221	216	211	310	314	7,200	7,250	863	817	777	987	938			
1,775	1,800	0	0	0	0	29	3,900	3,950	229	224	219	320	322	7,250	7,300	874	826	786	998	949			
1,800	1,825	0	0	0	0	32	3,950	4,000	238	232	226	329	331	7,300	7,350	884	836	796	1,009	960			
1,825	1,850	0	0	0	0	35	4,000	4,050	246	240	234	339	339	7,350	7,400	895	845	805	1,020	971			
1,850	1,875	0	0	0	0	38	4,050	4,100	255	248	241	348	347	7,400	7,450	905	855	815	1,031	982			
1,875	1,900	0	0	0	0	41	4,100	4,150	263	256	249	358	355	7,450	7,500	916	864	824	1,042	993			
1,900	1,925	0	0	0	0	44	4,150	4,200	272	264	256	367	364	7,500	7,550	926	874	834	1,053	1,004			
1,925	1,950	0	0	0	0	47	4,200	4,250	280	272	264	377	372	7,550	7,600	937	883	843	1,064	1,015			
1,950	1,975	0	0	0	0	50	4,250	4,300	289	280	271	386	380	7,600	7,650	947	893	853	1,075	1,026			
1,975	2,000	0	0	0	0	53	4,300	4,350	297	288	279	396	388	7,650	7,700	958	902	862	1,086	1,037			
2,000	2,025	0	0	0	0	56	4,350	4,400	306	296	286	405	397	7,700	7,750	968	912	872	1,097	1,048			
2,025	2,050	0	0	0	0	59	4,400	4,450	315	305	294	415	405	7,750	7,800	979	921	881	1,108	1,059			
2,050	2,075	0	0	0	0	62	4,450	4,500	324	314	302	424	413	7,800	7,850	989	931	891	1,119	1,070			
2,075	2,100	0	0	0	0	65	4,500	4,550	334	323	310	434	421	7,850	7,900	1,000	940	900	1,130	1,081			
2,100	2,125	0	0	0	0	68	4,550	4,600	343	332	318	443	430	7,900	7,950	1,010	950	910	1,143	1,092			
2,125	2,150	0	0	0	0	71	4,600	4,650	353	341	326	453	438	7,950	8,000	1,021	959	919	1,155	1,103			
2,150	2,175	0	0	0	0	75	4,650	4,700	362	350	334	462	446	8,000	8,050	1,031	969	929	1,168	1,114			
2,175	2,200	0	0	0	0	78	4,700	4,750	372	359	342	472	455	8,050	8,100	1,042	978	938	1,180	1,125			
2,200	2,225	0	0	0	0	81	4,750	4,800	381	368	350	481	463	8,100	8,150	1,051	987	947	1,193	1,136			
2,225	2,250	0	0	0	0	84	4,800	4,850	391	377	358	491	471	8,150	8,200	1,060	995	955	1,205	1,149			
2,250	2,275	0	0	0	0	88	4,850	4,900	400	386	366	500	479	8,200	8,250	1,069	1,003	963	1,218	1,161			
2,275	2,300	0	0	0	0	91	4,900	4,950	410	395	374	510	488	8,250	8,300	1,078	1,011	971	1,230	1,174			
2,300	2,325	0	0	0	0	94	4,950	5,000	419	404	382	519	496	8,300	8,350	1,087	1,020	980	1,243	1,186			
2,325	2,350	0	0	0	0	98	5,000	5,050	429	413	390	529	504	8,350	8,400	1,097	1,028	988	1,255	1,199			
2,350	2,375	0	0	0	0	101	5,050	5,100	438	422	398	538	512	8,400	8,450	1,106	1,036	996	1,268	1,211			
2,375	2,400	0	0	0	0	104	5,100	5,150	448	431	406	548	521	8,450	8,500	1,116	1,045	1,004	1,280	1,224			
2,400	2,425	0	0	0	0	107	5,150	5,200	457	440	414	557	529	8,500	8,550	1,126	1,055	1,013	1,293	1,236			
2,425	2,450	0	0	0	0	111	5,200	5,250	467	449	422	567	537	8,550	8,600	1,136	1,064	1,021	1,305	1,249			
2,450	2,475	9	9	9	83	114	5,250	5,300	476	458	430	576	545	8,600	8,650	1,147	1,074	1,029	1,318	1,261			
2,475	2,500	12	12	12	87	117	5,300	5,350	486	467	438	586	554	8,650	8,700	1,157	1,083	1,037	1,330	1,274			
2,500	2,525	16	16	16	91	120	5,350	5,400	495	476	446	595	562	8,700	8,750	1,168	1,093	1,046	1,343	1,286			
2,525	2,550	19	19	19	94	124	5,400	5,450	505	485	454	605	570	8,750	8,800	1,178	1,103	1,054	1,355	1,299			
2,550	2,575	23	23	23	98	127	5,450	5,500	514	494	463	614	579	8,800	8,850	1,189	1,112	1,062	1,368	1,311			
2,575	2,600	26	26	26	102	130	5,500	5,550	524	503	471	624	587	8,850	8,900	1,199	1,122	1,071	1,380	1,324			
2,600	2,625	30	30	30	106	133	5,550	5,600	533	512	480	633	595	8,900	8,950	1,210	1,131	1,079	1,393	1,336			
2,625	2,650	33	33	33	109	137	5,600	5,650	543	521	488	643	603	8,950	9,000	1,220	1,141	1,087	1,405	1,349			
2,650	2,675	37	37	37	113	140	5,650	5,700	552	530	497	652	612	9,000	9,050	1,230	1,150	1,095	1,418	1,361			
2,675	2,700	40	40	40	117	143	5,700	5,750	562	539	505	662	620	9,050	9,100	1,241	1,160	1,104	1,430	1,374			
2,700	2,725	44	44	44	121	147	5,750	5,800	571	548	514	671	628	9,100	9,150	1,251	1,170	1,112	1,443	1,386			
2,725	2,750	47	47	47	124	150	5,800	5,850	581	557	522	681	638	9,150	9,200	1,262	1,179	1,120	1,455	1,399			
2,750	2,775	51	51	51	128	154	5,850	5,900	590	566	531	690	647	9,200	9,250	1,272	1,189	1,128	1,468	1,411			
2,775	2,800	54	54	54	132	157	5,900	5,950	600	575	539	701	657	9,250	9,300	1,283	1,198	1,137	1,480	1,424			
2,800	2,825	58	58	58	136	160	5,950	6,000	609	584	548	712	666	9,300	9,350	1,293	1,208	1,145	1,493	1,436			
2,825	2,850	61	61	61	139	164	6,000	6,050	619	593	556	723	676	9,350	9,400	1,304	1,217	1,153	1,505	1,449			
2,850	2,875	65	65	65	143	167	6,050	6,100	628	602	565	734	685	9,400	9,450	1,314	1,227	1,161	1,518	1,461			
2,875	2,900	68	68	68	147	171	6,100	6,150	638	611	573	745	696	9,450	9,500	1,324	1,237	1,170	1,530	1,474			
2,900	2,925	72	72	72	151	174	6,150	6,200	647	620	582	756	707	9,500	9,550	1,335	1,246	1,178	1,543	1,486			
2,925	2,950	76	75	75	155	178	6,200	6,250	657	629	590	767	718	9,550	9,600	1,345	1,256	1,186	1,555	1,499			
2,950	2,975	79	79	79	159	181	6,250																

