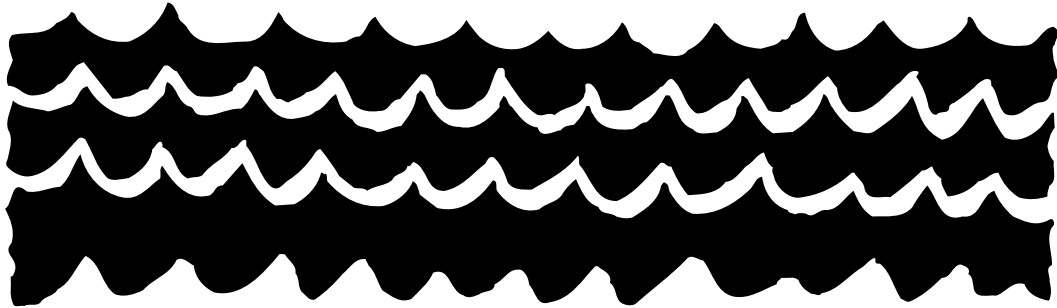
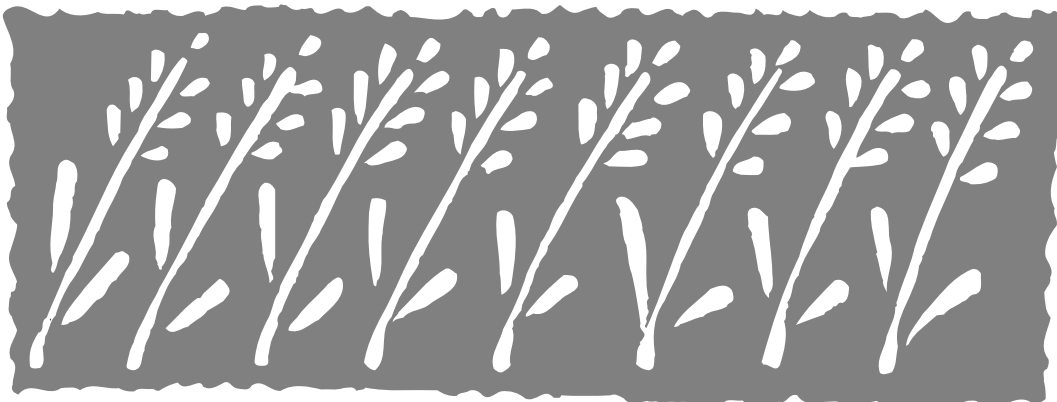




1995 1040

Instructions



Note: *This booklet does not contain any tax forms.*

Want an Easier Way To File?

See page 6.

Get the Credit You Deserve!

See page 5 to find out if you qualify for the earned income credit.

Did You Have any Household Help (babysitter, housekeeper, etc.)?

You now pay household employment taxes with your return. See page 5.

Check Your Social Security Numbers (SSNs)!

Incorrect or missing SSNs may delay your refund. To get an SSN, see page 11.

Will You Owe Money With Your Return?

Please use **Form 1040-V**, Payment Voucher. See page 33.

Expecting a Refund?

Now you can have your refund directly deposited into your bank account. See the line 63 instructions on page 32.

Your Tax Return Quick Reference

Got a question about what to put on a line? Turn to the page shown in the circle.

Label (See instructions on page 11.) **Use the IRS label.** Otherwise, please print or type.

L A B E L H E R E	Your first name and initial	Last name	Your social security number	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number	
	Home address (number and street). If you have a P.O. box, see page 11.		Apt. no.	For Privacy Act and Paperwork Reduction Act Notice, see page 7.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 11.			

Presidential Election Campaign (See page 11.)

11	Do you want \$3 to go to this fund?	Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
11	If a joint return, does your spouse want \$3 to go to this fund?			

Filing Status (See page 11.)

1	Single	
2	Married filing joint return (even if only one had income)	
3	Married filing separate return. Enter spouse's social security no. above and full name here. ▶	
4	Head of household (with qualifying person). (See page 12.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶	
5	Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 12.)	

Exemptions (See page 12.)

6a **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a. But be sure to check the box on line 33b on page 2

b **Spouse**

c	Dependents:	(2) Dependent's social security number. If born in 1995, see page 13.	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1995
(1)	First name Last name			
12				
12				
12				
12				
12				

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here

e Total number of exemptions claimed

No. of boxes checked on 6a and 6b _____
No. of your children on 6c who:
• lived with you _____
• didn't live with you due to divorce or separation (see page 14) **14**
Dependents on 6c not entered above _____
Add numbers entered on lines above

Income (See page 11.)

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 14.

Enclose, but do not attach, your payment and payment voucher. See page 33.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	14
8a	Taxable interest income (see page 15). Attach Schedule B if over \$400	8a	15
b	Tax-exempt interest (see page 15). DON'T include on line 8a 8b 15		
9	Dividend income. Attach Schedule B if over \$400 B-1	9	15
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 15)	10	15
11	Alimony received	11	16
12	Business income or (loss). Attach Schedule C or C-EZ	12	16
13	Capital gain or (loss). If required, attach Schedule D (see page 16)	13	16
14	Other gains or (losses). Attach Form 4797	14	16
15a	Total IRA distributions 15a 16	15b	16
16a	Total pensions and annuities 16a 16	16b	16
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation (see page 17)	19	17
20a	Social security benefits 20a 18	20b	18
21	Other income. List type and amount—see page 18	21	18
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	

Adjustments to Income

23a	Your IRA deduction (see page 19)	23a	19
b	Spouse's IRA deduction (see page 19)	23b	19
24	Moving expenses. Attach Form 3903 or 3903-F	24	21
25	One-half of self-employment tax	25	21
26	Self-employed health insurance deduction (see page 21)	26	21
27	Keogh & self-employed SEP plans. If SEP, check <input type="checkbox"/>	27	21
28	Penalty on early withdrawal of savings	28	21
29	Alimony paid. Recipient's SSN ▶	29	21
30	Add lines 23a through 29. These are your total adjustments ▶	30	22

Adjusted Gross Income

31	Subtract line 30 from line 22. This is your adjusted gross income . If less than \$26,673 and a child lived with you (less than \$9,230 if a child didn't live with you), see "Earned Income Credit" on page 27 ▶	31	22
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Your Tax Return Quick Reference

Got a question about what to put on a line? Turn to the page shown in the circle.

Tax Computation

(See page 23.)

If you want the IRS to figure your tax, see page 35.

32	Amount from line 31 (adjusted gross income)			32
33a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	33a		
b	If your parent (or someone else) can claim you as a dependent, check here	33b		
c	If you are married filing separately and your spouse itemizes deductions or you are a dual-status alien, see page 23 and check here	33c		
34	Enter the larger of your: <ul style="list-style-type: none"> • Single—\$3,900 • Married filing jointly or Qualifying widow(er)—\$6,550 • Head of household—\$5,750 • Married filing separately—\$3,275 Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status. But if you checked any box on line 33a or b, go to page 23 to find your standard deduction. If you checked box 33c, your standard deduction is zero.			34
35	Subtract line 34 from line 32			35
36	If line 32 is \$86,025 or less, multiply \$2,500 by the total number of exemptions claimed on line 6e. If line 32 is over \$86,025, see the worksheet on page 23 for the amount to enter			36
37	Taxable income. Subtract line 36 from line 35. If line 36 is more than line 35, enter -0-			37
38	Tax. Check if from a <input type="checkbox"/> Tax Table, b <input type="checkbox"/> Tax Rate Schedules, c <input type="checkbox"/> Capital Gain Tax Worksheet, or d <input type="checkbox"/> Form 8615 (see page 24). Amount from Form(s) 8814 e _____			38
39	Additional taxes. Check if from a <input type="checkbox"/> Form 4970 b <input type="checkbox"/> Form 4972			39
40	Add lines 38 and 39			40

Credits

(See page 24.)

41	Credit for child and dependent care expenses. Attach Form 2441	41			
42	Credit for the elderly or the disabled. Attach Schedule R	42			
43	Foreign tax credit. Attach Form 1116	43			
44	Other credits (see page 25). Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify) _____	44			
45	Add lines 41 through 44			45	
46	Subtract line 45 from line 40. If line 45 is more than line 40, enter -0-			46	

Other Taxes

(See page 25.)

47	Self-employment tax. Attach Schedule SE			
48	Alternative minimum tax. Attach Form 6251			48
49	Recapture taxes. Check if from a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611 c <input type="checkbox"/> Form 8828			49
50	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137			50
51	Tax on qualified retirement plans, including IRAs. If required, attach Form 5329			51
52	Advance earned income credit payments from Form W-2			52
53	Household employment taxes. Attach Schedule H			53
54	Add lines 46 through 53. This is your total tax			54

Payments

Attach Forms W-2, W-2G, and 1099-R on the front.

55	Federal income tax withheld. If any is from Form(s) 1099, check <input type="checkbox"/>	55			
56	1995 estimated tax payments and amount applied from 1994 return	56			
57	Earned income credit. Attach Schedule EIC if you have a qualifying child. Nontaxable earned income amount and type	57			
58	Amount paid with Form 4868 (extension request)	58			
59	Excess social security and RRTA tax withheld (see page 32)	59			
60	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	60			
61	Add lines 55 through 60. These are your total payments			61	

Refund or Amount You Owe

62	If line 61 is more than line 54, subtract line 54 from line 61. This is the amount you OVERPAID			62
63	Amount of line 62 you want REFUNDED TO YOU			63
64	Amount of line 62 you want APPLIED TO YOUR 1996 ESTIMATED TAX	64		
65	If line 54 is more than line 61, subtract line 61 from line 54. This is the AMOUNT YOU OWE . For details on how to pay and use Form 1040-V , Payment Voucher, see page 33			65
66	Estimated tax penalty (see page 33). Also include on line 65	66		66

Sign Here

Keep a copy of this return for your records.

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

Your signature	Date	Your occupation
33		
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
33			
Firm's name (or yours if self-employed) and address	EIN	ZIP code	



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

COMMISSIONER

Dear Taxpayer:

Last year we at the IRS made a commitment to serve you better in several areas. I'm pleased to report that we've made significant progress.

We said we'd make it easier to file a tax return. Last year more than 11 million taxpayers filed electronically, nearly 3 million taxpayers used a short machine-scored answer sheet and 700,000 filed by telephone. This year telephone filing will be available to about 20 million 1040EZ filers throughout the United States.

We made a commitment to issue refunds within 21 days to taxpayers who filed electronically and within 40 days to those who filed on paper. We came close to achieving this goal, but did have to slow the process sometimes. This extra effort kept us from paying out \$400 million in improper refunds, but it also forced us to miss our deadline at times. I apologize to those taxpayers who were inconvenienced.

Providing information about our tax laws or your account status when you want it is another of our priorities. Last year we responded to 118 million taxpayers, an increase of nearly 60% from the year before. Automated information was always available. Information on refunds was available 16 hours each day, and IRS personnel could be reached by phone for 10 hours each business day.

We've made real progress, and we remain committed to doing even better. We appreciate your suggestions about how we can do that.

Margaret Milner Richardson

IRS Customer Service Standards



"The people of the Treasury Department are dedicated to doing what government should do: Meet the highest standards in serving our fellow Americans."

— Robert Rubin,
Secretary of the Treasury

For 1996, we have set the following Customer Service Standards.

Easier Filing. To make it easier for you to meet your tax obligations, we have expanded your opportunities for simplified return filing and payment of your taxes through our electronic filing, joint Federal-state filing, TeleFile, and electronic payment programs.

Access to Information. You will have convenient access to tax law and account information. Our pre-recorded tax information will continue to be available 24 hours a day, 7 days a week, and access to refund status information will be available 16 hours a day. Live telephone assistance will be available 10 hours each business day. (See pages 36 and 38.)

Accuracy. Our goal is to answer your questions and process your tax returns accurately. To reach that goal, we will continue to make improvements yearly.

Prompt Refunds. If you file a complete and accurate tax return and you are due a refund, your refund will be issued within 40 days if you

file a paper return. If you file electronically, it will be issued within 21 days. (Your refund may be delayed if your return is selected for further review.)

One-Stop Service. Our goal is to resolve your account inquiries with one contact. To reach that goal, we will make improvements yearly.

Canceling Penalties. If you provide sufficient and accurate information to our tax assisters but are given and reasonably rely on an incorrect answer, we will cancel related penalties.

Resolving Problems. If you have a problem that has not been resolved through normal processes, you may contact our Problem Resolution Office. A caseworker will contact you within 1 week and will work with you to resolve the issue. (See page 6.)

Simpler Forms. We made some changes to the tax forms and instructions this year to make them easier to use, but we want your ideas for improvements. Please call or write to us. (See page 7.)

Section 1.

Before You Fill In Form 1040

If you were in the Persian Gulf area combat zone, get **Pub. 945, Tax Information for Those Affected by Operation Desert Storm.**

What's New for 1995?

Social Security Numbers (SSNs) for Dependents

You must enter the SSN of each dependent, except for a child born in November or December of 1995. If you don't enter a correct SSN, your refund will be delayed. If your dependent does not have an SSN, see the instructions for line 6c, column (2), on page 13.

Earned Income Credit

If you do not have any qualifying children, you earned less than \$9,230, and you or your spouse were at least age 25, you may be able to take this credit. See the instructions for line 57 on page 27.

If you have one qualifying child and you earned less than \$24,396, you may be able to take a larger credit. If you have two or more qualifying children, you must have earned less than \$26,673 to take the credit. See the instructions for line 57 on page 27.

If you have a qualifying child, you **must** attach **Schedule EIC** to your return. You also must enter the social security number (SSN) of each qualifying child, except for a child born in November or December of 1995. If you don't attach Schedule EIC or don't enter a correct SSN, your refund will be delayed.

If you were in the military on extended active duty outside the United States, you may be able to claim the EIC. See the instructions for line 57 on page 27. If you were a nonresident alien for any part of 1995, you **cannot** claim the EIC unless you are married to a U.S. citizen or resident and elect to be taxed as a resident for all of 1995. For details on the election, get **Pub. 519, U.S. Tax Guide for Aliens.**

Direct Deposit of Refund

If you have a refund on line 63 of your 1995 Form 1040, you can have it directly deposited into your bank account instead of receiving a check. Use new **Form 8888, Direct Deposit of Refund**, to do so. See the instructions for line 63 on page 32 for details.

Household Employment Taxes

Employment taxes on wages paid to household employees are now reported on Form 1040, line 53, using new **Schedule H (Form 1040)**. If you paid someone to work in or around your home, you may owe employment taxes. See the instructions for line 53 on page 26.

If you paid these taxes in 1994, you should receive a separate package in January con-

taining Schedule H, Form W-2, and other items. If you don't receive the package, you can get it by calling 1-800-TAX-FORM (1-800-829-3676).

Form 1040-V, Payment Voucher

A payment voucher is a statement you send with your payment when you have a balance due on your tax return. It is like the part of other bills—utilities, credit cards, etc.—you send with your payment.

If you have a balance due on line 65 of your 1995 Form 1040, please use Form 1040-V when making your payment (see page 33). By doing so, you will help save tax dollars because we will be able to process your payment more accurately and efficiently. We strongly encourage you to use Form 1040-V, but do not require it.

Self-Employed Health Insurance Deduction

This deduction, which expired December 31, 1993, has been retroactively extended and made permanent. If you were entitled to claim this deduction in 1994 but did not do so, file **Form 1040X**, Amended U.S. Individual Income Tax Return, to amend your 1994 return. **Do not** use the worksheet in this booklet to figure your deduction for 1994. Instead, use the worksheet in the 1994 Instructions for Form 1040 or get **Pub. 535, Business Expenses.**

Also, the maximum amount of this deduction has increased for 1995. See the instructions for line 26 on page 21.

Payment of Deferred Additional 1993 Taxes

If you filed **Form 8841**, Deferral of Additional 1993 Taxes, with your 1993 return, your last installment is due on April 15, 1996. See the instructions for line 63 on page 32.

Tax Law Changes

For more details, get **Pub. 553, Highlights of 1995 Tax Changes.**

Earned Income Credit (EIC) With Your Pay

If you expect to be able to claim the EIC in 1996 and a child lives with you, you may be able to get part of the credit in your paycheck instead of waiting until you file your 1996 return. For details, call Tele-Tax (see page 36) and listen to topic 604 or get **Form W-5, Earned Income Credit Advance Payment Certificate**, from your employer.

What Free Tax Help Is Available?

Tax Forms and Publications

You can answer most of your tax questions by reading the tax form instructions or one of our many free tax publications. There are many ways to get the items you need, including using your computer to get them from our bulletin board or via the Internet. See page 34.

Refund Information

Our **Tele-Tax** service can tell you the status of your refund. See page 36.

Recorded Tax Information

Tele-Tax also has recorded tax information covering many topics. See page 36 for the number to call.

Telephone Help

IRS representatives are available to help you with your tax questions. If, after reading the tax form instructions and publications, you are not sure how to fill in your return, or have a question about a notice you received from us, please call us. See page 38 for the number.

Send the IRS Written Questions

You may send your written tax questions to your IRS District Director. You should get an answer in about 30 days. If you don't have the address, call us. See page 38 for the number.

Walk-In Help

Assistors are available in most IRS offices throughout the country to help you prepare your return. An assistor will explain a Form 1040EZ, 1040A, or 1040 with Schedules A and B to you and other taxpayers in a group setting. You can also file your return electronically by computer free of charge at many IRS offices. To find the IRS office nearest you, look in the phone book under "United States Government, Internal Revenue Service" or call us. See page 38 for the number.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)

These programs help older, disabled, low-income, and non-English-speaking people fill in their returns. For details, call us. See page 38 for the number. If you received a

Federal income tax package in the mail, take it with you when you go for help. Also bring a copy of your 1994 tax return if you have it.

Videotape

Videotaped instructions for completing your return are available in English and Spanish at many libraries.

Large-Print Forms and Instructions

Pub. 1614 has large-print copies of Form 1040, Schedules A, B, D, E, EIC, and R, Forms 1040-V and 8888, and their instructions. You can use the large-print forms and schedules as worksheets to figure your tax, but you can't file on them. To get Pub. 1614, call 1-800-TAX-FORM (1-800-829-3676).

Help for People With Disabilities

Telephone help for people with impaired hearing is available using TDD equipment. See page 38 for the number to call. Braille materials are available at regional libraries that have special services for people with disabilities.

Unresolved Tax Problems

The **Problem Resolution Program** is for people who have been unable to resolve their problems with the IRS. If you have a tax problem you cannot clear up through normal channels, write to your local IRS District Director or call your local IRS office and ask for Problem Resolution assistance. People with impaired hearing who have access to TDD equipment may call 1-800-829-4059 to ask for help from Problem Resolution. This office cannot change the tax law or technical decisions. But it can help you clear up problems that resulted from previous contacts. For more details, call Tele-Tax (see page 36) and listen to topic 104 or get **Pub. 1546**. In 1995, 88.2% of the people who asked for help were contacted within 1 week.

Common Mistakes To Avoid

Errors may delay your refund or result in notices being sent to you.

1. If the amount on Form 1040, line 31, is under \$26,673 and a child lived with you (under \$9,230 if a child didn't live with you), read the instructions for line 57 that begin on page 27 to see if you can take the earned income credit.

2. Check your math, especially when figuring your taxable social security benefits, deduction for exemptions, taxable income, total income, total tax, Federal income tax withheld, and your refund or amount you owe.

3. If you are taking the standard deduction and you checked any box on line 33a or 33b, be sure to see page 23 to find the correct amount to enter on line 34.

4. If you (or your spouse if you check the box on line 6b) were age 65 or older or blind, be sure to check the appropriate boxes on line 33a.

5. Make sure your name, address, and social security number (SSN) are correct on the peel-off label. If not, enter the correct information.

6. If you are married filing jointly and didn't get a peel-off label, or you are married filing separately, enter your spouse's SSN in the space provided on page 1 of Form 1040. Also, enter your SSN in the space provided next to your name.

7. Check the box on line 33b if you (or your spouse if filing a joint return) can be claimed as a dependent on someone's 1995 return, such as your parents' return. Check the box even if that person chose not to claim you (or your spouse).

8. Attach your W-2 form(s) and other required forms and schedules. Don't forget to put all forms and schedules in the proper order. See **Assemble Your Return** on page 33.

9. Remember to **sign** and date Form 1040 and enter your occupation.

10. Be sure to include your SSN on your payment.

Alternative Ways of Filing



IRS offers several filing alternatives to make filing your tax return easier. They are designed to be more convenient and accurate and will result in faster processing of your tax return. One of the choices listed below may be for you.

Electronic Filing

Last year, millions of taxpayers sent their tax returns to IRS electronically. Electronic filing is available whether you prepare your own return or use a tax preparer.

If you file a complete and accurate return electronically, your refund will be issued within 21 days.* You can also get the convenience and safety of direct deposit. With electronic filing, you get the relief of knowing that IRS has received your return because we notify your electronic return transmitter that your return has been received and accepted. And, if you owe tax, you can file early and pay by April 15, 1996.

In many states, you may be able to file your state tax return electronically with your Federal tax return. Check with your tax return preparer or transmitter. Many companies also offer electronic filing as a benefit for their employees. Check with your employer.

To file electronically, you must go through an IRS-approved tax preparer or other company.

TeleFile

Many single taxpayers who filed Form 1040EZ in 1995 will receive a special TeleFile tax package that allows them to file their taxes by phone. TeleFile is easy, fast, free, and available 24 hours a day, with nothing to mail in. The IRS automatically sends a special TeleFile package to those who are eligible to use it. TeleFile is a great way for students to file their tax return!

Other Alternatives

You can also file your return electronically with a computer, tax software, and a modem. There are some on-line services that can accept your tax return electronically. Check with your on-line service to see if you can file electronically with them.

For more details on your choices, call Tele-Tax (see page 36) and listen to topic 252.

* Some refunds may be delayed as a result of compliance reviews to ensure that the returns are accurate.



Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 and its regulations say that you must show your social security number on what you file. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you. But you do not have to check the boxes for the Presidential Election Campaign Fund.

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.

We may give the information to the Department of Justice and to other Federal agencies, as provided by law. We may also give it to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws. And we may give it to foreign governments because of tax treaties they have with the United States.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, you may be charged penalties and be subject to criminal prosecution. We may also have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

The Time It Takes To Prepare Your Return

We try to create forms and instructions that can be easily understood. Often this is difficult to do because our tax laws are very complex. For some people with income mostly from wages, filling in the forms is easy. For others who have businesses, pensions, stocks, rental income, or other investments, it is more difficult.

We Welcome Comments on Forms

If you have comments concerning the accuracy of the time estimates shown below or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Or**, you can call the IRS with your suggestions at 1-800-829-9043 and leave a recorded message 24 hours a day, 7 days a week.

DO NOT send your return to this address. Instead, see **Where Do I File?** on the back cover.

Estimated Preparation Time

The time needed to complete and file Form 1040 and its schedules will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing the form	Copying, assembling, and sending the form to the IRS	Totals
Form 1040	3 hr., 8 min.	2 hr., 54 min.	4 hr., 43 min.	53 min.	11 hr., 38 min.
Sch. A	2 hr., 32 min.	26 min.	1 hr., 10 min.	27 min.	4 hr., 35 min.
Sch. B	33 min.	8 min.	17 min.	20 min.	1 hr., 18 min.
Sch. C	6 hr., 26 min.	1 hr., 10 min.	2 hr., 5 min.	35 min.	10 hr., 16 min.
Sch. C-EZ	46 min.	4 min.	18 min.	20 min.	1 hr., 28 min.
Sch. D	51 min.	1 hr., 8 min.	1 hr., 1 min.	41 min.	3 hr., 41 min.
Sch. E	2 hr., 52 min.	1 hr., 7 min.	1 hr., 16 min.	35 min.	5 hr., 50 min.
Sch. EIC	- - - -	2 min.	4 min.	5 min.	11 min.
Sch. F:					
Cash Method	4 hr., 2 min.	35 min.	1 hr., 14 min.	20 min.	6 hr., 11 min.
Accrual Method	4 hr., 22 min.	25 min.	1 hr., 19 min.	20 min.	6 hr., 26 min.
Sch. H	46 min.	43 min.	1 hr., 3 min.	35 min.	3 hr., 7 min.
Sch. R	20 min.	15 min.	22 min.	35 min.	1 hr., 32 min.
Sch. SE:					
Short	20 min.	13 min.	11 min.	14 min.	58 min.
Long	26 min.	22 min.	34 min.	20 min.	1 hr., 42 min.

Section 2.

Filing Requirements

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

Do I Have To File?

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

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

Exception for Children Under Age 14

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

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

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

Nonresident Aliens and Dual-Status Aliens

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

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

Chart A—For Most People

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

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

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

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

Chart B—For Children and Other Dependents (See the instructions for line 6c on page 12 to find out if someone can claim you as a dependent.)

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a return.

In this chart, **unearned income** includes taxable interest and dividends. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants.

Caution: *If your gross income was \$2,500 or more, you usually cannot be claimed as a dependent unless you were under age 19 or a student under age 24. For details, see Test 4—Income on page 13.*

Single dependents. Were you **either** age 65 or older **or** blind?

No. You must file a return if—

<u>Your unearned income was:</u>	AND	<u>The total of that income plus your earned income was:</u>
\$1 or more		over \$650
\$0		over \$3,900

Yes. You must file a return if **any** of the following apply.

- Your earned income was over \$4,850 (\$5,800 if 65 or older **and** blind).
- Your unearned income was over \$1,600 (\$2,550 if 65 or older **and** blind).
- Your gross income was more than—

<u>The larger of:</u>	PLUS	<u>This amount:</u>
\$650 or your earned income (up to \$3,900)		\$950 (\$1,900 if 65 or older and blind)

Married dependents. Were you **either** age 65 or older **or** blind?

No. You must file a return if **either** of the following apply.

- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.

<u>Your unearned income was:</u>	AND	<u>The total of that income plus your earned income was:</u>
\$1 or more		over \$650
\$0		over \$3,275

Yes. You must file a return if **any** of the following apply.

- Your earned income was over \$4,025 (\$4,775 if 65 or older **and** blind),
- Your unearned income was over \$1,400 (\$2,150 if 65 or older **and** blind),
- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your gross income was more than—

<u>The larger of:</u>	PLUS	<u>This amount:</u>
\$650 or your earned income (up to \$3,275)		\$750 (\$1,500 if 65 or older and blind)

When Should I File?

Not later than **April 15, 1996**. If you file late, you may have to pay penalties and interest. See page 35.

If you are a U.S. citizen or resident, you may qualify for an automatic extension of time to file if, on the due date of your return, you meet one of the following conditions:

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

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

What If I Can't File on Time?

If you know that you can't file your return by the due date, you should file **Form 4868**, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, by April 15, 1996.

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

Where Do I File?

If an envelope addressed to the Internal Revenue Service came with your booklet, please use it. If you don't have one, or if you moved during the year, see the back cover of this booklet.

Chart C—Other Situations When You Must File

If any of the four conditions below applied to you for 1995, you must file a return.

1. You owe any special taxes, such as:

- Social security and Medicare tax on tips you did not report to your employer,
- Uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on group-term life insurance,
- Alternative minimum tax,
- Tax on a qualified retirement plan, including an individual retirement arrangement (IRA), or
- Recapture taxes. (See the instructions for line 49 on page 25.)

2. You received any advance earned income credit (EIC) payments from your employer. These payments should be shown in box 9 of your W-2 form.

3. You had net earnings from self-employment of at least \$400.

4. You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

Where To Report Certain Items From 1995 Forms W-2, 1098, and 1099

Report any Federal income tax withheld from these forms on Form 1040, line 55. If you itemize your deductions, report any state or local income tax withheld from these forms on Schedule A, line 5.

Form	Item and Box in Which It Should Appear	Where To Report if Filing Form 1040
W-2	Wages, salaries, tips, etc. (box 1) Allocated tips (box 8) Advance EIC payments (box 9) Dependent care benefits (box 10)	Form 1040, line 7 See Tip Income on page 14 Form 1040, line 52 Form 2441, line 11
W-2G	Gambling winnings (box 1)	Form 1040, line 21 (Schedule C or C-EZ for professional gamblers)
1098	Mortgage interest (box 1) Points (box 2) Refund of overpaid interest (box 3)	Schedule A, line 10* See the instructions for Form 1040, line 21, that begin on page 18*
1099-A	Acquisition or abandonment of secured property	See Pub. 544
1099-B	Stocks, bonds, etc. (box 2) Bartering (box 3) Futures contracts (box 9)	Schedule D See Pub. 525 Form 6781
1099-C	Canceled debt (box 2)	Form 1040, line 21, but first see the instructions on Form 1099-C*
1099-DIV	Ordinary dividends (box 1b) Capital gain distributions (box 1c) Nontaxable distributions (box 1d) Investment expenses (box 1e) Foreign tax paid (box 3)	Form 1040, line 9 See the instructions for Form 1040, line 13, on page 16 See the instructions for Form 1040, line 9, on page 15 Form 1040, line 9, and Schedule A, line 22 Schedule A, line 8 (or Form 1116)
1099-G	Unemployment compensation (box 1) State or local income tax refund (box 2) Taxable grants (box 6) Agriculture payments (box 7)	Form 1040, line 19. But if you repaid any unemployment compensation in 1995, see the instructions for line 19 on page 17 See the instructions for Form 1040, line 10, on page 15* Form 1040, line 21* See the Schedule F instructions or Pub. 225
1099-INT	Interest income (box 1) Early withdrawal penalty (box 2) Interest on U.S. savings bonds and Treasury obligations (box 3) Foreign tax paid (box 5)	Form 1040, line 8a Form 1040, line 28 See the instructions for Form 1040, line 8a, on page 15 Schedule A, line 8 (or Form 1116)
1099-MISC	Rents (box 1) Royalties (box 2) Other income (box 3) Nonemployee compensation (box 7) Other (boxes 5, 6, 8, 9, and 10)	See the instructions for Schedule E Schedule E, line 4 (timber, coal, iron ore royalties, see Pub. 544) Form 1040, line 21* Schedule C, C-EZ, or F (Form 1040, line 7, if you were not self-employed) See the instructions on Form 1099-MISC
1099-OID	Original issue discount (box 1) Other periodic interest (box 2) Early withdrawal penalty (box 3)	See the instructions on Form 1099-OID Form 1040, line 28
1099-PATR	Patronage dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5) Credits (boxes 7 and 8)	Schedule C, Schedule C-EZ, Schedule F, or Form 4835, but first see the instructions on Form 1099-PATR Form 3468 or Form 5884
1099-R	Distributions from IRAs Distributions from pensions, annuities, etc. Capital gain (box 3)	See the instructions for Form 1040, lines 15a and 15b, on page 16 See the instructions for Form 1040, lines 16a and 16b, on page 16 See the instructions on Form 1099-R
1099-S	Gross proceeds from real estate transactions (box 2) Buyer's part of real estate tax (box 5)	Form 2119 (or Form 4797 or Schedule D if the property was not your home) See the instructions for Schedule A, line 6, on page A-2*

* If the item relates to an activity for which you are required to file Schedule C, C-EZ, E, or F, or Form 4835, report the taxable or deductible amount allocable to the activity on that schedule or form instead.

Section 3.

Line Instructions For Form 1040

Name, Address, and Social Security Number (SSN)

Why Use the Label?

The peel-off label in this instruction booklet is designed to speed processing. It prevents common errors that can delay refunds or result in unnecessary notices. (In 1995, our accuracy rate in processing refunds was 99.5%.) Do not attach the label until you have finished your return. Cross out any errors and print the correct information. Add any missing items such as your apartment number.

Caution: *If the label is for a joint return and the SSNs are not listed in the same order as the first names, show the SSNs in the correct order.*

Address Change

If the address on your peel-off label is not your current address, cross out your old address and print your new address. If you plan to move after filing your return, see page 34.

Name Change

If you changed your name because of marriage, divorce, etc., be sure to report this to your local Social Security Administration office before filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits. If you received a peel-off label, cross out your former name and print your new name.

What If I Do Not Have a Label?

If you didn't receive a label, print or type the information in the spaces provided. But if you are married filing a separate return, enter your husband's or wife's name on line 3.

Social Security Number (SSN)

If you do not have a label, enter your SSN in the area marked "Your social security number." If you are married, enter your husband's or wife's SSN in the area marked "Spouse's social security number." Also, check that your SSN is correct on your Forms W-2 and 1099. See page 34 for more details.

An incorrect or missing SSN will delay your refund. **To apply for an SSN**, get **Form SS-5** from your local Social Security Administration (SSA) office or call the SSA at 1-800-772-1213. Fill it in and return it to the SSA. It usually takes about 2 weeks to get an SSN.

Nonresident Alien Spouse

If your spouse is a nonresident alien and you file a joint return, your spouse must usually get an SSN. But if your spouse cannot get an SSN because he or she had no income from U.S. sources, enter "NRA" in the space for your spouse's SSN. If you file a separate return and your spouse has no SSN and no income, enter "NRA."

P.O. Box

If your post office does not deliver mail to your home and you have a P.O. box, show your box number instead of your home address.

Foreign Address

If your address is outside the United States or its possessions or territories, fill in the line for "City, town or post office, state, and ZIP code" in the following order: city, province or state, postal code, and the name of the country. **Do not** abbreviate the country name.

Deceased Taxpayer

See page 35.

Presidential Election Campaign Fund

This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. If you want \$3 to go to this fund, check the "Yes" box. If you are filing a joint return, your spouse may also have \$3 go to the fund. If you check "Yes," your tax or refund will not change.

Filing Status

Check **only** the filing status listed below that applies to you. The ones that will usually give you the lowest tax are listed last.

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

TIP

If more than one filing status applies to you, choose the one that will give you the lowest tax.

Line 1

Single

You may check the box on line 1 if **any** of the following was true on December 31, 1995:

- You were never married, or
- You were legally separated, according to your state law, under a decree of divorce or separate maintenance, or
- You were widowed before January 1, 1995, and did not remarry in 1995.

Line 2

Married Filing Jointly

You may check the box on line 2 if **any** of the following is true:

- You were married as of December 31, 1995, even if you did not live with your spouse at the end of 1995, or
- Your spouse died in 1995 and you did not remarry in 1995, or
- Your spouse died in 1996 before filing a 1995 return. For details on filing the joint return, see **Death of Taxpayer** on page 35.

A husband and wife may file a joint return even if only one had income or if they did not live together all year. However, both must sign the return and both are responsible. This means that if one spouse does not pay the tax due, the other may have to. If you file a joint return for 1995, you may not, after the due date for filing that return, amend it to file as married filing separately.

Nonresident Aliens and Dual-Status Aliens. You may be able to file a joint return. Get **Pub. 519**, U.S. Tax Guide for Aliens, for details.

Line 3

Married Filing Separately

If you file a separate return, you will usually pay more tax. But you may want to figure your tax both ways (married filing jointly and married filing separately) to see which filing status is to your benefit. Generally, you report only your own income, exemptions, deductions, and credits. Different rules apply to people who live in community property states. See page 14.

TIP

*You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 1995. See **Married Persons Who Live Apart** on the next page.*

Line 4

Head of Household

This filing status is for **unmarried** individuals who provide a home for certain other persons. (Some **married persons who live apart** may also qualify. See below.) You may check the box on line 4 **only if** you were unmarried or legally separated as of December 31, 1995. But **either 1 or 2** below must apply to you.

1. You paid over half the cost of keeping up a home that was the main home for all of 1995 of your **parent** whom you can claim as a dependent. Your parent did not have to live with you in your home; **or**

2. You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (if half or less, see the **Exception** later).

- Your **unmarried** child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child does not have to be your dependent. But in this case, enter the child's name in the space provided on line 4. If you don't enter the name, it will take us longer to process your return.

- Your **married** child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for **Children of Divorced or Separated Parents** on the next page, this child does not have to be your dependent. Enter the child's name on line 4. If you don't enter the name, it will take us longer to process your return.

- Your **foster** child, who must be your dependent.

- Any other relative you can claim as a dependent. For the definition of a relative, see **Test 1** on this page. But for this purpose, the **Exception** at the end of that test doesn't apply.

Note: You **cannot** file as head of household if your child, parent, or relative described above is your dependent under the rules on the next page for **Person Supported by Two or More Taxpayers**.

Married Persons Who Live Apart

Even if you were not divorced or legally separated in 1995, you may be able to file as head of household. You may check the box on line 4 if **all five** of the following apply.

1. You **must** have lived apart from your spouse for the **last 6 months** of 1995.

2. You file a separate return from your spouse.

3. You paid over half the cost of keeping up your home for 1995.

4. Your home was the main home of your child, adopted child, stepchild, or foster child for more than half of 1995 (if half or less, see the **Exception** later).

5. You claim this child as your dependent or the child's other parent claims him or her under the rules for **Children of Divorced or Separated Parents** on the next page. If this child is not your dependent, be sure to enter the child's name on line 4. If you don't enter

the name, it will take us longer to process your return.



If all five apply, you may also be able to take the credit for child and dependent care expenses and the earned income credit. In addition, you can take the standard deduction even if your spouse itemizes deductions. For more details, see the instructions for these topics.

Keeping Up a Home

To find out what is included in the cost of keeping up a home, get **Pub. 501**, Exemptions, Standard Deduction, and Filing Information.

If you used payments you received under the **Aid to Families With Dependent Children (AFDC)** program or **other public assistance** programs to pay part of the cost of keeping up your home, you **cannot** count them as money you paid. But you must include them in the total cost of keeping up your home to figure if you paid over half of the cost.

Dependents

To find out if someone is your dependent, see the instructions for line 6c.

Exception

You can count temporary absences such as for school, vacation, or medical care as time lived in the home. If the person for whom you kept up a home was born or died in 1995, you may still file as head of household as long as the home was that person's main home for the part of the year he or she was alive.

Line 5

Qualifying Widow(er) With Dependent Child

You may check the box on line 5 and use joint return tax rates for 1995 if **all five** of the following apply.

1. Your spouse died in 1993 or 1994 and you did not remarry in 1995.

2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.

3. This child lived in your home for all of 1995. Temporary absences, such as for school, vacation, or medical care, count as time lived in the home.

4. You paid over half the cost of keeping up your home.

5. You could have filed a joint return with your spouse the year he or she died, even if you didn't actually do so.

If your spouse died in 1995, you may not file as qualifying widow(er) with dependent child. Instead, see the instructions for line 2.

Exemptions

For each exemption you can take, you generally can deduct \$2,500 on line 36.

Line 6a

Yourself

Check the box on line 6a **unless** your parent (or someone else) can claim you as a dependent on his or her tax return. For example, if your parents (or someone else) could claim you as a dependent on their return but they chose not to claim you, **do not** check the box on line 6a.

Line 6b

Spouse

If you file a joint return and your spouse cannot be claimed as a dependent on another person's return, check the box on line 6b. If you file a separate return, you can take an exemption for your spouse only if your spouse is not filing a return, had no income, and cannot be claimed as a dependent on another person's return.

If you were divorced or legally separated at the end of 1995, you cannot take an exemption for your former spouse. If your divorce was not final (an interlocutory decree), you are considered married for the whole year.

Death of Your Spouse

If your spouse died in 1995 and you did not remarry by the end of 1995, check the box on line 6b if you could have taken an exemption for your spouse on the date of death. For other filing instructions, see **Death of Taxpayer** on page 35.

Nonresident Alien Spouse

If your filing status is married filing separately, you can take an exemption for your nonresident alien spouse only if your spouse had no income from U.S. sources and is not the dependent of another person. If you can take an exemption for your spouse, check the box on line 6b and enter "NRA" to the right of the word "Spouse."

Line 6c

Dependents

You can take an exemption for each of your dependents who was alive during some part of 1995. This includes a baby **born** in 1995 or a person who **died** in 1995. Get **Pub. 501**, Exemptions, Standard Deduction, and Filing Information, for more details. Any person who meets **all five** of the following tests qualifies as your dependent.

Test 1—Relationship

The person must be your relative. But see **Exception** at the end of **Test 1**. The following are considered your relatives:

- Your child, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; or a foster child (any child who lived in your home as a family member for the whole year).

- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, stepparent, parent-in-law.

- Your grandparent, great-grandparent, etc.

- Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law.

- If related by blood, your aunt, uncle, nephew, niece.

Any relationships established by marriage are not treated as ended by divorce or death.

Exception. A person who lived in your home as a family member for the entire year can also be considered a dependent. But the relationship must not violate local law.

Test 2—Married Person

If the person is married and files a joint return, you cannot take an exemption for the person.

TIP *If the person and the person's spouse file a joint return only to get a refund of all tax withheld, you may be able to claim him or her if the other four tests are met. See Pub. 501 for details.*

Test 3—Citizen or Resident

The person must be **one** of the following:

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

Test 4—Income

Generally, the person's gross income must be less than \$2,500. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

Income earned by a permanently and totally disabled person for services performed at a sheltered workshop school is generally not included for purposes of the income test. See Pub. 501 for details.

Exception for Your Child. Your child can have gross income of \$2,500 or more if:

1. Your child was **under age 19** at the end of 1995, **or**
2. Your child was **under age 24** at the end of 1995 **and** was a **student**.

Your child was a **student** if he or she—

- Was enrolled as a full-time student at a school during any 5 months of 1995, or
- Took a full-time, on-farm training course during any 5 months of 1995. The course had to be given by a school or a state, county, or local government agency.

A **school** includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Test 5—Support

The general rule is that you had to provide over half the person's total support in 1995. If you file a joint return, support can come from either spouse. If you remarried, the support provided by your new spouse is treated as support coming from you. For exceptions to the support test, see **Children of Divorced or Separated Parents** and **Person Supported by Two or More Taxpayers** on this page.

Support includes food, a place to live, clothing, medical and dental care, and education. It also includes items such as a car and furniture, but only if they are for the person's own use or benefit. In figuring total support:

- Use the actual cost of these items, but figure the cost of a place to live at its fair rental value.

- Include money the person used for his or her own support, even if this money was not taxable. Examples are gifts, savings, social security and welfare benefits, and other public assistance payments. This support is treated as **not** coming from you.

Total support **does not** include items such as income tax, social security and Medicare tax, life insurance premiums, scholarship grants, or funeral expenses.

If you care for a foster child, see Pub. 501 for special rules that apply.

Children of Divorced or Separated Parents

Special rules apply to determine if the support test is met for children of divorced or separated parents. The rules also apply to children of parents who lived apart from each other during the last 6 months of the year, even if they do not have a separation agreement. For these rules, a **custodial parent** is the parent who had custody of the child for most of the year. A **noncustodial parent** is the parent who had custody for the shorter period of time or who did not have custody at all. See Pub. 501 for the definition of custody.

The general rule is that the custodial parent is treated as having provided over half of the child's total support if both parents together paid over half of the child's support. This means that the custodial parent can claim the child as a dependent if the other dependency tests are also met.

But if you are the noncustodial parent, you are treated as having provided over half of the child's support and can claim the child as a dependent if both parents together paid over half of the child's support, the other dependency tests are met, and **either 1 or 2** below applies:

1. The custodial parent agrees not to claim the child's exemption for 1995 by signing **Form 8332** or a similar statement. But you (as the noncustodial parent) **must** attach this signed Form 8332 or similar statement to your return. Instead of attaching Form 8332, you can attach a copy of certain pages of your divorce decree or separation agreement if it went into effect after 1984 (see **Children Who Didn't Live With You Due to Divorce or Separation** on the next page), **or**

2. Your divorce decree or written separation agreement went into effect before 1985 and it states that you (the noncustodial parent) can claim the child as a dependent. But you must have given at least \$600 for the child's support in 1995. Also, you must check the pre-1985 agreement box on line 6d. This rule does not apply if your decree or agreement was changed after 1984 to say that you cannot claim the child as your dependent.

Person Supported by Two or More Taxpayers

Even if you did not pay over half of another person's support, you might still be able to claim him or her as a dependent if **all five** of the following apply.

1. You and one or more other eligible person(s) together paid over half of another person's support.

2. You paid over 10% of that person's support.

3. No one alone paid over half of that person's support.

4. Tests 1 through 4 are met.

5. Each eligible person who paid over 10% of support completes **Form 2120**, Multiple Support Declaration, and you attach these forms to your return. The form states that only you will claim the person as a dependent for 1995.

An **eligible person** is someone who could have claimed another person as a dependent except that he or she did not pay over half of that person's support.

Columns (1) Through (4)

After you have figured out who you can claim as a dependent, fill in the columns on line 6c. If you have **more than six** dependents, attach a statement to your return. Give the same information as in columns (1) through (4) for each dependent.

Column (1)

Enter the name of each dependent.

Column (2)

Each dependent must have a social security number (SSN) unless the dependent was born in November or December of 1995. You must enter the SSN in column (2). If you do not enter it or if the SSN is wrong, it will take us longer to issue any refund shown on your return. You may also have to pay a \$50 penalty. If your dependent was born in November or December of 1995 and does not have an SSN, enter "11/95" or "12/95" in column (2).