**TABLE 3.—Returns claiming THREE exemptions (and not itemizing deductions) (continued)**

If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—				
At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—	
					Low income allowance	%Standard deduction						Low income allowance	%Standard deduction						Low income allowance	%Standard deduction
Your tax is—																				
\$5,100	\$5,150	\$320	\$309	\$298	\$419	\$392	\$6,750	\$6,800	\$633	\$606	\$569	\$740	\$690	\$8,400	\$8,450	\$964	\$908	\$868	\$1,103	\$1,053
5,150	5,200	329	318	306	429	401	6,800	6,850	643	615	578	751	701	8,450	8,500	973	916	876	1,114	1,064
5,200	5,250	339	327	314	438	409	6,850	6,900	652	624	586	762	712	8,500	8,550	982	924	884	1,125	1,075
5,250	5,300	348	336	322	448	417	6,900	6,950	662	633	595	773	723	8,550	8,600	991	933	893	1,136	1,086
5,300	5,350	358	345	330	457	425	6,950	7,000	671	642	603	784	734	8,600	8,650	1,001	941	901	1,149	1,097
5,350	5,400	367	354	338	467	434	7,000	7,050	681	651	612	795	745	8,650	8,700	1,010	949	909	1,161	1,108
5,400	5,450	377	363	346	476	442	7,050	7,100	690	660	620	806	756	8,700	8,750	1,019	957	917	1,174	1,119
5,450	5,500	386	372	354	486	450	7,100	7,150	701	670	630	817	767	8,750	8,800	1,028	966	926	1,186	1,130
5,500	5,550	396	381	362	495	459	7,150	7,200	711	679	639	828	778	8,800	8,850	1,037	974	934	1,199	1,143
5,550	5,600	405	390	370	505	467	7,200	7,250	722	689	649	839	789	8,850	8,900	1,046	982	942	1,211	1,155
5,600	5,650	415	399	378	514	475	7,250	7,300	732	698	658	850	800	8,900	8,950	1,055	991	951	1,224	1,168
5,650	5,700	424	408	386	524	483	7,300	7,350	743	708	668	861	811	8,950	9,000	1,064	999	959	1,236	1,180
5,700	5,750	434	417	394	533	492	7,350	7,400	753	717	677	872	822	9,000	9,050	1,074	1,007	967	1,249	1,193
5,750	5,800	443	426	402	543	500	7,400	7,450	764	727	687	883	833	9,050	9,100	1,083	1,015	975	1,261	1,205
5,800	5,850	453	435	410	552	510	7,450	7,500	774	736	696	894	844	9,100	9,150	1,092	1,024	984	1,274	1,218
5,850	5,900	462	444	418	562	519	7,500	7,550	785	746	706	905	855	9,150	9,200	1,101	1,032	992	1,286	1,230
5,900	5,950	472	453	426	571	529	7,550	7,600	795	755	715	916	866	9,200	9,250	1,110	1,040	1,000	1,299	1,243
5,950	6,000	481	462	434	581	538	7,600	7,650	806	765	725	927	877	9,250	9,300	1,121	1,050	1,008	1,311	1,255
6,000	6,050	491	471	442	590	548	7,650	7,700	816	774	734	938	888	9,300	9,350	1,131	1,059	1,017	1,324	1,268
6,050	6,100	500	480	450	600	557	7,700	7,750	827	784	744	949	899	9,350	9,400	1,142	1,069	1,025	1,336	1,280
6,100	6,150	510	489	459	609	567	7,750	7,800	837	793	753	960	910	9,400	9,450	1,152	1,078	1,033	1,349	1,293
6,150	6,200	519	498	467	619	576	7,800	7,850	848	803	763	971	921	9,450	9,500	1,162	1,088	1,041	1,361	1,305
6,200	6,250	529	507	476	628	586	7,850	7,900	858	812	772	982	932	9,500	9,550	1,173	1,098	1,050	1,374	1,318
6,250	6,300	538	516	484	638	595	7,900	7,950	869	822	782	993	943	9,550	9,600	1,183	1,107	1,058	1,386	1,330
6,300	6,350	548	525	493	647	605	7,950	8,000	879	831	791	1,004	954	9,600	9,650	1,194	1,117	1,066	1,399	1,343
6,350	6,400	557	534	501	657	614	8,000	8,050	890	841	801	1,015	965	9,650	9,700	1,204	1,126	1,075	1,411	1,355
6,400	6,450	567	543	510	666	624	8,050	8,100	900	850	810	1,026	976	9,700	9,750	1,215	1,136	1,083	1,424	1,368
6,450	6,500	576	552	518	676	633	8,100	8,150	909	858	818	1,037	987	9,750	9,800	1,225	1,145	1,091	1,436	1,380
6,500	6,550	586	561	527	685	643	8,150	8,200	918	867	827	1,048	998	9,800	9,850	1,235	1,155	1,099	1,449	1,393
6,550	6,600	595	570	535	696	652	8,200	8,250	927	875	835	1,059	1,009	9,850	9,900	1,246	1,165	1,108	1,461	1,405
6,600	6,650	605	579	544	707	662	8,250	8,300	937	883	843	1,070	1,020	9,900	9,950	1,256	1,174	1,116	1,474	1,418
6,650	6,700	614	588	552	718	671	8,300	8,350	946	891	851	1,081	1,031	9,950	10,000	1,267	1,184	1,124	1,486	1,430
6,700	6,750	624	597	561	729	681	8,350	8,400	955	900	860	1,092	1,042							

**TABLE 4.—Returns claiming FOUR exemptions (and not itemizing deductions)**

\$0	\$3,100	\$0	\$0	\$0	\$0	\$0	\$5,400	\$5,450	\$255	\$248	\$241	\$348	\$314	\$7,750	\$7,800	\$695	\$665	\$625	\$811	\$762
3,100	3,150	0	0	0	0	3	5,450	5,500	263	256	249	358	322	7,800	7,850	706	674	634	822	773
3,150	3,200	0	0	0	0	9	5,500	5,550	272	264	256	367	330	7,850	7,900	716	684	644	833	784
3,200	3,250	0	0	0	0	15	5,550	5,600	280	272	264	377	339	7,900	7,950	727	693	653	844	795
3,250	3,300	0	0	0	7	21	5,600	5,650	289	280	271	386	347	7,950	8,000	737	703	663	855	806
3,300	3,350	0	0	0	14	27	5,650	5,700	297	288	279	396	355	8,000	8,050	748	712	672	866	817
3,350	3,400	0	0	0	21	33	5,700	5,750	306	296	286	405	363	8,050	8,100	758	722	682	877	828
3,400	3,450	0	0	0	28	39	5,750	5,800	315	305	294	415	372	8,100	8,150	767	730	690	888	839
3,450	3,500	0	0	0	35	45	5,800	5,850	324	314	302	424	381	8,150	8,200	777	738	698	899	850
3,500	3,550	0	0	0	42	51	5,850	5,900	334	323	310	434	391	8,200	8,250	786	747	707	910	861
3,550	3,600	0	0	0	49	57	5,900	5,950	343	332	318	443	400	8,250	8,300	795	755	715	921	872
3,600	3,650	0	0	0	56	64	5,950	6,000	353	341	326	453	410	8,300	8,350	804	763	723	932	883
3,650	3,700	0	0	0	63	70	6,000	6,050	362	350	334	462	419	8,350	8,400	813	771	731	943	894
3,700	3,750	0	0	0	70	76	6,050	6,100	372	359	342	472	429	8,400	8,450	822	780	740	954	905
3,750	3,800	4	4	4	78	83	6,100	6,150	381	368	350	481	438	8,450	8,500	831	788	748	965	916
3,800	3,850	11	11	11	85	89	6,150	6,200	391	377	358	491	448	8,500	8,550	841	796	756	976	927
3,850	3,900	18	18	18	93	96	6,200	6,250	400	386	366	500	457	8,550	8,600	850	804	764	987	938
3,900	3,950	25	25	25	100	102	6,250	6,300	410	395	374	510	467	8,600	8,650	859	813	773	998	949
3,950	4,000	32	32	32	108	109	6,300	6,350	419	404	382	519	476	8,650	8,700	868	821	781	1,009	960
4,000	4,050	39	39	39	115	115	6,350	6,400	429	413	390	529	486	8,700	8,750	877	829	789	1,020	971
4,050	4,100	46	46	46	123	122	6,400	6,450	438	422	398	538	495	8,750	8,800	886	838	798	1,031	982
4,100	4,150	53	53	53	130	128	6,450	6,500	448	431	406	548	505	8,800	8,850	895	846	806	1,042	993
4,150	4,200	60	60	60	138	135	6,500	6,550	457	440	414	557	514	8,850	8,900	904	854	814	1,053	1,004
4,200	4,250	67	67	67	145	141	6,550	6,600	467	449	422	567	524	8,900	8,950	914	862	822	1,064	1,015
4,250	4,300	74	74	74	153	148	6,600	6,650	476	458	430	576	533	8,950	9,000	923	871	831	1,075	1,026
4,300	4,350	81	81	81	161	155	6,650	6,700	486	467	438	586	543	9,000	9,050	932	879	839	1,086	1,037
4,350	4,400	89	88	88	169	162	6,700	6,750	495	476	446	595	552	9,050	9,100	941	887	847	1,097	1,048
4,400	4,450	96	95	95	177	169	6,750	6,800	505	485	454	605	562	9,100	9,150	950	895	855	1,108	1,059
4,450	4,500	104	102	102	185	176	6,800	6,850	514	494	463	614	571	9,150	9,200	959	904	864	1,119	1,070
4,500	4,550	111	109	109	193	183	6,850	6,900	524	503	471	624	581	9,200	9,250	968	912	872		

**TABLE 5.—Returns claiming FIVE exemptions (and not itemizing deductions) (continued)**

If adjusted gross income is—		And you are—						If adjusted gross income is—		And you are—						If adjusted gross income is—		And you are—					
At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—				
					Low income allowance	%Standard deduction						Low income allowance	%Standard deduction						Low income allowance	%Standard deduction			
		Your tax is—								Your tax is—								Your tax is—					
\$4,650	\$4,700	\$35	\$35	\$35	\$111	\$99	\$6,450	\$6,500	\$320	\$309	\$298	\$419	\$377	\$8,250	\$8,300	\$657	\$628	\$590	\$773	\$723			
4,700	4,750	42	42	42	119	105	6,500	6,550	329	318	306	429	386	8,300	8,350	665	636	598	784	734			
4,750	4,800	49	49	49	126	112	6,550	6,600	339	327	314	438	396	8,350	8,400	673	644	605	795	745			
4,800	4,850	56	56	56	134	118	6,600	6,650	348	336	322	448	405	8,400	8,450	681	652	612	806	756			
4,850	4,900	63	63	63	141	125	6,650	6,700	358	345	330	457	415	8,450	8,500	690	660	620	817	767			
4,900	4,950	70	70	70	149	131	6,700	6,750	367	354	338	467	424	8,500	8,550	699	668	628	828	778			
4,950	5,000	78	77	77	157	138	6,750	6,800	377	363	346	476	434	8,550	8,600	708	676	636	839	789			
5,000	5,050	85	84	84	165	145	6,800	6,850	386	372	354	486	443	8,600	8,650	717	684	644	850	800			
5,050	5,100	93	91	91	173	151	6,850	6,900	396	381	362	495	453	8,650	8,700	726	693	653	861	811			
5,100	5,150	100	98	98	181	158	6,900	6,950	405	390	370	505	462	8,700	8,750	735	701	661	872	822			
5,150	5,200	108	105	105	189	165	6,950	7,000	415	399	378	514	472	8,750	8,800	744	709	669	883	833			
5,200	5,250	115	112	112	197	172	7,000	7,050	424	408	386	524	481	8,800	8,850	754	718	678	894	844			
5,250	5,300	123	119	119	205	179	7,050	7,100	434	417	394	533	491	8,850	8,900	763	726	686	905	855			
5,300	5,350	130	126	126	213	186	7,100	7,150	443	426	402	543	500	8,900	8,950	772	734	694	916	866			
5,350	5,400	138	133	133	221	193	7,150	7,200	453	435	410	552	510	8,950	9,000	781	742	702	927	877			
5,400	5,450	145	140	140	229	200	7,200	7,250	462	444	418	562	519	9,000	9,050	790	751	711	938	888			
5,450	5,500	153	148	148	238	207	7,250	7,300	472	453	426	571	529	9,050	9,100	799	759	719	949	899			
5,500	5,550	161	156	155	246	214	7,300	7,350	481	462	434	581	538	9,100	9,150	808	767	727	960	910			
5,550	5,600	169	164	163	255	221	7,350	7,400	491	471	442	590	548	9,150	9,200	818	775	735	971	921			
5,600	5,650	177	172	170	263	228	7,400	7,450	500	480	450	600	557	9,200	9,250	827	784	744	982	932			
5,650	5,700	185	180	178	272	236	7,450	7,500	510	489	459	609	567	9,250	9,300	836	792	752	993	943			
5,700	5,750	193	188	185	280	243	7,500	7,550	519	498	467	619	576	9,300	9,350	845	800	760	1,004	954			
5,750	5,800	201	196	193	289	251	7,550	7,600	529	507	476	628	586	9,350	9,400	854	808	768	1,015	965			
5,800	5,850	209	204	200	297	259	7,600	7,650	538	516	484	638	595	9,400	9,450	863	817	777	1,026	976			
5,850	5,900	217	212	208	306	268	7,650	7,700	548	525	493	647	605	9,450	9,500	872	825	785	1,037	987			
5,900	5,950	225	220	215	315	276	7,700	7,750	557	534	501	657	614	9,500	9,550	881	833	793	1,048	998			
5,950	6,000	234	228	223	324	285	7,750	7,800	567	543	510	666	624	9,550	9,600	891	841	801	1,059	1,009			
6,000	6,050	242	236	230	334	293	7,800	7,850	576	552	518	676	633	9,600	9,650	900	850	810	1,070	1,020			
6,050	6,100	251	244	238	343	302	7,850	7,900	586	561	527	685	643	9,650	9,700	909	858	818	1,081	1,031			
6,100	6,150	259	252	245	353	310	7,900	7,950	595	570	535	695	652	9,700	9,750	918	866	826	1,092	1,042			
6,150	6,200	268	260	253	362	320	7,950	8,000	605	579	544	707	662	9,750	9,800	927	875	835	1,103	1,053			
6,200	6,250	276	268	260	372	329	8,000	8,050	614	588	552	718	671	9,800	9,850	936	883	843	1,114	1,064			
6,250	6,300	285	276	268	381	339	8,050	8,100	624	597	561	729	681	9,850	9,900	945	891	851	1,125	1,075			
6,300	6,350	293	284	275	391	348	8,100	8,150	632	605	568	740	690	9,900	9,950	955	899	859	1,136	1,086			
6,350	6,400	302	292	283	400	358	8,150	8,200	640	613	575	751	701	9,950	10,000	964	908	868	1,149	1,097			
6,400	6,450	310	300	290	410	367	8,200	8,250	648	621	583	762	712										

**TABLE 6.—Returns claiming SIX exemptions (and not itemizing deductions)**

\$0	\$4,600	\$0	\$0	\$0	\$0	\$0	\$6,400	\$6,450	\$197	\$192	\$189	\$285	\$246	\$8,250	\$8,300	\$528	\$507	\$475	\$633	\$590
4,600	4,650	0	0	0	7	0	6,450	6,500	205	200	196	293	255	8,300	8,350	537	515	483	643	600
4,650	4,700	0	0	0	14	2	6,500	6,550	213	208	204	302	263	8,350	8,400	545	523	490	652	609
4,700	4,750	0	0	0	21	9	6,550	6,600	221	216	211	310	272	8,400	8,450	553	530	498	662	619
4,750	4,800	0	0	0	28	15	6,600	6,650	229	224	219	320	280	8,450	8,500	561	538	505	671	628
4,800	4,850	0	0	0	35	21	6,650	6,700	238	232	226	329	289	8,500	8,550	570	546	512	681	638
4,850	4,900	0	0	0	42	27	6,700	6,750	246	240	234	339	297	8,550	8,600	578	554	520	690	647
4,900	4,950	0	0	0	49	33	6,750	6,800	255	248	241	348	306	8,600	8,650	586	562	527	701	657
4,950	5,000	0	0	0	56	39	6,800	6,850	263	256	249	358	315	8,650	8,700	594	570	535	712	666
5,000	5,050	0	0	0	63	45	6,850	6,900	272	264	256	367	324	8,700	8,750	603	577	542	723	676
5,050	5,100	0	0	0	70	51	6,900	6,950	280	272	264	377	334	8,750	8,800	611	585	549	734	685
5,100	5,150	4	4	4	78	57	6,950	7,000	289	280	271	386	343	8,800	8,850	619	593	557	745	696
5,150	5,200	11	11	11	85	63	7,000	7,050	297	288	279	396	353	8,850	8,900	628	601	564	756	707
5,200	5,250	18	18	18	93	69	7,050	7,100	306	296	286	405	362	8,900	8,950	636	609	572	767	718
5,250	5,300	25	25	25	100	76	7,100	7,150	315	305	294	415	372	8,950	9,000	644	616	579	778	729
5,300	5,350	32	32	32	108	82	7,150	7,200	324	314	302	424	381	9,000	9,050	652	624	586	789	740
5,350	5,400	39	39	39	115	89	7,200	7,250	334	323	310	434	391	9,050	9,100	661	632	594	800	751
5,400	5,450	46	46	46	123	95	7,250	7,300	343	332	318	443	400	9,100	9,150	669	640	601	811	762
5,450	5,500	53	53	53	130	102	7,300	7,350	353	341	326	453	410	9,150	9,200	677	648	608	822	773
5,500	5,550	60	60	60	138	109	7,350	7,400	362	350	334	462	419	9,200	9,250	685	656	616	833	784
5,550	5,600	67	67	67	145	115	7,400	7,450	372	359	342	472	429	9,250	9,300	694	664	624	844	795
5,600	5,650	74	74	74	153	122	7,450	7,500	381	368	350	481	438	9,300	9,350	703	672	632	855	806
5,650	5,700	81	81	81	161	128	7,500	7,550	391	377	358	491	448	9,350	9,400	712	680	640	866	817
5,700	5,750	89	88	88	169	135	7,550	7,600	400	386	366	500	457	9,400	9,450	721	688	648	877	828
5,750	5,800	96	95	95	177	141	7,600	7,650	410	395	374	510	467	9,450	9,500	731	697	657	888	839
5,800	5,850	104	102	102	185	149	7,650	7,700	419	404	382	519	476	9,500	9,550	740	705	665	899	850
5,850	5,900	111	109	109	193	157	7,700	7,750	429											