Your dependent can get an SSN by filing **Form SS-5** with your local Social Security Administration office. It usually takes about 2 weeks to get an SSN. If your dependent won't have an SSN by April 15, 1996, see **What If I Can't File on Time?** on page 9. If your dependent lives in Canada or Mexico, see Pub. 501 for details on how to get an SSN.

Column (3)

Enter your dependent's relationship to you. For example, if the dependent is your child, enter "son" or "daughter."

Column (4)

Enter the number of months your dependent lived with you in 1995. Count temporary absences such as for school or vacation as time lived in your home. If your dependent was born or died in 1995, enter "12" in this column. If your dependent lived in Canada or Mexico during 1995, don't enter a number. Instead, enter "CN" or "MX," whichever applies.

Children Who Didn't Live With You Due to Divorce or Separation

If you are claiming a child who didn't live with you under the rules on page 13 for **Children of Divorced or Separated Parents**, enter the total number of such children on the line to the right of line 6c labeled "No. of your children on 6c who: didn't live with you due to divorce or separation." If you put a number on this line, you **must** do one of the following **each** year you claim this child as a dependent.

- Check the box on line 6d if your divorce decree or written separation agreement went into effect before 1985 and it states that you can claim the child as your dependent.

- Attach **Form 8332** or similar statement to your return. If your divorce decree or separation agreement went into effect after 1984 and it states you can claim the child as your dependent without regard to any condition, such as payment of support, you may attach a copy of the following pages from the decree or agreement instead.

1. Cover page (put the other parent's SSN on that page),

2. The page that states you can claim the child as your dependent, and

3. Signature page with the other parent's signature and date of agreement.

Note: You must attach the required information even if you filed it in an earlier year.

Other Dependent Children

Enter the total number of children who did not live with you for reasons other than divorce or separation on the line labeled "Dependents on 6c not entered above." Include dependent children who lived in Canada or Mexico during 1995.

Income

U.S. Citizens Living Abroad and Foreign-Source Income

You must report unearned income, such as interest, dividends, and pensions, from sources outside the United States unless exempt by law or a tax treaty. You must also report earned income, such as wages and tips, from sources outside the United States. But you may also be able to exclude part or all of your earned income. For details, get **Pub. 54**, Tax Guide for U.S. Citizens and Resident Aliens Abroad, and **Form 2555**, Foreign Earned Income, or **Form 2555-EZ**, Foreign Earned Income Exclusion.

Community Property States

Community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

If you and your spouse lived in a community property state, you must follow state law to determine what is community income and what is separate income. However, different rules could apply if:

- You and your spouse lived apart all year,
- You do not file a joint return, and
- None of the community income you earned was transferred to your spouse.

For details, get **Pub. 555**, Federal Tax Information on Community Property.

Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your forms and schedules. This will make it easier to complete your return. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$129.39 becomes \$129 and \$235.50 becomes \$236. If you do round off, do so for all amounts. But if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

Example. You received two W-2 forms, one showing wages of \$5,000.55 and one showing wages of \$18,500.73. On Form 1040, line 7, you would enter \$23,501 (\$5,000.55 + \$18,500.73 = \$23,501.28).

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. This should be shown in box 1 of your W-2 form. For a joint return, be sure to include your spouse's income. Also include in this total:

- Corrective distributions of excess salary deferrals.

- Corrective distributions of excess contributions and excess aggregate contributions to a retirement plan.

- Disability pensions if you have not reached the minimum retirement age set by your employer.

Note: Disability pensions received after you reach your employer's minimum retirement age and other pensions shown on **Form 1099-R** (other than payments from an IRA) are reported on lines 16a and 16b of Form 1040. Payments from an IRA are reported on lines 15a and 15b.

Missing or Incorrect Form W-2

If you don't get a Form W-2 by January 31, 1996, ask your employer for it. If you don't get it by February 15, call us. See page 38 for the number. You will be asked for your employer's name, address, telephone number, and, if known, identification number. You will also be asked for your address, social security number (SSN), daytime telephone number, dates of employment, and your best estimate of your total wages and Federal income tax withheld. If you lose your Form W-2 or it is incorrect, ask your employer for a new one.

Even if you don't get a Form W-2 from your employer, you must still report your earnings. For example, if you were paid less than \$1,000 as a household employee in 1995, your employer is not required to give you a W-2 form, but you must still include the wages on line 7.

Employer-Provided Vehicle

If you used an employer-provided vehicle for both personal and business use and 100% of its annual lease value was included as wages on your W-2 form, you may be able to deduct the business use of the vehicle on Schedule A. But you must use **Form 2106**, Employee Business Expenses, to do so. The total annual lease value of the vehicle should be shown in box 12 of your W-2 form or on

a separate statement. For more details, get **Pub. 917**, Business Use of a Car.

Tip Income

Be sure to report all tip income you received, even if it is not included in box 1 of your W-2 form(s). You must report as income the amount of allocated tips shown on your W-2 form(s) unless you can prove that you received less. Allocated tips should be shown in box 8 of your W-2 form(s). They are not included in box 1 of your W-2 form(s). For details on allocated tips, get **Pub. 531**, Reporting Tip Income.

Use **Form 4137**, Social Security and Medicare Tax on Unreported Tip Income, to figure any social security and Medicare tax on unreported or allocated tips. See the instructions for line 50.

Statutory Employees

If you were a statutory employee, the "Statutory employee" box in box 15 of your W-2 form should be checked. Statutory employees include full-time life insurance salespeople, certain agent or commission drivers and traveling salespeople, and certain homeworkers.

If you are deducting business expenses as a statutory employee, report the amount shown in box 1 of your W-2 form and your expenses on Schedule C or C-EZ. If you are not deducting business expenses, report your income on line 7.

Excess Salary Deferrals

You may have chosen to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) plan or the Federal Thrift Savings Plan) instead of having it paid to you. If so, the "Deferred compensation" box in box 15 of your W-2 form should be checked. The amount deferred should be shown in box 13. The total amount that may be deferred for 1995 under all plans is generally limited to \$9,240 for each person. But a different limit may apply if amounts were deferred under a tax-sheltered annuity plan or an eligible plan of a state or local government or tax-exempt organization. For details, get **Pub. 575**, Pension and Annuity Income (Including Simplified General Rule). Any amount deferred in excess of these limits must be reported on Form 1040, line 7.

Caution: You may **not** deduct the amount deferred. It is not included as income in box 1 of your W-2 form.

Dependent Care Benefits (DCB)

If you received benefits for 1995 under your employer's dependent care plan, you may be able to exclude part or all of them from your income. You must use **Form 2441**, Child and Dependent Care Expenses, to do so. The benefits should be shown in box 10 of your W-2 form(s). First, fill in Parts I and III of Form 2441. Include any taxable benefits from line 20 of that form on Form 1040, line 7. On the dotted line next to line 7, enter "DCB."

Scholarship and Fellowship Grants

If you received a scholarship or fellowship, part or all of it may be taxable even if you didn't receive a W-2 form. If you were a degree candidate, the amounts you used for

expenses other than tuition and course-related expenses are taxable. For example, amounts used for room, board, and travel are taxable. If you were not a degree candidate, the full amount of the scholarship or fellowship is taxable.

Include the taxable amount not reported on a W-2 form on line 7. Then, enter "SCH" and the taxable amount not reported on a W-2 form on the dotted line next to line 7.

Line 8a

Taxable Interest Income

Each payer should send you a **Form 1099-INT** or a **Form 1099-OID**. A copy is also sent to the IRS.

TIP *Be sure each payer of interest income has your correct social security number. Otherwise, the payer may withhold 31% of the interest. You may also be subject to penalties.*

Report **all** of your taxable interest income on line 8a even if it is \$400 or less. If the total is over \$400 or any of the other conditions listed at the beginning of the Schedule B instructions (see page B-1) apply to you, fill in Schedule B first.

Report any interest you received or that was credited to your account so you could withdraw it, even if it wasn't entered in your passbook. Interest credited in 1995 on deposits that you could not withdraw because of the bankruptcy or insolvency of the financial institution may not have to be included in your 1995 income. For details, get **Pub. 550**, Investment Income and Expenses.

U.S. Savings Bonds

For series E or EE bonds, you can either report the total interest when you cash the bonds (or when they reach final maturity and no longer earn interest) **or** each year report the yearly increase in value. See **Pub. 550** for more details.

TIP *If you get a 1995 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 1995, see Pub. 550.*

Line 8b

Tax-Exempt Interest

If you received any tax-exempt interest income, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund or other regulated investment company. **Do not** include interest earned on your IRA.

Line 9

Dividend Income

The payer should send you a **Form 1099-DIV**. A copy is also sent to the IRS.

If your total gross dividends are over \$400, first fill in Schedule B (see page B-1). Also, fill in Schedule B if you received, as a nominee, dividends that actually belong to someone else. If you don't have to fill in Schedule B, include on line 9 only ordinary dividends and any investment expenses. If you re-

ceived capital gain distributions, see the instructions for line 13.

TIP *Be sure each payer of dividends has your correct social security number. Otherwise, the payer may withhold 31% of the dividend income. You may also be subject to penalties.*

Nontaxable Distributions

Some distributions are nontaxable because they are a return of your cost. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), you must report these distributions as capital gains. For details, get **Pub. 550**, Investment Income and Expenses.

Dividends on Insurance Policies

These are a partial return of the premiums you paid. **Do not** report them as dividends. Include them in income only if they exceed the total of all net premiums you paid for the contract.

Line 10

Taxable Refunds, Credits, or Offsets of State and Local Income Taxes

If you received a refund, credit, or offset of state or local income taxes in 1995 that you paid and deducted before 1995, part or all of this amount may be taxable. You may receive **Form 1099-G**, or similar statement, showing the refund.

If you chose to apply part or all of the refund to your 1995 estimated state or local income tax, the amount applied is treated as received in 1995.

If, in the year you paid the tax, you **(a)** did not itemize deductions on Schedule A (Form 1040), or **(b)** filed Form 1040A or Form 1040EZ, **none** of your refund is taxable.

If the refund was for a tax you paid in 1994 and you itemized deductions for 1994, use the worksheet on this page to see if any of your refund is taxable.

Exceptions

See **Recoveries** in **Pub. 525**, Taxable and Nontaxable Income, instead of using the worksheet below if **any** of the following applies:

- You received a refund in 1995 that is for a tax year other than 1994.
- You received a refund other than an income tax refund, such as a real property tax refund, in 1995 of an amount deducted or credit claimed in an earlier year.
- Your 1994 taxable income was less than zero.
- You made your last payment of 1994 estimated state or local income tax in 1995.
- You owed alternative minimum tax in 1994.
- You could not deduct the full amount of credits you were entitled to in 1994 because the total credits exceeded the tax shown on your 1994 Form 1040, line 40.
- You could be claimed as a dependent by someone else in 1994.

Also, see **Tax Benefit Rule** in **Pub. 525** instead of using the worksheet below if **all three** of the following apply:

1. You had to use the Itemized Deductions Worksheet in the 1994 Schedule A instructions because your 1994 adjusted gross income was over \$111,800 (over \$55,900 if married filing separately).
2. You couldn't deduct all of the amount on line 1 of the 1994 worksheet.

State and Local Income Tax Refund Worksheet—Line 10 (keep for your records)



1. Enter the income tax refund from Form(s) 1099-G (or similar statement)	1. _____
2. Enter your total allowable itemized deductions from your 1994 Schedule A, line 29	2. _____
Note: If the filing status on your 1994 Form 1040 was married filing separately and your spouse itemized deductions in 1994, skip lines 3, 4, and 5 and enter the amount from line 2 on line 6.	
3. Enter on line 3 the amount shown below for the filing status claimed on your 1994 Form 1040:	3. _____
<ul style="list-style-type: none"> • Single, enter \$3,800 • Married filing jointly or Qualifying widow(er), enter \$6,350 • Married filing separately, enter \$3,175 • Head of household, enter \$5,600 	}
4. If you didn't complete line 33a on your 1994 Form 1040, enter -0-. Otherwise, multiply the number on your 1994 Form 1040, line 33a, by \$750 (\$950 if your 1994 filing status was single or head of household) and enter the result	4. _____
5. Add lines 3 and 4	5. _____
6. Subtract line 5 from line 2. If zero or less, enter -0-	6. _____
7. Taxable part of your refund. Enter the smaller of line 1 or line 6 here and on Form 1040, line 10	7. _____

3. The amount on line 8 of the 1994 worksheet would be more than the amount on line 4 of that worksheet if the amount on line 4 were reduced by 80% of the refund you received in 1995.

Line 11

Alimony Received

Enter amounts received as alimony or separate maintenance. You must let the person who made the payments know your social security number. If you don't, you may have to pay a \$50 penalty. For details, get **Pub. 504**, *Divorced or Separated Individuals*.

If you received payments under a divorce or separation instrument executed after 1984, see the instructions for line 29 on page 21 for the rules that apply in determining whether these payments qualify as alimony.

Line 12

Business Income or (Loss)

If you operated a business or practiced your profession as a sole proprietor, report your income and expenses on Schedule C or Schedule C-EZ.

Line 13

Capital Gain or (Loss)

Caution: *At the time these instructions were printed, Congress was considering legislation that would change the tax treatment of capital gains, including capital gain distributions. Information on these changes will be available electronically through our bulletin board or via the Internet (see page 34). Or, you can get **Pub. 553**, *Highlights of 1995 Tax Changes*.*

Enter the gain or (loss) from Schedule D. But if you received **capital gain distributions** (reported to you on **Form 1099-DIV** or a substitute statement) and do not need Schedule D for other capital transactions, enter those distributions on line 13. Write "**CGD**" on the dotted line next to line 13.

TIP Your tax may be less if you can use the **Capital Gain Tax Worksheet** on page 24. You can use it if your taxable income (Form 1040, line 37) is **more than** \$94,250 (\$56,550 if single; \$80,750 if head of household; or \$47,125 if married filing separately).

Line 14

Other Gains or (Losses)

If you sold or exchanged assets used in a trade or business, see the instructions for **Form 4797**.

Lines 15a and 15b

IRA Distributions

Use lines 15a and 15b to report payments (distributions) you received from your individual retirement arrangement (IRA). These include regular distributions, early distributions, rollovers, and any other money or property you received from your IRA account

or annuity. You should get a **Form 1099-R** showing the amount of your distribution.

If you made any nondeductible contributions to your IRA for 1995 or an earlier year or you rolled your IRA distribution over into another IRA, see below. **Do not** use lines 15a and 15b to report a rollover from a qualified employer's plan to an IRA. Instead, see the instructions for lines 16a and 16b.

IRA distributions that you must include in income are taxed at the same rate as other income. You may not use the special averaging rule for lump-sum distributions from qualified employer plans.

If your IRA distribution is fully taxable, enter it on line 15b; **do not** make an entry on line 15a. If only part is taxable, enter the total distribution on line 15a and the taxable part on line 15b.

Caution: *You may have to pay an additional tax if (1) you received an early distribution from your IRA and the total distribution was not rolled over, (2) you received a distribution in excess of \$150,000, or (3) you were born before July 1, 1924, and received less than the minimum required distribution. See the instructions for line 51 for details.*

Nondeductible Contributions

If you made nondeductible contributions for any year, only part of your IRA distribution may be taxable. Get **Form 8606** to figure the taxable part of your IRA distribution. If you made any nondeductible contributions for 1995, you may need to make a special computation. Get **Pub. 590**, *Individual Retirement Arrangements (IRAs)*, for details. Enter the total distribution on line 15a and the taxable part on line 15b.

IRA Rollovers

A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 15a and 15b to report a rollover from one IRA to another IRA. Enter the total distribution on line 15a. If the total on line 15a was rolled over, enter zero on line 15b. If the total was not rolled over, enter the part not rolled over on line 15b. But if you ever made nondeductible contributions to any of your IRAs, use **Form 8606** to figure the taxable part to enter on line 15b. For more details, see **Pub. 590**.

Lines 16a and 16b

Pensions and Annuities

Use lines 16a and 16b to report pension and annuity payments you received, including payments (distributions) from retirement plans, life insurance annuity contracts, profit-sharing plans, and employee-savings plans. See the next page for details on rollovers and lump-sum distributions.

Also, use these lines to report disability pensions received after you reach the minimum retirement age set by your employer. Disability pensions received before you reach your employer's minimum retirement age are reported on line 7.

TIP You should receive a **Form 1099-R** showing the amount you received. Attach **Form 1099-R** to **Form 1040** if any Federal income tax was withheld.

Do not use lines 16a and 16b to report corrective distributions of excess salary deferrals, excess contributions, or excess aggregate contributions from retirement plans. Instead, see the instructions for line 7. Also, **do not** use lines 16a and 16b to report any social security or railroad retirement benefits shown on **Forms SSA-1099** and **RRB-1099**. Instead, see the instructions for lines 20a and 20b.

Caution: *Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions and may also be subject to additional taxes. For details, get **Pub. 575**, *Pension and Annuity Income (Including Simplified General Rule)*.*

Fully Taxable Pensions and Annuities

If your pension or annuity is fully taxable, enter it on line 16b; **do not** make an entry on line 16a. Your payments are fully taxable if **either** of the following applies:

1. You did not contribute to the cost of your pension or annuity, or
2. You got your entire cost back tax free before 1995.

Fully taxable pensions and annuities also include military retirement pay shown on **Form 1099-R**. For details on military disability pensions, get **Pub. 525**, *Taxable and Nontaxable Income*. If you received a **Form RRB-1099-R**, get **Pub. 575** to see how to report your benefits.

Partially Taxable Pensions and Annuities

If your pension or annuity is partially taxable and your **Form 1099-R** does not show the taxable part, you must use the General Rule to figure the taxable part. The General Rule is explained in **Pub. 939**, *Pension General Rule (Nonsimplified Method)*. But if your annuity starting date (defined below) was **after** July 1, 1986, you may be able to use the Simplified General Rule, explained later.

You can ask the IRS to figure the taxable part for you for a \$50 fee. Submit your request before the due date of your return, including extensions. For details, see **Pub. 939**.

If your **Form 1099-R** shows a taxable amount, you may report that amount on line 16b. But you may be able to report a lower taxable amount by using the General Rule or, if you qualify, the Simplified General Rule.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 16b and the total on line 16a.

Annuity Starting Date

Your annuity starting date is the later of the first day of the first period for which you received a payment, or the date the plan's obligations became fixed.

Simplified General Rule

This method will usually give you the same amount or more of the pension or annuity tax free each year as the General Rule or as figured by the IRS. You can use this simpler method if **all four** of the following apply.

1. Your annuity starting date was **after** July 1, 1986.
2. The payments are for (a) your life or (b) your life and that of your beneficiary.

3. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.

4. At the time the pension or annuity payments began, either you were under age 75 or the number of years of guaranteed payments was fewer than 5.

If all four apply, use the worksheet on this page to figure the taxable part of your pension or annuity. If you are a beneficiary entitled to a death benefit exclusion, add the exclusion to the amount you enter on line 2 of the worksheet. Do this even if you received a Form 1099-R showing a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount. Attach a signed statement to your return stating that you are entitled to a death benefit exclusion. For more details on the Simplified General Rule, see Pub. 575 or **Pub. 721**, Tax Guide to U.S. Civil Service Retirement Benefits.

Caution: If you received U.S. Civil Service retirement benefits and you chose the lump-sum credit option, use the worksheet in Pub. 721. **Do not** use the one on this page.

Age at Annuity Starting Date

If you are the retiree, use your age on the annuity starting date. If you are the survivor of a retiree, use the retiree's age on his or

her annuity starting date. If you are the beneficiary of an employee who died, see Pub. 575. If there is more than one beneficiary, see Pub. 575 or Pub. 721 to figure each beneficiary's taxable amount.

Changing Methods

If your annuity starting date was **after** July 1, 1986, you may be able to change from the General Rule to the Simplified General Rule (or the other way around). For details, see Pub. 575 or Pub. 721.

Death Benefit Exclusion

If you are the beneficiary of a deceased employee or former employee, amounts paid to you by, or on behalf of, an employer because of the death of the employee may qualify for a death benefit exclusion of up to \$5,000. If you are entitled to this exclusion, add it to the cost of the pension or annuity. Special rules apply if you are the survivor under a joint and survivor's annuity. For details, see Pub. 575.

Rollovers

A rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan. Use lines 16a and 16b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA.

Enter on line 16a the total distribution before income tax or other deductions were withheld. This amount should be shown in box 1 of **Form 1099-R**. From the total on line 16a, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount that was rolled over either directly or within 60 days of receiving the distribution. Enter the remaining amount, even if zero, on line 16b.

Special rules apply to partial rollovers of property. For more details on rollovers, including distributions under qualified domestic relations orders, see Pub. 575.

Lump-Sum Distributions

If you received a lump-sum distribution from a profit-sharing or retirement plan, your Form 1099-R should have the "Total distribution" box in box 2b checked. You may owe an additional tax if you (1) received an early distribution from a qualified retirement plan and the total amount was not rolled over, or (2) received a distribution in excess of \$150,000 from a qualified retirement plan. For details, see the instructions for line 51.

Enter the total distribution on line 16a and the taxable part on line 16b.



*You may be able to pay less tax on the distribution if you were born before 1936 or were at least age 59½ on the date of the distribution, you meet certain other conditions, and you choose to use **Form 4972**, Tax on Lump-Sum Distributions, to figure the tax on any part of the distribution. You may also be able to use Form 4972 if you are the beneficiary of a deceased employee who was either age 59½ or older on the date of death or born before 1936 and was age 50 or older on the date of death. For details, get Form 4972.*

Simplified General Rule Worksheet—Lines 16a and 16b (keep for your records)



1. Enter the total pension or annuity payments received this year. Also, enter this amount on Form 1040, line 16a	1. _____
2. Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see above)	2. _____
3. Age at annuity starting date (see above):	
55 and under	300
56–60	260
61–65	240
66–70	170
71 and older	120
4. Divide line 2 by the number on line 3	4. _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was before 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6	5. _____
6. Enter the amount, if any, recovered tax free in years after 1986	6. _____
7. Subtract line 6 from line 2	7. _____
8. Enter the smaller of line 5 or line 7	8. _____
9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R	9. _____

Note: If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 1995 on Form 1040, line 16a.

Line 19

Unemployment Compensation

Enter on line 19 any unemployment compensation (insurance) you received. By January 31, 1996, you should receive a **Form 1099-G** showing the total amount paid to you during 1995. The amount should be shown in box 1.

If you received an overpayment of unemployment compensation in 1995 and you repaid any of it in 1995, subtract the amount you repaid from the total amount you received. Enter the result on line 19. Also, enter "Repaid" and the amount you repaid on the dotted line next to line 19. If, in 1995, you repaid unemployment compensation that you included in gross income in an earlier year, you may deduct the amount repaid on Schedule A, line 22. But if the amount repaid was more than \$3,000, see **Repayments** in **Pub. 525**, Taxable and Nontaxable Income, for details on how to report the repayment.

Do not include on line 19 any supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund. Instead, report these benefits on line 7.

Lines 20a and 20b

Social Security Benefits

Social security and equivalent railroad retirement benefits you received may be taxable. Social security benefits include any monthly benefit under title II of the Social Security Act or the part of a tier 1 railroad retirement benefit treated as a social security benefit. Social security benefits include monthly survivor and disability benefits paid. They do not include any supplemental security income (SSI) payments.

By January 31, 1996, you should receive a **Form SSA-1099** showing in box 3 the total social security benefits paid to you in 1995. Box 4 will show the amount of any benefits you repaid in 1995. If you received railroad retirement benefits treated as social security, you should receive a **Form RRB-1099**. For more details, get **Pub. 915**, Social Security and Equivalent Railroad Retirement Benefits.

Caution: Do not use lines 20a and 20b to report any railroad retirement benefits shown on Form RRB-1099-R. Instead, see the instructions for lines 16a and 16b.

To find out if any of your benefits are taxable, first complete Form 1040, lines 7 through 19, 21, and 23a through 30 if they apply to you. Then, complete the worksheet on this page. However, **do not** use the worksheet if any of the following apply.

- You made IRA contributions for 1995 and you were covered by a retirement plan at work or through self-employment. Instead, use the worksheets in **Pub. 590**, Individual Retirement Arrangements (IRAs), to see if any of your social security benefits are taxable and to figure your IRA deduction.

- You repaid any benefits in 1995 and your total repayments (box 4) were more than your total benefits for 1995 (box 3). **None** of your benefits are taxable for 1995. In addition, you may be able to take an itemized deduction for part of the excess repayments if they were for benefits you included in gross income in an earlier year. See **Pub. 915**.

- You file **Form 2555** or **2555-EZ**, relating to foreign earned income, **Form 4563**, Exclusion of Income for Bona Fide Residents of American Samoa, **Form 8815**, Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, or you exclude income from sources within Puerto Rico. Instead, use the worksheet in **Pub. 915**.

Line 21

Other Income

Use this line to report any other income not reported on your return or other schedules. See examples later. List the type and amount of income. If necessary, show the required information on an attached statement. For more details, see **Miscellaneous Taxable Income** in **Pub. 525**, Taxable and Nontaxable Income.

Social Security Benefits Worksheet—Lines 20a and 20b

(keep for your records)



If you are married filing separately and you **lived apart** from your spouse for all of 1995, enter "D" to the left of line 20a.

- Enter the total amount from **box 5** of **all your Forms SSA-1099 and RRB-1099** **1.** _____

Note: If line 1 is zero or less, stop; none of your social security benefits are taxable. Otherwise, go to line 2.

- Enter one-half of line 1 **2.** _____
- Add the amounts on Form 1040, lines 7, 8a, 9 through 14, 15b, 16b, 17 through 19, and 21. Do not include amounts from box 5 of Forms SSA-1099 or RRB-1099 **3.** _____
- Enter the amount, if any, from Form 1040, line 8b **4.** _____
- Add lines 2, 3, and 4 **5.** _____
- Enter the amount from Form 1040, line 30 **6.** _____
- Subtract line 6 from line 5 **7.** _____
- Enter \$25,000 (\$32,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time in 1995) **8.** _____
- Subtract line 8 from line 7. If zero or less, enter -0- **9.** _____

Is line 9 more than zero?

No. Stop; none of your social security benefits are taxable. Do not enter any amounts on lines 20a or 20b of Form 1040. **But** if you are married filing separately and you **lived apart** from your spouse for all of 1995, enter -0- on line 20b. Be sure to enter "D" to the left of line 20a.

Yes. Go to line 10.

- Enter \$9,000 (\$12,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time in 1995) **10.** _____
- Subtract line 10 from line 9. If zero or less, enter -0- **11.** _____
- Enter the **smaller** of line 9 or line 10 **12.** _____
- Enter one-half of line 12 **13.** _____
- Enter the **smaller** of line 2 or line 13 **14.** _____
- Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- **15.** _____
- Add lines 14 and 15 **16.** _____
- Multiply line 1 by 85% (.85) **17.** _____
- Taxable social security benefits.** Enter the **smaller** of line 16 or line 17 **18.** _____

- Enter the amount from line 1 on Form 1040, line 20a.
- Enter the amount from line 18 on Form 1040, line 20b.

TIP If part of your benefits are taxable for 1995 and they include benefits paid in 1995 that were for an earlier year, you may be able to reduce the taxable amount shown on the worksheet. Get **Pub. 915** for details.

Do not report any nontaxable income on line 21, including the following:

- Child support.
- Money or property that was inherited, willed to you, or received as a gift.
- Life insurance proceeds received because of a person's death.

Do not report on this line any income from **self-employment** or fees received as a notary public. Instead, you **must** use Schedule C, C-EZ, or F, even if you do not have any business expenses.

Examples of **income to report** on line 21 are:

- Prizes and awards. But if you are self-employed, report prizes and awards received in connection with your trade or business on Schedule C, line 6, or Schedule C-EZ, line 1. If you have a job, report prizes and awards received in connection with your employment on Form 1040, line 7.
- Gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on line 21. You cannot offset losses against winnings and report the difference. If you had any gambling losses, you may take

them as an itemized deduction on Schedule A. But you cannot deduct more than the winnings you report.

- Reimbursements or other amounts received for medical expenses or other items, such as real estate taxes, that you deducted in an earlier year if they reduced your tax. See **Recoveries** in Pub. 525 for details on how to figure the amount to report.

- Fees received for jury duty or precinct election board duty. You may be able to deduct part or all of your jury duty pay. See the instructions for line 30.

- Fees received as a nonprofessional fiduciary, such as an executor or administrator of the estate of a deceased friend or relative.

- Alaska Permanent Fund dividends.

- Refund of overpaid mortgage interest if you deducted the interest in an earlier year and it reduced your tax. To figure the amount to report, see Pub. 525.

- Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property. See the instructions for line 30 to report your related expenses.

- Income from an activity not engaged in for profit. Report expenses related to this activity on Schedule A. Get **Pub. 535**, Business Expenses, for details.

- Loss on a corrective distribution made in 1995 of an excess deferral, but only if you reported the full excess deferral as income in an earlier year. Enter the loss as a negative amount. Get **Pub. 575**, Pension and Annuity Income, for details.

Recapture of Clean-Fuel Vehicle Deduction. If you claimed this deduction in 1993 or 1994 for property that no longer qualifies as clean-fuel vehicle property, you may have to include on line 21 part or all of the amount you deducted. For details, see Pub. 535.

Net Operating Loss. If you had a net operating loss in an earlier year to carry forward to 1995, include it as a negative amount on line 21. Attach a statement showing how you figured the amount. Get **Pub. 536**, Net Operating Losses, for more details.

Adjustments to Income

Lines 23a and 23b

IRA Deduction

Note: If you file **Form 2555** or **2555-EZ**, relating to foreign earned income, get **Pub. 590** to figure your IRA deduction.

If you made contributions to an individual retirement arrangement (IRA) for 1995, you may be able to take an IRA deduction. Read the following instructions to see if you can take an IRA deduction and, if you can, which worksheet to use to figure it. Enter your IRA deduction on line 23a. If you file a joint return, enter your spouse's deduction on line 23b. You should receive a statement by May 31, 1996, that shows all contributions to your IRA for 1995.

Caution: You **may not** deduct contributions to a 401(k) plan or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your W-2 form.

If you were age 70½ or older at the end of 1995, you cannot deduct any contributions made to your IRA for 1995 or treat them as nondeductible contributions.



By April 1 of the year after the year in which you turn age 70½, you must start taking minimum required distributions from your IRA. If you don't, you may have to pay a 50% additional tax on the amount that should have been distributed. For details, including how to figure the minimum required distribution, see Pub. 590.

Chart for People Covered by a Retirement Plan*—Lines 23a and 23b

In this chart, **modified AGI** (adjusted gross income) is the amount on Form 1040, line 22, minus the total of any deductions claimed on Form 1040, lines 24 through 29 and any amount you entered on the dotted line next to line 30.

If you (or your spouse if filing jointly) **were covered by a retirement plan and—**

Your filing status is:	And your modified AGI is:	You can take:
Single, Head of household, or Married filing separately and lived apart from your spouse for all of 1995	\$25,000 or less	Full IRA deduction (use Worksheet 1 on this page)
	Over \$25,000 but less than \$35,000	Partial IRA deduction (use Worksheet 2 on the next page)
	\$35,000 or more	No IRA deduction (but see Nondeductible Contributions)
Married filing jointly or Qualifying widow(er)	\$40,000 or less	Full IRA deduction (use Worksheet 1 on this page)
	Over \$40,000 but less than \$50,000	Partial IRA deduction (use Worksheet 2 on the next page)
	\$50,000 or more	No IRA deduction (but see Nondeductible Contributions)
Married filing separately and lived with your spouse at any time during 1995	Over \$0 but less than \$10,000	Partial IRA deduction (use Worksheet 2 on the next page)
	\$10,000 or more	No IRA deduction (but see Nondeductible Contributions)

* If married filing separately and you were not covered by a plan but your spouse was, you are considered covered by a plan unless you **lived apart** from your spouse for all of 1995.

IRA Worksheet 1—Lines 23a and 23b (keep for your records)



Note: Read the list at the bottom of page 20 before completing.

	(a) Your IRA	(b) Your working spouse's IRA
1. Enter IRA contributions you made, or will make by April 15, 1996, for 1995. But do not enter more than \$2,000 in either column	1. _____	_____
2. For each person, enter wages and other earned income from Form 1040, minus any deductions on Form 1040, lines 25 and 27. Do not reduce wages by any loss from self-employment	2. _____	_____
3. Enter the smaller of line 1 or line 2. Enter on Form 1040, line 23a, the part of line 3, column (a), you choose to deduct. Enter on Form 1040, line 23b, the part, if any, of line 3, column (b), you choose to deduct. If filing a joint return and contributions were made to your nonworking spouse's IRA, go to line 4	3. _____	_____
Nonworking spouse's IRA		
4. Enter the smaller of line 2, column (a), or \$2,250	4. _____	_____
5. Enter the amount from line 3, column (a)	5. _____	_____
6. Subtract line 5 from line 4	6. _____	_____
7. Enter IRA contributions made, or that will be made by April 15, 1996, for 1995 for your nonworking spouse. But do not enter more than \$2,000	7. _____	_____
8. Enter the smaller of line 6 or line 7. Enter on Form 1040, line 23b, the part of line 8 you choose to deduct	8. _____	_____

IRA Worksheet 2—Lines 23a and 23b
(keep for your records)



Note: Read the list at the bottom of this page before completing.

- | | | |
|--|--|-----------------|
| <p>1. If you checked Filing Status box:</p> | <p>1 or 4, enter \$35,000
2 or 5, enter \$50,000
3, enter \$10,000 (\$35,000 if you lived apart from your spouse for all of 1995)</p> | <p>1. _____</p> |
| 2. Enter the amount from Form 1040, line 22 | | 2. _____ |
| 3. Add amounts on Form 1040, lines 24 through 29, and any amount you entered on the dotted line next to line 30 | | 3. _____ |
| 4. Subtract line 3 from line 2. If the result is equal to or more than the amount on line 1, none of your IRA contributions are deductible. Stop here. If you want to make a nondeductible IRA contribution, see Form 8606 | | 4. _____ |
| 5. Subtract line 4 from line 1. If the result is \$10,000 or more, stop here and use Worksheet 1 | | 5. _____ |
| 6. Multiply line 5 by 20% (.20). If the result is not a multiple of \$10, round it up to the next multiple of \$10 (for example, round \$490.30 to \$500). If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200. Go to line 7 | | 6. _____ |

	(a)	(b)
	Your	Your working
	IRA	spouse's IRA
Deductible IRA contributions		

- | | | |
|--|-----------------|--------------|
| <p>7. For each person, enter wages and other earned income from Form 1040, minus any deductions on Form 1040, lines 25 and 27. Do not reduce wages by any loss from self-employment</p> | <p>7. _____</p> | <p>_____</p> |
| <p>8. Enter IRA contributions you made, or will make by April 15, 1996, for 1995. But do not enter more than \$2,000 in either column</p> | <p>8. _____</p> | <p>_____</p> |
| <p>9. Enter the smallest of line 6, 7, or 8. This is the most you can deduct. Enter on Form 1040, line 23a, the part of line 9, column (a), you choose to deduct. Enter on Form 1040, line 23b, the part, if any, of line 9, column (b), you choose to deduct. If line 8 is more than line 9, go to line 10</p> | <p>9. _____</p> | <p>_____</p> |

Nondeductible IRA contributions

- | | | |
|--|------------------|--------------|
| <p>10. Subtract line 9 from the smaller of line 7 or line 8. Enter on line 1 of your Form 8606 the part of line 10 you choose to make nondeductible</p> | <p>10. _____</p> | <p>_____</p> |
|--|------------------|--------------|

If filing a joint return and contributions were made to your nonworking spouse's IRA, go to line 11.

Deductible IRA contributions for nonworking spouse

- | | | |
|--|------------------|--------------|
| <p>11. Enter the smaller of line 7, column (a), or \$2,250</p> | <p>11. _____</p> | <p>_____</p> |
| <p>12. Add the amount on line 9, column (a), to the part of line 10, column (a), that you choose to make nondeductible</p> | <p>12. _____</p> | <p>_____</p> |
| <p>13. Subtract line 12 from line 11. If the result is zero or less, stop here. You cannot make deductible or nondeductible IRA contributions for your nonworking spouse</p> | <p>13. _____</p> | <p>_____</p> |
| <p>14. Enter the smallest of (a) IRA contributions made, or that will be made by April 15, 1996, for 1995 for your nonworking spouse; (b) \$2,000; or (c) the amount on line 13</p> | <p>14. _____</p> | <p>_____</p> |
| <p>15. Multiply line 5 by 22.5% (.225). If the result is not a multiple of \$10, round it up to the next multiple of \$10. If the result is \$200 or more, enter the result. But if it is less than \$200, enter \$200</p> | <p>15. _____</p> | <p>_____</p> |
| <p>16. Enter the amount from line 9, column (a)</p> | <p>16. _____</p> | <p>_____</p> |
| <p>17. Subtract line 16 from line 15</p> | <p>17. _____</p> | <p>_____</p> |
| <p>18. Enter the smallest of line 6, 7, 14, or 17. This is the most you can deduct. Enter on Form 1040, line 23b, the part of line 18 you choose to deduct. If line 14 is more than line 18, go to line 19</p> | <p>18. _____</p> | <p>_____</p> |

Nondeductible IRA contributions for nonworking spouse

- | | | |
|---|------------------|--------------|
| <p>19. Subtract line 18 from line 14. Enter on line 1 of your spouse's Form 8606 the part of line 19 you choose to make nondeductible</p> | <p>19. _____</p> | <p>_____</p> |
|---|------------------|--------------|

Were You Covered by a Retirement Plan?

If you were covered by a retirement plan (qualified pension, profit-sharing (including 401(k)), annuity, Keogh, SEP, etc.) at work or through self-employment, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you can't deduct them. In any case, the income earned on your IRA contributions is not taxed until it is paid to you.

The "Pension plan" box in box 15 of your W-2 form should be checked if you were covered by a plan at work even if you were not vested in the plan. You are also covered by a plan if you were self-employed and had a Keogh or SEP retirement plan.

If you were covered by a retirement plan and you file **Form 8815**, Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Special Rule for Married Individuals Who File Separate Returns

If you were not covered by a retirement plan but your spouse was, **you** are considered covered by a plan unless you **lived apart** from your spouse for all of 1995. See the chart on page 19. It will tell you if you can take the deduction and, if you can, which worksheet to use.

Not Covered by a Retirement Plan

If you (and your spouse if filing a joint return) were not covered by a plan, use **Worksheet 1** on page 19 to figure your deduction.

Covered by a Retirement Plan

If you (or your spouse if filing a joint return) were covered by a plan, see the chart on page 19. It will tell you if you can take the deduction and, if you can, which worksheet to use.

Nondeductible Contributions

Your nondeductible contribution is the difference between the total allowable contributions to your IRA and the amount you deduct. You can make nondeductible contributions to your IRA whether you are allowed to deduct all, part, or none of your contributions.

Example. Your filing status is single and you paid \$2,000 into your IRA. You were covered by a retirement plan and your modified AGI is over \$35,000 (all wages). You can't deduct the \$2,000. But you can treat it as a nondeductible contribution.



*Use **Form 8606** to report all contributions you treat as nondeductible. If you don't, you may have to pay a \$50 penalty. If you and your spouse each make nondeductible contributions, each of you must complete a separate Form 8606.*

Read the following list before you fill in your IRA worksheet

- You will first need to complete Form 1040 through line 22, lines 24 through 29, and figure any amount to be entered on the dotted line next to line 30.

(continued)

- If you made contributions to your IRA in 1995 that you deducted for 1994, **do not** include them in the worksheet.

- If you received a distribution from a non-qualified deferred compensation plan or section 457 plan that was included in box 1 of your W-2 form, do not include that distribution on line 2 of IRA worksheet 1 or line 7 of IRA worksheet 2. The distribution should be shown in box 11 of your W-2 form.

- For IRA purposes, alimony payments received under certain divorce or separation instruments are considered earned income. For details, see Pub. 590.

- If the total of your IRA deduction on Form 1040 plus any nondeductible contribution on your Form 8606 is less than your total IRA contributions for 1995, see Pub. 590 for special rules.

- You must file a joint return to deduct contributions to your nonworking spouse's IRA. A **nonworking spouse** is one who had no wages or other earned income in 1995, or a working spouse who chooses to be treated as having no earned income for figuring the deduction.

- Do not include rollover contributions in figuring your deduction. See the instructions for lines 15a and 15b on page 16 for more details on rollover contributions.

- Do not include trustee's fees that were billed separately and paid by you for your IRA. These fees can be deducted only as an itemized deduction on Schedule A.

Line 24 Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home. If you meet these requirements, call Tele-Tax (see page 36) and listen to topic 455 or get **Pub. 521**, Moving Expenses. Use **Form 3903**, Moving Expenses, to figure the amount to enter on this line. If you began work outside the United States or its possessions, get **Form 3903-F**, Foreign Moving Expenses.

Self-Employed Health Insurance Deduction Worksheet—Line 26 (keep for your records)



- | | |
|--|----------|
| 1. Enter the total amount paid in 1995 for health insurance coverage for 1995 for you, your spouse, and dependents. But do not include amounts for any month you were eligible to participate in an employer-sponsored health plan | 1. _____ |
| 2. Multiply line 1 by 30% (.30) | 2. _____ |
| 3. Enter your net profit and any other earned income* from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, lines 25 and 27 | 3. _____ |
| 4. Self-employed health insurance deduction. Enter the smaller of line 2 or line 3 here and on Form 1040, line 26. DO NOT include this amount in figuring any medical expense deduction on Schedule A (Form 1040) | 4. _____ |

* **Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income. If you were a more than 2% shareholder in an S corporation, earned income is your wages from that corporation.



Expenses incurred before 1994 that you didn't previously deduct are only allowed as an itemized deduction on Schedule A.

Line 25 One-Half of Self-Employment Tax

If you had income from self-employment and you owe self-employment tax, first fill in Schedule SE. Then, enter on Form 1040, line 25, the amount shown on line 6 of Short Schedule SE or line 13 of Long Schedule SE, whichever applies.

Line 26 Self-Employed Health Insurance Deduction

If you were self-employed and had a net profit for the year, or if you received wages in 1995 from an S corporation in which you were a more than 2% shareholder, you may be able to deduct part of the amount paid for health insurance on behalf of yourself, your spouse, and dependents. But if you were also eligible to participate in any subsidized health plan maintained by your or your spouse's employer for any month or part of a month in 1995, amounts paid for health insurance coverage for that month cannot be used to figure the deduction. For example, if you were eligible to participate in a subsidized health plan maintained by your spouse's employer from September 30 through December 31, you cannot use amounts paid for health insurance coverage for September through December to figure your deduction. For more details, get **Pub. 535**, Business Expenses.

If you qualify to take the deduction, use the worksheet on this page to figure the amount you can deduct. But if either of the following applies, **do not** use the worksheet. Instead, see Pub. 535 to find out how to figure your deduction.

- You had more than one source of income subject to self-employment tax.
- You file **Form 2555**, Foreign Earned Income, or **Form 2555-EZ**, Foreign Earned Income Exclusion.

Line 27

Keogh Retirement Plan and Self-Employed SEP Deduction

If you are self-employed or a partner, deduct payments to your Keogh (HR 10) plan or simplified employee pension (SEP) plan on line 27. If a SEP, be sure to check the box. Deduct payments for your employees on Schedule C or F.

There are two types of Keogh plans:

- A **defined-contribution plan** has a separate account for each person. Benefits are based on the amount paid to each account.
- Payments to a **defined-benefit plan** are determined by the funds needed to give a specific benefit at retirement. If you deduct payments to this kind of plan, enter "DB" next to line 27.

Get **Pub. 560**, Retirement Plans for the Self-Employed, for more details, including limits on the amount you can deduct.

Line 28

Penalty on Early Withdrawal of Savings

The **Form 1099-INT** or **Form 1099-OID** you received will show the amount of any penalty you were charged.

Line 29

Alimony Paid

Generally, you may deduct any payment made in cash to or for your spouse or former spouse under a divorce or separation instrument executed after 1984 if **all four** of the following apply.

1. The instrument does not prevent the payment from qualifying as alimony.
2. You and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance.
3. You are not required to make any payment after the death of your spouse or former spouse.
4. The payment is not treated as child support.

These rules also apply to certain instruments modified after 1984. Other rules apply if your annual payments decreased by more than \$15,000 or the instrument was executed before 1985. For details, get **Pub. 504**, Divorced or Separated Individuals.

Caution: You must enter the recipient's SSN in the space provided on line 29. If you don't, you may have to pay a \$50 penalty and your deduction may be disallowed.

If you paid alimony to more than one person, enter the SSN of one of the recipients. Show the SSN(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 29.

Line 30

Total Adjustments

Include in the total on line 30 any of the following adjustments.

Qualified Performing Artists. Include in the total on line 30 your performing-arts-related expenses from line 10 of **Form 2106**, Employee Business Expenses, or line 6 of **Form 2106-EZ**, Unreimbursed Employee Business Expenses. Enter the amount and "QPA" on the dotted line next to line 30.

Jury Duty Pay Given to Employer. If you reported jury duty pay on line 21 and you were required to give your employer any part of that pay because your employer continued to pay your salary while you served on the jury, include the amount you gave your employer in the total on line 30. Enter the amount and "Jury pay" on the dotted line next to line 30.

Forestation or Reforestation Amortization. If you can claim a deduction for amortization of these costs and you do not have to file Schedule C, C-EZ, or F for this activity, include your deduction in the total on line 30. Enter the amount and "Reforestation" on the dotted line next to line 30.

Repayment of Sub-Pay Under the Trade Act of 1974. If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, include in the total on line 30 the amount you repaid in 1995. Enter the amount and "Sub-pay TRA" on the dotted line next to line 30. Or, you may be able to claim a credit against your tax instead. Get **Pub. 525**, Taxable and Nontaxable Income, for more details.

Contributions to Section 501(c)(18) Pension Plans. The amount you contributed should be identified with code **H** in box 13 of your W-2 form. You may deduct this amount subject to the limits explained under **Excess Salary Deferrals** on page 14. Include your deduction in the total on line 30. Enter the amount and "501(c)(18)" on the dotted line next to line 30.

Deduction for Clean-Fuel Vehicles. If you placed a vehicle in service in 1995 that uses a clean-burning fuel, you may be able to take this deduction. For details, get **Pub. 535**, Business Expenses. Include your deduction in the total on line 30. But if part of your deduction is claimed on Schedule C, C-EZ, E, or F, subtract that part from your total deduction and include only the balance on line 30. Enter the amount and "Clean-Fuel" on the dotted line next to line 30.

Expenses From the Rental of Personal Property. If you reported income on line 21 from the rental of personal property engaged in for profit, include the total of your deductible expenses related to that income in the total on line 30. Enter the amount and "PPR" on the dotted line next to line 30.

Standard Deduction Chart for People Age 65 or Older or Blind—Line 34

If someone can claim you (or your spouse if married filing jointly) as a dependent, use the worksheet below instead.

Enter the number from the box on line 33a of Form 1040 . . . **Caution:** Do not use the number of exemptions from line 6e.

If your filing status is:	And the number in the box above is:	Your standard deduction is:
Single	1	\$4,850
	2	5,800
Married filing jointly } or Qualifying widow(er) }	1	\$7,300
	2	8,050
	3	8,800
	4	9,550
Married filing separately	1	\$4,025
	2	4,775
	3	5,525
	4	6,275
Head of household	1	\$6,700
	2	7,650

Standard Deduction Worksheet for Dependents—Line 34 (keep for your records)



Use this worksheet **only** if someone can claim you (or your spouse if married filing jointly) as a dependent.

1. Enter your **earned income** (defined below). If none, enter -0- **1.** _____
2. Minimum amount **2.** 650.00
3. Enter the **larger** of line 1 or line 2 **3.** _____
4. Enter \$3,900 if single (\$3,275 if married filing separately; \$6,550 if married filing jointly or qualifying widow(er); \$5,750 if head of household) **4.** _____
5. **Standard deduction.**
 - a. Enter the **smaller** of line 3 or line 4. If under 65 and not blind, stop here and enter this amount on Form 1040, line 34. Otherwise, go to line 5b **5a.** _____
 - b. If 65 or older or blind, multiply \$950 (\$750 if married filing jointly or separately, or qualifying widow(er)) by the number on Form 1040, line 33a **5b.** _____
 - c. Add lines 5a and 5b. Enter the total here and on Form 1040, line 34 **5c.** _____

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 12, and 18, minus the amount, if any, on line 25.

Adjusted Gross Income

earlier years, see **Form 1045**, Application for Tentative Refund. For more details, get **Pub. 536**, Net Operating Losses.

Line 31

If line 31 is less than zero, you may have a net operating loss that you can carry to another tax year. If you carry the loss back to

Tax Computation

Line 33a

If you were age 65 or older or blind, check the appropriate boxes on line 33a. If you were married and checked the box on line 6b on page 1 of Form 1040 and your spouse was age 65 or older or blind, also check the appropriate boxes for your spouse. Then, add the number of boxes checked on line 33a. Enter the total in the box provided on line 33a. You need this total to use the **Standard Deduction Chart for People Age 65 or Older or Blind** on page 22.

Age

If you were age 65 or older on January 1, 1996, check the "65 or older" box on your 1995 return.

Blindness

If you were completely blind as of December 31, 1995, attach a statement to your return describing this condition. If you were partially blind, you must attach a statement certified by your eye doctor or registered optometrist that:

- You can't see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, attach a statement certified by your eye doctor or registered optometrist to this effect. Keep a copy of this statement for your records. If you attached this statement in a prior year, you do not have to file another one. But you must attach a note saying that you have already filed a statement.

Line 33b

Check the box on line 33b if you (or your spouse if filing a joint return) can be claimed as a dependent on someone's 1995 tax return, such as your parents' return. Check the box even if that person chooses not to claim you (or your spouse). Use the **Standard Deduction Worksheet for Dependents** on page 22 to figure your standard deduction.

Line 33c

If your spouse itemizes deductions on a separate return or if you were a dual-status alien, check the box on line 33c. But if you were a dual-status alien and you file a joint return with your spouse who was a U.S. citizen or resident at the end of 1995 and you and your spouse agree to be taxed on your combined worldwide income, **do not** check the box.

If you check this box, you **cannot** take the standard deduction. If you have any itemized deductions, such as state and local income taxes, your Federal income tax will be less if you itemize your deductions.

Line 34

Itemized Deductions or Standard Deduction

Your Federal income tax will be less if you take the **larger** of:

- Your itemized deductions, or
- Your standard deduction.

The standard deduction has increased for 1995. Even if you itemized last year, be sure to see if the standard deduction will benefit you this year.

Itemized Deductions

To figure your itemized deductions, fill in **Schedule A**.

If your itemized deductions are more than your standard deduction, attach Schedule A and enter on line 34 the amount from Schedule A, line 28.

Standard Deduction

Most people can find their standard deduction by looking at line 34 of Form 1040. But if you checked **any** of the boxes on **lines 33a or 33b**, use the chart or worksheet on page 22 that applies to you to figure your standard deduction. Also, if you checked the box on **line 33c**, your standard deduction is zero, even if you were age 65 or older or blind.

If your standard deduction is larger than your itemized deductions, enter your standard deduction on line 34.

Itemizing for State Tax or Other Purposes

If you itemize even though your itemized deductions are less than your standard deduction, enter "IE" (itemized elected) next to line 34.

Deduction for Exemptions Worksheet—Line 36 (keep for your records)



Is the amount on Form 1040, line 32, more than the amount shown on line 3 below for your filing status?

No. Stop. Multiply \$2,500 by the total number of exemptions claimed on Form 1040, line 6e, and enter the result on line 36.

Yes. Complete the worksheet below to figure your deduction for exemptions.

1.	Multiply \$2,500 by the total number of exemptions claimed on Form 1040, line 6e	1.	_____
2.	Enter the amount from Form 1040, line 32	2.	_____
3.	Enter the amount shown below for your filing status:		
	<ul style="list-style-type: none"> • Married filing separately, enter \$86,025 • Single, enter \$114,700 • Head of household, enter \$143,350 • Married filing jointly or Qualifying widow(er), enter \$172,050 	3.	_____
4.	Subtract line 3 from line 2. If zero or less, stop here ; enter the amount from line 1 above on Form 1040, line 36	4.	_____
	Note: If line 4 is more than \$122,500 (more than \$61,250 if married filing separately), stop here ; you cannot take a deduction for exemptions. Enter -0- on Form 1040, line 36.		
5.	Divide line 4 by \$2,500 (\$1,250 if married filing separately). If the result is not a whole number, round it up to the next higher whole number (for example, round 0.0004 to 1)	5.	_____
6.	Multiply line 5 by 2% (.02) and enter the result as a decimal amount	6.	_____
7.	Multiply line 1 by line 6	7.	_____
8.	Deduction for exemptions. Subtract line 7 from line 1. Enter the result here and on Form 1040, line 36	8.	_____

Line 38

Tax



If you want, we will figure your tax and some of your credits for you if you meet certain conditions. See page 35.

Tax Table

If your taxable income is less than \$100,000, you **must** use the Tax Table to find your tax unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet** (see below). The Tax Table starts on page 41. Be sure you use the correct column.

Tax Rate Schedules

You must use the Tax Rate Schedules on page 53 to figure your tax if your taxable income is \$100,000 or more unless you are required to use **Form 8615** or you use the **Capital Gain Tax Worksheet**.

Capital Gain Tax Worksheet

If you had a net capital gain on Schedule D or you reported capital gain distributions on Form 1040, line 13, your tax may be less if you figure it using the worksheet on this page.

Form 8615

Form 8615 must generally be used to figure the tax for any child who was under age 14 on January 1, 1996, and who had more than \$1,300 of investment income, such as taxable interest or dividends. But if neither of the

child's parents was alive on December 31, 1995, do not use Form 8615 to figure the child's tax.

Line 39

Additional Taxes

Check the box(es) on line 39 to report any additional taxes from:

Form 4970, Tax on Accumulation Distribution of Trusts, or

Form 4972, Tax on Lump-Sum Distributions.

Credits

Line 41

Credit for Child and Dependent Care Expenses

You may be able to take this credit if you paid someone to care for your child **under age 13** or your dependent or spouse who could not care for himself or herself. But to do so, the care must have been provided so that you (and your spouse if you were married) could work or look for work and you must have had income from a job or through self-employment.

Use **Form 2441** to figure the credit. If you received any dependent care benefits for 1995, you must file Form 2441 to figure the amount of the benefits you may exclude from your income even if you cannot take the

credit. For more details, including special rules for divorced or separated parents, see the Instructions for Form 2441 and **Pub. 503**, Child and Dependent Care Expenses.

Line 42

Credit for the Elderly or the Disabled

You may be able to take this credit if by the end of 1995:

- You were age 65 or older, **or**
- You were under age 65, you retired on **permanent and total** disability, and you had taxable disability income in 1995.

Income Limits

Even if you meet one of the above conditions, you generally **CANNOT** take the credit if you are:

- Single, head of household, or qualifying widow(er), and the amount on Form 1040, line 32, is \$17,500 or more; or you received \$5,000 or more of nontaxable social security or other nontaxable pensions.
- Married filing jointly, only one spouse is eligible for the credit, and the amount on Form 1040, line 32, is \$20,000 or more; or you received \$5,000 or more of nontaxable social security or other nontaxable pensions.
- Married filing jointly, both spouses are eligible for the credit, and the amount on Form 1040, line 32, is \$25,000 or more; or you received \$7,500 or more of nontaxable social security or other nontaxable pensions.
- Married filing separately, you lived apart from your spouse all year, and the amount on Form 1040, line 32, is \$12,500 or more; or you received \$3,750 or more of nontaxable social security or other nontaxable pensions.

For more details, see the separate instructions for Schedule R and **Pub. 524**, Credit for the Elderly or the Disabled. If you want the IRS to figure the credit for you, see **The IRS Will Figure Your Tax and Some of Your Credits** on page 35.

Line 43

Foreign Tax Credit

Form 1116 explains when you can take this credit for payment of income tax to a foreign country. Also, get **Pub. 514**, Foreign Tax Credit for Individuals.

Capital Gain Tax Worksheet—Line 38

(Keep for your records)



Use this worksheet to figure your tax **only** if (a) you are filing Schedule D and both lines 17 and 18 of Schedule D are gains, or (b) you reported capital gain distributions directly on Form 1040, line 13, **and**:

Your filing status is:	AND	Form 1040, line 37, is over:	Your filing status is:	AND	Form 1040, line 37, is over:
Single		\$56,550	Head of household		\$80,750
Married filing jointly or Qualifying widow(er)		\$94,250	Married filing separately		\$47,125

1. Enter the amount from Form 1040, line 37 1. _____
2. If you are filing Schedule D, enter the **smaller** of Schedule D, line 17 or line 18. Otherwise, enter the capital gain distributions reported on Form 1040, line 13 2. _____
3. If you are filing Form 4952, enter the amount from Form 4952, line 4e 3. _____
4. Subtract line 3 from line 2. If zero or less, **stop here**; you **cannot** use this worksheet to figure your tax. Instead, use the Tax Table or Tax Rate Schedules, whichever applies 4. _____
5. Subtract line 4 from line 1. 5. _____
6. Enter \$39,000 (\$23,350 if single; \$19,500 if married filing separately; \$31,250 if head of household) 6. _____
7. Enter the **larger** of line 5 or line 6 7. _____
8. Subtract line 7 from line 1. 8. _____
9. Figure the tax on the amount on line 7. Use the Tax Table or Tax Rate Schedules, whichever applies 9. _____
10. Multiply line 8 by 28% (.28) 10. _____
11. Add lines 9 and 10 11. _____
12. Figure the tax on the amount on line 1. Use the Tax Table or Tax Rate Schedules, whichever applies 12. _____
13. **Tax.** Enter the **smaller** of line 11 or line 12 here and on Form 1040, line 38. Check the box for Capital Gain Tax Worksheet 13. _____

Line 44

Other Credits

General Business Credit. If you have two or more of the following credits, a carryforward of any of these credits, or if any of the credits (other than the low-income housing credit) are from a passive activity, you must also complete **Form 3800**. Include on line 44 the amount from Form 3800 and check box **a**. If you don't have to file Form 3800 and you have one of these credits, include on line 44 the amount of the credit. Check box **d** and enter the form number for that credit.

- Investment credit (Form 3468).
- Jobs credit (Form 5884).
- Credit for alcohol used as a fuel (Form 6478).
- Credit for increasing research activities (Form 6765).
- Low-income housing credit (Form 8586, Form 8609, and Schedule A (Form 8609)).
- Disabled access credit (Form 8826).
- Enhanced oil recovery credit (Form 8830).
- Renewable electricity production credit (Form 8835).
- Indian employment credit (Form 8845).
- Credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846).
- Credit for contributions to selected community development corporations (Form 8847).

Empowerment Zone Employment Credit (Form 8844). Although this credit is part of the general business credit, it is not reported on Form 3800. If you can take this credit, check box **d** and enter the form number.

Mortgage Interest Credit (Form 8396). If you were issued a mortgage credit certificate by a state or local government, get Form 8396 to see if you can take this credit. If you can, check box **b**.

Credit for Prior Year Minimum Tax (Form 8801). If you paid alternative minimum tax in an earlier year, get Form 8801 to see if you can take this credit. If you can, check box **c**.

Qualified Electric Vehicle Credit (Form 8834). If you placed a new electric vehicle in service in 1995, get Form 8834 to see if you can take this credit. If you can, check box **d** and enter the form number.

Line 45

If you sold fuel produced from a nonconventional source, see Internal Revenue Code section 29 to find out if you can take the **nonconventional source fuel credit**. If you can, attach a schedule showing how you figured the credit. Include the credit in the total on line 45. Enter the amount and "FNS" on the dotted line next to line 45.

Other Taxes

Line 48

Alternative Minimum Tax

The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. If you benefit from these provisions, you may have to pay a minimum amount of tax through the alternative minimum tax. This tax is figured on **Form 6251**, Alternative Minimum Tax—Individuals. Use the worksheet on this page to see if you should complete Form 6251.

Exception

If you claimed or received any of the following items, **don't** use the worksheet on this page. Instead, fill in Form 6251.

1. Accelerated depreciation.
2. Income from incentive stock options.
3. Tax-exempt interest from private activity bonds.
4. Intangible drilling costs.
5. Depletion.
6. Circulation expenditures.
7. Research and experimental costs.
8. Mining exploration/development costs.
9. Pollution-control facilities amortization.
10. Tax-shelter farm activity income or (loss).
11. Passive activity income or (loss).
12. Percentage-of-completion income from long-term contracts.
13. Installment sale income.
14. Interest paid on a home mortgage **not** used to buy, build, or substantially improve your home.
15. Investment interest expense reported on Form 4952.

Worksheet To See If You Should Fill In Form 6251—Line 48 (keep for your records)

1. Enter the amount from Form 1040, line 35	1. _____
2. If you itemized deductions on Schedule A, go to line 3. Otherwise, enter your standard deduction from Form 1040, line 34, and go to line 5.	2. _____
3. Enter the smaller of the amount on Schedule A, line 4, or 2.5% of the amount on Form 1040, line 32	3. _____
4. Add lines 9 and 26 of Schedule A and enter the total	4. _____
5. Add lines 1 through 4 above	5. _____
6. Enter \$45,000 (\$22,500 if married filing separately; \$33,750 if single or head of household)	6. _____
7. Subtract line 6 from line 5. If zero or less, stop here ; you don't need to fill in Form 6251	7. _____
8. Enter \$150,000 (\$75,000 if married filing separately; \$112,500 if single or head of household)	8. _____
9. Subtract line 8 from line 5. If zero or less, enter -0- here and on line 10 and go to line 11	9. _____
10. Multiply line 9 by 25% (.25) and enter the result but do not enter more than line 6 above	10. _____
11. Add lines 7 and 10. If the total is over \$175,000 (over \$87,500 if married filing separately), stop here and fill in Form 6251 to see if you owe the alternative minimum tax	11. _____
12. Multiply line 11 by 26% (.26)	12. _____

Next: If line 12 is more than the amount on Form 1040, line 38, fill in Form 6251 to see if you owe the alternative minimum tax. If line 12 is equal to or less than the amount on Form 1040, line 38, **do not** fill in Form 6251.

16. Foreign tax credit.

17. Net operating loss deduction.

Caution: Form 6251 should be filled in for a child under age 14 if the total of the child's adjusted gross income from Form 1040, line 32, exceeds the child's earned income by more than \$1,000.

Line 49

Recapture Taxes

Recapture of Investment Credit. If you disposed of investment credit property or changed its use before the end of its useful life or recovery period, get **Form 4255** to see if you owe this tax. If you do, check box **a** and include the tax on line 49.

Recapture of Low-Income Housing Credit. If you disposed of property (or there was a reduction in the qualified basis of the property) on which you took the low-income housing credit, get **Form 8611** to see if you owe this tax. If you do, check box **b** and include the tax on line 49.

Recapture of Federal Mortgage Subsidy. If you sold your home in 1995 and it was financed (in whole or part) from the proceeds of any tax-exempt qualified mortgage bond or you claimed the mortgage interest credit, get **Form 8828** to see if you owe this tax. If you do, check box **c** and include the tax on line 49.

Recapture of Qualified Electric Vehicle Credit. If you claimed this credit in 1993 or 1994 based on a vehicle that no longer qualifies, get **Pub. 535**, Business Expenses, to see if you owe this tax. If you do, include the tax on line 49 and write "QEV" to the left of the entry space.

Recapture of the Indian Employment Credit. If you owe this tax, include it on line 49 and write "45A" to the left of the entry space.



Line 50

Social Security and Medicare Tax on Tip Income Not Reported to Employer

If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you must pay the social security and Medicare or railroad retirement (RRTA) tax on the unreported tips. You must also pay this tax if your W-2 form(s) shows allocated tips that you are including in your income on Form 1040, line 7.

To figure the tax, get **Form 4137**, Social Security and Medicare Tax on Unreported Tip Income. Enter the tax on line 50. But to pay the RRTA tax, contact your employer. Your employer will figure and collect the tax.

Caution: You may be charged a penalty equal to 50% of the social security and Medicare tax due on tips you received but did not report to your employer.

Line 51

Tax on Qualified Retirement Plans, Including IRAs

You may owe this tax if **any** of the following apply:

1. You received any early distributions from a qualified retirement plan (including your IRA), annuity, or modified endowment contract entered into after June 20, 1988.

2. You made excess contributions to your IRA.

3. You were born before July 1, 1924, and did not take the minimum required distribution from your qualified retirement plan.

4. You received a distribution in excess of \$150,000 from a qualified retirement plan.

If any of the above apply, get **Form 5329** and its instructions to see if you owe this tax and if you must file Form 5329. Enter the tax from Form 5329 on line 51. **However**, if **only** item 1 above applies to you **and** distribution code 1 is shown in box 7 of your **Form 1099-R**, you do not have to file Form 5329. Instead, multiply the taxable amount of the distribution by 10% (.10) and enter the result on line 51. The taxable amount of the distribution is the part of the distribution you reported on line 15b or line 16b of Form 1040 or on Form 4972. Also, enter "No" on the dotted line next to line 51 to indicate that you do not have to file Form 5329. **But** if distribution code 1 is incorrectly shown in box 7, you must file Form 5329.

Caution: Be sure to include on line 15b or line 16b of Form 1040 or on Form 4972, whichever applies, the taxable part of any early distributions you received.

Line 52

Advance Earned Income Credit Payments

Enter the total amount of advance earned income credit (EIC) payments you received. These payments should be shown in box 9 of your W-2 form(s).

Line 53

Household Employment Taxes

If you had a household employee (defined later) during 1995 and **any** of the following three conditions apply, you may owe employment taxes on the cash wages you paid that employee. Employment taxes are social security, Medicare, withheld Federal income, and Federal unemployment (FUTA) taxes. Cash wages include payments by check or money order.

1. You paid **any one** household employee cash wages of \$1,000 or more in 1995.

2. You withheld Federal income tax during 1995 at the request of any household employee.

3. You paid **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 1994 or 1995 to household employees. A calendar quarter is January through March, April through June, July through September, or October through December.

If any of the conditions apply to you, get **Schedule H**, Household Employment Taxes, and its instructions to see if you owe these taxes. If you do, complete Schedule H and attach it to your return. See page 39 for details on how to get Schedule H and its instructions.

Household Employee

Any person who does household work is a household employee if you can control what will be done and how it will be done. Household work includes work done in or around your home by babysitters, nannies, health aides, maids, yard workers, and similar domestic workers. For more details, see the Instructions for Schedule H.

Line 54

Total Tax

Include in the total on line 54 any of the following that applies.

Section 72(m)(5) Excess Benefits Tax. If you are or were a 5% owner of a business and you received a distribution of excess benefits from a qualified pension or annuity plan, you may have to pay a penalty tax of 10% of the distribution. Get **Pub. 560** for more details. Include this penalty tax in your total for line 54. Also, enter the amount and "Sec. 72(m)(5)" on the dotted line next to line 54.

Uncollected Social Security and Medicare or RRTA Tax on Tips or Group-Term Life Insurance. If you did not have enough wages to cover the social security and Medicare or railroad retirement (RRTA) tax due on tips you reported to your employer, the amount of tax due should be identified with codes **A** and **B** in box 13 of your Form W-2.

You may have to pay social security and Medicare or RRTA tax on part of the cost of group-term life insurance you had through a former employer. The amount of tax due should be identified with codes **M** and **N** in box 13 of your Form W-2.

Include this tax in the total for line 54. Enter the amount and "UT" on the dotted line next to line 54.

Golden Parachute Payments. These are certain payments made by a corporation to key employees to compensate them if control of the corporation changes. If you received an excess parachute payment (EPP), you must pay a 20% tax on it.

If you received a **Form W-2** that includes a parachute payment, the amount of tax on any excess payment should be identified with code **K** in box 13. (Box 2 should also include any amount withheld for this tax.)

If you received a **Form 1099-MISC** that includes a parachute payment, any excess payment will be separately identified. Multiply the excess payment by 20% to figure the tax.

Include the tax in the total for line 54. Also, enter the amount and "EPP" on the dotted line next to line 54.

Payments

Line 55

Federal Income Tax Withheld

Add the amounts shown as Federal income tax withheld on your **Forms W-2, W-2G, and 1099-R**. Enter the total on line 55. The amount withheld should be shown in box 2 of Form W-2 or W-2G, and in box 4 of Form 1099-R. If line 55 includes amounts withheld as shown on Form 1099-R, check the box on line 55 and attach the Form 1099-R.

If you received a 1995 Form 1099 showing Federal income tax withheld on dividends, interest income, or other income you received, include the amount withheld in the total on line 55. This should be shown in box 2 of Form 1099-DIV and box 4 of the other 1099 forms. Be sure to check the box on line 55.

Line 56

1995 Estimated Tax Payments

Enter on this line any payments you made on your estimated Federal income tax (**Form 1040-ES**) for 1995. Include any overpayment from your 1994 return that you applied to your 1995 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim part of it. Get **Pub. 505**, Tax Withholding and Estimated Tax, for details on how to divide your payments. Be sure to show both social security numbers (SSNs) in the space provided on the separate returns. If you or your spouse paid separate estimated tax but you are now filing a joint return, add the amounts you each paid. Follow these instructions even if your spouse died in 1995 or in 1996 before filing a 1995 return.

Divorced Taxpayers

If you got divorced in 1995 and you made joint estimated tax payments with your former spouse, enter your former spouse's SSN in the space provided on the front of Form 1040. If you were divorced and remarried in 1995, enter your present spouse's

SSN in the space provided on the front of Form 1040. Also, under the heading "Payments" to the left of line 56, enter your former spouse's SSN, followed by "DIV."

Name Change

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name, attach a statement to the front of Form 1040 explaining all the payments you and your spouse made in 1995, where you made the payments, and the name(s) and SSN(s) under which you made the payments.

Line 57

Earned Income Credit (EIC)

The EIC is a credit for certain workers. It reduces tax you owe and may give you a refund even if you don't owe any tax. To see if you can take this credit, answer the questions on this page. But first see the **Caution** below. The credit can be as much as \$314 if you don't have a qualifying child (defined below). If you have one qualifying child, the credit can be as much as \$2,094. If you have more than one qualifying child, it can be as much as \$3,110.

Caution: You **cannot** take the credit if your filing status is married filing separately or you are filing **Form 2555** or **2555-EZ** relating to foreign earned income. You also **cannot** take the credit if you were the qualifying child of another person in 1995. If you cannot take the credit for this reason, enter "No" next to line 57. If you were a nonresident alien for any part of 1995, you **cannot** take the credit unless you are married to a U.S. citizen or resident and elect to be taxed as a resident for all of 1995.

Qualifying Child

A qualifying child is a child who:

1. Is your son, daughter, adopted child, grandchild, stepchild, or foster child, **and**
2. Was (at the end of 1995)—
 - under age 19, or
 - under age 24 and a student (see this page), or
 - any age and permanently and totally disabled (see this page), **and**
3. Lived with you in the United States for more than half of 1995 (for all of 1995 if a foster child). If the child didn't live with you for the required time, see the **Exception** on this page.

A child doesn't always have to be your dependent to qualify. But if the child was married or is also a qualifying child of another person (other than your spouse if filing a joint return), special rules apply. See **Married Child** and **Qualifying Child of More Than One Person** on page 28.

Example. You are divorced and have a 7-year-old son. Although you had custody of your son, he is claimed as a dependent on his other parent's 1995 tax return. Your son is your qualifying child because he meets each of the three requirements listed earlier. Your son is not a qualifying child of his other parent because he did not live with the other parent for more than half of 1995 and the **Exception** on this page does not apply.

The following explains some of the terms used earlier.

- A **foster child** is any child you cared for as your own child. For example, if you acted as the parent of your niece or nephew, this child is considered your foster child.

- A child placed with you by an authorized placement agency for legal adoption is an **adopted child** even if the adoption isn't final.

- A **grandchild** is any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

- A **student** is a child who—

1. Was enrolled as a full-time student at a school during any 5 months of 1995, or
2. Took a full-time, on-farm training course during any 5 months of 1995. The course had to be given by a school or a state, county, or local government agency.

A **school** includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

- A child is **permanently and totally disabled** if **both** of the following apply.

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition.

2. A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Exception. The child, including a foster child, is considered to have lived with you for all of 1995 if **both** of the following apply.

1. The child was born or died in 1995.
2. Your home was the child's home for the entire time he or she was alive during 1995.

Questions To See if You Can Take the Earned Income Credit

If you were in the military stationed outside the United States, see **Special Rules** on page 29 before you begin.

All filers:

1. Do you have at least one qualifying child (defined on this page)?
 - No.** Skip to question 4.
 - Yes.** Go to question 2.

If you have at least one qualifying child:

2. Is the total of your **taxable and nontaxable earned income** (see page 28) less than \$24,396 (less than \$26,673 if you have more than one qualifying child)? (Nontaxable earned income includes military housing and subsistence, and contributions to a 401(k) plan.)
 - No. Stop.** You **cannot** take the credit. Enter "No" next to line 57.
 - Yes.** Go to question 3.
3. Is the amount on Form 1040, line 31, less than \$24,396 (less than \$26,673 if you have more than one qualifying child)?
 - No. Stop.** You **cannot** take the credit.
 - Yes.** You can take the credit. **If you want the IRS to figure it for you, stop.** Enter "EIC" next to line 57 and attach Schedule EIC to your return. Also, enter the amount and type of any nontaxable earned income in the spaces provided on line 57. **If you want to figure the credit yourself, stop** and complete the worksheet on the next page now.

If you don't have a qualifying child:

4. Were you (or your spouse if filing a joint return) at least age 25 but under age 65 at the end of 1995?
 - No. Stop.** You **cannot** take the credit. Enter "No" next to line 57.
 - Yes.** Go to question 5.
5. Can your parents (or someone else) claim you as a dependent on their 1995 tax return?
 - Yes. Stop.** You **cannot** take the credit.
 - No.** Go to question 6.
6. Was your home in the United States for more than half of 1995?
 - No. Stop.** You **cannot** take the credit. Enter "No" next to line 57.
 - Yes.** Go to question 7.
7. Is the total of your **taxable and nontaxable earned income** (see page 28) less than \$9,230? (Nontaxable earned income includes military housing and subsistence, and contributions to a 401(k) plan.)
 - No. Stop.** You **cannot** take the credit. Enter "No" next to line 57.
 - Yes.** Go to question 8.
8. Is the amount on Form 1040, line 31, less than \$9,230?
 - No. Stop.** You **cannot** take the credit.
 - Yes.** You can take the credit. **If you want the IRS to figure it for you, enter "EIC" next to line 57.** Also, enter the amount and type of any nontaxable earned income in the spaces provided on line 57. **If you want to figure the credit yourself, complete the worksheet on the next page.**

Earned Income Credit Worksheet—Line 57
(keep for your records)



Caution: If you were a household employee who didn't receive a Form W-2 because your employer paid you less than \$1,000 in 1995 or you were a minister or member of a religious order, see **Special Rules** on page 29 before completing this worksheet. Also, see **Special Rules** if Form 1040, line 7, includes any amount paid to an inmate in a penal institution.

1. Enter the amount from Form 1040, line 7 1. _____
 2. If you received a taxable scholarship or fellowship grant that wasn't reported on a W-2 form, enter that amount here 2. _____
 3. Subtract line 2 from line 1 3. _____
 4. Enter any **nontaxable earned income** (see this page). Types of nontaxable earned income include contributions to a 401(k) plan, and military housing and subsistence. These should be shown in box 13 of your W-2 form 4. _____
 5. If you were self-employed or used Schedule C or C-EZ as a statutory employee, enter the amount from the worksheet on page 29 5. _____
 6. Add lines 3, 4, and 5 6. _____
 7. Look up the amount on **line 6** above in the **EIC Table** on pages **30–31** to find your credit. Enter the credit here 7. _____
If line 7 is zero, **stop**. You **cannot** take the credit. Enter "No" next to Form 1040, line 57.
 8. Enter the amount from Form 1040, line 31 8. _____
 9. **Is line 8 less than—**
 - \$5,150 if you don't have a qualifying child?
 - \$11,300 if you have at least one qualifying child?
 - YES.** Go to line 10 now.
 - NO.** Look up the amount on **line 8** above in the **EIC Table** on pages **30–31** to find your credit. Enter the credit here 9. _____
 10. **Earned income credit.**
 - If you checked "YES" on line 9, enter the amount from line 7.
 - If you checked "NO" on line 9, enter the **smaller** of line 7 or line 9. 10. _____
- Next:** Take the amount from line 10 above and enter it on Form 1040, line 57.

AND

If you had any nontaxable earned income (see line 4 above), enter the amount and type of that income in the spaces provided on line 57.

AND

Complete **Schedule EIC** and attach it to your return **ONLY** if you have a qualifying child.

Note: If you owe the alternative minimum tax (Form 1040, line 48), subtract it from the amount on line 10 above. Then, enter the result (if more than zero) on Form 1040, line 57. Also, replace the amount on line 10 above with the amount entered on Form 1040, line 57.

Temporary absences, such as for school, vacation, or medical care, count as time lived at home.

Married Child

If your child was married at the end of 1995, that child is a qualifying child only if you can claim him or her as your dependent on Form 1040, line 6c. But if this child's other parent claimed him or her as a dependent under the rules on page 13 for **Children of Divorced or Separated Parents**, this child is your qualifying child.

Qualifying Child of More Than One Person

If a child meets the conditions to be a qualifying child of more than one person, only the person who had the **highest** adjusted gross income for 1995 may treat that child as a qualifying child. The other person(s) **cannot** claim the credit for people who do not have a qualifying child. If the other person is your spouse and you are filing a joint return, this rule doesn't apply. If you cannot take the credit because of this rule, enter "No" next to line 57.

Example. You and your 5-year-old daughter moved in with your mother in April 1995. You are not a qualifying child of your mother. Your daughter meets the conditions to be a

qualifying child for both you and your mother. Your adjusted gross income for 1995 was \$8,000 and your mother's was \$14,000. Because your mother's adjusted gross income was higher, your daughter is your mother's qualifying child. You **cannot** take any EIC.

Taxable Earned Income

This is usually the amount reported on Form 1040, line 7, plus your earnings from self-employment. (Use the worksheet on page 29 to figure your earnings from self-employment.) But if line 7 of Form 1040 includes an amount for a taxable scholarship or fellowship grant that wasn't reported on a W-2 form or an amount paid to an inmate in a penal institution, subtract that amount from the total on line 7. The result plus your earnings from self-employment is your taxable earned income for purposes of the EIC. If you subtracted income paid to an inmate, also enter "PRI" and the amount subtracted on the dotted line next to line 7 of Form 1040.

Also, if line 7 of Form 1040 includes any amount paid to a household employee who didn't receive a W-2 form, see **Special Rules** on the next page.

Nontaxable Earned Income

Certain earned income is not taxable, but it must be included to see if you can take the earned income credit. It is also used to figure the credit. It includes anything of value (money, goods, or services) that is not taxable which you received from your employer for your work. Some examples are listed below.

- Basic quarters and subsistence allowances, the value of in-kind quarters and subsistence, and combat zone excluded pay received from the U.S. military. These amounts should be shown in box 13 of your 1995 W-2 form with code "Q."
- Housing allowances or rental value of a parsonage for clergy members. But if you are filing Schedule SE, see **Special Rules** on the next page.
- Meals and lodging provided for the convenience of your employer.
- Voluntary salary deferrals. If you chose to have your employer contribute part of your pay to certain retirement plans (such as a 401(k) plan or the Federal Thrift Savings Plan) instead of having it paid to you, the "Deferred compensation" box in box 15 of your W-2 form should be checked. The amount deferred should be shown in box 13 of your W-2 form.

- Excludable dependent care benefits from Form 2441, line 19.
- Voluntary salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form(s). For details, get **Pub. 596**, Earned Income Credit.

TIP Nontaxable earned income does not include welfare benefits.

Effect of Credit on Certain Welfare Benefits

Any refund you receive as the result of claiming the earned income credit will not be used to determine if you are eligible for the following benefit programs, or how much you can receive from them.

- Aid to Families With Dependent Children (AFDC).
- Medicaid and supplemental security income (SSI).
- Food stamps and low-income housing.

Special Rules

Members of the Military

If you were on extended active duty outside the United States, your home is considered to be in the United States during that duty period. Get **Pub. 596**, Earned Income Credit, for the definition of extended active duty.

Clergy

If you are filing **Schedule SE**, Self-Employment Tax, and the amount on line 2 of that schedule includes an amount that was also reported on Form 1040, line 7, follow these special rules. First, write "Clergy" to the right of line 57. If you received a housing allowance or were provided housing, **do not** include the allowance or rental value of the parsonage as nontaxable earned

income on line 4 of the worksheet on page 28 (or in the space provided on line 57 of Form 1040). This income should be included on Schedule SE, line 2.

Then, if you are figuring the earned income credit yourself, determine how much of the income reported on Form 1040, line 7, was also reported on Schedule SE, line 2. Next, subtract that income from the amount on Form 1040, line 7. Then, enter only the result on line 1 of the worksheet on page 28. Last, be sure to complete the worksheet on this page.

Household Employees

If you were a household employee who didn't receive a W-2 form because your employer paid you less than \$1,000 in 1995, be sure to include the amount you were paid on Form 1040, line 7. Enter "HSH" and the amount not reported on a W-2 form on the dotted line next to line 7.

Inmates

Amounts paid to inmates in penal institutions for their work are not earned income for purposes of the EIC. If the total on Form 1040, line 7, includes such income, subtract that income from the amount on line 7. Enter the result on line 1 of the worksheet on page 28. Also, enter "PRI" and the amount subtracted on the dotted line next to line 7.

Line 5 of EIC Worksheet on Page 28

(keep for your records)



If filing a joint return and your spouse was also self-employed or reported income and expenses on Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing Schedule SE:

- Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies **1a.** _____
- Enter the amount, if any, from Schedule SE, Section B, line 4b **1b.** _____
- Add lines 1a and 1b **1c.** _____
- Enter the amount from Form 1040, line 25 **1d.** _____
- Subtract line 1d from line 1c **1e.** _____

2. If you are NOT filing Schedule SE because your net earnings from self-employment were less than \$400, or you had a net (loss), complete lines 2a through 2c. But do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **Form 4029** or **Form 4361**.

- Enter any net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. . . . **2a.** _____
- Enter any net profit or (loss) from Schedule C, line 31, Schedule C-EZ, line 3, and Schedule K-1 (Form 1065), line 15a (other than farming) **2b.** _____
- Add lines 2a and 2b. Enter the total even if a loss **2c.** _____

3. If you are filing Schedule C or C-EZ as a statutory employee, enter the amount from line 1 of that Schedule C or C-EZ **3.** _____

- Add lines 1e, 2c, and 3. Enter the total here and on line 5 of the worksheet on page 28 even if a loss. If the result is a loss, enter it in parentheses and read the **Caution** below. . . . **4.** _____

Caution: If line 5 of the **Earned Income Credit Worksheet** is a loss, subtract it from the total of lines 3 and 4 of that worksheet and enter the result on line 6 of that worksheet. If the result is zero or less, you **can't** take the earned income credit.

1995 Earned Income Credit (EIC) Table

Caution: This is *not* a tax table.

To find your credit: First, read down the “At least — But less than” columns and find the line that includes the amount you entered on line 6 or line 8 of the **Earned Income Credit Worksheet** on page 28. Next, read across to the column that includes the number of qualifying children you have. Then, enter the credit from that column on line 7 or line 9 of that worksheet, whichever applies.