**TABLE 7.—Returns claiming SEVEN exemptions (and not itemizing deductions) (continued)**

If adjusted gross income is—		And you are—						If adjusted gross income is—		And you are—						If adjusted gross income is—		And you are—					
At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—				
					Low income allowance	%Standard deduction						Low income allowance	%Standard deduction						Low income allowance	%Standard deduction			
		Your tax is—								Your tax is—								Your tax is—					
\$7,200	\$7,250	\$217	\$212	\$208	\$306	\$268	\$8,150	\$8,200	\$384	\$370	\$352	\$486	\$443	\$9,100	\$9,150	\$541	\$518	\$486	\$666	\$624			
7,250	7,300	225	220	215	315	276	8,200	8,250	392	378	359	495	453	9,150	9,200	549	526	494	676	633			
7,300	7,350	234	228	223	324	285	8,250	8,300	400	385	366	505	462	9,200	9,250	557	534	501	685	643			
7,350	7,400	242	236	230	334	293	8,300	8,350	408	393	373	514	472	9,250	9,300	565	542	509	696	652			
7,400	7,450	251	244	238	343	302	8,350	8,400	417	401	380	524	481	9,300	9,350	574	550	516	707	662			
7,450	7,500	259	252	245	353	310	8,400	8,450	425	409	387	533	491	9,350	9,400	582	558	523	718	671			
7,500	7,550	268	260	253	362	320	8,450	8,500	433	417	394	543	500	9,400	9,450	590	565	531	729	681			
7,550	7,600	276	268	260	372	329	8,500	8,550	441	425	401	552	510	9,450	9,500	598	573	538	740	690			
7,600	7,650	285	276	268	381	339	8,550	8,600	450	432	408	562	519	9,500	9,550	607	581	545	751	701			
7,650	7,700	293	284	275	391	348	8,600	8,650	458	440	415	571	529	9,550	9,600	615	589	553	762	712			
7,700	7,750	302	292	283	400	358	8,650	8,700	466	448	422	581	538	9,600	9,650	623	597	560	773	723			
7,750	7,800	310	300	290	410	367	8,700	8,750	474	456	429	590	548	9,650	9,700	632	605	568	784	734			
7,800	7,850	320	309	298	419	377	8,750	8,800	483	464	435	600	557	9,700	9,750	640	612	575	795	745			
7,850	7,900	329	318	306	429	386	8,800	8,850	491	471	442	609	567	9,750	9,800	648	620	582	806	756			
7,900	7,950	339	327	314	438	396	8,850	8,900	499	479	449	619	576	9,800	9,850	656	628	590	817	767			
7,950	8,000	348	336	322	448	405	8,900	8,950	508	487	457	628	586	9,850	9,900	665	636	597	828	778			
8,000	8,050	358	345	330	457	415	8,950	9,000	516	495	464	638	595	9,900	9,950	673	644	605	839	789			
8,050	8,100	367	354	338	467	424	9,000	9,050	524	503	472	647	605	9,950	10,000	681	652	612	850	800			
8,100	8,150	375	362	345	476	434	9,050	9,100	532	511	479	657	614										

**TABLE 8.—Returns claiming EIGHT exemptions (and not itemizing deductions)**

\$0	\$5,950	\$0	\$0	\$0	\$0	\$0	\$7,300	\$7,350	\$126	\$123	\$123	\$209	\$173	\$8,700	\$8,750	\$346	\$334	\$321	\$462	\$419
5,950	6,000	0	0	0	7	0	7,350	7,400	134	130	130	217	181	8,750	8,800	355	342	327	472	429
6,000	6,050	0	0	0	14	0	7,400	7,450	141	137	137	225	189	8,800	8,850	363	350	334	481	438
6,050	6,100	0	0	0	21	0	7,450	7,500	149	144	144	234	197	8,850	8,900	371	358	341	491	448
6,100	6,150	0	0	0	28	0	7,500	7,550	157	152	151	242	205	8,900	8,950	379	366	348	500	457
6,150	6,200	0	0	0	35	4	7,550	7,600	165	160	159	251	213	8,950	9,000	388	373	355	510	467
6,200	6,250	0	0	0	42	11	7,600	7,650	173	168	166	259	221	9,000	9,050	396	381	362	519	476
6,250	6,300	0	0	0	49	18	7,650	7,700	181	176	174	268	229	9,050	9,100	404	389	369	529	486
6,300	6,350	0	0	0	56	25	7,700	7,750	189	184	181	276	238	9,100	9,150	412	397	376	538	495
6,350	6,400	0	0	0	63	32	7,750	7,800	197	192	189	285	246	9,150	9,200	421	405	383	548	505
6,400	6,450	0	0	0	70	39	7,800	7,850	205	200	196	293	255	9,200	9,250	429	413	390	557	514
6,450	6,500	4	4	4	78	46	7,850	7,900	213	208	204	302	263	9,250	9,300	437	420	397	567	524
6,500	6,550	11	11	11	85	53	7,900	7,950	221	216	211	310	272	9,300	9,350	445	428	404	576	533
6,550	6,600	18	18	18	93	60	7,950	8,000	229	224	219	320	280	9,350	9,400	454	436	411	586	543
6,600	6,650	25	25	25	100	67	8,000	8,050	238	232	226	329	289	9,400	9,450	462	444	418	595	552
6,650	6,700	32	32	32	108	74	8,050	8,100	246	240	234	339	297	9,450	9,500	470	452	425	605	562
6,700	6,750	39	39	39	115	81	8,100	8,150	254	247	240	348	306	9,500	9,550	478	460	432	614	571
6,750	6,800	46	46	46	123	89	8,150	8,200	261	254	247	358	315	9,550	9,600	487	467	439	624	581
6,800	6,850	53	53	53	130	96	8,200	8,250	268	261	253	367	324	9,600	9,650	495	475	446	633	590
6,850	6,900	60	60	60	138	104	8,250	8,300	276	268	260	377	334	9,650	9,700	503	483	453	643	600
6,900	6,950	67	67	67	145	111	8,300	8,350	283	275	266	386	343	9,700	9,750	512	491	460	652	609
6,950	7,000	74	74	74	153	119	8,350	8,400	291	282	273	396	353	9,750	9,800	520	499	468	662	619
7,000	7,050	81	81	81	161	126	8,400	8,450	298	289	279	405	362	9,800	9,850	528	507	475	671	628
7,050	7,100	89	88	88	169	134	8,450	8,500	305	296	286	415	372	9,850	9,900	536	514	483	681	638
7,100	7,150	96	95	95	177	141	8,500	8,550	313	303	293	424	381	9,900	9,950	545	522	490	690	647
7,150	7,200	104	102	102	185	149	8,550	8,600	321	311	300	434	391	9,950	10,000	553	530	497	701	657
7,200	7,250	111	109	109	193	157	8,600	8,650	330	319	307	443	400							
7,250	7,300	119	116	116	201	165	8,650	8,700	338	327	314	453	410							

**TABLE 9.—Returns claiming NINE exemptions (and not itemizing deductions)**

\$0	\$6,600	\$0	\$0	\$0	\$0	\$0	\$7,700	\$7,750	\$85	\$84	\$84	\$165	\$130	\$8,850	\$8,900	\$250	\$243	\$237	\$362	\$320
6,600	6,650	0	0	0	4	0	7,750	7,800	93	91	91	173	138	8,900	8,950	257	250	243	372	329
6,650	6,700	0	0	0	11	0	7,800	7,850	100	98	98	181	145	8,950	9,000	265	257	250	381	339
6,700	6,750	0	0	0	18	0	7,850	7,900	108	105	105	189	153	9,000	9,050	272	264	257	391	348
6,750	6,800	0	0	0	25	0	7,900	7,950	115	112	112	197	161	9,050	9,100	279	271	263	400	358
6,800	6,850	0	0	0	32	0	7,950	8,000	123	119	119	205	169	9,100	9,150	287	278	270	410	367
6,850	6,900	0	0	0	39	7	8,000	8,050	130	126	126	213	177	9,150	9,200	294	285	276	419	377
6,900	6,950	0	0	0	46	14	8,050	8,100	138	133	133	221	185	9,200	9,250	302	292	283	429	386
6,950	7,000	0	0	0	53	21	8,100	8,150	144	139	139	229	193	9,250	9,300	309	299	289	438	396
7,000	7,050	0	0	0	60	28	8,150	8,200	151	146	146	238	201	9,300	9,350	317	307	296	448	405
7,050	7,100	0	0	0	67	35	8,200	8,250	158	153	152	246	209	9,350	9,400	325	315	303	457	415
7,100	7,150	0	0	0	74	42	8,250	8,300	165	160	159	255	217	9,400	9,450	334	322	310	467	424
7,150	7,200	7	7	7	81	49	8,300	8,350	172	167	165	263	225	9,450	9,500	342	330	317	476	434
7,200	7,250	14	14	14	89	56	8,350	8,400	179	174	172	272	234	9,500	9,550	350	338	324	486	443
7,250	7,300	21	21	21	96	63	8,400	8,450	186	181	178	280	242	9,550	9,600	358	346	331	495	453
7,300	7,350	28	28	28	104	70	8,450	8,500	193	188	185	289	251	9,600	9,650	367	354	338	505	462
7,350																				

**TABLE 10.—Returns claiming TEN exemptions (and not itemizing deductions) (continued)**

If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—					If adjusted gross income is—		And you are—				
At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—		At least	But less than	Single, not head of household	Head of household	Married* filing joint return	Married filing separate return claiming—	
					Low income allowance	%Stand-ard deduction						Low income allowance	%Stand-ard deduction						Low income allowance	%Stand-ard deduction
		Your tax is—							Your tax is—							Your tax is—				
\$9,050	\$9,100	\$168	\$163	\$162	\$276	\$238	\$9,400	\$9,450	\$217	\$212	\$207	\$339	\$297	\$9,750	\$9,800	\$268	\$261	\$253	\$405	\$362
9,100	9,150	175	170	168	285	246	9,450	9,500	224	219	214	348	306	9,800	9,850	276	268	260	415	372
9,150	9,200	182	177	175	293	255	9,500	9,550	231	226	221	358	315	9,850	9,900	283	275	266	424	381
9,200	9,250	189	184	181	302	263	9,550	9,600	239	233	227	367	324	9,900	9,950	290	282	273	434	391
9,250	9,300	196	191	188	310	272	9,600	9,650	246	240	234	377	334	9,950	10,000	298	289	279	443	400
9,300	9,350	203	198	194	320	280	9,650	9,700	253	247	240	386	343							
9,350	9,400	210	205	201	329	289	9,700	9,750	261	254	247	396	353							

**TABLE 11.—Returns claiming ELEVEN exemptions (and not itemizing deductions)**

\$0	\$7,950	\$0	\$0	\$0	\$0	\$0	\$8,600	\$8,650	\$11	\$11	\$11	\$96	\$63	\$9,300	\$9,350	\$98	\$96	\$96	\$205	\$169
7,950	8,000	0	0	0	4	0	8,650	8,700	17	17	17	104	70	9,350	9,400	105	102	102	213	177
8,000	8,050	0	0	0	11	0	8,700	8,750	23	23	23	111	78	9,400	9,450	111	108	108	221	185
8,050	8,100	0	0	0	18	0	8,750	8,800	29	29	29	119	85	9,450	9,500	118	115	115	229	193
8,100	8,150	0	0	0	25	0	8,800	8,850	35	35	35	126	93	9,500	9,550	124	121	121	238	201
8,150	8,200	0	0	0	32	0	8,850	8,900	41	41	41	134	100	9,550	9,600	131	127	127	246	209
8,200	8,250	0	0	0	39	7	8,900	8,950	48	48	48	141	108	9,600	9,650	137	133	133	255	217
8,250	8,300	0	0	0	46	14	8,950	9,000	54	54	54	149	115	9,650	9,700	144	139	139	263	225
8,300	8,350	0	0	0	53	21	9,000	9,050	60	60	60	157	123	9,700	9,750	151	146	145	272	234
8,350	8,400	0	0	0	60	28	9,050	9,100	66	66	66	165	130	9,750	9,800	158	153	152	280	242
8,400	8,450	0	0	0	67	35	9,100	9,150	72	72	72	173	138	9,800	9,850	165	160	158	289	251
8,450	8,500	0	0	0	74	42	9,150	9,200	79	78	78	181	145	9,850	9,900	172	167	165	297	259
8,500	8,550	0	0	0	81	49	9,200	9,250	85	84	84	189	153	9,900	9,950	179	174	171	306	268
8,550	8,600	5	5	5	89	56	9,250	9,300	92	90	90	197	161	9,950	10,000	186	181	178	315	276

**TABLE 12.—Returns claiming TWELVE exemptions (and not itemizing deductions)**

\$0	\$8,650	\$0	\$0	\$0	\$0	\$0	\$9,100	\$9,150	\$0	\$0	\$0	\$70	\$39	\$9,600	\$9,650	\$38	\$38	\$38	\$145	\$111
8,650	8,700	0	0	0	7	0	9,150	9,200	0	0	0	78	46	9,650	9,700	44	44	44	153	119
8,700	8,750	0	0	0	14	0	9,200	9,250	0	0	0	85	53	9,700	9,750	51	51	51	161	126
8,750	8,800	0	0	0	21	0	9,250	9,300	0	0	0	93	60	9,750	9,800	57	57	57	169	134
8,800	8,850	0	0	0	28	0	9,300	9,350	2	2	2	100	67	9,800	9,850	63	63	63	177	141
8,850	8,900	0	0	0	35	4	9,350	9,400	8	8	8	108	74	9,850	9,900	69	69	69	185	149
8,900	8,950	0	0	0	42	11	9,400	9,450	14	14	14	115	81	9,900	9,950	75	75	75	193	157
8,950	9,000	0	0	0	49	18	9,450	9,500	20	20	20	123	89	9,950	10,000	82	81	81	201	165
9,000	9,050	0	0	0	56	25	9,500	9,550	26	26	26	130	96							
9,050	9,100	0	0	0	63	32	9,550	9,600	32	32	32	138	104							

**TABLE 13.—Returns claiming THIRTEEN exemptions (and not itemizing deductions)**

\$0	\$9,300	\$0	\$0	\$0	\$0	\$0	\$9,500	\$9,550	\$0	\$0	\$0	\$32	\$0	\$9,750	\$9,800	\$0	\$0	\$0	\$67	\$35
9,300	9,350	0	0	0	4	0	9,550	9,600	0	0	0	39	7	9,800	9,850	0	0	0	74	42
9,350	9,400	0	0	0	11	0	9,600	9,650	0	0	0	46	14	9,850	9,900	0	0	0	81	49
9,400	9,450	0	0	0	18	0	9,650	9,700	0	0	0	53	21	9,900	9,950	0	0	0	89	56
9,450	9,500	0	0	0	25	0	9,700	9,750	0	0	0	60	28	9,950	10,000	0	0	0	96	63

**Returns claiming FOURTEEN or more exemptions.—There is no tax due if adjusted gross income is less than \$10,000.**

\* This column may also be used by certain widows or widowers who qualify for special tax rates.