If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—									
At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children	At least	But less than	No children	One child	Two children		
\$1	\$50	\$2	\$9	\$9	3,000	3,050	231	1,029	1,089	6,000	6,050	245	2,049	2,169	9,000	9,050	16	2,094	3,110							
50	100	6	26	27	3,050	3,100	235	1,046	1,107	6,050	6,100	241	2,066	2,187	9,050	9,100	12	2,094	3,110							
100	150	10	43	45	3,100	3,150	239	1,063	1,125	6,100	6,150	238	2,083	2,205	9,100	9,150	8	2,094	3,110							
150	200	13	60	63	3,150	3,200	243	1,080	1,143	6,150	6,200	234	2,094	2,223	9,150	9,200	4	2,094	3,110							
200	250	17	77	81	3,200	3,250	247	1,097	1,161	6,200	6,250	230	2,094	2,241	9,200	9,250	*	2,094	3,110							
250	300	21	94	99	3,250	3,300	251	1,114	1,179	6,250	6,300	226	2,094	2,259	9,250	11,300	0	2,094	3,110							
300	350	25	111	117	3,300	3,350	254	1,131	1,197	6,300	6,350	222	2,094	2,277	11,300	11,350	0	2,089	3,103							
350	400	29	128	135	3,350	3,400	258	1,148	1,215	6,350	6,400	218	2,094	2,295	11,350	11,400	0	2,081	3,093							
400	450	33	145	153	3,400	3,450	262	1,165	1,233	6,400	6,450	215	2,094	2,313	11,400	11,450	0	2,073	3,083							
450	500	36	162	171	3,450	3,500	266	1,182	1,251	6,450	6,500	211	2,094	2,331	11,450	11,500	0	2,065	3,073							
500	550	40	179	189	3,500	3,550	270	1,199	1,269	6,500	6,550	207	2,094	2,349	11,500	11,550	0	2,057	3,063							
550	600	44	196	207	3,550	3,600	273	1,216	1,287	6,550	6,600	203	2,094	2,367	11,550	11,600	0	2,049	3,053							
600	650	48	213	225	3,600	3,650	277	1,233	1,305	6,600	6,650	199	2,094	2,385	11,600	11,650	0	2,041	3,043							
650	700	52	230	243	3,650	3,700	281	1,250	1,323	6,650	6,700	195	2,094	2,403	11,650	11,700	0	2,033	3,033							
700	750	55	247	261	3,700	3,750	285	1,267	1,341	6,700	6,750	192	2,094	2,421	11,700	11,750	0	2,025	3,022							
750	800	59	264	279	3,750	3,800	289	1,284	1,359	6,750	6,800	188	2,094	2,439	11,750	11,800	0	2,017	3,012							
800	850	63	281	297	3,800	3,850	293	1,301	1,377	6,800	6,850	184	2,094	2,457	11,800	11,850	0	2,009	3,002							
850	900	67	298	315	3,850	3,900	296	1,318	1,395	6,850	6,900	180	2,094	2,475	11,850	11,900	0	2,001	2,992							
900	950	71	315	333	3,900	3,950	300	1,335	1,413	6,900	6,950	176	2,094	2,493	11,900	11,950	0	1,993	2,982							
950	1,000	75	332	351	3,950	4,000	304	1,352	1,431	6,950	7,000	173	2,094	2,511	11,950	12,000	0	1,985	2,972							
1,000	1,050	78	349	369	4,000	4,050	308	1,369	1,449	7,000	7,050	169	2,094	2,529	12,000	12,050	0	1,977	2,962							
1,050	1,100	82	366	387	4,050	4,100	312	1,386	1,467	7,050	7,100	165	2,094	2,547	12,050	12,100	0	1,969	2,952							
1,100	1,150	86	383	405	4,100	4,150	314	1,403	1,485	7,100	7,150	161	2,094	2,565	12,100	12,150	0	1,961	2,942							
1,150	1,200	90	400	423	4,150	4,200	314	1,420	1,503	7,150	7,200	157	2,094	2,583	12,150	12,200	0	1,953	2,931							
1,200	1,250	94	417	441	4,200	4,250	314	1,437	1,521	7,200	7,250	153	2,094	2,601	12,200	12,250	0	1,945	2,921							
1,250	1,300	98	434	459	4,250	4,300	314	1,454	1,539	7,250	7,300	150	2,094	2,619	12,250	12,300	0	1,937	2,911							
1,300	1,350	101	451	477	4,300	4,350	314	1,471	1,557	7,300	7,350	146	2,094	2,637	12,300	12,350	0	1,929	2,901							
1,350	1,400	105	468	495	4,350	4,400	314	1,488	1,575	7,350	7,400	142	2,094	2,655	12,350	12,400	0	1,921	2,891							
1,400	1,450	109	485	513	4,400	4,450	314	1,505	1,593	7,400	7,450	138	2,094	2,673	12,400	12,450	0	1,913	2,881							
1,450	1,500	113	502	531	4,450	4,500	314	1,522	1,611	7,450	7,500	134	2,094	2,691	12,450	12,500	0	1,905	2,871							
1,500	1,550	117	519	549	4,500	4,550	314	1,539	1,629	7,500	7,550	130	2,094	2,709	12,500	12,550	0	1,897	2,861							
1,550	1,600	120	536	567	4,550	4,600	314	1,556	1,647	7,550	7,600	127	2,094	2,727	12,550	12,600	0	1,889	2,851							
1,600	1,650	124	553	585	4,600	4,650	314	1,573	1,665	7,600	7,650	123	2,094	2,745	12,600	12,650	0	1,881	2,840							
1,650	1,700	128	570	603	4,650	4,700	314	1,590	1,683	7,650	7,700	119	2,094	2,763	12,650	12,700	0	1,873	2,830							
1,700	1,750	132	587	621	4,700	4,750	314	1,607	1,701	7,700	7,750	115	2,094	2,781	12,700	12,750	0	1,865	2,820							
1,750	1,800	136	604	639	4,750	4,800	314	1,624	1,719	7,750	7,800	111	2,094	2,799	12,750	12,800	0	1,857	2,810							
1,800	1,850	140	621	657	4,800	4,850	314	1,641	1,737	7,800	7,850	107	2,094	2,817	12,800	12,850	0	1,849	2,800							
1,850	1,900	143	638	675	4,850	4,900	314	1,658	1,755	7,850	7,900	104	2,094	2,835	12,850	12,900	0	1,841	2,790							
1,900	1,950	147	655	693	4,900	4,950	314	1,675	1,773	7,900	7,950	100	2,094	2,853	12,900	12,950	0	1,833	2,780							
1,950	2,000	151	672	711	4,950	5,000	314	1,692	1,791	7,950	8,000	96	2,094	2,871	12,950	13,000	0	1,825	2,770							
2,000	2,050	155	689	729	5,000	5,050	314	1,709	1,809	8,000	8,050	92	2,094	2,889	13,000	13,050	0	1,817	2,760							
2,050	2,100	159	706	747	5,050	5,100	314	1,726	1,827	8,050	8,100	88	2,094	2,907	13,050	13,100	0	1,809	2,749							
2,100	2,150	163	723	765	5,100	5,150	314	1,743	1,845	8,100	8,150	85	2,094	2,925	13,100	13,150	0	1,801	2,739							
2,150	2,200	166	740	783	5,150	5,200	310	1,760	1,863	8,150	8,200	81	2,094	2,943	13,150	13,200	0	1,793	2,729							
2,200	2,250	170	757	801	5,200	5,250	306	1,777	1,881	8,200	8,250	77	2,094	2,961	13,200	13,250	0	1,785	2,719							
2,250	2,300	174	774	819	5,250	5,300	303	1,794	1,899	8,250	8,300	73	2,094	2,979	13,250	13,300	0	1,777	2,709							
2,300	2,350	178	791	837	5,300	5,350	299	1,811	1,917	8,300	8,350	69	2,094	2,997	13,300	13,350	0	1,769	2,699							
2,350	2,400	182	808	855	5,350	5,400	295	1,828	1,935	8,350	8,400	65	2,094	3,015	13,350	13,400	0	1,761	2,689							
2,400	2,450	186	825	873	5,400	5,450	291	1,845	1,953	8,400	8,450	62	2,094	3,033	13,400	13,450	0	1,753	2,679							
2,450	2,500	189	842	891	5,450	5,500	287	1,862	1,971	8,450	8,500	58	2,094	3,051	13,450	13,500	0	1,745	2,669							
2,500	2,550	193	859	909	5,500	5,550	283	1,879	1,989	8,500	8,550	54	2,094	3,069	13,500	13,550	0	1,737	2,658							
2,550	2,600	197	876	927	5,550	5,600	280	1,896	2,007	8,550	8,600	50	2,094	3,087	13,550	13,600	0	1,729	2,648							
2,600																										

1995 Earned Income Credit (EIC) Table *Continued*

If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—			If the amount on line 6 or line 8 of the worksheet on page 28 is—		And you have—							
		No children	One child	Two children			No children	One child	Two children			No children	One child	Two children					
At least	But less than	Your credit is—			At least	But less than	Your credit is—			At least	But less than	Your credit is—							
13,600	13,650	0	1,721	2,638	17,000	17,050	0	1,178	1,951	20,400	20,450	0	635	1,263	23,800	23,850	0	91	576
13,650	13,700	0	1,713	2,628	17,050	17,100	0	1,170	1,941	20,450	20,500	0	627	1,253	23,850	23,900	0	83	566
13,700	13,750	0	1,705	2,618	17,100	17,150	0	1,162	1,931	20,500	20,550	0	619	1,243	23,900	23,950	0	75	556
13,750	13,800	0	1,697	2,608	17,150	17,200	0	1,154	1,920	20,550	20,600	0	611	1,233	23,950	24,000	0	67	545
13,800	13,850	0	1,689	2,598	17,200	17,250	0	1,146	1,910	20,600	20,650	0	603	1,223	24,000	24,050	0	59	535
13,850	13,900	0	1,681	2,588	17,250	17,300	0	1,138	1,900	20,650	20,700	0	595	1,213	24,050	24,100	0	51	525
13,900	13,950	0	1,673	2,578	17,300	17,350	0	1,130	1,890	20,700	20,750	0	587	1,203	24,100	24,150	0	43	515
13,950	14,000	0	1,665	2,567	17,350	17,400	0	1,122	1,880	20,750	20,800	0	579	1,193	24,150	24,200	0	35	505
14,000	14,050	0	1,657	2,557	17,400	17,450	0	1,114	1,870	20,800	20,850	0	571	1,182	24,200	24,250	0	27	495
14,050	14,100	0	1,649	2,547	17,450	17,500	0	1,106	1,860	20,850	20,900	0	563	1,172	24,250	24,300	0	19	485
14,100	14,150	0	1,641	2,537	17,500	17,550	0	1,098	1,850	20,900	20,950	0	555	1,162	24,300	24,350	0	11	475
14,150	14,200	0	1,633	2,527	17,550	17,600	0	1,090	1,840	20,950	21,000	0	547	1,152	24,350	24,400	0	*	465
14,200	14,250	0	1,625	2,517	17,600	17,650	0	1,082	1,829	21,000	21,050	0	539	1,142	24,400	24,450	0	0	455
14,250	14,300	0	1,617	2,507	17,650	17,700	0	1,074	1,819	21,050	21,100	0	531	1,132	24,450	24,500	0	0	444
14,300	14,350	0	1,609	2,497	17,700	17,750	0	1,066	1,809	21,100	21,150	0	523	1,122	24,500	24,550	0	0	434
14,350	14,400	0	1,601	2,487	17,750	17,800	0	1,058	1,799	21,150	21,200	0	515	1,112	24,550	24,600	0	0	424
14,400	14,450	0	1,593	2,477	17,800	17,850	0	1,050	1,789	21,200	21,250	0	507	1,102	24,600	24,650	0	0	414
14,450	14,500	0	1,585	2,466	17,850	17,900	0	1,042	1,779	21,250	21,300	0	499	1,091	24,650	24,700	0	0	404
14,500	14,550	0	1,577	2,456	17,900	17,950	0	1,034	1,769	21,300	21,350	0	491	1,081	24,700	24,750	0	0	394
14,550	14,600	0	1,569	2,446	17,950	18,000	0	1,026	1,759	21,350	21,400	0	483	1,071	24,750	24,800	0	0	384
14,600	14,650	0	1,561	2,436	18,000	18,050	0	1,018	1,749	21,400	21,450	0	475	1,061	24,800	24,850	0	0	374
14,650	14,700	0	1,553	2,426	18,050	18,100	0	1,010	1,738	21,450	21,500	0	467	1,051	24,850	24,900	0	0	364
14,700	14,750	0	1,545	2,416	18,100	18,150	0	1,002	1,728	21,500	21,550	0	459	1,041	24,900	24,950	0	0	353
14,750	14,800	0	1,537	2,406	18,150	18,200	0	994	1,718	21,550	21,600	0	451	1,031	24,950	25,000	0	0	343
14,800	14,850	0	1,530	2,396	18,200	18,250	0	986	1,708	21,600	21,650	0	443	1,021	25,000	25,050	0	0	333
14,850	14,900	0	1,522	2,386	18,250	18,300	0	978	1,698	21,650	21,700	0	435	1,011	25,050	25,100	0	0	323
14,900	14,950	0	1,514	2,375	18,300	18,350	0	970	1,688	21,700	21,750	0	427	1,000	25,100	25,150	0	0	313
14,950	15,000	0	1,506	2,365	18,350	18,400	0	962	1,678	21,750	21,800	0	419	990	25,150	25,200	0	0	303
15,000	15,050	0	1,498	2,355	18,400	18,450	0	954	1,668	21,800	21,850	0	411	980	25,200	25,250	0	0	293
15,050	15,100	0	1,490	2,345	18,450	18,500	0	946	1,658	21,850	21,900	0	403	970	25,250	25,300	0	0	283
15,100	15,150	0	1,482	2,335	18,500	18,550	0	938	1,647	21,900	21,950	0	395	960	25,300	25,350	0	0	273
15,150	15,200	0	1,474	2,325	18,550	18,600	0	930	1,637	21,950	22,000	0	387	950	25,350	25,400	0	0	262
15,200	15,250	0	1,466	2,315	18,600	18,650	0	922	1,627	22,000	22,050	0	379	940	25,400	25,450	0	0	252
15,250	15,300	0	1,458	2,305	18,650	18,700	0	914	1,617	22,050	22,100	0	371	930	25,450	25,500	0	0	242
15,300	15,350	0	1,450	2,295	18,700	18,750	0	906	1,607	22,100	22,150	0	363	920	25,500	25,550	0	0	232
15,350	15,400	0	1,442	2,284	18,750	18,800	0	898	1,597	22,150	22,200	0	355	909	25,550	25,600	0	0	222
15,400	15,450	0	1,434	2,274	18,800	18,850	0	890	1,587	22,200	22,250	0	347	899	25,600	25,650	0	0	212
15,450	15,500	0	1,426	2,264	18,850	18,900	0	882	1,577	22,250	22,300	0	339	889	25,650	25,700	0	0	202
15,500	15,550	0	1,418	2,254	18,900	18,950	0	874	1,567	22,300	22,350	0	331	879	25,700	25,750	0	0	192
15,550	15,600	0	1,410	2,244	18,950	19,000	0	866	1,556	22,350	22,400	0	323	869	25,750	25,800	0	0	182
15,600	15,650	0	1,402	2,234	19,000	19,050	0	858	1,546	22,400	22,450	0	315	859	25,800	25,850	0	0	171
15,650	15,700	0	1,394	2,224	19,050	19,100	0	850	1,536	22,450	22,500	0	307	849	25,850	25,900	0	0	161
15,700	15,750	0	1,386	2,214	19,100	19,150	0	842	1,526	22,500	22,550	0	299	839	25,900	25,950	0	0	151
15,750	15,800	0	1,378	2,204	19,150	19,200	0	834	1,516	22,550	22,600	0	291	829	25,950	26,000	0	0	141
15,800	15,850	0	1,370	2,193	19,200	19,250	0	826	1,506	22,600	22,650	0	283	818	26,000	26,050	0	0	131
15,850	15,900	0	1,362	2,183	19,250	19,300	0	818	1,496	22,650	22,700	0	275	808	26,050	26,100	0	0	121
15,900	15,950	0	1,354	2,173	19,300	19,350	0	810	1,486	22,700	22,750	0	267	798	26,100	26,150	0	0	111
15,950	16,000	0	1,346	2,163	19,350	19,400	0	802	1,476	22,750	22,800	0	259	788	26,150	26,200	0	0	101
16,000	16,050	0	1,338	2,153	19,400	19,450	0	794	1,466	22,800	22,850	0	251	778	26,200	26,250	0	0	91
16,050	16,100	0	1,330	2,143	19,450	19,500	0	786	1,455	22,850	22,900	0	243	768	26,250	26,300	0	0	80
16,100	16,150	0	1,322	2,133	19,500	19,550	0	778	1,445	22,900	22,950	0	235	758	26,300	26,350	0	0	70
16,150	16,200	0	1,314	2,123	19,550	19,600	0	770	1,435	22,950	23,000	0	227	748	26,350	26,400	0	0	60
16,200	16,250	0	1,306	2,113	19,600	19,650	0	762	1,425	23,000	23,050	0	219	738	26,400	26,450	0	0	50
16,250	16,300	0	1,298	2,102	19,650	19,700	0	754	1,415	23,050	23,100	0	211	727	26,450	26,500	0	0	40
16,300	16,350	0	1,290	2,092	19,700	19,750	0	746	1,405	23,100	23,150	0	203	717	26,500	26,550	0	0	30
16,350	16,400	0	1,282	2,082	19,750	19,800	0	738	1,395	23,150	23,200	0	195	707	26,550	26,600	0	0	20
16,400	16,450	0	1,274	2,072	19,800	19,850	0	731	1,385	23,200	23,250	0	187	697	26,600	26,650	0	0	10
16,450	16,500	0	1,266	2,062	19,850	19,900	0	723	1,375	23,250	23,300	0	179	687	26,650	26,673	0	0	2
16,500	16,550	0	1,258	2,052	19,900	19,950	0	715	1,364	23,300	23,350	0	171	677	26,673	or more	0	0	0
16,550	16,600	0	1,250	2,042	19,950	20,000	0	707	1,354	23,350	23,400	0	163	667					
16,600	16,650	0	1,242	2,032	20,000	20,050	0	699	1,344	23,400	23,450	0	155	657					
16,650	16,700	0	1,234	2,022	20,050	20,100	0	691	1,334	23,450	23,500	0	147	647					
16,700	16,750	0	1,226	2,011	20,100	20,150	0	683	1,324	23,500	23,550	0	139	636					
16,750	16,800	0	1,218	2,001	20,150	20,200	0	675	1,314	23,550	23,600	0	131	626					
16,800	16,850	0	1,210	1,991	20,200	20,250	0	667	1,304	23,600	23,650	0	123	616					

Line 58

Amount Paid With Form 4868 (Extension Request)

If you filed Form 4868 to get an automatic extension of time to file Form 1040, enter the amount, if any, you paid with that form. Also, include any amounts paid with Form 2688 or Form 2350.

Line 59

Excess Social Security and RRTA Tax Withheld

Excess Social Security Tax Withheld

If you had more than one employer for 1995 and your total wages were over \$61,200, too much social security tax may have been withheld. If so, you can take a credit for the excess amount on line 59. Use the worksheet on this page to figure the excess amount. There is no limit on the amount of wages subject to Medicare tax.

If any one employer withheld more than \$3,794.40 of social security tax, you must ask that employer to refund the excess to you. You cannot claim it on your return.

Excess Railroad Retirement (RRTA) Tax Withheld

If you had more than one railroad employer for 1995 and your total compensation was over \$61,200, too much tier 1 tax may have been withheld. If your total compensation was over \$45,300, too much tier 2 tax may have been withheld. If so, you can take a credit for the excess amount on line 59. Get Pub. 505, Tax Withholding and Estimated Tax, to figure the excess amount. Do not use the worksheet on this page.

If any one employer withheld more than \$3,794.40 of tier 1 tax or more than \$2,219.70 of tier 2 tax, you must ask that employer to refund the excess to you. You cannot claim it on your return.

Excess Social Security Tax Withheld Worksheet—Line 59 (keep for your records)



If you are filing a joint return, you must figure any excess tax withheld separately for each spouse. DO NOT combine amounts of both husband and wife.

Caution: Do not use this worksheet if any RRTA tax was withheld from your pay. Instead, get Pub. 505 to figure the excess amount.

- | | |
|---|--------------------|
| 1. Add all social security tax withheld but not more than \$3,794.40 for each employer. This tax should be shown in box 4 of your W-2 forms. Enter the total here | 1. _____ |
| 2. Enter any uncollected social security tax on tips or group-term life insurance included in the total on Form 1040, line 54 | 2. _____ |
| 3. Add lines 1 and 2. If \$3,794.40 or less, stop here ; you do not have any excess social security tax withheld | 3. _____ |
| 4. Social security tax limit | 4. <u>3,794.40</u> |
| 5. Excess social security tax withheld. Subtract line 4 from line 3. Enter the result here and on Form 1040, line 59 | 5. _____ |

Line 60

Other Payments

Regulated Investment Company Credit

Include on this line the total amount of the credit from Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains. Be sure to attach Copy B of Form 2439 and check box a on line 60.

Credit for Federal Tax Paid on Fuels

If you can take a credit for tax on gasoline, diesel fuel, and other fuels used in your business, or for certain diesel-powered cars, vans, and light trucks, attach Form 4136. Include the credit on line 60 and check box b.

Refund or Amount You Owe

Line 62

Amount Overpaid

If line 62 is under \$1, we will send a refund only on written request.

TIP If the amount you overpaid is large, you may want to decrease the amount of income tax withheld from your pay. See *Income Tax Withholding and Estimated Tax Payments for 1996* on page 34.

Injured Spouse Claim

If you file a joint return and your spouse has not paid child or spousal support payments or certain Federal debts such as student loans, all or part of the overpayment on line 62 may be used to pay the past-due amount. But **your** part of the overpayment may be refunded to you if **all three** of the following apply.

1. You are not required to pay the past-due amount.
2. You received and reported income (such as wages, taxable interest, etc.) on the joint return.

3. You made and reported payments (such as Federal income tax withheld from your wages or estimated tax payments) on the joint return.

If **all three** of the above apply to you and you want your part of the amount on line 62 refunded to you, complete Form 8379, Injured Spouse Claim and Allocation. Write "Injured Spouse" in the upper left corner of Form 1040 and attach Form 8379. If you have already filed your return for 1995, file Form 8379 by itself to get your refund.

Note: You may also be able to file an injured spouse claim for prior years. See Form 8379 for details.

Line 63

Refund

Direct Deposit of Refund

If you want your refund directly deposited into your bank account, complete Form 8888, Direct Deposit of Refund, and attach it to your return. If you have other schedules and forms to attach, put Form 8888 first. If you don't have Form 8888, call 1-800-TAX-FORM (1-800-829-3676) or use one of the other sources listed on page 34.

Deferral Payment

You have two options to pay your installment due April 15, 1996 (see below). The installment due is one-half of the amount shown on line 16 of Form 8841. There is no interest on the installment payment if it is made on time. You should receive a reminder notice in March 1996 showing the installment amount due by April 15, 1996.

Apply Refund Option. The most you can apply is the amount of your refund, reduced by any payments made after April 15, 1996. Also, you must file your 1995 return on or before its due date, including extensions.

Caution: If you have any other outstanding Federal tax liability (including any other 1993 Federal income tax liability), any refund on your 1995 tax return will first be applied to such a liability before being applied to the installment due. This is true regardless of how you indicate to apply your refund. If the remaining refund is not sufficient to cover the installment due, you will owe interest and the failure to pay penalty on any remaining balance from the due date of the installment. Therefore, it may be to your advantage to use the separate payment option explained below.

To apply part or all of your refund, on the dotted line next to line 63 write the words "93 OBRA Install." and the amount you want applied. **Do not** reduce the amount on line 63 by the amount applied. If the amount you apply is less than the installment due, you may send a separate check for the balance, as explained next. **Do not** include a check for the balance with your return.

Separate Payment Option. You can send a separate check or money order to the IRS by April 15, 1996. The notice you receive will include a tear-off voucher for you to send back with your check or money order payable to the Internal Revenue Service. Clearly write your SSN and "1993 OBRA Installment" on your payment. Send your payment with the tear-off voucher in the return envelope included with the notice. If you don't

have the tear-off voucher or envelope, send your payment by itself to the Internal Revenue Service Center for your area. The address is shown on the back cover. We will apply this payment to your deferred 1993 taxes regardless of any other outstanding debts you may have.

Do not send this payment with your tax return. Also, do not make this payment using a payment voucher other than the one attached to the reminder notice.

Line 64

Applied to 1996 Estimated Tax

Subtract line 63 from line 62 and enter the result on line 64. This is the amount that will be applied to your estimated tax for 1996. We will apply this amount to your account unless you request us to apply it to your spouse's account. The request should include your spouse's social security number. This election to apply part or all of the amount overpaid to your 1996 estimated tax cannot be changed later.

Line 65

Amount You Owe

TIP *You do not have to pay if line 65 is under \$1.*

Complete and detach the **Form 1040-V**, Payment Voucher, following the instructions on that form. Make your check or money order payable to the Internal Revenue Service for the full amount due. **Do not** send cash. Write your name, address, social security number, daytime phone number, and "1995 Form 1040" on your payment. **Do not** attach the payment voucher or your payment to your return or to each other. Instead, put them loose in the envelope that came with your booklet and also enclose your tax return.

If you don't have the envelope, mail your return, payment, and payment voucher to the address shown on the back cover for your area.

If you don't have Form 1040-V, call 1-800-TAX-FORM (1-800-829-3676), or use one of the other sources listed on page 34.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in an envelope separate from the one you use to pay the tax due on Form 1040.

TIP *If you owe tax for 1995, you may need to (a) increase the amount of income tax withheld from your pay or (b) make estimated tax payments for 1996. See **Income Tax Withholding and Estimated Tax Payments for 1996** on page 34.*

Installment Payments

If you cannot pay the full amount shown on line 65 with your return, you may ask to make monthly installment payments. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 15, 1996, even if your request to pay in installments is granted. You

must also pay a fee. To limit the interest and penalty charges, pay as much of the tax as possible when you file. But before requesting an installment agreement, you should consider other less costly alternatives, such as a bank loan.

To ask for an installment agreement, use **Form 9465**, Installment Agreement Request. To get Form 9465, call 1-800-TAX-FORM (1-800-829-3676) or use one of the other sources listed on page 34. You should receive a response to your request for installments within 30 days. But if you file your return after March 31, it may take us longer to reply.

Line 66

Estimated Tax Penalty

You may owe this penalty if:

- Line 65 (minus line 53) is at least \$500 and it is more than 10% of the tax shown on your return, or
- You did not pay enough estimated tax by any of the due dates. This is true even if you are due a refund.

For most people, the "tax shown on your return" is the amount on line 54 minus the total of any amounts shown on lines 53 and 57 and Forms 8828, 4137, 4136, and 5329 (Parts II, III, and IV only).

Exceptions to the Penalty

You will not owe the penalty if your 1994 tax return was for a tax year of 12 full months **AND either** of the following applies:

1. You had no tax liability for 1994 and you were a U.S. citizen or resident for all of 1994, or
2. The total of lines 55, 56, and 59 on your 1995 return is at least as much as your 1994 tax liability. Your estimated tax payments for 1995 must have been made on time and for the required amount.

Caution: *If your 1994 adjusted gross income was over \$150,000 (over \$75,000 if your 1995 filing status is married filing separately), item 2 above applies only if the total of lines 55, 56, and 59 on your 1995 return is at least 110% of your 1994 tax liability. This rule does not apply to farmers and fishermen.*

Figuring the Penalty

If the **Exceptions** above do not apply and you choose to figure the penalty yourself, get **Form 2210** (or **2210-F** for farmers and fishermen) to see if you owe the penalty. If so, you can use the form to figure the amount. In certain situations, you may be able to lower your penalty. For details, see the Instructions for Form 2210 (or 2210-F). Enter the penalty on Form 1040, line 66. Add the penalty to any tax due and enter the total on line 65. If you are due a refund, subtract the penalty from the overpayment you show on line 62. **Do not** file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

TIP *Because Form 2210 is complicated, if you want you can leave line 66 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.*

Sign Your Return

Form 1040 is not considered a valid return unless you sign it. If you are filing a joint return, your spouse must also sign. Be sure to date your return and enter your occupation(s). If you have someone prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as a surviving spouse, see **Death of Taxpayer** on page 35.

Child's Return

If your child cannot sign the return, either parent may sign the child's name in the space provided. Then, add "By (your signature), parent for minor child."

Paid Preparers Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the return for your records. Someone who prepares your return but does not charge you should not sign your return.

Assemble Your Return

Assemble any schedules and forms behind Form 1040 in order of the "Attachment Sequence No." shown in the upper right corner of the schedule or form. (For example, the attachment sequence no. for Schedule A is 07.) Put forms without an attachment sequence number next. If you have supporting statements, arrange them in the same order as the forms or schedules they support and attach them last. **Do not** attach items unless required to do so. Attach the first copy or Copy B of Form(s) W-2 to the front of Form 1040.

TIP *If you received a Form 1099-R showing Federal income tax withheld, also attach the first copy or Copy B of that form to the front of Form 1040.*

If you are making a payment, **do not** attach it to your return. Instead, place it loose inside the envelope.

Section 4.

General Information

What Are My Rights as a Taxpayer?

You have the right to be treated fairly, professionally, promptly, and courteously by IRS employees. Our goal at the IRS is to protect your rights so that you will have the highest confidence in the integrity, efficiency, and fairness of our tax system. To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process. For details, get **Pub. 1, Your Rights as a Taxpayer.**

How To Get Forms and Publications

By Phone

Call 1-800-TAX-FORM (1-800-829-3676) between 7:30 a.m. and 5:30 p.m. weekdays. (In Alaska and Hawaii, the hours are Pacific Standard Time; in Puerto Rico, the hours are Eastern Standard Time.) You should receive your order or notification of its status within 7 to 15 workdays of your call.

In Person

Visit your local IRS office or a participating post office or library. Post offices carry only the most common forms and schedules. Libraries stock a wider selection of forms and also have publications available. See the list on page 40 for a list of forms and publications.

By Mail

Complete and mail the order blank (see page 39).

By Computer and Modem

If you subscribe to an on-line service, ask if IRS information is available and, if so, how to access it. You can also get information through IRIS, the Internal Revenue Information Services, on FedWorld, a government bulletin board. The tax forms, instructions, publications, and other IRS information are available through IRIS.

IRIS is accessible directly by calling 703-321-8020. On the Internet, you can telnet to fedworld.gov or, for file transfer protocol services, connect to ftp.fedworld.gov. If you are using the World Wide Web, connect to <http://www.ustreas.gov>.

FedWorld's help desk offers technical assistance on accessing IRIS (not tax help) during regular business hours at 703-487-4608. The IRIS menus offer information on available file formats and software needed to read and print files. You must print the forms to use them; the forms are not designed to be filled in on-screen.

Tax forms, instructions, and publications are also available on CD-ROM, including prior-year forms starting with the 1991 tax year. For ordering information and software requirements, contact the Government Printing Office's Superintendent of Documents (202-512-1800) or Federal Bulletin Board (202-512-1387).

Income Tax Withholding and Estimated Tax Payments for 1996

If the amount you owe (line 65) or the amount you overpaid (line 62) is large, you may want to file a new **Form W-4, Employee's Withholding Allowance Certificate**, with your employer to change the amount of income tax to be withheld from your pay. In general, you do not have to make estimated tax payments if you expect that your 1996 Form 1040 will show a tax refund or a tax balance due the IRS of less than \$500. If your total estimated tax (including any alternative minimum tax) for 1996 is \$500 or more, get **Form 1040-ES, Estimated Tax for Individuals**. It has a worksheet you can use to see if you have to make estimated tax payments. For more details, get **Pub. 505, Tax Withholding and Estimated Tax.**

Do Both the Name and SSN on Your Tax Forms Agree With Your Social Security Card?

If not, your refund may be delayed or you may not receive credit for your social security earnings. If your Form W-2, Form 1099, or other tax document shows an incorrect SSN or name, notify your employer or the form-issuing agent as soon as possible to make sure your earnings are credited to your social security record. If the name or SSN on your social security card is incorrect, call the Social Security Administration at 1-800-772-1213.

Corresponding With the IRS

Be sure to include your social security number on any correspondence with the IRS. If you do not include it, it may take us longer to reply.

How Do I Make a Gift To Reduce the Public Debt?

If you wish to do so, make a check payable to "Bureau of the Public Debt." You can send it to: Bureau of the Public Debt, Department G, Washington, DC 20239-0601. Or, you can enclose the check with your income tax return when you file. Do not add your gift to any tax you may owe. If you owe tax, make a separate check for that amount payable to "Internal Revenue Service."

TIP You may be able to deduct this gift on your 1996 tax return as a charitable contribution if you itemize your deductions.

Address Change

If you move after you file, always notify in writing the Internal Revenue Service Center where you filed your last return, or the Chief, Taxpayer Service Division, in your local IRS district office. You can use **Form 8822, Change of Address**, to notify us of your new address. If you are expecting a refund, also notify the post office serving your old address. This will help forward your check to your new address.

How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your return, as well as any worksheets you used, until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. Also, keep copies of your filed tax returns and any Forms W-2 or 1099 you received as part of your records. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property. For more details, get **Pub. 552, Recordkeeping for Individuals.**

Amended Return

If you find changes in your income, deductions, or credits after you mail your return, file **Form 1040X, Amended U.S. Individual Income Tax Return**, to change the return you already filed. If you filed a joint return, you may not, after the due date of that return, amend it to file as married filing a separate return. Generally, Form 1040X must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later.

Requesting a Copy of Your Tax Return

If you need a copy of your tax return, use **Form 4506**. If you have questions about your account, call or write your local IRS office. If you want a printed copy of your account, it will be mailed to you free of charge.

Death of Taxpayer

If a taxpayer died before filing a return for 1995, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator, or anyone who is in charge of the deceased taxpayer's property. If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund. The person who files the return should write "**DECEASED**," the deceased taxpayer's name, and the date of death across the top of the return.

If your spouse died in 1995 and you did not remarry in 1995, you can file a joint return. You can also file a joint return if your spouse died in 1996 before filing a 1995 return. A joint return should show your spouse's 1995 income before death and your income for all of 1995. Write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

The surviving spouse or personal representative should promptly notify all payers of income, including financial institutions, of the taxpayer's death. This will ensure the proper reporting of income earned by the taxpayer's estate or heirs. A deceased taxpayer's social security number should not be used for tax years after the year of death, except for estate tax return purposes.

Claiming a Refund for a Deceased Taxpayer

If you are filing a joint return as a surviving spouse, file only the tax return to claim the refund. If you are a court-appointed representative, file the return **and** attach a copy of the certificate that shows your appointment. All other filers requesting the deceased taxpayer's refund must file the return and attach **Form 1310**.

For more details, call Tele-Tax (see page 36) and listen to topic 356 or get **Pub. 559**, Survivors, Executors, and Administrators.

The IRS Will Figure Your Tax and Some of Your Credits

Tax

If you want, we will figure your tax for you. If you have paid too much, we will send you a refund. If you did not pay enough, we'll send you a bill. If you mail your return by April 15, 1996, we won't charge you interest or a late payment penalty if you pay within 30 days of the notice date or by April 15, 1996, whichever is later.

We can figure your tax if you meet **all five** of the conditions described below:

1. All of your income for 1995 was from wages, salaries, tips, interest, dividends, taxable social security benefits, unemployment compensation, IRA distributions, pensions, or annuities.
2. You do not itemize deductions.
3. You do not file any of the following forms:

Form 2555, Foreign Earned Income.

Form 2555-EZ, Foreign Earned Income Exclusion.

Form 4137, Social Security and Medicare Tax on Unreported Tip Income.

Form 4970, Tax on Accumulation Distribution of Trusts.

Form 4972, Tax on Lump-Sum Distributions.

Form 6198, At-Risk Limitations.

Form 6251, Alternative Minimum Tax—Individuals.

Form 8615, Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,300.

Form 8814, Parents' Election To Report Child's Interest and Dividends.

Form 8888, Direct Deposit of Refund.

4. Your taxable income (line 37) is less than \$100,000.

5. You do not want any of your refund applied to next year's estimated tax.

To have us figure your tax, please do the following:

- Fill in the parts of your return through line 37 that apply to you.

- If you are filing a joint return, use the space under the words "Adjustments to Income" on the front of your return to separately show your own and your spouse's taxable income.

- Read lines 39 through 60. Fill in the lines that apply to you, but do not fill in the total lines. Please be sure to fill in line 55 for Federal income tax withheld. See the instructions below if you want us to figure your credit for the elderly or the disabled or your earned income credit.

- Fill in and attach any forms or schedules asked for on the lines you completed.

- Sign and date your return (both spouses must sign a joint return) and enter your occupation(s).

Credits

We will figure the following credits too:

Credit for the Elderly or the Disabled

If you can take this credit, you **must** attach **Schedule R** to your return and enter "CFE" on the dotted line next to line 42. Check the box on Schedule R for your filing status and age, and fill in Part II and lines 11 and 13 of Part III if applicable.

Earned Income Credit (EIC)

Answer the questions on page 27 to see if you can take this credit. If you can take the EIC and you want us to figure it for you, write "EIC" next to line 57. Enter the amount and type of any nontaxable earned income (see page 28) in the spaces provided on line 57. If you have a qualifying child, you **must** fill in Schedule EIC and attach it to your return.

Interest and Penalties

TIP You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts is complicated, we will do it for you if you want. We will send you a bill for any amount due.

Interest

We will charge you interest on taxes not paid by their due date, even if an extension of time to file is granted. We will also charge you interest on penalties imposed for failure to file, negligence, fraud, substantial valuation overstatements, and substantial understatements of tax. Interest is charged on the penalty from the due date of the return (including extensions).

If you include interest with your payment, identify and enter the interest in the bottom margin of Form 1040, page 2. **Do not** include the interest in the **Amount You Owe** on line 65.

Penalties

Penalty for Late Filing. If you do not file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach it to your return. The penalty cannot usually be more than 25% of the tax due. If your return is more than 60 days late, the minimum penalty will be \$100 or the amount of any tax you owe, whichever is smaller.

If you include this penalty with your payment, identify and enter the penalty amount in the bottom margin of Form 1040, page 2. **Do not** include the penalty in the **Amount You Owe** on line 65.

Penalty for Late Payment of Tax. If you pay your taxes late, the penalty is usually 1/2 of 1% of the unpaid amount for each month or part of a month the tax is not paid. The penalty cannot be more than 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

If you include this penalty with your payment, identify and enter the penalty amount in the bottom margin of Form 1040, page 2. **Do not** include the penalty in the **Amount You Owe** on line 65.

Penalty for Frivolous Return. In addition to any other penalties, the law imposes a penalty of \$500 for filing a frivolous return. A frivolous return is one that does not contain information needed to figure the correct tax or shows a substantially incorrect tax, because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the pre-printed language above the space where you sign.

Other Penalties. Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. Get **Pub. 17**, Your Federal Income Tax, for details on some of these penalties.

What Is Tele-Tax?

Automated Refund Information allows you to check the status of your 1995 refund.

Recorded Tax Information includes about 150 topics that answer many Federal tax questions. You can listen to up to three topics on each call you make.



How Do I Use Tele-Tax?

Automated Refund Information

Be sure to have a copy of your 1995 tax return available because you will need to know the first social security number shown on your return, the filing status, and the exact whole-dollar amount of your refund. Then, call the appropriate phone number listed on this page and follow the recorded instructions.

TIP *The IRS updates refund information every 7 days. If you call to find out about the status of your refund and you are not given the date it will be issued, please wait 7 days before calling back.*

Touch-tone service is generally available Monday through Friday from 7:00 a.m. to 11:30 p.m. Rotary or pulse service is generally available Monday through Friday from 7:30 a.m. to 5:30 p.m. (Hours may vary in your area.)

Recorded Tax Information

Touch-tone service is available 24 hours a day, 7 days a week. Rotary or pulse service is generally available Monday through Friday from 7:30 a.m. to 5:30 p.m. (Hours in Alaska and Hawaii may vary.)

Select the number of the topic you want to hear. Then, call the appropriate phone number listed on this page. **For the directory of topics, listen to topic 123.** Have paper and pencil handy to take notes.

Tele-Tax Telephone Numbers

Choosing the Right Number

If there is a number listed below that is a local (not a long distance) call for you, please use that number. If the number listed below is a long distance call for you **OR** if your local area (state/city) is not listed below, please call **1-800-829-4477**.

Arizona
Phoenix, 640-3933

California
Oakland, 839-4245

Colorado
Denver, 592-1118

District of Columbia
628-2929

Georgia
Atlanta, 331-6572

Illinois
Chicago, 886-9614
In area code 708,
1-312-886-9614
Springfield, 789-0489

Indiana
Indianapolis, 631-1010

Iowa
Des Moines, 284-7454

Maryland
Baltimore, 244-7306

Massachusetts
Boston, 536-0709

Michigan
Detroit, 961-4282

Minnesota
Minneapolis, 644-7748
St. Paul, 644-7748

Missouri
St. Louis, 241-4700

Nebraska
Omaha, 221-3324

New York
Buffalo, 685-5533

Ohio
Cincinnati, 421-0329
Cleveland, 522-3037

Oregon
Portland, 294-5363

Pennsylvania
Philadelphia, 627-1040
Pittsburgh, 261-1040

Tennessee
Nashville, 781-5040

Texas
Dallas, 767-1792
Houston, 541-3400

Virginia
Richmond, 783-1569

Washington
Seattle, 343-7221

Wisconsin
Milwaukee, 273-8100

Tele-Tax Topics

Topic No.	Subject
IRS Help Available	
101	IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs
102	Tax assistance for individuals with disabilities and the hearing impaired
103	Small Business Tax Education Program (STEP)—Tax help for small businesses
104	Problem Resolution Program—Help for problem situations
105	Public libraries—Tax information tapes and reproducible tax forms
911	Hardship assistance applications
IRS Procedures	
151	Your appeal rights
152	Refunds—How long they should take

Topic No.	Subject
153	What to do if you haven't filed your tax return (Nonfilers)
154	Form W-2—What to do if not received
155	Forms and Publications—How to order
156	Copy of your tax return—How to get one
157	Change of address—How to notify the IRS
Collection	
201	The collection process
202	What to do if you can't pay your tax
203	Failure to pay child support and other Federal obligations
204	Offers in compromise
Alternative Filing Methods	
251	Form 1040PC tax return
252	Electronic filing
253	Substitute tax forms

Topic No.	Subject
254	How to choose a tax preparer
255	TeleFile
General Information	
301	When, where, and how to file
302	Highlights of tax changes
303	Checklist of common errors when preparing your tax return
304	Extensions of time to file your tax return
305	Recordkeeping
306	Penalty for underpayment of estimated tax
307	Backup withholding
308	Amended returns
309	Tax fraud—How to report
310	Tax-exempt status for organizations
311	How to apply for exempt status
312	Power of attorney information
999	Local information

Tele-Tax Topics

(Continued)

Topic No.	Subject
	Filing Requirements, Filing Status, and Exemptions
351	Who must file?
352	Which form—1040, 1040A, or 1040EZ?
353	What is your filing status?
354	Dependents
355	Estimated tax
356	Decedents
	Types of Income
401	Wages and salaries
402	Tips
403	Interest received
404	Dividends
405	Refunds of state and local taxes
406	Alimony received
407	Business income
408	Sole proprietorship
409	Capital gains and losses
410	Pensions and annuities
411	Pensions—The general rule and the simplified general rule
412	Lump-sum distributions
413	Rollovers from retirement plans
414	Rental income and expenses
415	Renting vacation property and renting to relatives
416	Royalties
417	Farming and fishing income
418	Earnings for clergy
419	Unemployment compensation
420	Gambling income and expenses
421	Bartering income
422	Scholarship and fellowship grants
423	Nontaxable income
424	Social security and equivalent railroad retirement benefits
425	401(k) plans
426	Passive activities—Losses and credits
	Adjustments to Income
451	Individual retirement arrangements (IRAs)
452	Alimony paid
453	Bad debt deduction
454	Tax shelters
455	Moving expenses
	Itemized Deductions
501	Should I itemize?
502	Medical and dental expenses
503	Deductible taxes
504	Home mortgage points
505	Interest expense
506	Contributions
507	Casualty losses
508	Miscellaneous expenses
509	Business use of home

Topic No.	Subject
510	Business use of car
511	Business travel expenses
512	Business entertainment expenses
513	Educational expenses
514	Employee business expenses
515	Disaster area losses
	Tax Computation
551	Standard deduction
552	Tax and credits figured by the IRS
553	Tax on a child's investment income
554	Self-employment tax
555	Five- or ten-year tax options for lump-sum distributions
556	Alternative minimum tax
557	Estate tax
558	Gift tax
	Tax Credits
601	Earned income credit (EIC)
602	Child and dependent care credit
603	Credit for the elderly or the disabled
604	Advance earned income credit
	IRS Notices and Letters
651	Notices—What to do
652	Notice of underreported income—CP 2000
653	IRS notices and bills and penalty and interest charges
	Basis of Assets, Depreciation, and Sale of Assets
701	Sale of your home—General
702	Sale of your home—How to report gain
703	Sale of your home—Exclusion of gain, age 55 and over
704	Basis of assets
705	Depreciation
706	Installment sales
	Employer Tax Information
751	Social security and Medicare withholding rates
752	Form W-2—Where, when, and how to file
753	Form W-4—Employee's Withholding Allowance Certificate
754	Form W-5—Advance earned income credit
755	Employer identification number (EIN)—How to apply
756	Employment taxes for household employees
757	Form 941—Deposit requirements
758	Form 941—Employer's Quarterly Federal Tax Return
759	Form 940/940-EZ—Deposit requirements
760	Form 940/940-EZ—Employer's Annual Federal Unemployment Tax Return
761	Form 945—Annual Return of Withheld Federal Income Tax
762	Tips—Withholding and reporting

Topic No.	Subject
	Magnetic Media Filers—1099 Series and Related Information Returns (For electronic filing of individual returns, listen to topic 252.)
801	Who must file magnetically
802	Acceptable media and locating a third party to prepare your files
803	Applications, forms, and information
804	Waivers and extensions
805	Test files and combined Federal and state filing
806	Electronic filing of information returns
807	Information Reporting Program Bulletin Board System
	Tax Information for Aliens and U.S. Citizens Living Abroad
851	Resident and nonresident aliens
852	Dual-status alien
853	Foreign earned income exclusion—General
854	Foreign earned income exclusion—Who qualifies?
855	Foreign earned income exclusion—What qualifies?
856	Foreign tax credit
	Tax Information for Puerto Rico Residents (in Spanish)
901	Who must file a U.S. income tax return in Puerto Rico
902	Deductions and credits for Puerto Rico filers
903	Federal employment taxes in Puerto Rico
904	Tax assistance for Puerto Rico residents
	Other Tele-Tax Topics in Spanish
951	IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs
952	Refunds—How long they should take
953	Forms and publications—How to order
954	Highlights of tax changes
955	Who must file?
956	Which form to use?
957	What is your filing status?
958	Social security and equivalent railroad retirement benefits
959	Earned income credit (EIC)
960	Advance earned income credit
961	Alien tax clearance

Topic numbers are effective January 1, 1996.

Call the IRS With Your Tax Question

If you cannot answer your tax question by reading the tax form instructions or one of our free tax publications, please call us for assistance. You will not be charged for the call unless your phone company charges you for local calls. This service is available Monday through Friday from 7:30 a.m. to 5:30 p.m. (hours in Alaska and Hawaii may vary). If you only need to get forms or publications, see page 34 instead.

If you want to check on the status of your **1995 refund**, call **Tele-Tax**. See page 36 for the number.

Before You Call

IRS representatives care about the quality of the service we provide to you, our customer. You can help us provide accurate, complete answers to your tax questions by having the following information available.

1. The tax form, schedule, or notice to which your question relates.
2. The facts about your particular situation. The answer to the same question often varies from one taxpayer to another because of differences in their age, income, whether they can be claimed as a dependent, etc.
3. The name of any IRS publication or other source of information that you used to look for the answer.

Making the Call

Find the correct number for you by using the chart on the right and dial the number. If you have a pulse or rotary dial phone, stay on the line and one of our assistants will answer your call.

If you have a touch-tone telephone, press **1** to enter our automated telephone system. You can press the number for your topic as soon as you hear it. Selecting the correct topic helps us serve you faster and more efficiently. The system allows you to select from the following topics.

- For questions about a notice, letter, or bill you received.
- To order tax forms or publications.
- For questions about your refund, a tax return you filed, or your tax records.
- For questions about your taxes, or about preparing a tax return.
- For questions about business or employment taxes.

In 1995, we closed 97% of account inquiries with one contact.

Before You Hang Up

If you do not fully understand the answer you receive, or you feel our representative may not fully understand your question, our representative needs to know this. The representative will be happy to take the additional time required to be sure he or she has answered your question fully and in the manner that is most helpful to you.

By law, you are responsible for paying your share of Federal income tax. If we should make an error in answering your

question, you are still responsible for the payment of the correct tax. Should this occur, however, you will not be charged any penalty. In 1995, penalties were canceled for 243 people. To make sure that IRS representatives give accurate and courteous answers, a second IRS representative sometimes listens in on telephone calls. No record is kept of any taxpayer's identity. Our accuracy rate was 91% in 1995.



Tax Help Telephone Numbers

Choosing the Right Number

If there is a number listed below that is a local (not a long distance) call for you, please use that number. If the number listed below is a long distance call for you **or** if your local area (state/city) is not listed below, please call **1-800-829-1040**.

Arizona
Phoenix, 640-3900

California
Oakland, 839-1040

Colorado
Denver, 825-7041

Florida
Jacksonville, 354-1760

Georgia
Atlanta, 522-0050

Indiana
Indianapolis, 226-5477

Maryland
Baltimore, 962-2590

Massachusetts
Boston, 536-1040

Michigan
Detroit, 237-0800

Minnesota
Minneapolis, 644-7515
St. Paul, 644-7515

Missouri
St. Louis, 342-1040

New York
Buffalo, 685-5432

Ohio
Cincinnati, 621-6281
Cleveland, 522-3000

Oregon
Portland, 221-3960

Pennsylvania
Philadelphia, 574-9900
Pittsburgh, 281-0112

Puerto Rico
San Juan Metro Area,
766-5040

Tennessee
Nashville, 834-9005

Texas
Dallas, 742-2440
Houston, 541-0440

Virginia
Richmond, 698-5000

Washington
Seattle, 442-1040

Phone Help for People With Impaired Hearing

All areas in U.S., including Alaska, Hawaii, Virgin Islands, and Puerto Rico:
1-800-829-4059

Note: This number is answered by TDD equipment only.