# 1971 Tax Rate Schedules

If you do not use one of the Tax Tables, figure your tax on the amount

on Form 1040, line 50, by using the appropriate Tax Rate Schedule on

this page. Enter tax on Form 1040, line 19.

## SCHEDULE X—Single Taxpayers Not Qualifying for Rates in Schedule Y or Z

If the amount on Form 1040, line 50, is:	Enter on Form 1040, line 19:	But not over—	of excess over—
\$500	\$70+15%	\$1,000	\$500
\$1,000	\$145+16%	\$1,500	\$1,000
\$1,500	\$225+17%	\$2,000	\$1,500
\$2,000	\$310+19%	\$3,000	\$2,000
\$4,000	\$690+21%	\$4,000	\$4,000
\$6,000	\$1,110+24%	\$6,000	\$6,000
\$8,000	\$1,590+25%	\$8,000	\$8,000
\$10,000	\$2,090+27%	\$10,000	\$10,000
\$12,000	\$2,630+29%	\$12,000	\$12,000
\$14,000	\$3,210+31%	\$14,000	\$14,000
\$16,000	\$3,830+34%	\$16,000	\$16,000
\$18,000	\$4,510+36%	\$18,000	\$18,000
\$20,000	\$5,230+38%	\$20,000	\$20,000
\$22,000	\$5,990+40%	\$22,000	\$22,000
\$26,000	\$7,590+45%	\$26,000	\$26,000
\$32,000	\$10,290+50%	\$32,000	\$32,000
\$38,000	\$13,290+55%	\$38,000	\$38,000
\$44,000	\$16,590+60%	\$44,000	\$44,000
\$50,000	\$20,190+62%	\$50,000	\$50,000
\$60,000	\$26,390+64%	\$60,000	\$60,000
\$70,000	\$32,790+66%	\$70,000	\$70,000
\$80,000	\$39,390+68%	\$80,000	\$80,000
\$90,000	\$46,190+69%	\$90,000	\$90,000
\$100,000	\$53,090+70%	\$100,000	\$100,000

## SCHEDULE Y—Married Taxpayers and Certain Widows and Widowers

If you are a married person living apart from your spouse, see page 4 of the instructions in this package to see if you can be considered to be "unmarried" for purposes of using Schedule X or Z.

Married Taxpayers Filing Joint Returns and Certain Widows and Widowers (See page 4)	Enter on Form 1040, line 19:	But not over—	of excess over—
\$1,000	\$140+15%	\$1,000	\$1,000
\$2,000	\$290+16%	\$2,000	\$2,000
\$3,000	\$450+17%	\$3,000	\$3,000
\$4,000	\$620+19%	\$4,000	\$4,000
\$8,000	\$1,380+22%	\$8,000	\$8,000
\$12,000	\$2,260+25%	\$12,000	\$12,000
\$16,000	\$3,260+28%	\$16,000	\$16,000
\$20,000	\$4,380+32%	\$20,000	\$20,000
\$24,000	\$5,660+36%	\$24,000	\$24,000
\$28,000	\$7,100+39%	\$28,000	\$28,000
\$32,000	\$8,660+42%	\$32,000	\$32,000
\$36,000	\$10,340+45%	\$36,000	\$36,000
\$40,000	\$12,140+48%	\$40,000	\$40,000
\$44,000	\$14,060+50%	\$44,000	\$44,000
\$52,000	\$18,060+53%	\$52,000	\$52,000
\$64,000	\$24,420+55%	\$64,000	\$64,000
\$76,000	\$31,020+58%	\$76,000	\$76,000
\$88,000	\$37,980+60%	\$88,000	\$88,000
\$100,000	\$45,180+62%	\$100,000	\$100,000
\$120,000	\$57,580+64%	\$120,000	\$120,000
\$140,000	\$70,380+66%	\$140,000	\$140,000
\$160,000	\$83,580+68%	\$160,000	\$160,000
\$180,000	\$97,180+69%	\$180,000	\$180,000
\$200,000	\$110,980+70%	\$200,000	\$200,000

## SCHEDULE Z—Unmarried (or legally separated) Taxpayers Who Qualify as Heads of Household (See page 4)

Married Taxpayers Filing Separate Returns	Enter on Form 1040, line 19:	But not over—	of excess over—
\$500	\$70+15%	\$500	\$500
\$1,000	\$145+16%	\$1,000	\$1,000
\$1,500	\$225+17%	\$1,500	\$1,500
\$2,000	\$310+19%	\$2,000	\$2,000
\$4,000	\$690+22%	\$4,000	\$4,000
\$6,000	\$1,130+25%	\$6,000	\$6,000
\$8,000	\$1,630+28%	\$8,000	\$8,000
\$10,000	\$2,190+32%	\$10,000	\$10,000
\$12,000	\$2,830+36%	\$12,000	\$12,000
\$14,000	\$3,550+39%	\$14,000	\$14,000
\$16,000	\$4,330+42%	\$16,000	\$16,000
\$18,000	\$5,170+45%	\$18,000	\$18,000
\$20,000	\$6,070+48%	\$20,000	\$20,000
\$22,000	\$7,030+50%	\$22,000	\$22,000
\$26,000	\$9,030+53%	\$26,000	\$26,000
\$32,000	\$12,210+55%	\$32,000	\$32,000
\$38,000	\$15,510+58%	\$38,000	\$38,000
\$44,000	\$18,990+60%	\$44,000	\$44,000
\$50,000	\$22,590+62%	\$50,000	\$50,000
\$60,000	\$28,790+64%	\$60,000	\$60,000
\$70,000	\$35,190+66%	\$70,000	\$70,000
\$80,000	\$41,790+68%	\$80,000	\$80,000
\$90,000	\$48,590+69%	\$90,000	\$90,000
\$100,000	\$55,490+70%	\$100,000	\$100,000

# 1971 Optional State Sales Tax Tables

If you itemize your deductions, you may use these tables to determine the general sales tax to enter on line 13, Schedule A. If you are able to establish that you paid an amount larger than that shown, you are entitled to deduct the larger amount. The sales tax paid on the purchase of an automobile may be added to the table amount except in Vermont, or in West Virginia if titled after March 31, 1971.

If your income was more than \$19,999 but less than \$100,000, compute your deduction as follows:

Step 1—For the first \$19,999, find the amount for your family size in the table for your State.

Step 2—For each \$1,000 or fraction thereof of income over \$19,999, but less than \$50,000, add 2 percent of the amount you determined in Step 1, above.

Step 3—For each \$1,000 or fraction thereof of income over \$49,999, but less than \$100,000, add 1 percent of the amount you determined in Step 1, above.

If your income was \$100,000 or more, deduct 210 percent of the amount determined in Step 1, above.

Income <sup>1</sup>	Alabama <sup>2</sup>					Arizona <sup>3</sup>					Arkansas <sup>2</sup>					California <sup>4</sup>				
	Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)				
	1	2	3&4	5	Over 5	1	2	3	4	5	Over 5	1	2	3&4	5	Over 5	1&2	3&4	5	Over 5
Under \$3,000.....	\$51	\$61	\$73	\$79	\$79	\$41	\$53	\$55	\$64	\$64	\$65	\$38	\$45	\$54	\$58	\$59	\$40	\$46	\$50	\$50
\$3,000-\$3,999.....	62	76	90	98	100	50	65	68	77	79	81	47	56	67	73	74	51	59	65	65
\$4,000-\$4,999.....	72	90	105	116	118	59	75	80	89	92	96	54	66	78	86	88	63	72	78	78
\$5,000-\$5,999.....	82	102	119	132	136	67	85	90	99	104	109	61	76	88	98	101	73	83	91	91
\$6,000-\$6,999.....	90	114	132	147	152	74	94	100	109	116	121	67	85	98	110	114	83	94	105	105
\$7,000-\$7,999.....	98	125	144	161	168	81	102	110	118	127	133	73	93	108	121	126	93	106	116	117
\$8,000-\$8,999.....	106	136	156	175	183	87	110	119	126	137	144	79	101	117	131	137	103	116	127	129
\$9,000-\$9,999.....	113	146	167	188	198	93	118	127	134	147	155	84	109	125	141	148	112	126	138	140
\$10,000-\$10,999.....	120	156	178	201	212	99	125	135	142	156	165	89	116	133	151	158	121	135	150	152
\$11,000-\$11,999.....	127	165	188	213	226	105	132	143	149	165	175	94	123	141	160	168	129	145	160	163
\$12,000-\$12,999.....	133	174	198	225	239	111	139	151	156	174	185	99	130	149	169	178	137	154	170	173
\$13,000-\$13,999.....	139	183	208	236	252	116	145	158	163	182	194	104	137	156	178	188	146	163	180	183
\$14,000-\$14,999.....	145	192	218	247	265	121	151	165	170	190	203	109	144	163	186	198	154	172	191	194
\$15,000-\$15,999.....	151	201	227	258	277	126	157	172	176	198	212	113	151	170	194	207	162	181	201	204
\$16,000-\$16,999.....	157	209	236	269	289	131	163	179	182	206	221	117	157	177	202	216	170	191	211	214
\$17,000-\$17,999.....	162	217	245	280	301	136	169	186	188	214	230	121	163	184	210	225	178	199	220	224
\$18,000-\$18,999.....	167	225	253	290	313	141	175	193	194	222	238	125	169	190	218	234	187	207	230	234
\$19,000-\$19,999.....	172	233	261	300	324	145	180	199	199	229	246	129	175	196	226	242	194	215	239	243

Income <sup>1</sup>	Colorado <sup>3</sup>						Connecticut					Dist. of Columbia					Florida					Georgia <sup>2</sup>					Hawaii				
	Family size (persons)						Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)				
	1	2	3	4	5	Over 5	1&2	3&4	5	Over 5	1	2	3&4	5	Over 5	1&2	3&4	5	Over 5	1	2	3&4	5	Over 5	1	2	3&4	5	Over 5		
Under \$3,000.....	\$35	\$48	\$49	\$59	\$59	\$60	\$36	\$42	\$50	\$50	\$34	\$43	\$54	\$58	\$58	\$39	\$48	\$51	\$51	\$40	\$49	\$59	\$65	\$65	\$69	\$87	\$91	\$101	\$101		
\$3,000-\$3,999.....	44	58	61	71	73	75	48	55	65	65	41	54	66	72	72	51	61	67	67	50	61	72	80	80	85	105	111	123	123		
\$4,000-\$4,999.....	51	68	72	82	85	88	60	68	79	79	47	64	77	84	85	62	73	78	78	58	72	85	94	94	99	120	129	143	144		
\$5,000-\$5,999.....	58	76	82	91	97	100	71	80	92	92	52	73	87	96	98	72	84	90	90	65	82	96	106	107	112	135	145	161	163		
\$6,000-\$6,999.....	64	84	91	100	107	112	82	92	104	104	57	81	96	107	110	82	94	101	101	72	91	106	118	120	123	148	159	178	181		
\$7,000-\$7,999.....	70	92	100	109	117	123	93	103	116	116	62	89	105	117	121	91	104	112	112	79	100	116	129	133	134	160	173	193	198		
\$8,000-\$8,999.....	76	99	108	117	127	133	103	114	128	128	66	97	113	127	132	100	114	123	124	85	109	125	140	145	145	172	186	206	215		
\$9,000-\$9,999.....	81	106	116	124	136	143	113	125	139	139	70	104	121	136	143	109	123	133	135	91	117	134	150	157	155	183	199	222	230		
\$10,000-\$10,999.....	86	112	124	131	145	153	123	136	150	151	74	111	128	145	153	118	132	143	146	96	125	143	159	168	165	193	211	236	245		
\$11,000-\$11,999.....	91	118	132	138	154	163	133	147	161	163	78	118	135	154	163	126	141	153	157	102	133	151	169	179	174	203	222	249	260		
\$12,000-\$12,999.....	96	124	139	145	162	172	143	157	172	175	82	125	142	163	173	134	150	162	167	107	140	159	178	190	183	213	233	261	274		
\$13,000-\$13,999.....	101	130	146	151	170	181	153	167	182	187	85	131	149	171	182	142	158	171	177	112	147	167	187	200	192	222	244	273	287		
\$14,000-\$14,999.....	106	136	153	157	178	190	163	177	192	198	88	137	156	179	191	150	166	180	187	117	154	174	196	210	200	231	254	285	300		
\$15,000-\$15,999.....	110	141	160	163	186	198	172	187	202	209	91	143	163	187	200	158	174	189	197	122	161	181	204	220	208	240	264	296	313		
\$16,000-\$16,999.....	114	146	167	169	194	206	181	197	212	220	94	149	169	195	209	166	182	198	207	127	168	188	212	230	216	248	274	307	326		
\$17,000-\$17,999.....	118	151	173	175	201	214	190	207	222	231	97	155	175	202	218	174	190	206	217	132	174	195	220	240	224	256	284	318	338		
\$18,000-\$18,999.....	122	156	179	181	208	222	199	216	231	242	100	161	181	209	227	182	197	214	226	136	180	202	228	250	232	264	293	329	350		
\$19,000-\$19,999.....	126	161	185	186	215	230	208	225	240	253	103	166	186	216	235	189	204	222	235	140	186	208	235	259	239	272	302	339	362		

Income <sup>1</sup>	Idaho					Illinois <sup>5</sup>					Indiana					Iowa					Kansas <sup>2</sup>									
	Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)									
	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5					
Under \$3,000.....	\$34	\$45	\$47	\$57	\$57	\$58	\$54	\$70	\$80	\$92	\$92	\$97	\$25	\$34	\$37	\$43	\$43	\$45	\$40	\$51	\$56	\$63	\$63	\$66	\$41	\$51	\$56	\$64	\$64	\$67
\$3,000-\$3,999.....	42	55	59	69	69	72	66	86	98	111	113	121	31	41	46	52	53	56	49	63	69	77	78	83	50	63	69	78	78	84
\$4,000-\$4,999.....	49	64	69	79	82	85	77	100	115	128	133	142	36	48	54	60	63	65	57	73	81	89	92	98	58	74	82	90	92	100
\$5,000-\$5,999.....	56	73	79	88	93	97	87	114	131	144	151	162	41	54	61	67	71	75	65	83	92	101	105	112	66	84	93	102	106	114
\$6,000-\$6,999.....	62	81	88	97	104	109	97	126	145	158	168	181	46	60	68	74	79	83	72	92	103	111	117	125	73	93	104	112	118	127
\$7,000-\$7,999.....	68	88	97	105	114	120	106	138	159	171	184	199	50	65	74	80	86	91	78	101	113	121	129	138	80	102	114	122	130	140
\$8,000-\$8,999.....	74	95	105	113	124	130	115	149	172	184	199	216	54	70	80	86	93	99	84	109	122	131	140	150	86	110	124	132	142	153
\$9,000-\$9,999.....	79	102	113	120	133	140	123	160	184	196	214	232	58	75	86	91	100	107	90	117	131	140	151	162	92	118	133	141	153	165
\$10,000-\$10,999.....	84	109	121	127	142	150	131	170	196	208	228	248	61	80	91	96	106	114	96	124	140	148	161	173	98	125	142	150	163	176
\$11,000-\$11,999.....	89	115	129	134	151	159	138	180	207	219	242	263	65	85	97	101	112	121	102	131	149	156	171	184	104	132	151	158	173	187
\$12,000-\$12,999.....	94	121	136	140	159	168	145	190	218	230	255	277	68	89	102	106	118	128												

# 1971 Optional State Sales Tax Tables

If you itemize your deductions, you may use these tables to determine the general sales tax to enter on line 13, Schedule A. If you are able to establish that you paid an amount larger than that shown, you are entitled to deduct the larger amount. The sales tax paid on the purchase of an automobile may be added to the table amount except in Vermont, or in West Virginia if titled after March 31, 1971.

If your income was more than \$19,999 but less than \$100,000, compute your deduction as follows:

- Step 1—For the first \$19,999, find the amount for your family size in the table for your State.
- Step 2—For each \$1,000 or fraction thereof of income over \$19,999, but less than \$50,000, add 2 percent of the amount you determined in Step 1, above.
- Step 3—For each \$1,000 or fraction thereof of income over \$49,999, but less than \$100,000, add 1 percent of the amount you determined in Step 1, above.
- If your income was \$100,000 or more, deduct 20 percent of the amount determined in Step 1, above.