Hours of TDD Operation

8:00 a.m. to 6:30 p.m. EST
(Jan. 1–April 6)

9:00 a.m. to 7:30 p.m. EDT
(April 7–April 15)

9:00 a.m. to 5:30 p.m. EDT
(April 16–Oct. 26)

8:00 a.m. to 4:30 p.m. EST
(Oct. 27–Dec. 31)

Order Blank for Forms and Publications

Schedules, forms, and publications you may need are listed on the next page. We will send you two copies of each form and one copy of each publication or set of instructions you order from us. To help reduce waste, please order only the items you think you will need to prepare your return.

For other ways of getting the items you need, see page 34.

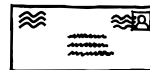
How To Use the Order Blank

Circle the items you need on the order blank below. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper.

Print or type your name and address accurately in the space provided below.

Cut the order blank on the dotted line. Enclose the order blank in your own envelope and address it to the IRS address shown on this page that applies to you. You should receive your order or notification of its status within 7 to 15 workdays after we receive your request.

Do not send your tax return to any of the addresses listed on this page. Instead, see **Where Do I File?** on the back cover.



Where To Mail Your Order Blank for Free Forms and Publications

If you live in:	Mail to:	Other locations:
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, Guam, Northern Marianas, American Samoa	Western Area Distribution Center Rancho Cordova, CA 95743-0001	Foreign Addresses — If your mailing address is in a foreign country, mail the order blank to either: Eastern Area Distribution Center (EADC), P.O. Box 25866, Richmond, VA 23286-8107; or Western Area Distribution Center, Rancho Cordova, CA 95743-0001, whichever is closer. Mail letter requests for other forms and publications to: EADC, P.O. Box 25866, Richmond, VA 23286-8107. Puerto Rico —EADC, P.O. Box 25866, Richmond, VA 23286-8107. Virgin Islands —V.I. Bureau of Internal Revenue, 9601 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802
Alabama, Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin	Central Area Distribution Center P.O. Box 8903 Bloomington, IL 61702-8903	
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	Eastern Area Distribution Center P.O. Box 85074 Richmond, VA 23261-5074	

Detach at this line

Order Blank

Fill in your name and address

Name

Number, street, and apt. number

City, town or post office, state, and ZIP code

Circle the Forms, Instructions, and Publications You Need

The items in bold may be picked up at many post offices and libraries.

1040	Schedule F (1040)	Schedule 3 (1040A) & instructions	2210 & instructions	8606 & instructions	Pub. 501	Pub. 529	Pub. 926
Instructions for 1040 & Schedules	Schedule H (1040) & instructions	1040EZ	2441 & instructions	8822 & instructions	Pub. 502	Pub. 550	Pub. 929
Schedules A&B (1040)	Schedule R (1040) & instructions	Instructions for 1040EZ	3903 & instructions	8829 & instructions	Pub. 505	Pub. 554	Pub. 936
Schedule C (1040)	Schedule SE (1040)	1040-ES & instructions (1996)	4562 & instructions	8888 & instructions	Pub. 508	Pub. 575	
Schedule C-EZ (1040)	1040A	1040X & instructions	4868 & instructions	Pub. 1	Pub. 521	Pub. 590	
Schedule D (1040)	Instructions for 1040A & Schedules	2106 & instructions	5329 & instructions	Pub. 17	Pub. 523	Pub. 596	
Schedule E (1040)	Schedule 1 (1040A)	2106-EZ & instructions	8283 & instructions	Pub. 334	Pub. 525	Pub. 910	
Schedule EIC (1040A or 1040)	Schedule 2 (1040A)	2119 & instructions	8582 & instructions	Pub. 463	Pub. 527	Pub. 917	



N

Forms

You can order the following items from the IRS or get them at participating post offices or libraries.

Form 1040

Instructions for Form 1040 and Schedules

Schedule A for itemized deductions

Schedule B for interest income if over \$400; for dividends and other distributions on stock if over \$400; and for answering the Foreign Accounts or Trusts questions

Schedule EIC qualifying child information for the earned income credit

Form 1040A

Instructions for Form 1040A and Schedules

Schedule 1 for Form 1040A filers to report interest and dividend income

Schedule 2 for Form 1040A filers to report child and dependent care expenses

Form 1040EZ

Instructions for Form 1040EZ

Form 8888 to have your refund directly deposited into your bank account

You can photocopy the following items (as well as those listed above) at participating libraries or order them from the IRS. Other forms and publications referred to in the instructions are also available without cost.

Schedule 3, Credit for the Elderly or the Disabled, for Form 1040A filers

Schedule C, Profit or Loss From Business

Schedule C-EZ, Net Profit From Business

Schedule D, Capital Gains and Losses

Schedule E, Supplemental Income and Loss

Schedule F, Profit or Loss From Farming

Schedule H, Household Employment Taxes

Schedule R, Credit for the Elderly or the Disabled

Schedule SE, Self-Employment Tax

Form 1040-ES, Estimated Tax for Individuals

Form 1040X, Amended U.S. Individual Income Tax Return

Form 2106, Employee Business Expenses

Form 2106-EZ, Unreimbursed Employee Business Expenses

Form 2119, Sale of Your Home

Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts

Form 2441, Child and Dependent Care Expenses

Form 3903, Moving Expenses

Form 4562, Depreciation and Amortization

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

Form 5329, Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, and Modified Endowment Contracts

Form 8283, Noncash Charitable Contributions

Form 8582, Passive Activity Loss Limitations

Form 8606, Nondeductible IRAs (Contributions, Distributions, and Basis)

Form 8822, Change of Address

Form 8829, Expenses for Business Use of Your Home

Publications

The following publications can be ordered from the IRS, or you can read or photocopy them at participating libraries. Get **Pub. 910** for a complete list of available publications.

1 Your Rights as a Taxpayer

17 Your Federal Income Tax

334 Tax Guide for Small Business

463 Travel, Entertainment, and Gift Expenses

501 Exemptions, Standard Deduction, and Filing Information

502 Medical and Dental Expenses

505 Tax Withholding and Estimated Tax

508 Educational Expenses

521 Moving Expenses

523 Selling Your Home

525 Taxable and Nontaxable Income

527 Residential Rental Property (Including Rental of Vacation Homes)

529 Miscellaneous Deductions

550 Investment Income and Expenses

554 Tax Information for Older Americans

575 Pension and Annuity Income

590 Individual Retirement Arrangements (IRAs)

596 Earned Income Credit

910 Guide to Free Tax Services

917 Business Use of a Car

926 Household Employer's Tax Guide

929 Tax Rules for Children and Dependents

936 Home Mortgage Interest Deduction

Section 5.

1995 Tax Table

Use if your taxable income is less than \$100,000.
If \$100,000 or more, use the Tax Rate Schedules.

Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 37 of Form 1040 is \$25,300. First, they find the \$25,300–25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$3,799. This is the tax amount they must enter on line 38 of their Form 1040.

Sample Table

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—					
25,200	25,250	4,028	3,784	4,528	3,784
25,250	25,300	4,042	3,791	4,542	3,791
25,300	25,350	4,056	(3,799)	4,556	3,799
25,350	25,400	4,070	3,806	4,570	3,806

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—			
0	5	0	0	0	0	1,300	1,325	197	197	197	197	2,700	2,725	407	407	407	407
5	15	2	2	2	2	1,325	1,350	201	201	201	201	2,725	2,750	411	411	411	411
15	25	3	3	3	3	1,350	1,375	204	204	204	204	2,750	2,775	414	414	414	414
25	50	6	6	6	6	1,375	1,400	208	208	208	208	2,775	2,800	418	418	418	418
50	75	9	9	9	9	1,400	1,425	212	212	212	212	2,800	2,825	422	422	422	422
75	100	13	13	13	13	1,425	1,450	216	216	216	216	2,825	2,850	426	426	426	426
100	125	17	17	17	17	1,450	1,475	219	219	219	219	2,850	2,875	429	429	429	429
125	150	21	21	21	21	1,475	1,500	223	223	223	223	2,875	2,900	433	433	433	433
150	175	24	24	24	24	1,500	1,525	227	227	227	227	2,900	2,925	437	437	437	437
175	200	28	28	28	28	1,525	1,550	231	231	231	231	2,925	2,950	441	441	441	441
200	225	32	32	32	32	1,550	1,575	234	234	234	234	2,950	2,975	444	444	444	444
225	250	36	36	36	36	1,575	1,600	238	238	238	238	2,975	3,000	448	448	448	448
250	275	39	39	39	39	1,600	1,625	242	242	242	242	3,000					
275	300	43	43	43	43	1,625	1,650	246	246	246	246	3,000	3,050	454	454	454	454
300	325	47	47	47	47	1,650	1,675	249	249	249	249	3,050	3,100	461	461	461	461
325	350	51	51	51	51	1,675	1,700	253	253	253	253	3,100	3,150	469	469	469	469
350	375	54	54	54	54	1,700	1,725	257	257	257	257	3,150	3,200	476	476	476	476
375	400	58	58	58	58	1,725	1,750	261	261	261	261	3,200	3,250	484	484	484	484
400	425	62	62	62	62	1,750	1,775	264	264	264	264	3,250	3,300	491	491	491	491
425	450	66	66	66	66	1,775	1,800	268	268	268	268	3,300	3,350	499	499	499	499
450	475	69	69	69	69	1,800	1,825	272	272	272	272	3,350	3,400	506	506	506	506
475	500	73	73	73	73	1,825	1,850	276	276	276	276	3,400	3,450	514	514	514	514
500	525	77	77	77	77	1,850	1,875	279	279	279	279	3,450	3,500	521	521	521	521
525	550	81	81	81	81	1,875	1,900	283	283	283	283	3,500	3,550	529	529	529	529
550	575	84	84	84	84	1,900	1,925	287	287	287	287	3,550	3,600	536	536	536	536
575	600	88	88	88	88	1,925	1,950	291	291	291	291	3,600	3,650	544	544	544	544
600	625	92	92	92	92	1,950	1,975	294	294	294	294	3,650	3,700	551	551	551	551
625	650	96	96	96	96	1,975	2,000	298	298	298	298	3,700	3,750	559	559	559	559
650	675	99	99	99	99	2,000						3,750	3,800	566	566	566	566
675	700	103	103	103	103	2,000	2,025	302	302	302	302	3,800	3,850	574	574	574	574
700	725	107	107	107	107	2,025	2,050	306	306	306	306	3,850	3,900	581	581	581	581
725	750	111	111	111	111	2,050	2,075	309	309	309	309	3,900	3,950	589	589	589	589
750	775	114	114	114	114	2,075	2,100	313	313	313	313	3,950	4,000	596	596	596	596
775	800	118	118	118	118	2,100	2,125	317	317	317	317	4,000					
800	825	122	122	122	122	2,125	2,150	321	321	321	321	4,000	4,050	604	604	604	604
825	850	126	126	126	126	2,150	2,175	324	324	324	324	4,050	4,100	611	611	611	611
850	875	129	129	129	129	2,175	2,200	328	328	328	328	4,100	4,150	619	619	619	619
875	900	133	133	133	133	2,200	2,225	332	332	332	332	4,150	4,200	626	626	626	626
900	925	137	137	137	137	2,225	2,250	336	336	336	336	4,200	4,250	634	634	634	634
925	950	141	141	141	141	2,250	2,275	339	339	339	339	4,250	4,300	641	641	641	641
950	975	144	144	144	144	2,275	2,300	343	343	343	343	4,300	4,350	649	649	649	649
975	1,000	148	148	148	148	2,300	2,325	347	347	347	347	4,350	4,400	656	656	656	656
1,000						2,325	2,350	351	351	351	351	4,400	4,450	664	664	664	664
1,000	1,025	152	152	152	152	2,350	2,375	354	354	354	354	4,450	4,500	671	671	671	671
1,025	1,050	156	156	156	156	2,375	2,400	358	358	358	358	4,500	4,550	679	679	679	679
1,050	1,075	159	159	159	159	2,400	2,425	362	362	362	362	4,550	4,600	686	686	686	686
1,075	1,100	163	163	163	163	2,425	2,450	366	366	366	366	4,600	4,650	694	694	694	694
1,100	1,125	167	167	167	167	2,450	2,475	369	369	369	369	4,650	4,700	701	701	701	701
1,125	1,150	171	171	171	171	2,475	2,500	373	373	373	373	4,700	4,750	709	709	709	709
1,150	1,175	174	174	174	174	2,500	2,525	377	377	377	377	4,750	4,800	716	716	716	716
1,175	1,200	178	178	178	178	2,525	2,550	381	381	381	381	4,800	4,850	724	724	724	724
1,200	1,225	182	182	182	182	2,550	2,575	384	384	384	384	4,850	4,900	731	731	731	731
1,225	1,250	186	186	186	186	2,575	2,600	388	388	388	388	4,900	4,950	739	739	739	739
1,250	1,275	189	189	189	189	2,600	2,625	392	392	392	392	4,950	5,000	746	746	746	746
1,275	1,300	193	193	193	193	2,625	2,650	396	396	396	396						
						2,650	2,675	399	399	399	399						
						2,675	2,700	403	403	403	403						

Continued on next page

* This column must also be used by a qualifying widow(er).

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
5,000						8,000						11,000					
5,000	5,050	754	754	754	754	8,000	8,050	1,204	1,204	1,204	1,204	11,000	11,050	1,654	1,654	1,654	1,654
5,050	5,100	761	761	761	761	8,050	8,100	1,211	1,211	1,211	1,211	11,050	11,100	1,661	1,661	1,661	1,661
5,100	5,150	769	769	769	769	8,100	8,150	1,219	1,219	1,219	1,219	11,100	11,150	1,669	1,669	1,669	1,669
5,150	5,200	776	776	776	776	8,150	8,200	1,226	1,226	1,226	1,226	11,150	11,200	1,676	1,676	1,676	1,676
5,200	5,250	784	784	784	784	8,200	8,250	1,234	1,234	1,234	1,234	11,200	11,250	1,684	1,684	1,684	1,684
5,250	5,300	791	791	791	791	8,250	8,300	1,241	1,241	1,241	1,241	11,250	11,300	1,691	1,691	1,691	1,691
5,300	5,350	799	799	799	799	8,300	8,350	1,249	1,249	1,249	1,249	11,300	11,350	1,699	1,699	1,699	1,699
5,350	5,400	806	806	806	806	8,350	8,400	1,256	1,256	1,256	1,256	11,350	11,400	1,706	1,706	1,706	1,706
5,400	5,450	814	814	814	814	8,400	8,450	1,264	1,264	1,264	1,264	11,400	11,450	1,714	1,714	1,714	1,714
5,450	5,500	821	821	821	821	8,450	8,500	1,271	1,271	1,271	1,271	11,450	11,500	1,721	1,721	1,721	1,721
5,500	5,550	829	829	829	829	8,500	8,550	1,279	1,279	1,279	1,279	11,500	11,550	1,729	1,729	1,729	1,729
5,550	5,600	836	836	836	836	8,550	8,600	1,286	1,286	1,286	1,286	11,550	11,600	1,736	1,736	1,736	1,736
5,600	5,650	844	844	844	844	8,600	8,650	1,294	1,294	1,294	1,294	11,600	11,650	1,744	1,744	1,744	1,744
5,650	5,700	851	851	851	851	8,650	8,700	1,301	1,301	1,301	1,301	11,650	11,700	1,751	1,751	1,751	1,751
5,700	5,750	859	859	859	859	8,700	8,750	1,309	1,309	1,309	1,309	11,700	11,750	1,759	1,759	1,759	1,759
5,750	5,800	866	866	866	866	8,750	8,800	1,316	1,316	1,316	1,316	11,750	11,800	1,766	1,766	1,766	1,766
5,800	5,850	874	874	874	874	8,800	8,850	1,324	1,324	1,324	1,324	11,800	11,850	1,774	1,774	1,774	1,774
5,850	5,900	881	881	881	881	8,850	8,900	1,331	1,331	1,331	1,331	11,850	11,900	1,781	1,781	1,781	1,781
5,900	5,950	889	889	889	889	8,900	8,950	1,339	1,339	1,339	1,339	11,900	11,950	1,789	1,789	1,789	1,789
5,950	6,000	896	896	896	896	8,950	9,000	1,346	1,346	1,346	1,346	11,950	12,000	1,796	1,796	1,796	1,796
6,000						9,000						12,000					
6,000	6,050	904	904	904	904	9,000	9,050	1,354	1,354	1,354	1,354	12,000	12,050	1,804	1,804	1,804	1,804
6,050	6,100	911	911	911	911	9,050	9,100	1,361	1,361	1,361	1,361	12,050	12,100	1,811	1,811	1,811	1,811
6,100	6,150	919	919	919	919	9,100	9,150	1,369	1,369	1,369	1,369	12,100	12,150	1,819	1,819	1,819	1,819
6,150	6,200	926	926	926	926	9,150	9,200	1,376	1,376	1,376	1,376	12,150	12,200	1,826	1,826	1,826	1,826
6,200	6,250	934	934	934	934	9,200	9,250	1,384	1,384	1,384	1,384	12,200	12,250	1,834	1,834	1,834	1,834
6,250	6,300	941	941	941	941	9,250	9,300	1,391	1,391	1,391	1,391	12,250	12,300	1,841	1,841	1,841	1,841
6,300	6,350	949	949	949	949	9,300	9,350	1,399	1,399	1,399	1,399	12,300	12,350	1,849	1,849	1,849	1,849
6,350	6,400	956	956	956	956	9,350	9,400	1,406	1,406	1,406	1,406	12,350	12,400	1,856	1,856	1,856	1,856
6,400	6,450	964	964	964	964	9,400	9,450	1,414	1,414	1,414	1,414	12,400	12,450	1,864	1,864	1,864	1,864
6,450	6,500	971	971	971	971	9,450	9,500	1,421	1,421	1,421	1,421	12,450	12,500	1,871	1,871	1,871	1,871
6,500	6,550	979	979	979	979	9,500	9,550	1,429	1,429	1,429	1,429	12,500	12,550	1,879	1,879	1,879	1,879
6,550	6,600	986	986	986	986	9,550	9,600	1,436	1,436	1,436	1,436	12,550	12,600	1,886	1,886	1,886	1,886
6,600	6,650	994	994	994	994	9,600	9,650	1,444	1,444	1,444	1,444	12,600	12,650	1,894	1,894	1,894	1,894
6,650	6,700	1,001	1,001	1,001	1,001	9,650	9,700	1,451	1,451	1,451	1,451	12,650	12,700	1,901	1,901	1,901	1,901
6,700	6,750	1,009	1,009	1,009	1,009	9,700	9,750	1,459	1,459	1,459	1,459	12,700	12,750	1,909	1,909	1,909	1,909
6,750	6,800	1,016	1,016	1,016	1,016	9,750	9,800	1,466	1,466	1,466	1,466	12,750	12,800	1,916	1,916	1,916	1,916
6,800	6,850	1,024	1,024	1,024	1,024	9,800	9,850	1,474	1,474	1,474	1,474	12,800	12,850	1,924	1,924	1,924	1,924
6,850	6,900	1,031	1,031	1,031	1,031	9,850	9,900	1,481	1,481	1,481	1,481	12,850	12,900	1,931	1,931	1,931	1,931
6,900	6,950	1,039	1,039	1,039	1,039	9,900	9,950	1,489	1,489	1,489	1,489	12,900	12,950	1,939	1,939	1,939	1,939
6,950	7,000	1,046	1,046	1,046	1,046	9,950	10,000	1,496	1,496	1,496	1,496	12,950	13,000	1,946	1,946	1,946	1,946
7,000						10,000						13,000					
7,000	7,050	1,054	1,054	1,054	1,054	10,000	10,050	1,504	1,504	1,504	1,504	13,000	13,050	1,954	1,954	1,954	1,954
7,050	7,100	1,061	1,061	1,061	1,061	10,050	10,100	1,511	1,511	1,511	1,511	13,050	13,100	1,961	1,961	1,961	1,961
7,100	7,150	1,069	1,069	1,069	1,069	10,100	10,150	1,519	1,519	1,519	1,519	13,100	13,150	1,969	1,969	1,969	1,969
7,150	7,200	1,076	1,076	1,076	1,076	10,150	10,200	1,526	1,526	1,526	1,526	13,150	13,200	1,976	1,976	1,976	1,976
7,200	7,250	1,084	1,084	1,084	1,084	10,200	10,250	1,534	1,534	1,534	1,534	13,200	13,250	1,984	1,984	1,984	1,984
7,250	7,300	1,091	1,091	1,091	1,091	10,250	10,300	1,541	1,541	1,541	1,541	13,250	13,300	1,991	1,991	1,991	1,991
7,300	7,350	1,099	1,099	1,099	1,099	10,300	10,350	1,549	1,549	1,549	1,549	13,300	13,350	1,999	1,999	1,999	1,999
7,350	7,400	1,106	1,106	1,106	1,106	10,350	10,400	1,556	1,556	1,556	1,556	13,350	13,400	2,006	2,006	2,006	2,006
7,400	7,450	1,114	1,114	1,114	1,114	10,400	10,450	1,564	1,564	1,564	1,564	13,400	13,450	2,014	2,014	2,014	2,014
7,450	7,500	1,121	1,121	1,121	1,121	10,450	10,500	1,571	1,571	1,571	1,571	13,450	13,500	2,021	2,021	2,021	2,021
7,500	7,550	1,129	1,129	1,129	1,129	10,500	10,550	1,579	1,579	1,579	1,579	13,500	13,550	2,029	2,029	2,029	2,029
7,550	7,600	1,136	1,136	1,136	1,136	10,550	10,600	1,586	1,586	1,586	1,586	13,550	13,600	2,036	2,036	2,036	2,036
7,600	7,650	1,144	1,144	1,144	1,144	10,600	10,650	1,594	1,594	1,594	1,594	13,600	13,650	2,044	2,044	2,044	2,044
7,650	7,700	1,151	1,151	1,151	1,151	10,650	10,700	1,601	1,601	1,601	1,601	13,650	13,700	2,051	2,051	2,051	2,051
7,700	7,750	1,159	1,159	1,159	1,159	10,700	10,750	1,609	1,609	1,609	1,609	13,700	13,750	2,059	2,059	2,059	2,059
7,750	7,800	1,166	1,166	1,166	1,166	10,750	10,800	1,616	1,616	1,616	1,616	13,750	13,800	2,066	2,066	2,066	2,066
7,800	7,850	1,174	1,174	1,174	1,174	10,800	10,850	1,624	1,624	1,624	1,624	13,800	13,850	2,074	2,074	2,074	2,074
7,850	7,900	1,181	1,181	1,181	1,181	10,850	10,900	1,631	1,631	1,631	1,631	13,850	13,900	2,081	2,081	2,081	2,081
7,900	7,950	1,189	1,189	1,189	1,189	10,900	10,950	1,639	1,639	1,639	1,639	13,900	13,950	2,089	2,089	2,089	2,089
7,950	8,000	1,196	1,196	1,196	1,196	10,950	11,000	1,646	1,646	1,646	1,646	13,950	14,000	2,096	2,096	2,096	2,096

* This column must also be used by a qualifying widow(er).

Continued on next page

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
14,000						17,000						20,000					
14,000	14,050	2,104	2,104	2,104	2,104	17,000	17,050	2,554	2,554	2,554	2,554	20,000	20,050	3,004	3,004	3,072	3,004
14,050	14,100	2,111	2,111	2,111	2,111	17,050	17,100	2,561	2,561	2,561	2,561	20,050	20,100	3,011	3,011	3,086	3,011
14,100	14,150	2,119	2,119	2,119	2,119	17,100	17,150	2,569	2,569	2,569	2,569	20,100	20,150	3,019	3,019	3,100	3,019
14,150	14,200	2,126	2,126	2,126	2,126	17,150	17,200	2,576	2,576	2,576	2,576	20,150	20,200	3,026	3,026	3,114	3,026
14,200	14,250	2,134	2,134	2,134	2,134	17,200	17,250	2,584	2,584	2,584	2,584	20,200	20,250	3,034	3,034	3,128	3,034
14,250	14,300	2,141	2,141	2,141	2,141	17,250	17,300	2,591	2,591	2,591	2,591	20,250	20,300	3,041	3,041	3,142	3,041
14,300	14,350	2,149	2,149	2,149	2,149	17,300	17,350	2,599	2,599	2,599	2,599	20,300	20,350	3,049	3,049	3,156	3,049
14,350	14,400	2,156	2,156	2,156	2,156	17,350	17,400	2,606	2,606	2,606	2,606	20,350	20,400	3,056	3,056	3,170	3,056
14,400	14,450	2,164	2,164	2,164	2,164	17,400	17,450	2,614	2,614	2,614	2,614	20,400	20,450	3,064	3,064	3,184	3,064
14,450	14,500	2,171	2,171	2,171	2,171	17,450	17,500	2,621	2,621	2,621	2,621	20,450	20,500	3,071	3,071	3,198	3,071
14,500	14,550	2,179	2,179	2,179	2,179	17,500	17,550	2,629	2,629	2,629	2,629	20,500	20,550	3,079	3,079	3,212	3,079
14,550	14,600	2,186	2,186	2,186	2,186	17,550	17,600	2,636	2,636	2,636	2,636	20,550	20,600	3,086	3,086	3,226	3,086
14,600	14,650	2,194	2,194	2,194	2,194	17,600	17,650	2,644	2,644	2,644	2,644	20,600	20,650	3,094	3,094	3,240	3,094
14,650	14,700	2,201	2,201	2,201	2,201	17,650	17,700	2,651	2,651	2,651	2,651	20,650	20,700	3,101	3,101	3,254	3,101
14,700	14,750	2,209	2,209	2,209	2,209	17,700	17,750	2,659	2,659	2,659	2,659	20,700	20,750	3,109	3,109	3,268	3,109
14,750	14,800	2,216	2,216	2,216	2,216	17,750	17,800	2,666	2,666	2,666	2,666	20,750	20,800	3,116	3,116	3,282	3,116
14,800	14,850	2,224	2,224	2,224	2,224	17,800	17,850	2,674	2,674	2,674	2,674	20,800	20,850	3,124	3,124	3,296	3,124
14,850	14,900	2,231	2,231	2,231	2,231	17,850	17,900	2,681	2,681	2,681	2,681	20,850	20,900	3,131	3,131	3,310	3,131
14,900	14,950	2,239	2,239	2,239	2,239	17,900	17,950	2,689	2,689	2,689	2,689	20,900	20,950	3,139	3,139	3,324	3,139
14,950	15,000	2,246	2,246	2,246	2,246	17,950	18,000	2,696	2,696	2,696	2,696	20,950	21,000	3,146	3,146	3,338	3,146
15,000						18,000						21,000					
15,000	15,050	2,254	2,254	2,254	2,254	18,000	18,050	2,704	2,704	2,704	2,704	21,000	21,050	3,154	3,154	3,352	3,154
15,050	15,100	2,261	2,261	2,261	2,261	18,050	18,100	2,711	2,711	2,711	2,711	21,050	21,100	3,161	3,161	3,366	3,161
15,100	15,150	2,269	2,269	2,269	2,269	18,100	18,150	2,719	2,719	2,719	2,719	21,100	21,150	3,169	3,169	3,380	3,169
15,150	15,200	2,276	2,276	2,276	2,276	18,150	18,200	2,726	2,726	2,726	2,726	21,150	21,200	3,176	3,176	3,394	3,176
15,200	15,250	2,284	2,284	2,284	2,284	18,200	18,250	2,734	2,734	2,734	2,734	21,200	21,250	3,184	3,184	3,408	3,184
15,250	15,300	2,291	2,291	2,291	2,291	18,250	18,300	2,741	2,741	2,741	2,741	21,250	21,300	3,191	3,191	3,422	3,191
15,300	15,350	2,299	2,299	2,299	2,299	18,300	18,350	2,749	2,749	2,749	2,749	21,300	21,350	3,199	3,199	3,436	3,199
15,350	15,400	2,306	2,306	2,306	2,306	18,350	18,400	2,756	2,756	2,756	2,756	21,350	21,400	3,206	3,206	3,450	3,206
15,400	15,450	2,314	2,314	2,314	2,314	18,400	18,450	2,764	2,764	2,764	2,764	21,400	21,450	3,214	3,214	3,464	3,214
15,450	15,500	2,321	2,321	2,321	2,321	18,450	18,500	2,771	2,771	2,771	2,771	21,450	21,500	3,221	3,221	3,478	3,221
15,500	15,550	2,329	2,329	2,329	2,329	18,500	18,550	2,779	2,779	2,779	2,779	21,500	21,550	3,229	3,229	3,492	3,229
15,550	15,600	2,336	2,336	2,336	2,336	18,550	18,600	2,786	2,786	2,786	2,786	21,550	21,600	3,236	3,236	3,506	3,236
15,600	15,650	2,344	2,344	2,344	2,344	18,600	18,650	2,794	2,794	2,794	2,794	21,600	21,650	3,244	3,244	3,520	3,244
15,650	15,700	2,351	2,351	2,351	2,351	18,650	18,700	2,801	2,801	2,801	2,801	21,650	21,700	3,251	3,251	3,534	3,251
15,700	15,750	2,359	2,359	2,359	2,359	18,700	18,750	2,809	2,809	2,809	2,809	21,700	21,750	3,259	3,259	3,548	3,259
15,750	15,800	2,366	2,366	2,366	2,366	18,750	18,800	2,816	2,816	2,816	2,816	21,750	21,800	3,266	3,266	3,562	3,266
15,800	15,850	2,374	2,374	2,374	2,374	18,800	18,850	2,824	2,824	2,824	2,824	21,800	21,850	3,274	3,274	3,576	3,274
15,850	15,900	2,381	2,381	2,381	2,381	18,850	18,900	2,831	2,831	2,831	2,831	21,850	21,900	3,281	3,281	3,590	3,281
15,900	15,950	2,389	2,389	2,389	2,389	18,900	18,950	2,839	2,839	2,839	2,839	21,900	21,950	3,289	3,289	3,604	3,289
15,950	16,000	2,396	2,396	2,396	2,396	18,950	19,000	2,846	2,846	2,846	2,846	21,950	22,000	3,296	3,296	3,618	3,296
16,000						19,000						22,000					
16,000	16,050	2,404	2,404	2,404	2,404	19,000	19,050	2,854	2,854	2,854	2,854	22,000	22,050	3,304	3,304	3,632	3,304
16,050	16,100	2,411	2,411	2,411	2,411	19,050	19,100	2,861	2,861	2,861	2,861	22,050	22,100	3,311	3,311	3,646	3,311
16,100	16,150	2,419	2,419	2,419	2,419	19,100	19,150	2,869	2,869	2,869	2,869	22,100	22,150	3,319	3,319	3,660	3,319
16,150	16,200	2,426	2,426	2,426	2,426	19,150	19,200	2,876	2,876	2,876	2,876	22,150	22,200	3,326	3,326	3,674	3,326
16,200	16,250	2,434	2,434	2,434	2,434	19,200	19,250	2,884	2,884	2,884	2,884	22,200	22,250	3,334	3,334	3,688	3,334
16,250	16,300	2,441	2,441	2,441	2,441	19,250	19,300	2,891	2,891	2,891	2,891	22,250	22,300	3,341	3,341	3,702	3,341
16,300	16,350	2,449	2,449	2,449	2,449	19,300	19,350	2,899	2,899	2,899	2,899	22,300	22,350	3,349	3,349	3,716	3,349
16,350	16,400	2,456	2,456	2,456	2,456	19,350	19,400	2,906	2,906	2,906	2,906	22,350	22,400	3,356	3,356	3,730	3,356
16,400	16,450	2,464	2,464	2,464	2,464	19,400	19,450	2,914	2,914	2,914	2,914	22,400	22,450	3,364	3,364	3,744	3,364
16,450	16,500	2,471	2,471	2,471	2,471	19,450	19,500	2,921	2,921	2,921	2,921	22,450	22,500	3,371	3,371	3,758	3,371
16,500	16,550	2,479	2,479	2,479	2,479	19,500	19,550	2,929	2,929	2,929	2,929	22,500	22,550	3,379	3,379	3,772	3,379
16,550	16,600	2,486	2,486	2,486	2,486	19,550	19,600	2,936	2,936	2,936	2,936	22,550	22,600	3,386	3,386	3,786	3,386
16,600	16,650	2,494	2,494	2,494	2,494	19,600	19,650	2,944	2,944	2,960	2,944	22,600	22,650	3,394	3,394	3,800	3,394
16,650	16,700	2,501	2,501	2,501	2,501	19,650	19,700	2,951	2,951	2,974	2,951	22,650	22,700	3,401	3,401	3,814	3,401
16,700	16,750	2,509	2,509	2,509	2,509	19,700	19,750	2,959	2,959	2,988	2,959	22,700	22,750	3,409	3,409	3,828	3,409
16,750	16,800	2,516	2,516	2,516	2,516	19,750	19,800	2,966	2,966	3,002	2,966	22,750	22,800	3,416	3,416	3,842	3,416
16,800	16,850	2,524	2,524	2,524	2,524	19,800	19,850	2,974	2,974	3,016	2,974	22,800	22,850	3,424	3,424	3,856	3,424
16,850	16,900	2,531	2,531	2,531	2,531	19,850	19,900	2,981	2,981	3,030	2,981	22,850	22,900	3,431	3,431	3,870	3,431
16,900	16,950	2,539	2,539	2,539	2,539	19,900	19,950	2,989	2,989	3,044	2,989	22,900	22,950	3,439	3,439	3,884	3,439
16,950	17,000	2,546	2,546	2,546	2,546	19,950	20,000	2,996	2,996	3,058							

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
23,000						26,000						29,000					
23,000	23,050	3,454	3,454	3,912	3,454	26,000	26,050	4,252	3,904	4,752	3,904	29,000	29,050	5,092	4,354	5,592	4,354
23,050	23,100	3,461	3,461	3,926	3,461	26,050	26,100	4,266	3,911	4,766	3,911	29,050	29,100	5,106	4,361	5,606	4,361
23,100	23,150	3,469	3,469	3,940	3,469	26,100	26,150	4,280	3,919	4,780	3,919	29,100	29,150	5,120	4,369	5,620	4,369
23,150	23,200	3,476	3,476	3,954	3,476	26,150	26,200	4,294	3,926	4,794	3,926	29,150	29,200	5,134	4,376	5,634	4,376
23,200	23,250	3,484	3,484	3,968	3,484	26,200	26,250	4,308	3,934	4,808	3,934	29,200	29,250	5,148	4,384	5,648	4,384
23,250	23,300	3,491	3,491	3,982	3,491	26,250	26,300	4,322	3,941	4,822	3,941	29,250	29,300	5,162	4,391	5,662	4,391
23,300	23,350	3,499	3,499	3,996	3,499	26,300	26,350	4,336	3,949	4,836	3,949	29,300	29,350	5,176	4,399	5,676	4,399
23,350	23,400	3,510	3,506	4,010	3,506	26,350	26,400	4,350	3,956	4,850	3,956	29,350	29,400	5,190	4,406	5,690	4,406
23,400	23,450	3,524	3,514	4,024	3,514	26,400	26,450	4,364	3,964	4,864	3,964	29,400	29,450	5,204	4,414	5,704	4,414
23,450	23,500	3,538	3,521	4,038	3,521	26,450	26,500	4,378	3,971	4,878	3,971	29,450	29,500	5,218	4,421	5,718	4,421
23,500	23,550	3,552	3,529	4,052	3,529	26,500	26,550	4,392	3,979	4,892	3,979	29,500	29,550	5,232	4,429	5,732	4,429
23,550	23,600	3,566	3,536	4,066	3,536	26,550	26,600	4,406	3,986	4,906	3,986	29,550	29,600	5,246	4,436	5,746	4,436
23,600	23,650	3,580	3,544	4,080	3,544	26,600	26,650	4,420	3,994	4,920	3,994	29,600	29,650	5,260	4,444	5,760	4,444
23,650	23,700	3,594	3,551	4,094	3,551	26,650	26,700	4,434	4,001	4,934	4,001	29,650	29,700	5,274	4,451	5,774	4,451
23,700	23,750	3,608	3,559	4,108	3,559	26,700	26,750	4,448	4,009	4,948	4,009	29,700	29,750	5,288	4,459	5,788	4,459
23,750	23,800	3,622	3,566	4,122	3,566	26,750	26,800	4,462	4,016	4,962	4,016	29,750	29,800	5,302	4,466	5,802	4,466
23,800	23,850	3,636	3,574	4,136	3,574	26,800	26,850	4,476	4,024	4,976	4,024	29,800	29,850	5,316	4,474	5,816	4,474
23,850	23,900	3,650	3,581	4,150	3,581	26,850	26,900	4,490	4,031	4,990	4,031	29,850	29,900	5,330	4,481	5,830	4,481
23,900	23,950	3,664	3,589	4,164	3,589	26,900	26,950	4,504	4,039	5,004	4,039	29,900	29,950	5,344	4,489	5,844	4,489
23,950	24,000	3,678	3,596	4,178	3,596	26,950	27,000	4,518	4,046	5,018	4,046	29,950	30,000	5,358	4,496	5,858	4,496
24,000						27,000						30,000					
24,000	24,050	3,692	3,604	4,192	3,604	27,000	27,050	4,532	4,054	5,032	4,054	30,000	30,050	5,372	4,504	5,872	4,504
24,050	24,100	3,706	3,611	4,206	3,611	27,050	27,100	4,546	4,061	5,046	4,061	30,050	30,100	5,386	4,511	5,886	4,511
24,100	24,150	3,720	3,619	4,220	3,619	27,100	27,150	4,560	4,069	5,060	4,069	30,100	30,150	5,400	4,519	5,900	4,519
24,150	24,200	3,734	3,626	4,234	3,626	27,150	27,200	4,574	4,076	5,074	4,076	30,150	30,200	5,414	4,526	5,914	4,526
24,200	24,250	3,748	3,634	4,248	3,634	27,200	27,250	4,588	4,084	5,088	4,084	30,200	30,250	5,428	4,534	5,928	4,534
24,250	24,300	3,762	3,641	4,262	3,641	27,250	27,300	4,602	4,091	5,102	4,091	30,250	30,300	5,442	4,541	5,942	4,541
24,300	24,350	3,776	3,649	4,276	3,649	27,300	27,350	4,616	4,099	5,116	4,099	30,300	30,350	5,456	4,549	5,956	4,549
24,350	24,400	3,790	3,656	4,290	3,656	27,350	27,400	4,630	4,106	5,130	4,106	30,350	30,400	5,470	4,556	5,970	4,556
24,400	24,450	3,804	3,664	4,304	3,664	27,400	27,450	4,644	4,114	5,144	4,114	30,400	30,450	5,484	4,564	5,984	4,564
24,450	24,500	3,818	3,671	4,318	3,671	27,450	27,500	4,658	4,121	5,158	4,121	30,450	30,500	5,498	4,571	5,998	4,571
24,500	24,550	3,832	3,679	4,332	3,679	27,500	27,550	4,672	4,129	5,172	4,129	30,500	30,550	5,512	4,579	6,012	4,579
24,550	24,600	3,846	3,686	4,346	3,686	27,550	27,600	4,686	4,136	5,186	4,136	30,550	30,600	5,526	4,586	6,026	4,586
24,600	24,650	3,860	3,694	4,360	3,694	27,600	27,650	4,700	4,144	5,200	4,144	30,600	30,650	5,540	4,594	6,040	4,594
24,650	24,700	3,874	3,701	4,374	3,701	27,650	27,700	4,714	4,151	5,214	4,151	30,650	30,700	5,554	4,601	6,054	4,601
24,700	24,750	3,888	3,709	4,388	3,709	27,700	27,750	4,728	4,159	5,228	4,159	30,700	30,750	5,568	4,609	6,068	4,609
24,750	24,800	3,902	3,716	4,402	3,716	27,750	27,800	4,742	4,166	5,242	4,166	30,750	30,800	5,582	4,616	6,082	4,616
24,800	24,850	3,916	3,724	4,416	3,724	27,800	27,850	4,756	4,174	5,256	4,174	30,800	30,850	5,596	4,624	6,096	4,624
24,850	24,900	3,930	3,731	4,430	3,731	27,850	27,900	4,770	4,181	5,270	4,181	30,850	30,900	5,610	4,631	6,110	4,631
24,900	24,950	3,944	3,739	4,444	3,739	27,900	27,950	4,784	4,189	5,284	4,189	30,900	30,950	5,624	4,639	6,124	4,639
24,950	25,000	3,958	3,746	4,458	3,746	27,950	28,000	4,798	4,196	5,298	4,196	30,950	31,000	5,638	4,646	6,138	4,646
25,000						28,000						31,000					
25,000	25,050	3,972	3,754	4,472	3,754	28,000	28,050	4,812	4,204	5,312	4,204	31,000	31,050	5,652	4,654	6,152	4,654
25,050	25,100	3,986	3,761	4,486	3,761	28,050	28,100	4,826	4,211	5,326	4,211	31,050	31,100	5,666	4,661	6,166	4,661
25,100	25,150	4,000	3,769	4,500	3,769	28,100	28,150	4,840	4,219	5,340	4,219	31,100	31,150	5,680	4,669	6,180	4,669
25,150	25,200	4,014	3,776	4,514	3,776	28,150	28,200	4,854	4,226	5,354	4,226	31,150	31,200	5,694	4,676	6,194	4,676
25,200	25,250	4,028	3,784	4,528	3,784	28,200	28,250	4,868	4,234	5,368	4,234	31,200	31,250	5,708	4,684	6,208	4,684
25,250	25,300	4,042	3,791	4,542	3,791	28,250	28,300	4,882	4,241	5,382	4,241	31,250	31,300	5,722	4,691	6,222	4,695
25,300	25,350	4,056	3,799	4,556	3,799	28,300	28,350	4,896	4,249	5,396	4,249	31,300	31,350	5,736	4,699	6,236	4,709
25,350	25,400	4,070	3,806	4,570	3,806	28,350	28,400	4,910	4,256	5,410	4,256	31,350	31,400	5,750	4,706	6,250	4,723
25,400	25,450	4,084	3,814	4,584	3,814	28,400	28,450	4,924	4,264	5,424	4,264	31,400	31,450	5,764	4,714	6,264	4,737
25,450	25,500	4,098	3,821	4,598	3,821	28,450	28,500	4,938	4,271	5,438	4,271	31,450	31,500	5,778	4,721	6,278	4,751
25,500	25,550	4,112	3,829	4,612	3,829	28,500	28,550	4,952	4,279	5,452	4,279	31,500	31,550	5,792	4,729	6,292	4,765
25,550	25,600	4,126	3,836	4,626	3,836	28,550	28,600	4,966	4,286	5,466	4,286	31,550	31,600	5,806	4,736	6,306	4,779
25,600	25,650	4,140	3,844	4,640	3,844	28,600	28,650	4,980	4,294	5,480	4,294	31,600	31,650	5,820	4,744	6,320	4,793
25,650	25,700	4,154	3,851	4,654	3,851	28,650	28,700	4,994	4,301	5,494	4,301	31,650	31,700	5,834	4,751	6,334	4,807
25,700	25,750	4,168	3,859	4,668	3,859	28,700	28,750	5,008	4,309	5,508	4,309	31,700	31,750	5,848	4,759	6,348	4,821
25,750	25,800	4,182	3,866	4,682	3,866	28,750	28,800	5,022	4,316	5,522	4,316	31,750	31,800	5,862	4,766	6,362	4,835
25,800	25,850	4,196	3,874	4,696	3,874	28,800	28,850	5,036	4,324	5,536	4,324	31,800	31,850	5,876	4,774	6,376	4,849
25,850	25,900	4,210	3,881	4,710	3,881	28,850	28,900	5,050	4,331	5,550	4,331	31,850	31,900	5,890	4,781	6,390	4,863
25,900	25,950	4,224	3,889	4,724	3,889	28,900	28,950	5,064	4,339	5,564	4,339	31,900	31,950	5,904	4,789	6,404	4,877
25,950	26,000	4,238	3,896	4,738	3,896	28,950	29,000	5,078	4,346	5,578							

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
32,000						35,000						38,000					
32,000	32,050	5,932	4,804	6,432	4,905	35,000	35,050	6,772	5,254	7,272	5,745	38,000	38,050	7,612	5,704	8,112	6,585
32,050	32,100	5,946	4,811	6,446	4,919	35,050	35,100	6,786	5,261	7,286	5,759	38,050	38,100	7,626	5,711	8,126	6,599
32,100	32,150	5,960	4,819	6,460	4,933	35,100	35,150	6,800	5,269	7,300	5,773	38,100	38,150	7,640	5,719	8,140	6,613
32,150	32,200	5,974	4,826	6,474	4,947	35,150	35,200	6,814	5,276	7,314	5,787	38,150	38,200	7,654	5,726	8,154	6,627
32,200	32,250	5,988	4,834	6,488	4,961	35,200	35,250	6,828	5,284	7,328	5,801	38,200	38,250	7,668	5,734	8,168	6,641
32,250	32,300	6,002	4,841	6,502	4,975	35,250	35,300	6,842	5,291	7,342	5,815	38,250	38,300	7,682	5,741	8,182	6,655
32,300	32,350	6,016	4,849	6,516	4,989	35,300	35,350	6,856	5,299	7,356	5,829	38,300	38,350	7,696	5,749	8,196	6,669
32,350	32,400	6,030	4,856	6,530	5,003	35,350	35,400	6,870	5,306	7,370	5,843	38,350	38,400	7,710	5,756	8,210	6,683
32,400	32,450	6,044	4,864	6,544	5,017	35,400	35,450	6,884	5,314	7,384	5,857	38,400	38,450	7,724	5,764	8,224	6,697
32,450	32,500	6,058	4,871	6,558	5,031	35,450	35,500	6,898	5,321	7,398	5,871	38,450	38,500	7,738	5,771	8,238	6,711
32,500	32,550	6,072	4,879	6,572	5,045	35,500	35,550	6,912	5,329	7,412	5,885	38,500	38,550	7,752	5,779	8,252	6,725
32,550	32,600	6,086	4,886	6,586	5,059	35,550	35,600	6,926	5,336	7,426	5,899	38,550	38,600	7,766	5,786	8,266	6,739
32,600	32,650	6,100	4,894	6,600	5,073	35,600	35,650	6,940	5,344	7,440	5,913	38,600	38,650	7,780	5,794	8,280	6,753
32,650	32,700	6,114	4,901	6,614	5,087	35,650	35,700	6,954	5,351	7,454	5,927	38,650	38,700	7,794	5,801	8,294	6,767
32,700	32,750	6,128	4,909	6,628	5,101	35,700	35,750	6,968	5,359	7,468	5,941	38,700	38,750	7,808	5,809	8,308	6,781
32,750	32,800	6,142	4,916	6,642	5,115	35,750	35,800	6,982	5,366	7,482	5,955	38,750	38,800	7,822	5,816	8,322	6,795
32,800	32,850	6,156	4,924	6,656	5,129	35,800	35,850	6,996	5,374	7,496	5,969	38,800	38,850	7,836	5,824	8,336	6,809
32,850	32,900	6,170	4,931	6,670	5,143	35,850	35,900	7,010	5,381	7,510	5,983	38,850	38,900	7,850	5,831	8,350	6,823
32,900	32,950	6,184	4,939	6,684	5,157	35,900	35,950	7,024	5,389	7,524	5,997	38,900	38,950	7,864	5,839	8,364	6,837
32,950	33,000	6,198	4,946	6,698	5,171	35,950	36,000	7,038	5,396	7,538	6,011	38,950	39,000	7,878	5,846	8,378	6,851
33,000						36,000						39,000					
33,000	33,050	6,212	4,954	6,712	5,185	36,000	36,050	7,052	5,404	7,552	6,025	39,000	39,050	7,892	5,857	8,392	6,865
33,050	33,100	6,226	4,961	6,726	5,199	36,050	36,100	7,066	5,411	7,566	6,039	39,050	39,100	7,906	5,871	8,406	6,879
33,100	33,150	6,240	4,969	6,740	5,213	36,100	36,150	7,080	5,419	7,580	6,053	39,100	39,150	7,920	5,885	8,420	6,893
33,150	33,200	6,254	4,976	6,754	5,227	36,150	36,200	7,094	5,426	7,594	6,067	39,150	39,200	7,934	5,899	8,434	6,907
33,200	33,250	6,268	4,984	6,768	5,241	36,200	36,250	7,108	5,434	7,608	6,081	39,200	39,250	7,948	5,913	8,448	6,921
33,250	33,300	6,282	4,991	6,782	5,255	36,250	36,300	7,122	5,441	7,622	6,095	39,250	39,300	7,962	5,927	8,462	6,935
33,300	33,350	6,296	4,999	6,796	5,269	36,300	36,350	7,136	5,449	7,636	6,109	39,300	39,350	7,976	5,941	8,476	6,949
33,350	33,400	6,310	5,006	6,810	5,283	36,350	36,400	7,150	5,456	7,650	6,123	39,350	39,400	7,990	5,955	8,490	6,963
33,400	33,450	6,324	5,014	6,824	5,297	36,400	36,450	7,164	5,464	7,664	6,137	39,400	39,450	8,004	5,969	8,504	6,977
33,450	33,500	6,338	5,021	6,838	5,311	36,450	36,500	7,178	5,471	7,678	6,151	39,450	39,500	8,018	5,983	8,518	6,991
33,500	33,550	6,352	5,029	6,852	5,325	36,500	36,550	7,192	5,479	7,692	6,165	39,500	39,550	8,032	5,997	8,532	7,005
33,550	33,600	6,366	5,036	6,866	5,339	36,550	36,600	7,206	5,486	7,706	6,179	39,550	39,600	8,046	6,011	8,546	7,019
33,600	33,650	6,380	5,044	6,880	5,353	36,600	36,650	7,220	5,494	7,720	6,193	39,600	39,650	8,060	6,025	8,560	7,033
33,650	33,700	6,394	5,051	6,894	5,367	36,650	36,700	7,234	5,501	7,734	6,207	39,650	39,700	8,074	6,039	8,574	7,047
33,700	33,750	6,408	5,059	6,908	5,381	36,700	36,750	7,248	5,509	7,748	6,221	39,700	39,750	8,088	6,053	8,588	7,061
33,750	33,800	6,422	5,066	6,922	5,395	36,750	36,800	7,262	5,516	7,762	6,235	39,750	39,800	8,102	6,067	8,602	7,075
33,800	33,850	6,436	5,074	6,936	5,409	36,800	36,850	7,276	5,524	7,776	6,249	39,800	39,850	8,116	6,081	8,616	7,089
33,850	33,900	6,450	5,081	6,950	5,423	36,850	36,900	7,290	5,531	7,790	6,263	39,850	39,900	8,130	6,095	8,630	7,103
33,900	33,950	6,464	5,089	6,964	5,437	36,900	36,950	7,304	5,539	7,804	6,277	39,900	39,950	8,144	6,109	8,644	7,117
33,950	34,000	6,478	5,096	6,978	5,451	36,950	37,000	7,318	5,546	7,818	6,291	39,950	40,000	8,158	6,123	8,658	7,131
34,000						37,000						40,000					
34,000	34,050	6,492	5,104	6,992	5,465	37,000	37,050	7,332	5,554	7,832	6,305	40,000	40,050	8,172	6,137	8,672	7,145
34,050	34,100	6,506	5,111	7,006	5,479	37,050	37,100	7,346	5,561	7,846	6,319	40,050	40,100	8,186	6,151	8,686	7,159
34,100	34,150	6,520	5,119	7,020	5,493	37,100	37,150	7,360	5,569	7,860	6,333	40,100	40,150	8,200	6,165	8,700	7,173
34,150	34,200	6,534	5,126	7,034	5,507	37,150	37,200	7,374	5,576	7,874	6,347	40,150	40,200	8,214	6,179	8,714	7,187
34,200	34,250	6,548	5,134	7,048	5,521	37,200	37,250	7,388	5,584	7,888	6,361	40,200	40,250	8,228	6,193	8,728	7,201
34,250	34,300	6,562	5,141	7,062	5,535	37,250	37,300	7,402	5,591	7,902	6,375	40,250	40,300	8,242	6,207	8,742	7,215
34,300	34,350	6,576	5,149	7,076	5,549	37,300	37,350	7,416	5,599	7,916	6,389	40,300	40,350	8,256	6,221	8,756	7,229
34,350	34,400	6,590	5,156	7,090	5,563	37,350	37,400	7,430	5,606	7,930	6,403	40,350	40,400	8,270	6,235	8,770	7,243
34,400	34,450	6,604	5,164	7,104	5,577	37,400	37,450	7,444	5,614	7,944	6,417	40,400	40,450	8,284	6,249	8,784	7,257
34,450	34,500	6,618	5,171	7,118	5,591	37,450	37,500	7,458	5,621	7,958	6,431	40,450	40,500	8,298	6,263	8,798	7,271
34,500	34,550	6,632	5,179	7,132	5,605	37,500	37,550	7,472	5,629	7,972	6,445	40,500	40,550	8,312	6,277	8,812	7,285
34,550	34,600	6,646	5,186	7,146	5,619	37,550	37,600	7,486	5,636	7,986	6,459	40,550	40,600	8,326	6,291	8,826	7,299
34,600	34,650	6,660	5,194	7,160	5,633	37,600	37,650	7,500	5,644	8,000	6,473	40,600	40,650	8,340	6,305	8,840	7,313
34,650																	

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
41,000						44,000						47,000					
41,000	41,050	8,452	6,417	8,952	7,425	44,000	44,050	9,292	7,257	9,792	8,265	47,000	47,050	10,132	8,097	10,632	9,105
41,050	41,100	8,466	6,431	8,966	7,439	44,050	44,100	9,306	7,271	9,806	8,279	47,050	47,100	10,146	8,111	10,646	9,119
41,100	41,150	8,480	6,445	8,980	7,453	44,100	44,150	9,320	7,285	9,820	8,293	47,100	47,150	10,160	8,125	10,660	9,133
41,150	41,200	8,494	6,459	8,994	7,467	44,150	44,200	9,334	7,299	9,834	8,307	47,150	47,200	10,174	8,139	10,676	9,147
41,200	41,250	8,508	6,473	9,008	7,481	44,200	44,250	9,348	7,313	9,848	8,321	47,200	47,250	10,188	8,153	10,691	9,161
41,250	41,300	8,522	6,487	9,022	7,495	44,250	44,300	9,362	7,327	9,862	8,335	47,250	47,300	10,202	8,167	10,707	9,175
41,300	41,350	8,536	6,501	9,036	7,509	44,300	44,350	9,376	7,341	9,876	8,349	47,300	47,350	10,216	8,181	10,722	9,189
41,350	41,400	8,550	6,515	9,050	7,523	44,350	44,400	9,390	7,355	9,890	8,363	47,350	47,400	10,230	8,195	10,738	9,203
41,400	41,450	8,564	6,529	9,064	7,537	44,400	44,450	9,404	7,369	9,904	8,377	47,400	47,450	10,244	8,209	10,753	9,217
41,450	41,500	8,578	6,543	9,078	7,551	44,450	44,500	9,418	7,383	9,918	8,391	47,450	47,500	10,258	8,223	10,769	9,231
41,500	41,550	8,592	6,557	9,092	7,565	44,500	44,550	9,432	7,397	9,932	8,405	47,500	47,550	10,272	8,237	10,784	9,245
41,550	41,600	8,606	6,571	9,106	7,579	44,550	44,600	9,446	7,411	9,946	8,419	47,550	47,600	10,286	8,251	10,800	9,259
41,600	41,650	8,620	6,585	9,120	7,593	44,600	44,650	9,460	7,425	9,960	8,433	47,600	47,650	10,300	8,265	10,815	9,273
41,650	41,700	8,634	6,599	9,134	7,607	44,650	44,700	9,474	7,439	9,974	8,447	47,650	47,700	10,314	8,279	10,831	9,287
41,700	41,750	8,648	6,613	9,148	7,621	44,700	44,750	9,488	7,453	9,988	8,461	47,700	47,750	10,328	8,293	10,846	9,301
41,750	41,800	8,662	6,627	9,162	7,635	44,750	44,800	9,502	7,467	10,002	8,475	47,750	47,800	10,342	8,307	10,862	9,315
41,800	41,850	8,676	6,641	9,176	7,649	44,800	44,850	9,516	7,481	10,016	8,489	47,800	47,850	10,356	8,321	10,877	9,329
41,850	41,900	8,690	6,655	9,190	7,663	44,850	44,900	9,530	7,495	10,030	8,503	47,850	47,900	10,370	8,335	10,893	9,343
41,900	41,950	8,704	6,669	9,204	7,677	44,900	44,950	9,544	7,509	10,044	8,517	47,900	47,950	10,384	8,349	10,908	9,357
41,950	42,000	8,718	6,683	9,218	7,691	44,950	45,000	9,558	7,523	10,058	8,531	47,950	48,000	10,398	8,363	10,924	9,371
42,000						45,000						48,000					
42,000	42,050	8,732	6,697	9,232	7,705	45,000	45,050	9,572	7,537	10,072	8,545	48,000	48,050	10,412	8,377	10,939	9,385
42,050	42,100	8,746	6,711	9,246	7,719	45,050	45,100	9,586	7,551	10,086	8,559	48,050	48,100	10,426	8,391	10,955	9,399
42,100	42,150	8,760	6,725	9,260	7,733	45,100	45,150	9,600	7,565	10,100	8,573	48,100	48,150	10,440	8,405	10,970	9,413
42,150	42,200	8,774	6,739	9,274	7,747	45,150	45,200	9,614	7,579	10,114	8,587	48,150	48,200	10,454	8,419	10,986	9,427
42,200	42,250	8,788	6,753	9,288	7,761	45,200	45,250	9,628	7,593	10,128	8,601	48,200	48,250	10,468	8,433	11,001	9,441
42,250	42,300	8,802	6,767	9,302	7,775	45,250	45,300	9,642	7,607	10,142	8,615	48,250	48,300	10,482	8,447	11,017	9,455
42,300	42,350	8,816	6,781	9,316	7,789	45,300	45,350	9,656	7,621	10,156	8,629	48,300	48,350	10,496	8,461	11,032	9,469
42,350	42,400	8,830	6,795	9,330	7,803	45,350	45,400	9,670	7,635	10,170	8,643	48,350	48,400	10,510	8,475	11,048	9,483
42,400	42,450	8,844	6,809	9,344	7,817	45,400	45,450	9,684	7,649	10,184	8,657	48,400	48,450	10,524	8,489	11,063	9,497
42,450	42,500	8,858	6,823	9,358	7,831	45,450	45,500	9,698	7,663	10,198	8,671	48,450	48,500	10,538	8,503	11,079	9,511
42,500	42,550	8,872	6,837	9,372	7,845	45,500	45,550	9,712	7,677	10,212	8,685	48,500	48,550	10,552	8,517	11,094	9,525
42,550	42,600	8,886	6,851	9,386	7,859	45,550	45,600	9,726	7,691	10,226	8,699	48,550	48,600	10,566	8,531	11,110	9,539
42,600	42,650	8,900	6,865	9,400	7,873	45,600	45,650	9,740	7,705	10,240	8,713	48,600	48,650	10,580	8,545	11,125	9,553
42,650	42,700	8,914	6,879	9,414	7,887	45,650	45,700	9,754	7,719	10,254	8,727	48,650	48,700	10,594	8,559	11,141	9,567
42,700	42,750	8,928	6,893	9,428	7,901	45,700	45,750	9,768	7,733	10,268	8,741	48,700	48,750	10,608	8,573	11,156	9,581
42,750	42,800	8,942	6,907	9,442	7,915	45,750	45,800	9,782	7,747	10,282	8,755	48,750	48,800	10,622	8,587	11,172	9,595
42,800	42,850	8,956	6,921	9,456	7,929	45,800	45,850	9,796	7,761	10,296	8,769	48,800	48,850	10,636	8,601	11,187	9,609
42,850	42,900	8,970	6,935	9,470	7,943	45,850	45,900	9,810	7,775	10,310	8,783	48,850	48,900	10,650	8,615	11,203	9,623
42,900	42,950	8,984	6,949	9,484	7,957	45,900	45,950	9,824	7,789	10,324	8,797	48,900	48,950	10,664	8,629	11,218	9,637
42,950	43,000	8,998	6,963	9,498	7,971	45,950	46,000	9,838	7,803	10,338	8,811	48,950	49,000	10,678	8,643	11,234	9,651
43,000						46,000						49,000					
43,000	43,050	9,012	6,977	9,512	7,985	46,000	46,050	9,852	7,817	10,352	8,825	49,000	49,050	10,692	8,657	11,249	9,665
43,050	43,100	9,026	6,991	9,526	7,999	46,050	46,100	9,866	7,831	10,366	8,839	49,050	49,100	10,706	8,671	11,265	9,679
43,100	43,150	9,040	7,005	9,540	8,013	46,100	46,150	9,880	7,845	10,380	8,853	49,100	49,150	10,720	8,685	11,280	9,693
43,150	43,200	9,054	7,019	9,554	8,027	46,150	46,200	9,894	7,859	10,394	8,867	49,150	49,200	10,734	8,699	11,296	9,707
43,200	43,250	9,068	7,033	9,568	8,041	46,200	46,250	9,908	7,873	10,408	8,881	49,200	49,250	10,748	8,713	11,311	9,721
43,250	43,300	9,082	7,047	9,582	8,055	46,250	46,300	9,922	7,887	10,422	8,895	49,250	49,300	10,762	8,727	11,327	9,735
43,300	43,350	9,096	7,061	9,596	8,069	46,300	46,350	9,936	7,901	10,436	8,909	49,300	49,350	10,776	8,741	11,342	9,749
43,350	43,400	9,110	7,075	9,610	8,083	46,350	46,400	9,950	7,915	10,450	8,923	49,350	49,400	10,790	8,755	11,358	9,763
43,400	43,450	9,124	7,089	9,624	8,097	46,400	46,450	9,964	7,929	10,464	8,937	49,400	49,450	10,804	8,769	11,373	9,777
43,450	43,500	9,138	7,103	9,638	8,111	46,450	46,500	9,978	7,943	10,478	8,951	49,450	49,500	10,818	8,783	11,389	9,791
43,500	43,550	9,152	7,117	9,652	8,125	46,500	46,550	9,992	7,957	10,492	8,965	49,500	49,550	10,832	8,797	11,404	9,805
43,550	43,600	9,166	7,131	9,666	8,139	46,550	46,600	10,006	7,971	10,506	8,979	49,550	49,600	10,846	8,811	11,420	9,819
43,600	43,650	9,180	7,145	9,680	8,153	46,600	46,650</										

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
50,000						53,000						56,000					
50,000	50,050	10,972	8,937	11,559	9,945	53,000	53,050	11,812	9,777	12,489	10,785	56,000	56,050	12,652	10,617	13,419	11,625
50,050	50,100	10,986	8,951	11,575	9,959	53,050	53,100	11,826	9,791	12,505	10,799	56,050	56,100	12,666	10,631	13,435	11,639
50,100	50,150	11,000	8,965	11,590	9,973	53,100	53,150	11,840	9,805	12,520	10,813	56,100	56,150	12,680	10,645	13,450	11,653
50,150	50,200	11,014	8,979	11,606	9,987	53,150	53,200	11,854	9,819	12,536	10,827	56,150	56,200	12,694	10,659	13,466	11,667
50,200	50,250	11,028	8,993	11,621	10,001	53,200	53,250	11,868	9,833	12,551	10,841	56,200	56,250	12,708	10,673	13,481	11,681
50,250	50,300	11,042	9,007	11,637	10,015	53,250	53,300	11,882	9,847	12,567	10,855	56,250	56,300	12,722	10,687	13,497	11,695
50,300	50,350	11,056	9,021	11,652	10,029	53,300	53,350	11,896	9,861	12,582	10,869	56,300	56,350	12,736	10,701	13,512	11,709
50,350	50,400	11,070	9,035	11,668	10,043	53,350	53,400	11,910	9,875	12,598	10,883	56,350	56,400	12,750	10,715	13,528	11,723
50,400	50,450	11,084	9,049	11,683	10,057	53,400	53,450	11,924	9,889	12,613	10,897	56,400	56,450	12,764	10,729	13,543	11,737
50,450	50,500	11,098	9,063	11,699	10,071	53,450	53,500	11,938	9,903	12,629	10,911	56,450	56,500	12,778	10,743	13,559	11,751
50,500	50,550	11,112	9,077	11,714	10,085	53,500	53,550	11,952	9,917	12,644	10,925	56,500	56,550	12,792	10,757	13,574	11,765
50,550	50,600	11,126	9,091	11,730	10,099	53,550	53,600	11,966	9,931	12,660	10,939	56,550	56,600	12,806	10,771	13,590	11,779
50,600	50,650	11,140	9,105	11,745	10,113	53,600	53,650	11,980	9,945	12,675	10,953	56,600	56,650	12,822	10,785	13,605	11,793
50,650	50,700	11,154	9,119	11,761	10,127	53,650	53,700	11,994	9,959	12,691	10,967	56,650	56,700	12,837	10,799	13,621	11,807
50,700	50,750	11,168	9,133	11,776	10,141	53,700	53,750	12,008	9,973	12,706	10,981	56,700	56,750	12,853	10,813	13,636	11,821
50,750	50,800	11,182	9,147	11,792	10,155	53,750	53,800	12,022	9,987	12,722	10,995	56,750	56,800	12,868	10,827	13,652	11,835
50,800	50,850	11,196	9,161	11,807	10,169	53,800	53,850	12,036	10,001	12,737	11,009	56,800	56,850	12,884	10,841	13,667	11,849
50,850	50,900	11,210	9,175	11,823	10,183	53,850	53,900	12,050	10,015	12,753	11,023	56,850	56,900	12,899	10,855	13,683	11,863
50,900	50,950	11,224	9,189	11,838	10,197	53,900	53,950	12,064	10,029	12,768	11,037	56,900	56,950	12,915	10,869	13,698	11,877
50,950	51,000	11,238	9,203	11,854	10,211	53,950	54,000	12,078	10,043	12,784	11,051	56,950	57,000	12,930	10,883	13,714	11,891
51,000						54,000						57,000					
51,000	51,050	11,252	9,217	11,869	10,225	54,000	54,050	12,092	10,057	12,799	11,065	57,000	57,050	12,946	10,897	13,729	11,905
51,050	51,100	11,266	9,231	11,885	10,239	54,050	54,100	12,106	10,071	12,815	11,079	57,050	57,100	12,961	10,911	13,745	11,919
51,100	51,150	11,280	9,245	11,900	10,253	54,100	54,150	12,120	10,085	12,830	11,093	57,100	57,150	12,977	10,925	13,760	11,933
51,150	51,200	11,294	9,259	11,916	10,267	54,150	54,200	12,134	10,099	12,846	11,107	57,150	57,200	12,992	10,939	13,776	11,947
51,200	51,250	11,308	9,273	11,931	10,281	54,200	54,250	12,148	10,113	12,861	11,121	57,200	57,250	13,008	10,953	13,791	11,961
51,250	51,300	11,322	9,287	11,947	10,295	54,250	54,300	12,162	10,127	12,877	11,135	57,250	57,300	13,023	10,967	13,807	11,975
51,300	51,350	11,336	9,301	11,962	10,309	54,300	54,350	12,176	10,141	12,892	11,149	57,300	57,350	13,039	10,981	13,822	11,989
51,350	51,400	11,350	9,315	11,978	10,323	54,350	54,400	12,190	10,155	12,908	11,163	57,350	57,400	13,054	10,995	13,838	12,003
51,400	51,450	11,364	9,329	11,993	10,337	54,400	54,450	12,204	10,169	12,923	11,177	57,400	57,450	13,070	11,009	13,853	12,017
51,450	51,500	11,378	9,343	12,009	10,351	54,450	54,500	12,218	10,183	12,939	11,191	57,450	57,500	13,085	11,023	13,869	12,031
51,500	51,550	11,392	9,357	12,024	10,365	54,500	54,550	12,232	10,197	12,954	11,205	57,500	57,550	13,101	11,037	13,884	12,045
51,550	51,600	11,406	9,371	12,040	10,379	54,550	54,600	12,246	10,211	12,970	11,219	57,550	57,600	13,116	11,051	13,900	12,059
51,600	51,650	11,420	9,385	12,055	10,393	54,600	54,650	12,260	10,225	12,985	11,233	57,600	57,650	13,132	11,065	13,915	12,073
51,650	51,700	11,434	9,399	12,071	10,407	54,650	54,700	12,274	10,239	13,001	11,247	57,650	57,700	13,147	11,079	13,931	12,087
51,700	51,750	11,448	9,413	12,086	10,421	54,700	54,750	12,288	10,253	13,016	11,261	57,700	57,750	13,163	11,093	13,946	12,101
51,750	51,800	11,462	9,427	12,102	10,435	54,750	54,800	12,302	10,267	13,032	11,275	57,750	57,800	13,178	11,107	13,962	12,115
51,800	51,850	11,476	9,441	12,117	10,449	54,800	54,850	12,316	10,281	13,047	11,289	57,800	57,850	13,194	11,121	13,977	12,129
51,850	51,900	11,490	9,455	12,133	10,463	54,850	54,900	12,330	10,295	13,063	11,303	57,850	57,900	13,209	11,135	13,993	12,143
51,900	51,950	11,504	9,469	12,148	10,477	54,900	54,950	12,344	10,309	13,078	11,317	57,900	57,950	13,225	11,149	14,008	12,157
51,950	52,000	11,518	9,483	12,164	10,491	54,950	55,000	12,358	10,323	13,094	11,331	57,950	58,000	13,240	11,163	14,024	12,171
52,000						55,000						58,000					
52,000	52,050	11,532	9,497	12,179	10,505	55,000	55,050	12,372	10,337	13,109	11,345	58,000	58,050	13,256	11,177	14,039	12,185
52,050	52,100	11,546	9,511	12,195	10,519	55,050	55,100	12,386	10,351	13,125	11,359	58,050	58,100	13,271	11,191	14,055	12,199
52,100	52,150	11,560	9,525	12,210	10,533	55,100	55,150	12,400	10,365	13,140	11,373	58,100	58,150	13,287	11,205	14,070	12,213
52,150	52,200	11,574	9,539	12,226	10,547	55,150	55,200	12,414	10,379	13,156	11,387	58,150	58,200	13,302	11,219	14,086	12,227
52,200	52,250	11,588	9,553	12,241	10,561	55,200	55,250	12,428	10,393	13,171	11,401	58,200	58,250	13,318	11,233	14,101	12,241
52,250	52,300	11,602	9,567	12,257	10,575	55,250	55,300	12,442	10,407	13,187	11,415	58,250	58,300	13,333	11,247	14,117	12,255
52,300	52,350	11,616	9,581	12,272	10,589	55,300	55,350	12,456	10,421	13,202	11,429	58,300	58,350	13,349	11,261	14,132	12,269
52,350	52,400	11,630	9,595	12,288	10,603	55,350	55,400	12,470	10,435	13,218	11,443	58,350	58,400	13,364	11,275	14,148	12,283
52,400	52,450	11,644	9,609	12,303	10,617	55,400	55,450	12,484	10,449	13,233	11,457	58,400	58,450	13,380	11,289	14,163	12,297
52,450	52,500	11,658	9,623	12,319	10,631	55,450	55,500	12,498	10,463	13,249	11,471	58,450	58,500	13,395	11,303	14,179	12,311
52,500	52,550	11,672	9,637	12,334	10,645	55,500	55,550	12,512	10,477	13,264	11,485	58,500	58,550	13,411	11,317	14,194	12,325
52,550	52,600	11,686	9,651	12,350	10,659	55,550	55,600	12,526	10,491	13,280	11,499	58,550	58,600	13,426	11,331	14,210	12,339
52,600	52,650	11,700	9,665	12,365	10,673	55,600	55,650	12,540	10,505	13,295	11,513	58,600	58,650	13,442	11,345	14,225	12,353
52,650	52,700	11,714	9,679	12,381	10,687	55,650	55,700	12,554	10,519	13,311	11,527	58,650	58,700	13,457	11,359	14,241	12,367
52,700	52,750	11,728	9,693	12,396	10,701	55,700	55,750	12,568	10,533	13,326	11,541	58,700	58,750	13,473	11,373	14,256	12,381
52,750	52,800	11,742	9,707	12,412	10,715	55,750	55,800	12,582	10,547	13,342	11,555	58,750	58,800	13,488	11,387	14,272	12,395
52,800	52,850	11,756	9,721	12,427	10,729	55,800	55,850	12,596	10,561								

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
		Single	Married filing jointly *	Married filing separately	Head of a house- hold			Single	Married filing jointly *	Married filing separately	Head of a house- hold			Single	Married filing jointly *	Married filing separately	Head of a house- hold
At least	But less than	Your tax is—				At least	But less than	Your tax is—				At least	But less than	Your tax is—			
59,000						62,000						65,000					
59,000	59,050	13,566	11,457	14,349	12,465	62,000	62,050	14,496	12,297	15,279	13,305	65,000	65,050	15,426	13,137	16,209	14,145
59,050	59,100	13,581	11,471	14,365	12,479	62,050	62,100	14,511	12,311	15,295	13,319	65,050	65,100	15,441	13,151	16,225	14,159
59,100	59,150	13,597	11,485	14,380	12,493	62,100	62,150	14,527	12,325	15,310	13,333	65,100	65,150	15,457	13,165	16,240	14,173
59,150	59,200	13,612	11,499	14,396	12,507	62,150	62,200	14,542	12,339	15,326	13,347	65,150	65,200	15,472	13,179	16,256	14,187
59,200	59,250	13,628	11,513	14,411	12,521	62,200	62,250	14,558	12,353	15,341	13,361	65,200	65,250	15,488	13,193	16,271	14,201
59,250	59,300	13,643	11,527	14,427	12,535	62,250	62,300	14,573	12,367	15,357	13,375	65,250	65,300	15,503	13,207	16,287	14,215
59,300	59,350	13,659	11,541	14,442	12,549	62,300	62,350	14,589	12,381	15,372	13,389	65,300	65,350	15,519	13,221	16,302	14,229
59,350	59,400	13,674	11,555	14,458	12,563	62,350	62,400	14,604	12,395	15,388	13,403	65,350	65,400	15,534	13,235	16,318	14,243
59,400	59,450	13,690	11,569	14,473	12,577	62,400	62,450	14,620	12,409	15,403	13,417	65,400	65,450	15,550	13,249	16,333	14,257
59,450	59,500	13,705	11,583	14,489	12,591	62,450	62,500	14,635	12,423	15,419	13,431	65,450	65,500	15,565	13,263	16,349	14,271
59,500	59,550	13,721	11,597	14,504	12,605	62,500	62,550	14,651	12,437	15,434	13,445	65,500	65,550	15,581	13,277	16,364	14,285
59,550	59,600	13,736	11,611	14,520	12,619	62,550	62,600	14,666	12,451	15,450	13,459	65,550	65,600	15,596	13,291	16,380	14,299
59,600	59,650	13,752	11,625	14,535	12,633	62,600	62,650	14,682	12,465	15,465	13,473	65,600	65,650	15,612	13,305	16,395	14,313
59,650	59,700	13,767	11,639	14,551	12,647	62,650	62,700	14,697	12,479	15,481	13,487	65,650	65,700	15,627	13,319	16,411	14,327
59,700	59,750	13,783	11,653	14,566	12,661	62,700	62,750	14,713	12,493	15,496	13,501	65,700	65,750	15,643	13,333	16,426	14,341
59,750	59,800	13,798	11,667	14,582	12,675	62,750	62,800	14,728	12,507	15,512	13,515	65,750	65,800	15,658	13,347	16,442	14,355
59,800	59,850	13,814	11,681	14,597	12,689	62,800	62,850	14,744	12,521	15,527	13,529	65,800	65,850	15,674	13,361	16,457	14,369
59,850	59,900	13,829	11,695	14,613	12,703	62,850	62,900	14,759	12,535	15,543	13,543	65,850	65,900	15,689	13,375	16,473	14,383
59,900	59,950	13,845	11,709	14,628	12,717	62,900	62,950	14,775	12,549	15,558	13,557	65,900	65,950	15,705	13,389	16,488	14,397
59,950	60,000	13,860	11,723	14,644	12,731	62,950	63,000	14,790	12,563	15,574	13,571	65,950	66,000	15,720	13,403	16,504	14,411
60,000						63,000						66,000					
60,000	60,050	13,876	11,737	14,659	12,745	63,000	63,050	14,806	12,577	15,589	13,585	66,000	66,050	15,736	13,417	16,519	14,425
60,050	60,100	13,891	11,751	14,675	12,759	63,050	63,100	14,821	12,591	15,605	13,599	66,050	66,100	15,751	13,431	16,535	14,439
60,100	60,150	13,907	11,765	14,690	12,773	63,100	63,150	14,837	12,605	15,620	13,613	66,100	66,150	15,767	13,445	16,550	14,453
60,150	60,200	13,922	11,779	14,706	12,787	63,150	63,200	14,852	12,619	15,636	13,627	66,150	66,200	15,782	13,459	16,566	14,467
60,200	60,250	13,938	11,793	14,721	12,801	63,200	63,250	14,868	12,633	15,651	13,641	66,200	66,250	15,798	13,473	16,581	14,481
60,250	60,300	13,953	11,807	14,737	12,815	63,250	63,300	14,883	12,647	15,667	13,655	66,250	66,300	15,813	13,487	16,597	14,495
60,300	60,350	13,969	11,821	14,752	12,829	63,300	63,350	14,899	12,661	15,682	13,669	66,300	66,350	15,829	13,501	16,612	14,509
60,350	60,400	13,984	11,835	14,768	12,843	63,350	63,400	14,914	12,675	15,698	13,683	66,350	66,400	15,844	13,515	16,628	14,523
60,400	60,450	14,000	11,849	14,783	12,857	63,400	63,450	14,930	12,689	15,713	13,697	66,400	66,450	15,860	13,529	16,643	14,537
60,450	60,500	14,015	11,863	14,799	12,871	63,450	63,500	14,945	12,703	15,729	13,711	66,450	66,500	15,875	13,543	16,659	14,551
60,500	60,550	14,031	11,877	14,814	12,885	63,500	63,550	14,961	12,717	15,744	13,725	66,500	66,550	15,891	13,557	16,674	14,565
60,550	60,600	14,046	11,891	14,830	12,899	63,550	63,600	14,976	12,731	15,760	13,739	66,550	66,600	15,906	13,571	16,690	14,579
60,600	60,650	14,062	11,905	14,845	12,913	63,600	63,650	14,992	12,745	15,775	13,753	66,600	66,650	15,922	13,585	16,705	14,593
60,650	60,700	14,077	11,919	14,861	12,927	63,650	63,700	15,007	12,759	15,791	13,767	66,650	66,700	15,937	13,599	16,721	14,607
60,700	60,750	14,093	11,933	14,876	12,941	63,700	63,750	15,023	12,773	15,806	13,781	66,700	66,750	15,953	13,613	16,736	14,621
60,750	60,800	14,108	11,947	14,892	12,955	63,750	63,800	15,038	12,787	15,822	13,795	66,750	66,800	15,968	13,627	16,752	14,635
60,800	60,850	14,124	11,961	14,907	12,969	63,800	63,850	15,054	12,801	15,837	13,809	66,800	66,850	15,984	13,641	16,767	14,649
60,850	60,900	14,139	11,975	14,923	12,983	63,850	63,900	15,069	12,815	15,853	13,823	66,850	66,900	15,999	13,655	16,783	14,663
60,900	60,950	14,155	11,989	14,938	12,997	63,900	63,950	15,085	12,829	15,868	13,837	66,900	66,950	16,015	13,669	16,798	14,677
60,950	61,000	14,170	12,003	14,954	13,011	63,950	64,000	15,100	12,843	15,884	13,851	66,950	67,000	16,030	13,683	16,814	14,691
61,000						64,000						67,000					
61,000	61,050	14,186	12,017	14,969	13,025	64,000	64,050	15,116	12,857	15,899	13,865	67,000	67,050	16,046	13,697	16,829	14,705
61,050	61,100	14,201	12,031	14,985	13,039	64,050	64,100	15,131	12,871	15,915	13,879	67,050	67,100	16,061	13,711	16,845	14,719
61,100	61,150	14,217	12,045	15,000	13,053	64,100	64,150	15,147	12,885	15,930	13,893	67,100	67,150	16,077	13,725	16,860	14,733
61,150	61,200	14,232	12,059	15,016	13,067	64,150	64,200	15,162	12,899	15,946	13,907	67,150	67,200	16,092	13,739	16,876	14,747
61,200	61,250	14,248	12,073	15,031	13,081	64,200	64,250	15,178	12,913	15,961	13,921	67,200	67,250	16,108	13,753	16,891	14,761
61,250	61,300	14,263	12,087	15,047	13,095	64,250	64,300	15,193	12,927	15,977	13,935	67,250	67,300	16,123	13,767	16,907	14,775
61,300	61,350	14,279	12,101	15,062	13,109	64,300	64,350	15,209	12,941	15,992	13,949	67,300	67,350	16,139	13,781	16,922	14,789
61,350	61,400	14,294	12,115	15,078	13,123	64,350	64,400	15,224	12,955	16,008	13,963	67,350	67,400	16,154	13,795	16,938	14,803
61,400	61,450	14,310	12,129	15,093	13,137	64,400	64,450	15,240	12,969	16,023	13,977	67,400	67,450	16,170	13,809	16,953	14,817
61,450	61,500	14,325	12,143	15,109	13,151	64,450	64,500	15,255	12,983	16,039	13,991	67,450	67,500	16,185	13,823	16,969	14,831
61,500	61,550	14,341	12,157	15,124	13,165	64,500	64,550	15,271	12,997	16,054	14,005	67,500	67,550	16,201	13,837	16,984	14,845
61,550	61,600	14,356	12,171	15,140	13,179	64,550	64,600	15,286	13,011	16,070	14,019	67,550	67,600	16,216	13,851	17,000	14,859

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
68,000						71,000						74,000					
68,000	68,050	16,356	13,977	17,139	14,985	71,000	71,050	17,286	14,817	18,069	15,825	74,000	74,050	18,216	15,657	19,110	16,665
68,050	68,100	16,371	13,991	17,155	14,999	71,050	71,100	17,301	14,831	18,085	15,839	74,050	74,100	18,231	15,671	19,128	16,679
68,100	68,150	16,387	14,005	17,170	15,013	71,100	71,150	17,317	14,845	18,100	15,853	74,100	74,150	18,247	15,685	19,146	16,693
68,150	68,200	16,402	14,019	17,186	15,027	71,150	71,200	17,332	14,859	18,116	15,867	74,150	74,200	18,262	15,699	19,164	16,707
68,200	68,250	16,418	14,033	17,201	15,041	71,200	71,250	17,348	14,873	18,131	15,881	74,200	74,250	18,278	15,713	19,182	16,721
68,250	68,300	16,433	14,047	17,217	15,055	71,250	71,300	17,363	14,887	18,147	15,895	74,250	74,300	18,293	15,727	19,200	16,735
68,300	68,350	16,449	14,061	17,232	15,069	71,300	71,350	17,379	14,901	18,162	15,909	74,300	74,350	18,309	15,741	19,218	16,749
68,350	68,400	16,464	14,075	17,248	15,083	71,350	71,400	17,394	14,915	18,178	15,923	74,350	74,400	18,324	15,755	19,236	16,763
68,400	68,450	16,480	14,089	17,263	15,097	71,400	71,450	17,410	14,929	18,193	15,937	74,400	74,450	18,340	15,769	19,254	16,777
68,450	68,500	16,495	14,103	17,279	15,111	71,450	71,500	17,425	14,943	18,209	15,951	74,450	74,500	18,355	15,783	19,272	16,791
68,500	68,550	16,511	14,117	17,294	15,125	71,500	71,550	17,441	14,957	18,224	15,965	74,500	74,550	18,371	15,797	19,290	16,805
68,550	68,600	16,526	14,131	17,310	15,139	71,550	71,600	17,456	14,971	18,240	15,979	74,550	74,600	18,386	15,811	19,308	16,819
68,600	68,650	16,542	14,145	17,325	15,153	71,600	71,650	17,472	14,985	18,255	15,993	74,600	74,650	18,402	15,825	19,326	16,833
68,650	68,700	16,557	14,159	17,341	15,167	71,650	71,700	17,487	14,999	18,271	16,007	74,650	74,700	18,417	15,839	19,344	16,847
68,700	68,750	16,573	14,173	17,356	15,181	71,700	71,750	17,503	15,013	18,286	16,021	74,700	74,750	18,433	15,853	19,362	16,861
68,750	68,800	16,588	14,187	17,372	15,195	71,750	71,800	17,518	15,027	18,302	16,035	74,750	74,800	18,448	15,867	19,380	16,875
68,800	68,850	16,604	14,201	17,387	15,209	71,800	71,850	17,534	15,041	18,318	16,049	74,800	74,850	18,464	15,881	19,398	16,889
68,850	68,900	16,619	14,215	17,403	15,223	71,850	71,900	17,549	15,055	18,336	16,063	74,850	74,900	18,479	15,895	19,416	16,903
68,900	68,950	16,635	14,229	17,418	15,237	71,900	71,950	17,565	15,069	18,354	16,077	74,900	74,950	18,495	15,909	19,434	16,917
68,950	69,000	16,650	14,243	17,434	15,251	71,950	72,000	17,580	15,083	18,372	16,091	74,950	75,000	18,510	15,923	19,452	16,931
69,000						72,000						75,000					
69,000	69,050	16,666	14,257	17,449	15,265	72,000	72,050	17,596	15,097	18,390	16,105	75,000	75,050	18,526	15,937	19,470	16,945
69,050	69,100	16,681	14,271	17,465	15,279	72,050	72,100	17,611	15,111	18,408	16,119	75,050	75,100	18,541	15,951	19,488	16,959
69,100	69,150	16,697	14,285	17,480	15,293	72,100	72,150	17,627	15,125	18,426	16,133	75,100	75,150	18,557	15,965	19,506	16,973
69,150	69,200	16,712	14,299	17,496	15,307	72,150	72,200	17,642	15,139	18,444	16,147	75,150	75,200	18,572	15,979	19,524	16,987
69,200	69,250	16,728	14,313	17,511	15,321	72,200	72,250	17,658	15,153	18,462	16,161	75,200	75,250	18,588	15,993	19,542	17,001
69,250	69,300	16,743	14,327	17,527	15,335	72,250	72,300	17,673	15,167	18,480	16,175	75,250	75,300	18,603	16,007	19,560	17,015
69,300	69,350	16,759	14,341	17,542	15,349	72,300	72,350	17,689	15,181	18,498	16,189	75,300	75,350	18,619	16,021	19,578	17,029
69,350	69,400	16,774	14,355	17,558	15,363	72,350	72,400	17,704	15,195	18,516	16,203	75,350	75,400	18,634	16,035	19,596	17,043
69,400	69,450	16,790	14,369	17,573	15,377	72,400	72,450	17,720	15,209	18,534	16,217	75,400	75,450	18,650	16,049	19,614	17,057
69,450	69,500	16,805	14,383	17,589	15,391	72,450	72,500	17,735	15,223	18,552	16,231	75,450	75,500	18,665	16,063	19,632	17,071
69,500	69,550	16,821	14,397	17,604	15,405	72,500	72,550	17,751	15,237	18,570	16,245	75,500	75,550	18,681	16,077	19,650	17,085
69,550	69,600	16,836	14,411	17,620	15,419	72,550	72,600	17,766	15,251	18,588	16,259	75,550	75,600	18,696	16,091	19,668	17,099
69,600	69,650	16,852	14,425	17,635	15,433	72,600	72,650	17,782	15,265	18,606	16,273	75,600	75,650	18,712	16,105	19,686	17,113
69,650	69,700	16,867	14,439	17,651	15,447	72,650	72,700	17,797	15,279	18,624	16,287	75,650	75,700	18,727	16,119	19,704	17,127
69,700	69,750	16,883	14,453	17,666	15,461	72,700	72,750	17,813	15,293	18,642	16,301	75,700	75,750	18,743	16,133	19,722	17,141
69,750	69,800	16,898	14,467	17,682	15,475	72,750	72,800	17,828	15,307	18,660	16,315	75,750	75,800	18,758	16,147	19,740	17,155
69,800	69,850	16,914	14,481	17,697	15,489	72,800	72,850	17,844	15,321	18,678	16,329	75,800	75,850	18,774	16,161	19,758	17,169
69,850	69,900	16,929	14,495	17,713	15,503	72,850	72,900	17,859	15,335	18,696	16,343	75,850	75,900	18,789	16,175	19,776	17,183
69,900	69,950	16,945	14,509	17,728	15,517	72,900	72,950	17,875	15,349	18,714	16,357	75,900	75,950	18,805	16,189	19,794	17,197
69,950	70,000	16,960	14,523	17,744	15,531	72,950	73,000	17,890	15,363	18,732	16,371	75,950	76,000	18,820	16,203	19,812	17,211
70,000						73,000						76,000					
70,000	70,050	16,976	14,537	17,759	15,545	73,000	73,050	17,906	15,377	18,750	16,385	76,000	76,050	18,836	16,217	19,830	17,225
70,050	70,100	16,991	14,551	17,775	15,559	73,050	73,100	17,921	15,391	18,768	16,399	76,050	76,100	18,851	16,231	19,848	17,239
70,100	70,150	17,007	14,565	17,790	15,573	73,100	73,150	17,937	15,405	18,786	16,413	76,100	76,150	18,867	16,245	19,866	17,253
70,150	70,200	17,022	14,579	17,806	15,587	73,150	73,200	17,952	15,419	18,804	16,427	76,150	76,200	18,882	16,259	19,884	17,267
70,200	70,250	17,038	14,593	17,821	15,601	73,200	73,250	17,968	15,433	18,822	16,441	76,200	76,250	18,898	16,273	19,902	17,281
70,250	70,300	17,053	14,607	17,837	15,615	73,250	73,300	17,983	15,447	18,840	16,455	76,250	76,300	18,913	16,287	19,920	17,295
70,300	70,350	17,069	14,621	17,852	15,629	73,300	73,350	17,999	15,461	18,858	16,469	76,300	76,350	18,929	16,301	19,938	17,309
70,350	70,400	17,084	14,635	17,868	15,643	73,350	73,400	18,014	15,475	18,876	16,483	76,350	76,400	18,944	16,315	19,956	17,323
70,400	70,450	17,100	14,649	17,883	15,657	73,400	73,450	18,030	15,489	18,894	16,497	76,400	76,450	18,960	16,329	19,974	17,337
70,450	70,500	17,115	14,663	17,899	15,671	73,450	73,500	18,045	15,503	18,912	16,511	76,450	76,500	18,975	16,343	19,992	17,351
70,500	70,550	17,131	14,677	17,914	15,685												