Income <sup>1</sup>	Mississippi					Missouri <sup>2</sup>					Nebraska <sup>2</sup>					Nevada <sup>3</sup>							
	Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)							
	1	2	3&4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5
Under \$3,000	\$70	\$83	\$100	\$109	\$109	\$37	\$48	\$52	\$59	\$59	\$63	\$30	\$39	\$43	\$49	\$50	\$53	\$33	\$45	\$47	\$57	\$57	\$58
\$3,000-\$3,999	86	104	124	135	135	45	58	65	72	74	79	37	48	54	60	62	66	41	54	58	68	69	72
\$4,000-\$4,999	100	123	144	159	159	53	68	76	83	87	93	43	56	63	69	73	78	48	63	68	78	80	84
\$5,000-\$5,999	113	141	163	181	182	59	77	86	94	99	106	49	63	71	78	83	89	54	71	77	86	91	95
\$6,000-\$6,999	125	158	181	201	204	65	85	95	103	111	118	54	70	79	86	92	99	60	78	86	94	101	106
\$7,000-\$7,999	136	173	198	220	225	71	93	104	112	122	130	59	76	87	94	101	109	65	85	92	102	110	116
\$8,000-\$8,999	147	188	214	238	246	77	100	113	121	132	141	64	82	94	101	109	118	70	92	100	109	119	126
\$9,000-\$9,999	157	203	230	256	266	83	107	121	129	142	152	68	88	101	108	117	127	75	98	109	115	128	135
\$10,000-\$10,999	167	217	244	273	285	88	114	129	137	151	162	72	94	108	114	125	136	80	104	116	121	136	144
\$11,000-\$11,999	176	230	258	289	304	93	121	137	145	160	172	76	99	114	120	133	144	85	110	123	127	144	152
\$12,000-\$12,999	185	243	272	305	322	98	127	144	152	169	182	80	104	120	126	140	152	89	116	130	133	152	160
\$13,000-\$13,999	194	256	285	320	340	103	133	151	159	178	191	84	109	126	132	147	160	93	121	136	139	159	168
\$14,000-\$14,999	202	269	298	335	358	107	139	158	166	187	200	88	114	132	138	154	168	101	126	142	144	166	174
\$15,000-\$15,999	210	281	311	350	375	111	145	165	173	195	209	92	119	138	144	161	175	107	131	148	149	173	184
\$16,000-\$16,999	218	293	323	364	392	115	151	172	179	203	218	96	124	143	149	168	182	109	136	154	154	180	191
\$17,000-\$17,999	226	305	335	378	408	119	156	177	185	211	227	99	128	148	154	174	189	113	141	160	160	187	198
\$18,000-\$18,999	234	316	347	392	424	123	161	185	191	219	235	102	132	153	159	180	196	116	146	166	166	194	205
\$19,000-\$19,999	241	327	359	405	440	127	166	191	197	226	243	105	136	158	164	186	203	117	150	172	172	200	212

Income <sup>1</sup>	New Jersey					New Mexico <sup>2</sup>					New York <sup>4</sup>					North Carolina <sup>5</sup>					North Dakota					Ohio <sup>6</sup>					Oklahoma <sup>2</sup>				
	Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)				
	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5
Under \$3,000	\$26	\$34	\$58	\$77	\$92	\$92	\$92	\$33	\$39	\$47	\$50	\$50	\$35	\$40	\$50	\$54	\$55	\$41	\$50	\$57	\$61	\$63	\$29	\$35	\$36	\$36	\$25	\$29	\$35	\$38	\$38				
\$3,000-\$3,999	35	44	71	94	111	111	113	44	51	59	63	63	43	51	62	68	69	51	62	71	77	81	38	45	47	47	31	37	43	47	48				
\$4,000-\$4,999	44	54	83	109	133	128	134	53	62	70	75	75	50	60	73	80	82	60	73	84	92	96	46	55	58	58	36	44	51	56	58				
\$5,000-\$5,999	52	63	94	123	129	143	146	53	62	70	86	86	57	69	82	92	94	67	84	96	106	111	54	64	68	69	41	50	58	64	66				
\$6,000-\$6,999	60	71	104	135	144	157	163	62	71	82	90	97	97	63	77	91	102	106	77	94	108	119	125	62	73	78	80	45	56	64	72	74			
\$7,000-\$7,999	68	80	113	147	158	170	179	68	78	90	99	107	107	69	85	100	112	116	85	103	119	131	138	70	82	87	90	49	61	70	79	82			
\$8,000-\$8,999	76	88	122	158	171	183	194	76	86	98	108	117	117	74	93	108	122	126	92	112	129	143	151	78	90	96	100	53	66	76	86	89			
\$9,000-\$9,999	84	96	131	169	184	195	209	84	94	107	116	126	127	79	100	116	131	136	99	121	139	154	164	85	98	105	110	57	71	82	93	96			
\$10,000-\$10,999	92	103	139	179	196	206	223	92	102	114	123	133	137	84	107	123	140	146	106	129	149	165	176	92	106	114	119	60	76	87	99	103			
\$11,000-\$11,999	100	111	147	189	208	217	237	105	118	132	144	147	89	114	131	149	156	112	137	158	176	188	99	114	123	128	64	81	92	105	110				
\$12,000-\$12,999	107	118	155	199	220	227	250	121	135	150	162	167	94	121	138	158	165	118	145	167	186	199	106	121	132	137	68	86	97	111	117				
\$13,000-\$13,999	115	125	162	208	231	237	263	129	143	157	169	177	98	128	145	166	174	124	152	176	196	210	113	128	141	146	71	91	102	117	123				
\$14,000-\$14,999	122	132	169	217	242	247	276	136	151	164	178	187	102	134	152	174	183	130	159	184	206	221	120	135	149	155	74	96	107	123	129				
\$15,000-\$15,999	130	139	176	226	253	256	289	143	159	161	176	186	106	140	158	182	192	136	166	192	216	232	127	142	157	164	77	100	112	129	135				
\$16,000-\$16,999	137	146	183	235	263	265	301	150	167	168	184	195	110	146	164	190	200	142	173	200	226	243	133	149	165	173	80	104	117	134	141				
\$17,000-\$17,999	144	153	190	243	273	274	313	157	174	175	192	204	114	152	170	197	208	148	180	208	235	253	139	156	173	182	83	108	121	139	147				
\$18,000-\$18,999	151	160	196	251	283	283	324	164	181	182	199	213	118	158	176	204	216	153	187	216	244	263	145	163	181	191	86	112	125	144	153				
\$19,000-\$19,999	159	166	202	259	293	293	335	171	188	188	206	222	122	164	181	211	224	158	194	224	253	273	151	170	189	199	88	116	129	149	159				

Income <sup>1</sup>	Pennsylvania					Rhode Island					South Carolina					South Dakota <sup>2</sup>					Tennessee <sup>3</sup>					Texas <sup>2</sup>				
	Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)					Family size (persons)				
	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5	1	2	3	4	Over 5
Under \$3,000	\$33	\$41	\$42	\$48	\$58	\$61	\$61	\$52	\$61	\$73	\$80	\$80	\$52	\$66	\$71	\$81	\$81	\$83	\$44	\$51	\$62	\$65	\$67	\$29	\$37	\$40	\$40			
\$3,000-\$3,999	44	53	55	62	73	77	77	63	76	90	99	99	64	81	88	99	105	53	64	76	81	84	38	48	51	51				
\$4,000-\$4,999	54	64	67	75	87	92	92	73	90	105	116	118	75	95	104	115	125	62	75	89	95	100	47	57	62	62				
\$5,000-\$5,999	64	75	79	88	99	106	106	83	102	119	132	135	84	107	118	130	144	69	86	100	108	114	55	66	72	72				
\$6,000-\$6,999	74	85	90	100	111	120	120	91	114	132	147	151	93	119	132	144	161	76	96	111	121	128	63	74	81	82				
\$7,000-\$7,999	83	95	101	112	123	133	133	99	125	144	161	167	102	130	145	157	165	83	105	122	132	141	70	82	90	91				
\$8,000-\$8,999	92	104	111	123	134	145	146	107	136	156	174	182	110	141	157	169	179	89	114	132	143	154	77	90	99	100				
\$9,000-\$9,999	101	113	121	134	144	157	159	114	146	167	187	196	118	151	169	181	193	95	123	141	154	166	84	97	107	109				
\$10,000-\$10,999	110	122	131	145	154	168	172	121	156	178	200	210	125	161	181	192	207	101	131	150	165	178	91	104	115	118				
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**Take Stock  
in America**



**Buy U.S. Savings Bonds**  
Where you work or bank