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
77,000						80,000						83,000					
77,000	77,050	19,146	16,497	20,190	17,505	80,000	80,050	20,076	17,337	21,270	18,345	83,000	83,050	21,006	18,177	22,350	19,253
77,050	77,100	19,161	16,511	20,208	17,519	80,050	80,100	20,091	17,351	21,288	18,359	83,050	83,100	21,021	18,191	22,368	19,268
77,100	77,150	19,177	16,525	20,226	17,533	80,100	80,150	20,107	17,365	21,306	18,373	83,100	83,150	21,037	18,205	22,386	19,284
77,150	77,200	19,192	16,539	20,244	17,547	80,150	80,200	20,122	17,379	21,324	18,387	83,150	83,200	21,052	18,219	22,404	19,299
77,200	77,250	19,208	16,553	20,262	17,561	80,200	80,250	20,138	17,393	21,342	18,401	83,200	83,250	21,068	18,233	22,422	19,315
77,250	77,300	19,223	16,567	20,280	17,575	80,250	80,300	20,153	17,407	21,360	18,415	83,250	83,300	21,083	18,247	22,440	19,330
77,300	77,350	19,239	16,581	20,298	17,589	80,300	80,350	20,169	17,421	21,378	18,429	83,300	83,350	21,099	18,261	22,458	19,346
77,350	77,400	19,254	16,595	20,316	17,603	80,350	80,400	20,184	17,435	21,396	18,443	83,350	83,400	21,114	18,275	22,476	19,361
77,400	77,450	19,270	16,609	20,334	17,617	80,400	80,450	20,200	17,449	21,414	18,457	83,400	83,450	21,130	18,289	22,494	19,377
77,450	77,500	19,285	16,623	20,352	17,631	80,450	80,500	20,215	17,463	21,432	18,471	83,450	83,500	21,145	18,303	22,512	19,392
77,500	77,550	19,301	16,637	20,370	17,645	80,500	80,550	20,231	17,477	21,450	18,485	83,500	83,550	21,161	18,317	22,530	19,408
77,550	77,600	19,316	16,651	20,388	17,659	80,550	80,600	20,246	17,491	21,468	18,499	83,550	83,600	21,176	18,331	22,548	19,423
77,600	77,650	19,332	16,665	20,406	17,673	80,600	80,650	20,262	17,505	21,486	18,513	83,600	83,650	21,192	18,345	22,566	19,439
77,650	77,700	19,347	16,679	20,424	17,687	80,650	80,700	20,277	17,519	21,504	18,527	83,650	83,700	21,207	18,359	22,584	19,454
77,700	77,750	19,363	16,693	20,442	17,701	80,700	80,750	20,293	17,533	21,522	18,541	83,700	83,750	21,223	18,373	22,602	19,470
77,750	77,800	19,378	16,707	20,460	17,715	80,750	80,800	20,308	17,547	21,540	18,555	83,750	83,800	21,238	18,387	22,620	19,485
77,800	77,850	19,394	16,721	20,478	17,729	80,800	80,850	20,324	17,561	21,558	18,571	83,800	83,850	21,254	18,401	22,638	19,501
77,850	77,900	19,409	16,735	20,496	17,743	80,850	80,900	20,339	17,575	21,576	18,586	83,850	83,900	21,269	18,415	22,656	19,516
77,900	77,950	19,425	16,749	20,514	17,757	80,900	80,950	20,355	17,589	21,594	18,602	83,900	83,950	21,285	18,429	22,674	19,532
77,950	78,000	19,440	16,763	20,532	17,771	80,950	81,000	20,370	17,603	21,612	18,617	83,950	84,000	21,300	18,443	22,692	19,547
78,000						81,000						84,000					
78,000	78,050	19,456	16,777	20,550	17,785	81,000	81,050	20,386	17,617	21,630	18,633	84,000	84,050	21,316	18,457	22,710	19,563
78,050	78,100	19,471	16,791	20,568	17,799	81,050	81,100	20,401	17,631	21,648	18,648	84,050	84,100	21,331	18,471	22,728	19,578
78,100	78,150	19,487	16,805	20,586	17,813	81,100	81,150	20,417	17,645	21,666	18,664	84,100	84,150	21,347	18,485	22,746	19,594
78,150	78,200	19,502	16,819	20,604	17,827	81,150	81,200	20,432	17,659	21,684	18,679	84,150	84,200	21,362	18,499	22,764	19,609
78,200	78,250	19,518	16,833	20,622	17,841	81,200	81,250	20,448	17,673	21,702	18,695	84,200	84,250	21,378	18,513	22,782	19,625
78,250	78,300	19,533	16,847	20,640	17,855	81,250	81,300	20,463	17,687	21,720	18,710	84,250	84,300	21,393	18,527	22,800	19,640
78,300	78,350	19,549	16,861	20,658	17,869	81,300	81,350	20,479	17,701	21,738	18,726	84,300	84,350	21,409	18,541	22,818	19,656
78,350	78,400	19,564	16,875	20,676	17,883	81,350	81,400	20,494	17,715	21,756	18,741	84,350	84,400	21,424	18,555	22,836	19,671
78,400	78,450	19,580	16,889	20,694	17,897	81,400	81,450	20,510	17,729	21,774	18,757	84,400	84,450	21,440	18,569	22,854	19,687
78,450	78,500	19,595	16,903	20,712	17,911	81,450	81,500	20,525	17,743	21,792	18,772	84,450	84,500	21,455	18,583	22,872	19,702
78,500	78,550	19,611	16,917	20,730	17,925	81,500	81,550	20,541	17,757	21,810	18,788	84,500	84,550	21,471	18,597	22,890	19,718
78,550	78,600	19,626	16,931	20,748	17,939	81,550	81,600	20,556	17,771	21,828	18,803	84,550	84,600	21,486	18,611	22,908	19,733
78,600	78,650	19,642	16,945	20,766	17,953	81,600	81,650	20,572	17,785	21,846	18,819	84,600	84,650	21,502	18,625	22,926	19,749
78,650	78,700	19,657	16,959	20,784	17,967	81,650	81,700	20,587	17,799	21,864	18,834	84,650	84,700	21,517	18,639	22,944	19,764
78,700	78,750	19,673	16,973	20,802	17,981	81,700	81,750	20,603	17,813	21,882	18,850	84,700	84,750	21,533	18,653	22,962	19,780
78,750	78,800	19,688	16,987	20,820	17,995	81,750	81,800	20,618	17,827	21,900	18,865	84,750	84,800	21,548	18,667	22,980	19,795
78,800	78,850	19,704	17,001	20,838	18,009	81,800	81,850	20,634	17,841	21,918	18,881	84,800	84,850	21,564	18,681	22,998	19,811
78,850	78,900	19,719	17,015	20,856	18,023	81,850	81,900	20,649	17,855	21,936	18,896	84,850	84,900	21,579	18,695	23,016	19,826
78,900	78,950	19,735	17,029	20,874	18,037	81,900	81,950	20,665	17,869	21,954	18,912	84,900	84,950	21,595	18,709	23,034	19,842
78,950	79,000	19,750	17,043	20,892	18,051	81,950	82,000	20,680	17,883	21,972	18,927	84,950	85,000	21,610	18,723	23,052	19,857
79,000						82,000						85,000					
79,000	79,050	19,766	17,057	20,910	18,065	82,000	82,050	20,696	17,897	21,990	18,943	85,000	85,050	21,626	18,737	23,070	19,873
79,050	79,100	19,781	17,071	20,928	18,079	82,050	82,100	20,711	17,911	22,008	18,958	85,050	85,100	21,641	18,751	23,088	19,888
79,100	79,150	19,797	17,085	20,946	18,093	82,100	82,150	20,727	17,925	22,026	18,974	85,100	85,150	21,657	18,765	23,106	19,904
79,150	79,200	19,812	17,099	20,964	18,107	82,150	82,200	20,742	17,939	22,044	18,989	85,150	85,200	21,672	18,779	23,124	19,919
79,200	79,250	19,828	17,113	20,982	18,121	82,200	82,250	20,758	17,953	22,062	19,005	85,200	85,250	21,688	18,793	23,142	19,935
79,250	79,300	19,843	17,127	21,000	18,135	82,250	82,300	20,773	17,967	22,080	19,020	85,250	85,300	21,703	18,807	23,160	19,950
79,300	79,350	19,859	17,141	21,018	18,149	82,300	82,350	20,789	17,981	22,098	19,036	85,300	85,350	21,719	18,821	23,178	19,966
79,350	79,400	19,874	17,155	21,036	18,163	82,350	82,400	20,804	17,995	22,116	19,051	85,350	85,400	21,734	18,835	23,196	19,981
79,400	79,450	19,890	17,169	21,054	18,177	82,400	82,450	20,820	18,009	22,134	19,067	85,400	85,450	21,750	18,849	23,214	19,997
79,450	79,500	19,905	17,183	21,072	18,191	82,450	82,500	20,835	18,023	22,152	19,082	85,450	85,500	21,765	18,863	23,232	20,012
79,500	79,550	19,921	17,197	21,090	18,205												

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
86,000						89,000						92,000					
86,000	86,050	21,936	19,017	23,430	20,183	89,000	89,050	22,866	19,857	24,510	21,113	92,000	92,050	23,796	20,697	25,590	22,043
86,050	86,100	21,951	19,031	23,448	20,198	89,050	89,100	22,881	19,871	24,528	21,128	92,050	92,100	23,811	20,711	25,608	22,058
86,100	86,150	21,967	19,045	23,466	20,214	89,100	89,150	22,897	19,885	24,546	21,144	92,100	92,150	23,827	20,725	25,626	22,074
86,150	86,200	21,982	19,059	23,484	20,229	89,150	89,200	22,912	19,899	24,564	21,159	92,150	92,200	23,842	20,739	25,644	22,089
86,200	86,250	21,998	19,073	23,502	20,245	89,200	89,250	22,928	19,913	24,582	21,175	92,200	92,250	23,858	20,753	25,662	22,105
86,250	86,300	22,013	19,087	23,520	20,260	89,250	89,300	22,943	19,927	24,600	21,190	92,250	92,300	23,873	20,767	25,680	22,120
86,300	86,350	22,029	19,101	23,538	20,276	89,300	89,350	22,959	19,941	24,618	21,206	92,300	92,350	23,889	20,781	25,698	22,136
86,350	86,400	22,044	19,115	23,556	20,291	89,350	89,400	22,974	19,955	24,636	21,221	92,350	92,400	23,904	20,795	25,716	22,151
86,400	86,450	22,060	19,129	23,574	20,307	89,400	89,450	22,990	19,969	24,654	21,237	92,400	92,450	23,920	20,809	25,734	22,167
86,450	86,500	22,075	19,143	23,592	20,322	89,450	89,500	23,005	19,983	24,672	21,252	92,450	92,500	23,935	20,823	25,752	22,182
86,500	86,550	22,091	19,157	23,610	20,338	89,500	89,550	23,021	19,997	24,690	21,268	92,500	92,550	23,951	20,837	25,770	22,198
86,550	86,600	22,106	19,171	23,628	20,353	89,550	89,600	23,036	20,011	24,708	21,283	92,550	92,600	23,966	20,851	25,788	22,213
86,600	86,650	22,122	19,185	23,646	20,369	89,600	89,650	23,052	20,025	24,726	21,299	92,600	92,650	23,982	20,865	25,806	22,229
86,650	86,700	22,137	19,199	23,664	20,384	89,650	89,700	23,067	20,039	24,744	21,314	92,650	92,700	23,997	20,879	25,824	22,244
86,700	86,750	22,153	19,213	23,682	20,400	89,700	89,750	23,083	20,053	24,762	21,330	92,700	92,750	24,013	20,893	25,842	22,260
86,750	86,800	22,168	19,227	23,700	20,415	89,750	89,800	23,098	20,067	24,780	21,345	92,750	92,800	24,028	20,907	25,860	22,275
86,800	86,850	22,184	19,241	23,718	20,431	89,800	89,850	23,114	20,081	24,798	21,361	92,800	92,850	24,044	20,921	25,878	22,291
86,850	86,900	22,199	19,255	23,736	20,446	89,850	89,900	23,129	20,095	24,816	21,376	92,850	92,900	24,059	20,935	25,896	22,306
86,900	86,950	22,215	19,269	23,754	20,462	89,900	89,950	23,145	20,109	24,834	21,392	92,900	92,950	24,075	20,949	25,914	22,322
86,950	87,000	22,230	19,283	23,772	20,477	89,950	90,000	23,160	20,123	24,852	21,407	92,950	93,000	24,090	20,963	25,932	22,337
87,000						90,000						93,000					
87,000	87,050	22,246	19,297	23,790	20,493	90,000	90,050	23,176	20,137	24,870	21,423	93,000	93,050	24,106	20,977	25,950	22,353
87,050	87,100	22,261	19,311	23,808	20,508	90,050	90,100	23,191	20,151	24,888	21,438	93,050	93,100	24,121	20,991	25,968	22,368
87,100	87,150	22,277	19,325	23,826	20,524	90,100	90,150	23,207	20,165	24,906	21,454	93,100	93,150	24,137	21,005	25,986	22,384
87,150	87,200	22,292	19,339	23,844	20,539	90,150	90,200	23,222	20,179	24,924	21,469	93,150	93,200	24,152	21,019	26,004	22,399
87,200	87,250	22,308	19,353	23,862	20,555	90,200	90,250	23,238	20,193	24,942	21,485	93,200	93,250	24,168	21,033	26,022	22,415
87,250	87,300	22,323	19,367	23,880	20,570	90,250	90,300	23,253	20,207	24,960	21,500	93,250	93,300	24,183	21,047	26,040	22,430
87,300	87,350	22,339	19,381	23,898	20,586	90,300	90,350	23,269	20,221	24,978	21,516	93,300	93,350	24,199	21,061	26,058	22,446
87,350	87,400	22,354	19,395	23,916	20,601	90,350	90,400	23,284	20,235	24,996	21,531	93,350	93,400	24,214	21,075	26,076	22,461
87,400	87,450	22,370	19,409	23,934	20,617	90,400	90,450	23,300	20,249	25,014	21,547	93,400	93,450	24,230	21,089	26,094	22,477
87,450	87,500	22,385	19,423	23,952	20,632	90,450	90,500	23,315	20,263	25,032	21,562	93,450	93,500	24,245	21,103	26,112	22,492
87,500	87,550	22,401	19,437	23,970	20,648	90,500	90,550	23,331	20,277	25,050	21,578	93,500	93,550	24,261	21,117	26,130	22,508
87,550	87,600	22,416	19,451	23,988	20,663	90,550	90,600	23,346	20,291	25,068	21,593	93,550	93,600	24,276	21,131	26,148	22,523
87,600	87,650	22,432	19,465	24,006	20,679	90,600	90,650	23,362	20,305	25,086	21,609	93,600	93,650	24,292	21,145	26,166	22,539
87,650	87,700	22,447	19,479	24,024	20,694	90,650	90,700	23,377	20,319	25,104	21,624	93,650	93,700	24,307	21,159	26,184	22,554
87,700	87,750	22,463	19,493	24,042	20,710	90,700	90,750	23,393	20,333	25,122	21,640	93,700	93,750	24,323	21,173	26,202	22,570
87,750	87,800	22,478	19,507	24,060	20,725	90,750	90,800	23,408	20,347	25,140	21,655	93,750	93,800	24,338	21,187	26,220	22,585
87,800	87,850	22,494	19,521	24,078	20,741	90,800	90,850	23,424	20,361	25,158	21,671	93,800	93,850	24,354	21,201	26,238	22,601
87,850	87,900	22,509	19,535	24,096	20,756	90,850	90,900	23,439	20,375	25,176	21,686	93,850	93,900	24,369	21,215	26,256	22,616
87,900	87,950	22,525	19,549	24,114	20,772	90,900	90,950	23,455	20,389	25,194	21,702	93,900	93,950	24,385	21,229	26,274	22,632
87,950	88,000	22,540	19,563	24,132	20,787	90,950	91,000	23,470	20,403	25,212	21,717	93,950	94,000	24,400	21,243	26,292	22,647
88,000						91,000						94,000					
88,000	88,050	22,556	19,577	24,150	20,803	91,000	91,050	23,486	20,417	25,230	21,733	94,000	94,050	24,416	21,257	26,310	22,663
88,050	88,100	22,571	19,591	24,168	20,818	91,050	91,100	23,501	20,431	25,248	21,748	94,050	94,100	24,431	21,271	26,328	22,678
88,100	88,150	22,587	19,605	24,186	20,834	91,100	91,150	23,517	20,445	25,266	21,764	94,100	94,150	24,447	21,285	26,346	22,694
88,150	88,200	22,602	19,619	24,204	20,849	91,150	91,200	23,532	20,459	25,284	21,779	94,150	94,200	24,462	21,299	26,364	22,709
88,200	88,250	22,618	19,633	24,222	20,865	91,200	91,250	23,548	20,473	25,302	21,795	94,200	94,250	24,478	21,313	26,382	22,725
88,250	88,300	22,633	19,647	24,240	20,880	91,250	91,300	23,563	20,487	25,320	21,810	94,250	94,300	24,493	21,328	26,400	22,740
88,300	88,350	22,649	19,661	24,258	20,896	91,300	91,350	23,579	20,501	25,338	21,826	94,300	94,350	24,509	21,343	26,418	22,756
88,350	88,400	22,664	19,675	24,276	20,911	91,350	91,400	23,594	20,515	25,356	21,841	94,350	94,400	24,524	21,357	26,436	22,771
88,400	88,450	22,680	19,689	24,294	20,927	91,400	91,450	23,610	20,529	25,374	21,857	94,400	94,450	24,540	21,374	26,454	22,787
88,450	88,500	22,695	19,703	24,312	20,942	91,450	91,500	23,625	20,543	25,392	21,872	94,450	94,500	24,555	21,390	26,472	22,802
88,500	88,550	22,711	19,717	24,330	20,958												

1995 Tax Table—Continued

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—			
95,000						98,000					
95,000	95,050	24,726	21,560	26,670	22,973	98,000	98,050	25,656	22,490	27,750	23,903
95,050	95,100	24,741	21,576	26,688	22,988	98,050	98,100	25,671	22,506	27,768	23,918
95,100	95,150	24,757	21,591	26,706	23,004	98,100	98,150	25,687	22,521	27,786	23,934
95,150	95,200	24,772	21,607	26,724	23,019	98,150	98,200	25,702	22,537	27,804	23,949
95,200	95,250	24,788	21,622	26,742	23,035	98,200	98,250	25,718	22,552	27,822	23,965
95,250	95,300	24,803	21,638	26,760	23,050	98,250	98,300	25,733	22,568	27,840	23,980
95,300	95,350	24,819	21,653	26,778	23,066	98,300	98,350	25,749	22,583	27,858	23,996
95,350	95,400	24,834	21,669	26,796	23,081	98,350	98,400	25,764	22,599	27,876	24,011
95,400	95,450	24,850	21,684	26,814	23,097	98,400	98,450	25,780	22,614	27,894	24,027
95,450	95,500	24,865	21,700	26,832	23,112	98,450	98,500	25,795	22,630	27,912	24,042
95,500	95,550	24,881	21,715	26,850	23,128	98,500	98,550	25,811	22,645	27,930	24,058
95,550	95,600	24,896	21,731	26,868	23,143	98,550	98,600	25,826	22,661	27,948	24,073
95,600	95,650	24,912	21,746	26,886	23,159	98,600	98,650	25,842	22,676	27,966	24,089
95,650	95,700	24,927	21,762	26,904	23,174	98,650	98,700	25,857	22,692	27,984	24,104
95,700	95,750	24,943	21,777	26,922	23,190	98,700	98,750	25,873	22,707	28,002	24,120
95,750	95,800	24,958	21,793	26,940	23,205	98,750	98,800	25,888	22,723	28,020	24,135
95,800	95,850	24,974	21,808	26,958	23,221	98,800	98,850	25,904	22,738	28,038	24,151
95,850	95,900	24,989	21,824	26,976	23,236	98,850	98,900	25,919	22,754	28,056	24,166
95,900	95,950	25,005	21,839	26,994	23,252	98,900	98,950	25,935	22,769	28,074	24,182
95,950	96,000	25,020	21,855	27,012	23,267	98,950	99,000	25,950	22,785	28,092	24,197
96,000						99,000					
96,000	96,050	25,036	21,870	27,030	23,283	99,000	99,050	25,966	22,800	28,110	24,213
96,050	96,100	25,051	21,886	27,048	23,298	99,050	99,100	25,981	22,816	28,128	24,228
96,100	96,150	25,067	21,901	27,066	23,314	99,100	99,150	25,997	22,831	28,146	24,244
96,150	96,200	25,082	21,917	27,084	23,329	99,150	99,200	26,012	22,847	28,164	24,259
96,200	96,250	25,098	21,932	27,102	23,345	99,200	99,250	26,028	22,862	28,182	24,275
96,250	96,300	25,113	21,948	27,120	23,360	99,250	99,300	26,043	22,878	28,200	24,290
96,300	96,350	25,129	21,963	27,138	23,376	99,300	99,350	26,059	22,893	28,218	24,306
96,350	96,400	25,144	21,979	27,156	23,391	99,350	99,400	26,074	22,909	28,236	24,321
96,400	96,450	25,160	21,994	27,174	23,407	99,400	99,450	26,090	22,924	28,254	24,337
96,450	96,500	25,175	22,010	27,192	23,422	99,450	99,500	26,105	22,940	28,272	24,352
96,500	96,550	25,191	22,025	27,210	23,438	99,500	99,550	26,121	22,955	28,290	24,368
96,550	96,600	25,206	22,041	27,228	23,453	99,550	99,600	26,136	22,971	28,308	24,383
96,600	96,650	25,222	22,056	27,246	23,469	99,600	99,650	26,152	22,986	28,326	24,399
96,650	96,700	25,237	22,072	27,264	23,484	99,650	99,700	26,167	23,002	28,344	24,414
96,700	96,750	25,253	22,087	27,282	23,500	99,700	99,750	26,183	23,017	28,362	24,430
96,750	96,800	25,268	22,103	27,300	23,515	99,750	99,800	26,198	23,033	28,380	24,445
96,800	96,850	25,284	22,118	27,318	23,531	99,800	99,850	26,214	23,048	28,398	24,461
96,850	96,900	25,299	22,134	27,336	23,546	99,850	99,900	26,229	23,064	28,416	24,476
96,900	96,950	25,315	22,149	27,354	23,562	99,900	99,950	26,245	23,079	28,434	24,492
96,950	97,000	25,330	22,165	27,372	23,577	99,950	100,000	26,260	23,095	28,452	24,507
97,000						<div style="border: 1px solid black; border-radius: 50%; padding: 20px; width: fit-content; margin: auto;"> <p>\$100,000 or over — use the Tax Rate Schedules on page 53</p> </div>					
97,000	97,050	25,346	22,180	27,390	23,593						
97,050	97,100	25,361	22,196	27,408	23,608						
97,100	97,150	25,377	22,211	27,426	23,624						
97,150	97,200	25,392	22,227	27,444	23,639						
97,200	97,250	25,408	22,242	27,462	23,655						
97,250	97,300	25,423	22,258	27,480	23,670						
97,300	97,350	25,439	22,273	27,498	23,686						
97,350	97,400	25,454	22,289	27,516	23,701						
97,400	97,450	25,470	22,304	27,534	23,717						
97,450	97,500	25,485	22,320	27,552	23,732						
97,500	97,550	25,501	22,335	27,570	23,748						
97,550	97,600	25,516	22,351	27,588	23,763						
97,600	97,650	25,532	22,366	27,606	23,779						
97,650	97,700	25,547	22,382	27,624	23,794						
97,700	97,750	25,563	22,397	27,642	23,810						
97,750	97,800	25,578	22,413	27,660	23,825						
97,800	97,850	25,594	22,428	27,678	23,841						
97,850	97,900	25,609	22,444	27,696	23,856						
97,900	97,950	25,625	22,459	27,714	23,872						
97,950	98,000	25,640	22,475	27,732	23,887						

* This column must also be used by a qualifying widow(er).

1995 Tax Rate Schedules

Caution: Use **only** if your taxable income (Form 1040, line 37) is \$100,000 or more. If less, use the **Tax Table**. Even though you cannot use the tax rate schedules below if your taxable income is less than \$100,000, all levels of taxable income are shown so taxpayers can see the tax rate that applies to each level.

Schedule X—Use if your filing status is **Single**

If the amount on Form 1040, line 37, is: <i>Over—</i>	<i>But not over—</i>	Enter on Form 1040, line 38	<i>of the amount over—</i>
\$0	\$23,350	..... 15%	\$0
23,350	56,550	\$3,502.50 + 28%	23,350
56,550	117,950	12,798.50 + 31%	56,550
117,950	256,500	31,832.50 + 36%	117,950
256,500	.....	81,710.50 + 39.6%	256,500

Schedule Y-1—Use if your filing status is **Married filing jointly** or **Qualifying widow(er)**

If the amount on Form 1040, line 37, is: <i>Over—</i>	<i>But not over—</i>	Enter on Form 1040, line 38	<i>of the amount over—</i>
\$0	\$39,000	..... 15%	\$0
39,000	94,250	\$5,850.00 + 28%	39,000
94,250	143,600	21,320.00 + 31%	94,250
143,600	256,500	36,618.50 + 36%	143,600
256,500	.....	77,262.50 + 39.6%	256,500

Schedule Y-2—Use if your filing status is **Married filing separately**

If the amount on Form 1040, line 37, is: <i>Over—</i>	<i>But not over—</i>	Enter on Form 1040, line 38	<i>of the amount over—</i>
\$0	\$19,500	..... 15%	\$0
19,500	47,125	\$2,925.00 + 28%	19,500
47,125	71,800	10,660.00 + 31%	47,125
71,800	128,250	18,309.25 + 36%	71,800
128,250	.....	38,631.25 + 39.6%	128,250

Schedule Z—Use if your filing status is **Head of household**

If the amount on Form 1040, line 37, is: <i>Over—</i>	<i>But not over—</i>	Enter on Form 1040, line 38	<i>of the amount over—</i>
\$0	\$31,250	..... 15%	\$0
31,250	80,750	\$4,687.50 + 28%	31,250
80,750	130,800	18,547.50 + 31%	80,750
130,800	256,500	34,063.00 + 36%	130,800
256,500	.....	79,315.00 + 39.6%	256,500

Section 6.

Instructions For Schedules To Form 1040

Instructions for Schedule A, Itemized Deductions

Use Schedule A to figure your itemized deductions. Your Federal income tax will be less if you take the **larger** of your itemized deductions or your standard deduction.

If you itemize, you may deduct part of your medical and dental expenses and unreimbursed employee business expenses, and amounts you paid for certain taxes, interest, contributions, and miscellaneous expenses. You may also deduct certain casualty and theft losses.

Medical and Dental Expenses

You may deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount on Form 1040, line 32.

Pub. 502, Medical and Dental Expenses, discusses the types of expenses that may and may not be deducted. It also explains when you may deduct capital expenses and special care expenses for disabled persons.

Examples of Medical and Dental Payments You May Deduct

To the extent you were **not reimbursed**, you may deduct what you paid for:

- Prescription medicines and drugs, or insulin.
- Medical doctors, osteopathic doctors, dentists, eye doctors, chiropractors, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.
- Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and housework, you may deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, and lab fees.
- The supplemental part of Medicare insurance (Medicare B).
- Medical treatment at a center for drug or alcohol addiction.
- Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.
- Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital. **Do not** include more than \$50 a night for each eligible person.
- Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim **9 cents a mile**. Add parking and tolls to the amount you claim under either method.

Note: Certain medical expenses paid out of a decedent's estate may be claimed on the decedent's final return. See Pub. 502 for details.

Examples of Medical and Dental Payments You May Not Deduct

- The basic cost of Medicare insurance (Medicare A).

TIP If you were 65 or older but not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, an injury from an accident or trauma, or a disfiguring disease.
- Life insurance or income protection policies.
- The Medicare tax on your wages and tips or the Medicare tax paid as part of the self-employment tax or household employment taxes.
- Nursing care for a healthy baby. But you may be able to take a credit. See the instructions for Form 1040, line 41.
- Illegal operations or drugs.
- Nonprescription medicines or drugs.
- Travel your doctor told you to take for rest or a change.
- Funeral, burial, or cremation costs.

Line 1

Medical and Dental Expenses

Enter the total of your medical and dental expenses, after you reduce these expenses by any payments received from insurance or other sources. See **Reimbursements** on this page.

TIP Include the amount you paid for insurance premiums for medical and dental care, after you reduce that amount by any self-employed health insurance deduction you claimed on Form 1040, line 26.

Include medical and dental bills you paid for:

- Yourself.
- Your spouse.
- All dependents you claim on your return.

- Your child whom you do not claim as a dependent because of the rules explained on page 13 for **Children of Divorced or Separated Parents**.

- Any person you could have claimed as a dependent on your return if that person had not received \$2,500 or more of gross income or had not filed a joint return.

Example. You provided over half of your mother's support but may not claim her as a dependent because she received wages of \$2,500 in 1995. You may include on line 1 any medical and dental expenses you paid in 1995 for your mother.

Reimbursements. If your insurance company paid the provider directly for part of your expenses, and you paid only the amount that remained, include on line 1 **ONLY** the amount you paid. If you received a reimbursement in 1995 for medical or dental expenses you paid in 1995, reduce your 1995 expenses by this amount. If you received a reimbursement in 1995 for prior year medical or dental expenses, do not reduce your 1995 expenses by this amount. But if you deducted the expenses in the earlier year and the deduction reduced your tax, you must include the reimbursement in income on Form 1040, line 21. See Pub. 502 for details on how to figure the amount to include.

Cafeteria Plans. Do not include on line 1 insurance premiums paid by an employer-sponsored health insurance plan (cafeteria plan) unless the premiums are included in box 1 of your W-2 form(s). Also, do not include any other medical and dental expenses paid by the plan unless the amount paid is included in box 1 of your W-2 form(s).

Taxes You Paid

Taxes You May Not Deduct

- Federal income and excise taxes.
- Social security, Medicare, Federal unemployment (FUTA), and railroad retirement (RTTA) taxes.
- Customs duties.
- Federal estate and gift taxes. But see the instructions for line 27 on page A-5.
- Certain state and local taxes, including: general sales tax, tax on gasoline, car inspection fees, assessments for sidewalks or other improvements to your property, tax you paid for someone else, and license fees (marriage, driver's, dog, etc.).

Line 5

State and Local Income Taxes

Include on this line the state and local income taxes listed below:

- State and local income taxes withheld from your salary during 1995. Your W-2 form(s) will show these amounts. Forms W-2G, 1099-R, and 1099-MISC may also show state and local income taxes withheld.

- State and local income taxes paid in 1995 for a prior year, such as taxes paid with your 1994 state or local income tax return. **Do not** include penalties or interest.

- State and local estimated tax payments made during 1995, including any part of a prior year refund that you chose to have credited to your 1995 state or local income taxes.

- Mandatory contributions you made to the California, New Jersey, or New York Nonoccupational Disability Benefit Fund, Rhode Island Temporary Disability Benefit Fund, or Washington State Supplemental Workmen's Compensation Fund.

Do not reduce your deduction by:

- Any state or local income tax refund or credit you expect to receive for 1995, or

- Any refund of, or credit for, prior year state and local income taxes you actually received in 1995. Instead, see the instructions for Form 1040, line 10.

Line 6

Real Estate Taxes

Include taxes (state, local, or foreign) you paid on real estate you own that was not used for business, but only if the taxes are based on the assessed value of the property. Also, the assessment must be made uniformly on property throughout the community, and the proceeds must be used for general community or governmental purposes. **Pub. 530** explains the deductions homeowners may take. **Do not** include the following amounts on line 6.

- Real estate taxes deducted elsewhere such as on Schedule C, C-EZ, E, or F.

- Itemized charges for services to specific property or persons (for example, a \$20 monthly charge per house for trash collection, a \$5 charge for every 1,000 gallons of water consumed, or a flat charge for mowing a lawn that had grown higher than permitted under a local ordinance).

- Charges for improvements that tend to increase the value of your property (for example, an assessment to build a new sidewalk). The cost of a property improvement is added to the basis of the property. However, a charge is deductible if it is used only to maintain an existing public facility in service (for example, a charge to repair an existing sidewalk, and any interest included in that charge).

If your mortgage payments include your real estate taxes, you may deduct only the amount the mortgage company actually paid to the taxing authority in 1995.

If you sold your home in 1995, any real estate tax charged to the buyer should be shown in box 5 of **Form 1099-S**, Proceeds From Real Estate Transactions. This amount

is considered a refund of real estate taxes you received in 1995. See **Refunds and Rebates** next.

Refunds and Rebates. If you received a refund or rebate in 1995 of real estate taxes you paid in 1995, reduce your deduction by the amount of the refund or rebate. If you received a refund or rebate in 1995 of real estate taxes you paid in an earlier year, do not reduce your deduction by this amount. Instead, you must include the refund or rebate in income on Form 1040, line 21, if you deducted the real estate taxes in the earlier year and the deduction reduced your tax. **Pub. 525**, Taxable and Nontaxable Income, tells you how to figure the amount to include in income.

Line 7

Personal Property Taxes

Enter personal property tax you paid, but only if it is an annual tax based on value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you may deduct only the part based on the car's value.

Line 8

Other Taxes

If you had any deductible tax not listed on line 5, 6, or 7, list the type and amount of tax. Enter only one total on line 8. Include on this line income tax you paid to a foreign country or U.S. possession.

TIP *You may want to take a credit for the foreign tax instead of a deduction. Get **Pub. 514** for details.*

Interest You Paid

Do not include interest deducted elsewhere such as on Schedule C, C-EZ, E, or F. Whether your interest expense is treated as investment interest, personal interest, or business interest depends on how and when you used the loan proceeds. Get **Pub. 535**, Business Expenses, for details.

In general, if you paid interest in 1995 that applies to any period after 1995, you may deduct only amounts that apply for 1995.

Interest You May Not Deduct

- Personal interest, such as interest paid on car loans, student loans, life insurance loans, credit cards, charge accounts, etc.

- Interest paid on your debts by others, such as mortgage interest subsidy payments made by a government agency.

- Interest on certain loans against your interest in a 401(k) plan or a tax-sheltered annuity plan. Get **Pub. 575**, Pension and Annuity Income (Including Simplified General Rule), for details.

- Interest paid for tax-exempt income. This includes interest on money you borrowed to buy or carry wholly tax-exempt securities. It also includes interest paid to buy or carry obligations or shares, or to make deposits or other investments, to the extent any interest income received from the investment is tax exempt.

- Interest on a debt to buy a single-premium life insurance or endowment contract.

See Pub. 535 for more details.

Lines 10 and 11

Home Mortgage Interest

A **home mortgage** is any loan that is secured by your main home or second home. It includes first and second mortgages, home equity loans, and refinanced mortgages.

A **home** may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, toilet, and cooking facilities.

Limit on Home Mortgage Interest. The amount of home mortgage interest you may deduct depends on the date you took out the mortgage, how you used the proceeds, and the amount of the mortgage.

If all of your home mortgages fit into one or more of **Categories 1, 2, and 3** (explained later), you may deduct all of your home mortgage interest on line 10 or 11, whichever applies. If one or more of your mortgages does not fit into any of the three categories, get **Pub. 936**, Home Mortgage Interest Deduction, to figure your deduction.

If you had **more than one home** at the same time (a main home and a second home), the dollar limits in **Categories 2 and 3** apply to the total mortgages on both homes. See Pub. 936 for more details.

Category 1. Mortgages taken out **on or before October 13, 1987**. How you used the proceeds of these mortgages does not matter. This category includes **line-of-credit mortgages** you had on October 13, 1987. But if you borrowed additional amounts on this line-of-credit after October 13, 1987, the additional amounts fit into **Category 2 or 3** (or 2 and 3 if a **mixed-use mortgage**—explained later).

This category also includes mortgages you had on October 13, 1987, that you **refinanced** after that date. But if you refinanced for more than the balance of the old mortgage, only the part of the new mortgage equal to the amount you owed on the old mortgage at the time you refinanced it fits into this category. The part of the new mortgage that is more than the balance of the old mortgage fits into **Category 2 or 3** (or 2 and 3 if a **mixed-use mortgage**—explained later).

Category 2. Mortgages taken out **after October 13, 1987, to buy, build, or improve your home**, but only if these mortgages plus any mortgages in **Category 1** above totaled \$1 million or less throughout 1995. The limit is \$500,000 or less if married filing separately.

Category 3. Mortgages taken out **after October 13, 1987, other than to buy, build, or improve your home**, but only if these mortgages totaled \$100,000 or less throughout 1995. The limit is \$50,000 or less if married filing separately. An example of this type of mortgage is a home equity loan you used to pay off credit card bills, to buy a car, or to pay tuition costs.

Note: If the total amount of all mortgages exceeds the fair market value of the home, additional limits apply. See Pub. 936.

Mixed-Use Mortgages. If you took out a mortgage after October 13, 1987 (including refinancing for more than what you owed or borrowing additional amounts on a line-of-credit mortgage you had on October 13, 1987) and used the proceeds for purposes described in both **Categories 2 and 3** earlier, you have a mixed-use mortgage. The mortgage proceeds used to buy, build, or improve the home fit into **Category 2** and the rest of the proceeds fit into **Category 3**.

Line 10. Enter on line 10 mortgage interest and points reported to you on **Form 1098**, Mortgage Interest Statement. If you did not receive a Form 1098, enter the interest on line 11 and any deductible points on line 12.

If you paid \$600 or more of mortgage interest (including points paid to buy your main home), the recipient will generally send you a Form 1098, or similar statement, by January 31, 1996. If this form shows any refund of overpaid interest, do not reduce your deduction by the refund. Instead, see the instructions for Form 1040, line 21.

If you paid more interest to financial institutions than is shown on Form 1098, see Pub. 936 to find out if you can deduct the additional interest. If you can, attach a statement explaining the difference and write "See attached" next to line 10.

Note: If you are claiming the **mortgage interest credit** (see the instructions for Form 1040, line 44), subtract the amount shown on line 3 of Form 8396 from the total deductible interest you paid on your home mortgage. Enter the result on line 10.

Line 11. If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 11.

If you bought your home from the recipient, be sure to show that recipient's name, identifying no., and address on the dotted lines next to line 11. If the recipient is an individual, the identifying no. is his or her social security number (SSN). Otherwise, it is the employer identification number. You must also let the recipient know your SSN. If you don't show the required information about the recipient and let the recipient know your SSN, you may have to pay a \$50 penalty.

If you and at least one other person (other than your spouse if filing a joint return) were liable for and paid interest on the mortgage, and the other person received the Form 1098, attach a statement to your return showing the name and address of that person. Next to line 11, write "See attached."

Line 12

Points Not Reported on Form 1098

Points are shown on your settlement statement. Points you paid **only** to borrow money are deductible over the life of the loan. But you may deduct the points (including loan origination fees on a loan used to buy your main home) in the year paid if **all three** of the following apply. Points paid for other purposes, such as for a lender's services, are not deductible.

1. The loan was used to **buy, build, or improve your main home**, and was secured by that home.

2. The points did not exceed the points usually charged in the area where the loan was made, and were figured as a percentage of the loan amount.

3. If the loan was used to **buy or build** the home, you must have provided funds (see below) at least equal to the points charged. If the loan was used to **improve** the home, you must have paid the points with funds other than those obtained from the lender.

Funds provided by you include down payments, escrow deposits, earnest money applied at closing, and other amounts actually paid at closing. They do not include amounts you borrowed as part of the overall transaction.



Points paid on a loan to buy or build your main home include loan origination fees designated on conventional, VA, and FHA loans.

Seller-Paid Points. If you are the buyer, you may be able to deduct points the seller paid in 1995. You can do this if the loan was used to buy your main home and the points meet item 2 above. You must reduce your basis in the home by those points, even if you don't deduct them.

If you are the seller, you **cannot** deduct the points as interest. Instead, include them as an expense of sale on **Form 2119**, Sale of Your Home.

Refinancing. If you paid points to refinance your mortgage, get **Pub. 936**, Home Mortgage Interest Deduction.

Line 13

Investment Interest

Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Complete and attach **Form 4952**, Investment Interest Expense Deduction, to figure your deduction.

Exception. You do not have to file Form 4952 if **all four** of the following apply.

1. Your only investment income was from interest or dividends.

2. You have no other deductible expenses connected with the production of the interest or dividends.

3. Your investment interest expense is not more than your investment income.

4. You have no disallowed investment interest expense from 1994.

Note: Alaska Permanent Fund dividends, including those reported on **Form 8814**, Parents' Election To Report Child's Interest and Dividends, are not investment income.

For more details, get **Pub. 550**, Investment Income and Expenses.

Gifts to Charity

You may deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent

cruelty to children or animals. Examples of these organizations are:

- Churches, temples, synagogues, mosques, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.

- Fraternal orders, if the gifts will be used for the purposes listed above.

- Veterans' and certain cultural groups.

- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have, arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.

- Federal, state, and local governments if the gifts are solely for public purposes.



If you do not know whether you may deduct what you gave to an organization, check with that organization or with the IRS.

Contributions You May Deduct

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

Gifts From Which You Benefit. If you made a gift and received a benefit in return, such as food, entertainment, or merchandise, you may generally only deduct the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund-raising dinner and the value of the dinner was \$40, you may deduct only \$30. But this rule does not apply to certain membership benefits provided in return for an annual payment of \$75 or less. For details, get **Pub. 526**, Charitable Contributions.

Gifts of \$250 or More. You may deduct a gift of \$250 or more only if you have a statement from the charitable organization showing the information in 1 and 2 below.

In figuring whether a gift is \$250 or more, do not combine separate donations. For example, if you gave your church \$25 each week for a total of \$1,300, treat each \$25 payment as a separate gift. If you made donations through payroll deductions, treat each deduction from each paycheck as a separate gift. See Pub. 526 if you made a separate gift of \$250 or more through payroll deduction.

1. The amount of any money contributed and a description (but not value) of any property donated.

2. Whether the organization did or did not give you any goods or services in return for your contribution. If you did receive any goods or services, a description and estimate of the value must be included. If you received only intangible religious benefits (such as admission to a religious ceremony), the organization must state this, but it does not have to describe or value the benefit.

TIP

You must get the statement by the date you file your return or the due date (including extensions) for filing your return, whichever is earlier. Do not attach the statement to your return. Instead, keep it for your records.

Limit on the Amount You May Deduct. Get Pub. 526 to figure the amount of your deduction if **any** of the following applies:

- Your cash contributions or contributions of ordinary income property are more than 30% of the amount on Form 1040, line 32.
- Your gifts of capital gain property are more than 20% of the amount on Form 1040, line 32.
- You gave gifts of property that increased in value or gave gifts of the use of property.

You May Not Deduct as Contributions

- Travel expenses (including meals and lodging) while away from home unless there was no significant element of personal pleasure, recreation, or vacation in the travel.
- Political contributions.
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Cost of tuition.
- Value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to individuals and groups that are run for personal profit.
- Gifts to foreign organizations. But you may be able to deduct gifts to certain U.S. organizations that transfer funds to foreign charities and certain Canadian and Mexican charities. See Pub. 526 for details.
- Gifts to organizations engaged in certain political activities that are of direct financial interest to your trade or business. See Internal Revenue Code section 170(f)(9).
- Gifts to groups whose purpose is to lobby for changes in the laws.

- Gifts to civic leagues, social and sports clubs, labor unions, and chambers of commerce.

- Value of benefits received in connection with a contribution to a charitable organization. See Pub. 526 for exceptions.

Line 15

Gifts by Cash or Check

Enter the total contributions you made in cash or by check (including out-of-pocket expenses).

Line 16

Other Than by Cash or Check

Enter your contributions of property. If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

If the amount of your deduction is more than \$500, you must complete and attach **Form 8283**, Noncash Charitable Contributions. For this purpose, the "amount of your deduction" means your deduction BEFORE applying any income limits that could result in a carryover of contributions. If your total deduction is over \$5,000, you may also have to get appraisals of the values of the donated property. See Form 8283 and its instructions for details.

Recordkeeping. If you gave property, you should keep a receipt or written statement from the organization you gave the property to, or a reliable written record, that shows the organization's name and address, the date and location of the gift, and a description of the property. For each gift of property, you should also keep reliable written records that include:

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

Note: If your total deduction for gifts of property is over \$500, you gave less than your entire interest in the property, or you made a "qualified conservation contribution" under Internal Revenue Code section 170(h), your records should contain additional information. See Pub. 526 for details.

Line 17

Carryover From Prior Year

Enter any carryover of contributions that you could not deduct in an earlier year because they exceeded your adjusted gross income limit. See Pub. 526 for details on how to figure a carryover.

Casualty and Theft Losses

Line 19

Use line 19 to report casualty or theft losses of property that is not trade or business, income-producing, or rent or royalty property. Complete and attach **Form 4684**, Casualties and Thefts, to figure the amount of your loss to enter on line 19.

Losses You May Deduct

You may be able to deduct part or all of each loss caused by theft, vandalism, fire, storm, or similar causes, and car, boat, and other accidents. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that—

1. The amount of **each** separate casualty or theft loss is more than \$100, and

2. The total amount of **all** losses during the year is more than 10% of the amount on Form 1040, line 32.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See Form 4684 for details.

Use line 22 of Schedule A to deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

For more details, get **Pub. 547**, Nonbusiness Disasters, Casualties, and Thefts. It also has information about Federal disaster area losses.

Losses You May Not Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

Miscellaneous Deductions

Most miscellaneous deductions cannot be deducted in full. Instead, you must subtract 2% of your adjusted gross income from the total. You figure the 2% limit on line 25. The 2% limit generally applies to job expenses you paid for which you were not reimbursed and certain expenses you paid to produce or collect taxable income. These expenses are reported on lines 20 through 22. Miscellaneous deductions that are not subject to the 2% limit are reported on line 27. See the instructions for line 27.

For more details, get **Pub. 529**, Miscellaneous Deductions.

Examples of Expenses You May Not Deduct

- Political contributions.
- Personal legal expenses.
- Lost or misplaced cash or property. But see **Casualty and Theft Losses** on this page if you lost money because of the insolvency or bankruptcy of a financial institution.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from your regular workplace.
- Education you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Travel expenses for employment away from home if that period of employment exceeds 1 year.
- Travel as a form of education.
- Expenses of attending a seminar, convention, or similar meeting unless it is related to your employment.
- Club dues. See Pub. 529 for exceptions.
- Expenses of adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

Line 20

Unreimbursed Employee Expenses

Enter the total job expenses you paid for which you were not reimbursed. (Amounts your employer included in box 1 of your W-2 form are not considered reimbursements.) But you **MUST** fill in and attach **Form 2106**, Employee Business Expenses, if **either** of the following applies:

1. You claim any travel, transportation, meal, or entertainment expenses for your job, OR
2. Your employer paid you for any of your job expenses reportable on line 20.

TIP If you used your own vehicle and item 2 does not apply, you may be able to file **Form 2106-EZ**, Unreimbursed Employee Business Expenses, instead.

If you don't have to file Form 2106 or 2106-EZ, list the type and amount of each expense on the dotted lines next to line 20. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 20.

Examples of expenses to include on line 20 are:

- Travel, transportation, meal, or entertainment expenses.
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, safety shoes, and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Business use of part of your home, but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, call Tele-Tax (see page 36) and listen to topic 509 or get **Pub. 587**, Business Use of Your Home.
- Educational expenses you paid that were required by your employer, or by law or regulation, to keep your salary or job. In general, you may also include the cost of keeping or improving skills you must have in your job. For more details, call Tele-Tax (see page 36) and listen to topic 513 or get **Pub. 508**. Some educational expenses are not deductible. See **Examples of Expenses You May Not Deduct** on page A-4.

Line 21

Tax Preparation Fees

Enter the total fees you paid for preparation of your tax return, including fees paid for filing your return electronically. But **do not** include fees deducted elsewhere, such as on Schedule C, C-EZ, E, or F.

Line 22

Other Expenses

Enter the total amount you paid to produce or collect taxable income and manage or protect property held for earning income. But **do not** include any expenses deducted elsewhere such as on Schedule C, C-EZ, E, or F. List the type and amount of each expense on the dotted lines next to line 22. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on line 22.

Examples of expenses to include on line 22 are:

- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g., trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on nonfederally insured deposits in an insolvent or bankrupt financial institution. For details, including limits on the amount you may deduct, see Pub. 529.
- Deduction for repayment of amounts under a claim of right if \$3,000 or less.
- Certain expenses related to an activity not engaged in for profit. For details, get **Pub. 535**, Business Expenses.

Line 27

Other Miscellaneous Deductions

Enter your total other miscellaneous deductions that are not subject to the 2% AGI limit. List the type and amount of each expense on the dotted lines next to line 27. If you need more space, attach a statement showing the type and amount of each expense.

Enter one total on line 27. Only the expenses listed below can be deducted on this line:

- Gambling losses, but only to the extent of gambling winnings reported on Form 1040, line 21.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Deduction for repayment of amounts under a claim of right if more than \$3,000. Get **Pub. 525**, Taxable and Nontaxable Income, for details.
- Certain unrecovered investment in a pension. Get **Pub. 529**, Miscellaneous Deductions, for details.
- Impairment-related work expenses of a disabled person.

For more details on these expenses, see Pub. 529.

Moving Expenses Incurred Before 1994.

You may be able to deduct moving expenses you incurred before 1994 that you did not deduct on a prior year's return. But you must use the **1994 Form 3903**, Moving Expenses, or the **1994 Form 3903-F**, Foreign Moving Expenses, to do so. To get the 1994 form, call 1-800-TAX-FORM (1-800-829-3676) or write to us at the address shown on page 39 that applies to you.

Total Itemized Deductions

Line 28

If the amount on Form 1040, line 32, is over \$114,700 (over \$57,350 if married filing separately), use the worksheet on this page to figure the amount to enter on line 28.

Itemized Deductions Worksheet—Line 28 (keep for your records)



1. Add the amounts on Schedule A, lines 4, 9, 14, 18, 19, 26, and 27	1. _____
2. Add the amounts on Schedule A, lines 4, 13, and 19, plus any gambling losses included on line 27	2. _____
Caution: Be sure your total gambling losses are clearly identified on the dotted line next to line 27.	
3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	3. _____
4. Multiply line 3 above by 80% (.80)	4. _____
5. Enter the amount from Form 1040, line 32	5. _____
6. Enter \$114,700 (\$57,350 if married filing separately)	6. _____
7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 28, and see the Note below	7. _____
8. Multiply line 7 above by 3% (.03)	8. _____
9. Enter the smaller of line 4 or line 8	9. _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule A, line 28, and see the Note below	10. _____
Note: Also enter on Form 1040, line 34, the larger of the amount you enter on Schedule A, line 28, or your standard deduction.	

Instructions for Schedule B, Interest and Dividend Income

Use Schedule B if **any** of the following applies:

- You had over \$400 in taxable interest,
- Any of the **Special Rules** listed below apply to you,
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989,
- You had over \$400 in dividends,
- You received dividends as a nominee, or
- You had a foreign account or were a grantor of, or transferor to, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.

TIP

You may list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate sheets that are about the same size as the printed schedule. Use the same format as lines 1 and 5, and show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the sheets and attach them at the end of your return.

Subtract this amount from the subtotal and enter the result on line 2.

TIP

If you received interest as a nominee, you must give the actual owner a **Form 1099-INT** unless the owner is your spouse. You must also file a **Form 1099-INT** with the IRS. **Form 1096** must also be sent with **Form 1099-INT**. For more details, see the **Instructions for Forms 1099, 1098, 5498, and W-2G**.

Accrued Interest. When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a **Form 1099** for interest as a purchaser of a bond with accrued interest, follow the rules earlier under **Nominees** to see how to report the accrued interest on Schedule B. But identify the amount to be subtracted as "Accrued Interest."

Tax-Exempt Interest. You should not have received a **Form 1099-INT** for tax-exempt interest. But if you did, report it on line 1. Do not include it in the total on line 2. Instead, under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "Tax-Exempt Interest" and show the amount. Subtract this amount from the subtotal and enter the result on line 2.

Original Issue Discount (OID). If you are reporting OID in an amount less than the amount shown on **Form 1099-OID**, follow the rules earlier under **Nominees** to see how to report the OID on Schedule B. But identify the amount to be subtracted as "OID Adjustment."

Amortizable Bond Premium. If you are reducing your interest income on a bond by the amount of amortizable bond premium, report the total interest on the bond on line 1. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "ABP Adjustment" and show the amount. Subtract this amount from the subtotal and enter the result on line 2.

Part I. Interest Income

To see what interest income you must report, read the instructions for **Form 1040**, line 8a, on page 15. The payer should send you a **Form 1099-INT** or **Form 1099-OID** showing interest you must report. A copy of the form is also sent to the IRS.

Line 1

Interest Income

Report on line 1 **all** taxable interest you received or that was credited to your account so you could withdraw it. List each payer's name and show the amount. If you received a **Form 1099-INT**, **Form 1099-OID**, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Special Rules

Seller-Financed Mortgages. If you sold your home or other property and the buyer used the property as a personal residence, list first any interest that buyer paid you on a mortgage or other form of seller financing. Be sure to show that buyer's name, address, and SSN. You must also let that buyer know your SSN. If you don't show the buyer's name, address, and SSN, and let the buyer know your SSN, you may have to pay a \$50 penalty.

Nominees. If you received a **Form 1099-INT** that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, write "Nominee Distribution" and show the total interest you received as a nominee.

1. The bonds were issued in your name or, if married, in your name and your spouse's name.

2. You were 24 or older before the bonds were issued.

3. You paid qualified higher education expenses in 1995 for yourself, your spouse, or your dependents.

4. Your filing status is Single, Married filing jointly, Head of household, or Qualifying widow(er) with dependent child.

If you meet **all four** of the above conditions, get **Form 8815**, Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, to figure the amount of any interest you can exclude.

Part II. Dividend Income

To see what dividend income you must report, read the instructions for **Form 1040**, line 9, on page 15. The payer should send you a **Form 1099-DIV** showing dividends you must report. A copy of the form is also sent to the IRS.

Note: If, in 1995, you were an officer or director of a foreign corporation or you owned 5% or more in value of the outstanding stock of a foreign corporation, you may have to file **Form 5471**, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. For details, see **Form 5471** and its instructions.

Line 5

Dividend Income

Report on line 5 **all** of your dividend income. Include capital gain and nontaxable distributions. They will be deducted on lines 7 and 8. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, get **Pub. 564**, Mutual Fund Distributions.

List each payer's name and show the amount of income. If you received a **Form 1099-DIV** or substitute statement from a brokerage firm (securities are held by the brokerage firm in "street name"), list the firm's name as the payer and enter the total dividends shown on that form.

Nominees. If you received a **Form 1099-DIV** that includes dividends you received as a nominee (that is, in your name, but the dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income

to others. Under your last entry on line 5, put a subtotal of all dividends listed on line 5. Below this subtotal, write "Nominee Distribution" and show the total dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.



*If you received dividends as a nominee, you must give the actual owner a **Form 1099-DIV** unless the owner is your spouse.*

*You must also file a **Form 1099-DIV** with the IRS. **Form 1096** must also be sent with **Form 1099-DIV**. For more details, see the **Instructions for Forms 1099, 1098, 5498, and W-2G**.*

Line 7

Capital Gain Distributions

Report capital gain distributions on line 7. If you are filing Schedule D, also enter this amount on Schedule D. If you are not filing Schedule D, see the instructions for Form 1040, line 13, on page 16.

Line 8

Nontaxable Distributions

Report nontaxable distributions on line 8. These distributions reduce your basis. For details, see the instructions for Form 1040, line 9, on page 15.

Part III. Foreign Accounts and Trusts

Lines 11a and 11b

Foreign Accounts

Line 11a

Check the **Yes** box on line 11a if **either 1 or 2** below applies to you.

1. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

2. At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

Exceptions. Check the **No** box if any of the following applies to you:

- The combined value of the accounts was \$10,000 or less during the whole year.

- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

- You were an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account was in your employer's name; **and** you did not have a personal financial interest in the account.

- You were an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$1 million and 500 or more shareholders of record; the account

was in your employer's name; you did not have a personal financial interest in the account; and the corporation's chief financial officer has given you written notice that the corporation has filed a current report that includes the account.

Note: *Item 2 does not apply to foreign securities held in a U.S. securities account.*

Get **Form TD F 90-22.1** to see if you are considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account). You can get the form by writing to the IRS Distribution Center for your state (see page 39).

If you checked the **Yes** box on line 11a, file Form TD F 90-22.1 by June 30, 1996, with the **Department of the Treasury** at the address shown on that form. **Do not** attach Form TD F 90-22.1 to Form 1040.

Line 11b

If you checked the **Yes** box on line 11a, enter the name of the foreign country or countries in the space provided on line 11b. Attach a separate sheet if you need more space.

Instructions for Schedule C, Profit or Loss From Business

Use Schedule C to report income or loss from a business you operated or a profession you practiced as a sole proprietor. Also, use Schedule C to report wages and expenses you had as a statutory employee. An activity qualifies as a business if your primary purpose for engaging in the activity is for income or profit and you are involved in the activity with continuity and regularity. For example, a sporadic activity or a hobby does not qualify as a business. To report income from a non-business activity, see the Instructions for Form 1040, line 21.

Small businesses and statutory employees with gross receipts of \$25,000 or less and expenses of \$2,000 or less may be able to file **Schedule C-EZ**, Net Profit From Business, instead of Schedule C. See Schedule C-EZ to find out if you qualify to file it.

This activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

General Instructions

A Change To Note

The standard mileage rate has been increased to 30 cents for each mile of business use in 1995. See the instructions for line 10.

Other Schedules and Forms You May Have To File

Schedule A to deduct interest, taxes, and casualty losses not related to your business.

Schedule E to report rental real estate and royalty income or (loss) that is **not** subject to self-employment tax.

Schedule F to report profit or (loss) from farming.

Schedule SE to pay self-employment tax on income from any trade or business.

Form 4562 to claim depreciation on assets placed in service in 1995, to claim amortization that began in 1995, or to report information on listed property.

Form 4684 to report a casualty or theft gain or loss involving property used in your trade or business or income-producing property.

Form 4797 to report sales, exchanges, and involuntary conversions (other than from a casualty or theft) of trade or business property.

Form 8271 if you are claiming or you are reporting on Schedule C or C-EZ any income, deduction, loss, credit, or other tax benefit from a tax shelter.

Form 8594 to report certain purchases or sales of groups of assets that constitute a trade or business.

Form 8824 to report like-kind exchanges.

Form 8829 to claim expenses for business use of your home.

Heavy Vehicle Use Tax

If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. Get **Form 2290**, Heavy Vehicle Use Tax Return, to see if you owe this tax.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensa-

tion, interest, rents, royalties, real estate transactions, annuities, and pensions. You may also have to file an information return if you sold \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or other similar basis for resale. For more information, get the **Instructions for Forms 1099, 1098, 5498, and W-2G**.

If you received cash of more than \$10,000 in one or more related transactions in the course of your trade or business, you may have to file **Form 8300**. For details, get **Pub. 1544**, Reporting Cash Payments of Over \$10,000.

Additional Information

Get **Pub. 334**, Tax Guide for Small Business, for more details on business income and expenses.

Specific Instructions

Filers of Form 1041

Do not complete the block labeled "Social security number." Instead, enter your employer identification number (EIN) on line D.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the type of product or service. If your general field or activity is wholesale or retail trade, or services connected with production services (mining, construction, or manufacturing), also give the type of customer or client. For example, "wholesale sale of hardware to retailers" or "appraisal of real estate for lending institutions."

Line D

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, file **Form SS-4**, Application for Employer Identification Number. If you do not have an EIN, leave line D blank. **Do not** enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any. If you conducted the business from your home located at the address shown on Form 1040, page 1, you do not have to complete this line.

Line F

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method or the accrual method. However, if inventories are required, you must use the accrual method for sales and purchases. Special rules apply to long-term contracts. See Internal Revenue Code section 460 for details. The method used must clearly reflect your income.

If you use the **cash method**, show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Also, show amounts actually paid during the year for deductible expenses.

If you use the **accrual method**, report income when you earn it and deduct expenses when you incur them even if you do not pay them during the tax year.

Accrual-basis taxpayers are put on a cash basis for deducting business expenses owed to a related cash-basis taxpayer. Other rules determine the timing of deductions based on economic performance. Get **Pub. 538**, Accounting Periods and Methods.

To change your accounting method (including treatment of inventories), you must usually get permission from the IRS. In general, file **Form 3115**, Application for Change in Accounting Method, within the first 180 days of the tax year in which you want to make the change.

Line G

Your inventories can be valued at cost; cost or market value, whichever is lower; or any other method approved by the IRS.

Line I

Participation, for purposes of the following seven material participation tests, generally

includes any work you did in connection with an activity if you owned an interest in the activity at the time you did the work. The capacity in which you did the work does not matter. However, work is not treated as participation if it is work that an owner would not customarily do in the same type of activity and one of your main reasons for doing the work was to avoid the disallowance of losses or credits from the activity under the passive activity rules.

Work you did as an investor in an activity is not treated as participation unless you were directly involved in the day-to-day management or operations of the activity. Work done as an investor includes:

1. Studying and reviewing financial statements or reports on operations of the activity.
2. Preparing or compiling summaries or analyses of the finances or operations of the activity for your own use.
3. Monitoring the finances or operations of the activity in a nonmanagerial capacity.

Participation by your spouse during the tax year in an activity you own can be counted as your participation in the activity. This applies even if your spouse did not own an interest in the activity and whether or not you and your spouse file a joint return for the tax year.

Material Participation. For purposes of the passive activity rules, you materially participated in the operation of this trade or business activity during 1995 if you meet any of the following seven tests:

1. You participated in the activity for more than 500 hours during the tax year.
2. Your participation in the activity for the tax year was substantially all of the participation in the activity of all individuals (including individuals who did not own any interest in the activity) for the tax year.
3. You participated in the activity for more than 100 hours during the tax year, and you participated at least as much as any other person for the tax year. This includes individuals who did not own any interest in the activity.
4. The activity is a significant participation activity for the tax year, and you participated in all significant participation activities for more than 500 hours during the year. An activity is a "significant participation activity" if it involves the conduct of a trade or business, you participated in the activity for more than 100 hours during the tax year, and you did not materially participate under any of the material participation tests (other than this test 4).
5. You materially participated in the activity for any 5 of the prior 10 tax years.
6. The activity is a personal service activity in which you materially participated for any 3 prior tax years. A personal service activity is an activity that involves performing personal services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other trade or business in which capital is not a material income-producing factor.
7. Based on all the facts and circumstances, you participated in the activity on a regular, continuous, and substantial basis during the tax year. But you do not meet this test if you participated in the activity for 100

hours or less during the tax year. Your participation in managing the activity does not count in determining if you meet this test if any person (except you) —

a. Received compensation for performing management services in connection with the activity, or

b. Spent more hours during the tax year than you spent performing management services in connection with the activity (regardless of whether the person was compensated for the services).

If you meet any of the above tests, check the "Yes" box.

If you **do not** meet any of the above tests, check the "No" box. This business is a **passive activity**. If you have a loss from this business, see **Limit on Losses** below. If you have a profit from this business activity but have current-year losses from other passive activities or you have prior-year unallowed passive activity losses, see the Instructions for **Form 8582**, Passive Activity Loss Limitations.

Exception for Oil and Gas. If you are filing Schedule C to report income and deductions from an oil or gas well in which you own a working interest directly or through an entity that does not limit your liability, check the "Yes" box. The activity of owning the working interest is not a passive activity regardless of your participation in the activity.

Limit on Losses. If you checked the "No" box and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule C, line 31. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, get **Pub. 925**, Passive Activity and At-Risk Rules.

Line J

If you started or acquired this business in 1995, check the box on line J. Also, check the box if you are reopening or restarting this business after temporarily closing it, and you did not file a 1994 Schedule C or C-EZ for this business.

Part I. Income

Line 1

Enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on **Form 1099-MISC**, Miscellaneous Income.

Statutory Employees. If you received a Form W-2 and the "Statutory employee" box in box 15 of that form was checked, report your income and expenses related to that income on Schedule C or C-EZ. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C or C-EZ, and **check the box** on that line. Social security and Medicare tax should have been withheld from your earnings; therefore, you do not owe self-employment tax on these earnings.

Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons, and certain homeworkers.

If you had both self-employment income and statutory employee income, **do not** combine these amounts on a single Schedule C or C-EZ. In this case, you must file two Schedules C. You cannot use Schedule C-EZ.

Installment Sales. Generally, the installment method may not be used to report income from the sale of (a) personal property regularly sold under the installment method or (b) real property held for resale to customers. But the installment method may be used to report income from sales of certain residential lots and timeshares if you elect to pay interest on the tax due on that income after the year of sale. See Internal Revenue Code section 453(l)(2)(B) for details. If you make this election, include the interest on Form 1040, line 54. Also, write "453(l)(3)" and the amount of the interest on the dotted line to the left of line 54.

If you use the installment method, attach a schedule to your return. Show separately for 1995 and the 3 preceding years: gross sales, cost of goods sold, gross profit, percentage of gross profit to gross sales, amounts collected, and gross profit on amounts collected.

Line 2

Enter such items as returned sales, rebates, and allowances from the sales price.

Line 6

Report on line 6 amounts from finance reserve income, scrap sales, bad debts you recovered, interest (such as on notes and accounts receivable), state gasoline or fuel tax refunds you got in 1995, credit for Federal tax paid on gasoline or other fuels claimed on your 1994 Form 1040, prizes and awards related to your trade or business, and other kinds of miscellaneous business income. Include amounts you received in your trade or business as shown on **Form 1099-PATR**, Taxable Distributions Received From Cooperatives. Also, include any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For more details, get **Pub. 535**, Business Expenses.

If the business use percentage of any listed property (defined in the instructions for line 13) decreased to 50% or less in 1995, report on this line any recapture of excess depreciation, including any section 179 expense deduction. Use **Form 4797**, Sales of Business Property, to figure the recapture. Also, if the business use percentage drops to 50% or less on leased listed property (other than a vehicle), include on this line any inclusion amount. Get **Pub. 946**, How To Depreciate Property, to figure the amount.

Part II. Expenses

Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses attributable to the property must be included in inventory costs or capitalized. In addition to direct costs, producers of inventory property must also include part of certain indirect costs in their inventory. Purchasers of personal property acquired for resale must include part of certain indirect

costs in inventory only if the average annual gross receipts for the 3 prior tax years exceed \$10 million. Also, you must capitalize part of the indirect costs that benefit real or tangible personal property constructed for use in a trade or business, or noninventory property produced for sale to customers. Reduce the amounts on lines 8–26 and Part V by amounts capitalized. For more details, see Pub. 538.

Exception for Creative Property. If you are an artist, author, or photographer, you may be exempt from the capitalization rules. However, your personal efforts must have created (or reasonably be expected to create) the property. This exception does not apply to any expense related to printing, photographic plates, motion picture films, video tapes, or similar items. These expenses are subject to the capitalization rules. For more details, see Pub. 538.

Line 9

Caution: *Cash method taxpayers cannot take a bad debt deduction unless the amount was previously included in income.*

Include debts and partial debts from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as income in the year collected. For more details, see Pub. 535.

Line 10

You can deduct the actual cost of running your car or truck, or take the **standard mileage rate**. You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business (such as in fleet operations).

If you deduct actual costs, include on line 10 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 13 and rent or lease payments on line 20a.

If you want to take the standard mileage rate, multiply the number of business miles by 30 cents a mile. Add to this amount your parking fees and tolls, and enter the total on line 10.

For more details, get **Pub. 917**, Business Use of a Car.

Information on Your Vehicle. If you claim any car and truck expenses, you must provide certain information on the use of your vehicle by completing:

- Part IV of Schedule C or Part III of Schedule C-EZ if (a) you are claiming the standard mileage rate, you lease your vehicle, or your vehicle is fully depreciated and (b) you are **not** required to file **Form 4562**, Depreciation and Amortization, for any other reason. If you used more than one vehicle during the year, attach your own schedule with the information requested in Part IV of Schedule C, or Part III of Schedule C-EZ, for each additional vehicle.

- Part V of Form 4562 if you are claiming depreciation on your vehicle or you are required to file Form 4562 for any other reason (see the instructions for line 13 below).

Line 12

Enter your deduction for depletion on this line. If you have timber depletion, attach **Form T**, Forest Activities Schedules. See Pub. 535 for details.

Line 13

Depreciation and Section 179 Expense Deduction. Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property with a useful life of more than 1 year. You can also depreciate improvements made to leased business property. However, stock in trade, inventories, and land are not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income.

For property placed in service after 1980, see the Instructions for Form 4562 to figure the amount of depreciation to enter on line 13. For property placed in service before 1981, figure depreciation from your own books and records.

You may also choose under Internal Revenue Code section 179 to expense part of the cost of certain property you bought in 1995 for use in your business. See the Instructions for Form 4562 for more details.

When To Attach Form 4562. You must complete and attach Form 4562 **only** if:

- You are claiming depreciation on property placed in service during 1995, or
- You are claiming depreciation on listed property (defined below), regardless of the date it was placed in service, or
- You are claiming a section 179 expense deduction.

If you acquired depreciable property for the first time in 1995, see Pub. 946.

Listed property generally includes, but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pickup trucks, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Cellular telephones or other similar telecommunications equipment placed in service after 1989.
- Computers or peripheral equipment.

Exceptions. Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in your trade or business or at your regular business establishment. It also does not include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment. For purposes of these exceptions, a portion of your home is treated as a regular business establishment only if that portion

meets the requirements under Internal Revenue Code section 280A(c)(1) for deducting expenses for the business use of your home.

If the business use percentage of any listed property decreased to 50% or less in 1995, see the instructions for line 6 on page C-2.

Line 14

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 19. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 14 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 26, part of the amount you paid for health insurance on behalf of yourself, your spouse, and dependents, even if you do not itemize your deductions. See the Form 1040 instructions on page 21 for more details.

Line 15

Deduct premiums paid for business insurance on line 15. Deduct on line 14 amounts paid for employee accident and health insurance. Do not deduct amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability. For more details, see Pub. 535.

Lines 16a and 16b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted (or capitalized) on the correct line of your return and gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule C or C-EZ.

Generally, you allocate interest expense by tracing how the proceeds of the loan were used. See Pub. 535 for details.

If you paid interest in 1995 that applies to future years, deduct only the part that applies to 1995. If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in connection with your trade or business, see Pub. 535 to figure the amount that is deductible on Schedule C or C-EZ.

If you have a mortgage on real property used in your business (other than your main home), enter on line 16a the interest you paid for 1995 to banks or other financial institutions for which you received a **Form 1098**, Mortgage Interest Statement. If you didn't receive a Form 1098, enter the interest on line 16b.

If you paid \$600 or more of mortgage interest, the recipient should send you a Form 1098 or similar statement showing the total interest received from you during 1995. This statement must be sent to you by January 31, 1996. If you paid more mortgage interest to financial institutions than is shown on Form 1098 or similar statement, see Pub.

535 to find out if you can deduct the additional interest. If you can, enter the amount on line 16a. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 16a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report your share of the interest on line 16b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin next to line 16b, write "See attached."

Do not deduct interest you paid or accrued on debts allocable to investment property. This interest is generally deducted on **Schedule A** (Form 1040). For details, get **Pub. 550**, Investment Income and Expenses.

Line 17

Include on this line fees for tax advice related to your business and for preparation of the tax forms related to your business.

Line 19

Enter your deduction for contributions to a pension, profit-sharing, or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, enter contributions made as an employer on your behalf on Form 1040, line 27, not on Schedule C.

Generally, you must file one of the following forms if you maintain a pension, profit-sharing, or other funded-deferred compensation plan. The filing requirement is not affected by whether or not the plan qualified under the Internal Revenue Code, or whether or not you claim a deduction for the current tax year.

Form 5500. Complete this form for each plan with 100 or more participants.

Form 5500-C/R or 5500-EZ. Complete the applicable form for each plan with fewer than 100 participants.

There is a penalty for failure to timely file these forms.

For more information, get **Pub. 560**, Retirement Plans for the Self-Employed.

Lines 20a and 20b

If you rented or leased vehicles, machinery, or equipment, enter on line 20a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an amount called the **inclusion amount**.

You may have to do this if—

The lease term began:	And the vehicle's fair market value on the first day of the lease exceeded:
During 1995	\$15,500
During 1994	14,600
During 1993	14,300
During 1992	13,700
During 1991	13,400
After 1986 but before 1991	12,800

If the lease term began after June 18, 1984, but before January 1, 1987, see Pub. 917 to find out if you have an inclusion amount.

See Pub. 917 to figure your inclusion amount.

Enter on line 20b amounts paid to rent or lease other property, such as office space in a building.

Line 21

Deduct the cost of repairs and maintenance. Include labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value of your own labor. Do not deduct amounts spent to restore or replace property; they must be capitalized.

Line 23

You can deduct the following taxes on this line:

- State and local sales taxes imposed on you as the seller of goods or services. If you collected this tax from the buyer, you must also include the amount collected in gross receipts or sales on line 1.

- Real estate and personal property taxes on business assets.

- Social security and Medicare taxes paid to match required withholding from your employees' wages. Also, Federal unemployment tax paid. Reduce your deduction by the amount of the current year credit shown on line 4 of **Form 8846**, Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips.

- Federal highway use tax.

Do not deduct on this line:

- Federal income taxes, including your self-employment tax. However, you may deduct one-half of your self-employment tax on Form 1040, line 25.

- Estate and gift taxes.

- Taxes assessed to pay for improvements, such as paving and sewers.

- Taxes on your home or personal use property.

- State and local sales taxes on property purchased for use in your business. Instead, treat these taxes as part of the cost of the property.

- State and local sales taxes imposed on the buyer that you were required to collect and pay over to the state or local governments. These taxes are not included in gross receipts or sales nor are they a deductible expense. However, if the state or local government allowed you to retain any part of the sales tax you collected, you must include that amount as income on line 6.

- Other taxes not related to your business.

Line 24a

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period

of employment exceeds 1 year. Also, you cannot deduct travel expenses for your spouse, your dependent, or any other individual unless that person is your employee, the travel is for a bona fide business purpose, and the expenses would otherwise be deductible by that person.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 24b and 24c below.

You cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is as reasonable for the meeting to be held outside the North American area as within it. These rules apply to both employers and employees. Other rules apply to luxury water travel.

For more details, get **Pub. 463**, Travel, Entertainment, and Gift Expenses.

Lines 24b and 24c

On line 24b, enter your total business meal and entertainment expenses. Include meals while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. For more details, see Pub. 463.

Business meal expenses are deductible only if they are **(a)** directly related to or associated with the active conduct of your trade or business, **(b)** not lavish or extravagant, and **(c)** incurred while you or your employee is present at the meal.

You cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) used for any activity usually considered entertainment, amusement, or recreation.

Also, you cannot deduct amounts paid or incurred for membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion. But it does not include civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards, unless a principal purpose of the organization is to entertain, or provide entertainment facilities for, members or their guests.

There are exceptions to these rules as well as other rules that apply to sky-box rentals and tickets to entertainment events. See Pub. 463.

Generally, you may deduct **only** 50% of your business meal and entertainment expenses, including meals incurred while traveling away from home on business. However, you may fully deduct meals and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC.

Figure how much of the amount on line 24b is subject to the 50% limit. Then, enter one-half of that amount on line 24c.

Line 25

Deduct only utility expenses paid or incurred for your trade or business.

Local Telephone Service. If you used your home phone for business, do not deduct the base rate (including taxes) of the first phone line into your residence. But you can deduct expenses for any additional costs you incurred for business that are more than the cost of the base rate for the first phone line. For example, if you had a second line, you can deduct the business percentage of the charges for that line, including the base rate charges.

Line 26

Enter the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- **Form 5884**, Jobs Credit.
- **Form 8844**, Empowerment Zone Employment Credit.
- **Form 8845**, Indian Employment Credit.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount applicable to depreciation and other expenses claimed elsewhere.

Line 30

Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. Generally, any amount not allowed as a deduction for 1995 because of the limitations can be carried over to 1996. You must attach **Form 8829**, Expenses for Business Use of Your Home, if you claim this deduction.

For details, see the Instructions for Form 8829, and get **Pub. 587**, Business Use of Your Home.

Line 31

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 32 before entering your loss on line 31. If you answered "No" to Question I on Schedule C, also see the Instructions for Form 8582. Enter the net profit or **deductible** loss here. Combine this amount with any profit or loss from other businesses, and enter the total on Form 1040, line 12, and Schedule SE, line 2. Estates and trusts should enter the total on Form 1041, line 3.

If you have a net profit on line 31, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the Instructions for Form 1040, line 57, on page 27 for more details.

Statutory Employees. If you are filing Schedule C to report income and expenses as a statutory employee, include your net profit or deductible loss from line 31 with other Schedule C amounts on Form 1040, line 12. However, **do not** report this amount on Schedule SE, line 2. If you are required to file Schedule SE because of other self-employment income, see the Instructions for Schedule SE.

Line 32

At-Risk Rules. Generally, if you have (a) a business loss and (b) amounts in the business for which you are **not at risk**, you will have to complete **Form 6198**, At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the business.

Check **box 32b** if you have amounts for which you are not at risk in this business, such as the following.

- Nonrecourse loans used to finance the business, to acquire property used in the business, or to acquire the business that are not secured by your own property (other than property used in the business). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.

- Cash, property, or borrowed amounts used in the business (or contributed to the business, or used to acquire the business) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the business from a person who has an interest in the business, other than as a creditor, or who is related under Internal Revenue Code section 465(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check **box 32a** and enter your loss on line 31. But if you answered "No" to Question I, you may need to complete Form 8582 to figure your allowable loss to enter on line 31. See the Instructions for Form 8582 for more details.

If you checked **box 32b**, get Form 6198 to determine the amount of your deductible loss and enter that amount on line 31. But if you answered "No" to Question I, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 31. Be sure to attach Form 6198 to your return. If you checked box 32b and you do not attach Form 6198, the processing of your tax return may be delayed.

Statutory Employees. Include your deductible loss with other Schedule C amounts on Form 1040, line 12. **Do not** include this amount on Schedule SE, line 2.

Any loss from this business not allowed for 1995 because of the at-risk rules is treated as a deduction allocable to the business in 1996. For more details, see the Instructions for Form 6198 and Pub. 925.

Part III. Cost of Goods Sold

If you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year.

Note: Certain direct and indirect expenses must be capitalized or included in inventory. See the instructions for Part II.

Part V. Other Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. List the type and amount of each expense separately in the space provided. Enter the total on lines 46 and 27. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal, living, and family expenses. Do not include charitable contributions. Also, you may not deduct fines or penalties paid to a government for violating any law. For more details on business expenses, see Pub. 535.

Amortization. Include amortization in this part. For amortization that begins in 1995, you must complete and attach Form 4562.

You may amortize:

- The cost of pollution-control facilities.
- Amounts paid for research and experimentation.
- Certain business startup costs.
- Qualified reforestation and reforestation costs.
- Amounts paid to acquire, protect, expand, register, or defend trademarks or trade names.
- Goodwill and certain other intangibles.

In general, you **may not** amortize real property construction period interest and taxes. Special rules apply for allocating interest to real or personal property produced in your trade or business.

At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 1995.

Capital Construction Fund. Do not claim on Schedule C or C-EZ the deduction for amounts contributed to a capital construction fund set up under the Merchant Marine Act of 1936. To take the deduction, reduce the amount that would otherwise be entered as taxable income on Form 1040, line 37, by the amount of the deduction. In the margin to the left of line 37, write "CCF" and the amount of the deduction. For more information, get **Pub. 595**, Tax Guide for Commercial Fishermen.

Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your business and qualified clean-fuel vehicle refueling property. See Pub. 535 for more details.

Disabled Access Credit and the Deduction for Removing Barriers to Individuals With Disabilities and the Elderly. You may be able to claim a tax credit of up to \$5,000 for eligible expenditures paid or incurred in 1995 to provide access to your business for individuals with disabilities. Get **Form 8826**, Disabled Access Credit, for more details. You can also deduct up to \$15,000 of costs paid or incurred in 1995 to remove architectural or transportation barriers to individuals with disabilities and the elderly. However, you cannot take both the credit and the deduction on the same expenditures.

Principal Business or Professional Activity Codes

Locate the major category that best describes your activity. Within the major category, select the activity code that most closely identifies the business or profession that is the principal source of your sales or

receipts. **Enter this 4-digit code on line B of Schedule C or C-EZ.** For example, real estate agent is under the major category of **"Real Estate,"** and the code is "5520."

Note: *If your principal source of income is from farming activities, you should file Schedule F (Form 1040), Profit or Loss From Farming.*

<p>Agricultural Services, Forestry, Fishing Code 1990 Animal services, other than breeding 1933 Crop services 2113 Farm labor & management services 2246 Fishing, commercial 2238 Forestry, except logging 2212 Horticulture, gardening, & landscaping 2469 Hunting & trapping 1974 Livestock breeding 0836 Logging 1958 Veterinary services, including pets</p>	<p>Real Estate 5538 Operators & lessors of buildings, including residential 5553 Operators & lessors of other real property 5520 Real estate agents & brokers 5579 Real estate property managers 5710 Subdividers & developers, except cemeteries 6155 Title abstract offices</p>	<p>Hotels & Other Lodging Places 7237 Camps & camping parks 7096 Hotels, motels, & tourist homes 7211 Rooming & boarding houses Laundry & Cleaning Services 7450 Carpet & upholstery cleaning 7419 Coin-operated laundries & dry cleaning 7435 Full-service laundry, dry cleaning, & garment service 7476 Janitorial & related services (building, house, & window cleaning)</p>	<p>3081 Eating places, fast food 3079 Full service restaurants 3210 Grocery stores (general line) 3251 Liquor stores 3236 Specialized food stores (meat, produce, candy, health food, etc.)</p>
<p>Construction 0018 Operative builders (for own account) Building Trades, Including Repairs 0414 Carpentering & flooring 0455 Concrete work 0273 Electrical work 0299 Masonry, dry wall, stone, & tile 0257 Painting & paper hanging 0232 Plumbing, heating, & air conditioning 0430 Roofing, siding, & sheet metal 0885 Other building trade contractors (excavation, glazing, etc.) General Contractors 0075 Highway & street construction 0059 Nonresidential building 0034 Residential building 3889 Other heavy construction (pipe laying, bridge construction, etc.)</p>	<p>Services: Personal, Professional, & Business Services Amusement & Recreational Services 9670 Bowling centers 9688 Motion picture & tape distribution & allied services 9597 Motion picture & video production 9639 Motion picture theaters 8557 Physical fitness facilities 9696 Professional sports & racing, including promoters & managers 9811 Theatrical performers, musicians, agents, producers, & related services 9613 Video tape rental 9837 Other amusement & recreational services</p>	<p>Medical & Health Services 9274 Chiropractors 9233 Dentist's office or clinic 9217 Doctor's (M.D.) office or clinic 9456 Medical & dental laboratories 9472 Nursing & personal care facilities 9290 Optometrists 9258 Osteopathic physicians & surgeons 9241 Podiatrists 9415 Registered & practical nurses 9431 Offices & clinics of other health practitioners (dietitians, midwives, speech pathologists, etc.) 9886 Other health services</p>	<p>Furniture & General Merchandise 3988 Computer & software stores 3970 Furniture stores 4317 Home furnishings stores (china, floor coverings, drapes) 4119 Household appliance stores 4333 Music & record stores 3996 TV, audio & electronic stores 3715 Variety stores 3731 Other general merchandise stores</p>
<p>Finance, Insurance, & Related Services 6064 Brokers & dealers of securities 6080 Commodity contracts brokers & dealers; security & commodity exchanges 6148 Credit institutions & mortgage bankers 5702 Insurance agents or brokers 5744 Insurance services (appraisal, consulting, inspection, etc.) 6130 Investment advisors & services 5777 Other financial services</p>	<p>Automotive Services 8813 Automotive rental or leasing, without driver 8953 Automotive repairs, general & specialized 8839 Parking, except valet 8896 Other automotive services (wash, towing, etc.) Business & Personal Services 7658 Accounting & bookkeeping 7716 Advertising, except direct mail 7682 Architectural services 6883 Authors & artists 8318 Barber shop (or barber) 8110 Beauty shop (or beautician) 8714 Child day care 7872 Computer programming, processing, data preparation, & related services 7922 Computer repair, maintenance, & leasing 7286 Consulting services 7799 Consumer credit reporting & collection services 8755 Counseling (except health practitioners) 7732 Employment agencies & personnel supply 7518 Engineering services 7773 Equipment rental & leasing (except computer or automotive) 8532 Funeral services & crematories 7633 Income tax preparation 7914 Investigative & protective services 7617 Legal services (or lawyer) 7856 Mailing, reproduction, commercial art, photography, & stenographic services 7245 Management services 8771 Ministers & chaplains 8334 Photographic studios 7260 Public relations 8733 Research services 7708 Surveying services 8730 Teaching or tutoring 7880 Other business services 6882 Other personal services</p>	<p>Miscellaneous Repair, Except Computers 9019 Audio equipment & TV repair 9035 Electrical & electronic equipment repair, except audio & TV 9050 Furniture repair & reupholstery 2881 Other equipment repair</p>	<p>Miscellaneous Retail Stores 4812 Boat dealers 5017 Book stores, excluding newsstands 4853 Camera & photo supply stores 3277 Drug stores 5058 Fabric & needlework stores 4655 Florists 5090 Fuel dealers (except gasoline) 4630 Gift, novelty, & souvenir shops 4838 Hobby, toy, & game shops 4671 Jewelry stores 4895 Luggage & leather goods stores 5074 Mobile home dealers 4879 Optical goods stores 4697 Sporting goods & bicycle shops 5033 Stationery stores 4614 Used merchandise & antique stores (except motor vehicle parts) 5884 Other retail stores</p>
<p>Manufacturing, Including Printing & Publishing 0679 Apparel & other textile products 1115 Electric & electronic equipment 1073 Fabricated metal products 0638 Food products & beverages 0810 Furniture & fixtures 0695 Leather footwear, handbags, etc. 0836 Lumber & other wood products 1099 Machinery & machine shops 0877 Paper & allied products 1057 Primary metal industries 0851 Printing & publishing 1032 Stone, clay, & glass products 0653 Textile mill products 1883 Other manufacturing industries</p>	<p>Selling From Showroom, Store, or Other Fixed Location Apparel & Accessories 3921 Accessory & specialty stores & furriers for women 3939 Clothing, family 3772 Clothing, men's & boys' 3913 Clothing, women's 3756 Shoe stores 3954 Other apparel & accessory stores Automotive & Service Stations 3558 Gasoline service stations 3319 New car dealers (franchised) 3533 Tires, accessories, & parts 3335 Used car dealers 3517 Other automotive dealers (motorcycles, recreational vehicles, etc.) Building, Hardware, & Garden Supply 4416 Building materials dealers 4457 Hardware stores 4473 Nurseries & garden supply stores 4432 Paint, glass, & wallpaper stores Food & Beverages 0612 Bakeries selling at retail 3086 Catering services 3095 Drinking places (bars, taverns, pubs, saloons, etc.)</p>	<p>Trade, Retail—Selling Goods to Individuals & Households 3038 Catalog or mail order 3046 Flea markets or shows 3012 Selling door to door, by telephone or party plan, or from mobile unit 3053 Vending machine selling</p>	<p>Trade, Wholesale—Selling Goods to Other Businesses, etc. Durable Goods, Including Machinery Equipment, Wood, Metals, etc. 2634 Agent or broker for other firms—more than 50% of gross sales on commission 2618 Selling for your own account Nonurable Goods, Including Food, Fiber, Chemicals, etc. 2675 Agent or broker for other firms—more than 50% of gross sales on commission 2659 Selling for your own account</p>
<p>Mining & Mineral Extraction 1537 Coal mining 1511 Metal mining 1552 Oil & gas 1719 Quarrying & nonmetallic mining</p>	<p>Trade, Wholesale—Selling Goods to Other Businesses, etc. Durable Goods, Including Machinery Equipment, Wood, Metals, etc. 2634 Agent or broker for other firms—more than 50% of gross sales on commission 2618 Selling for your own account Nonurable Goods, Including Food, Fiber, Chemicals, etc. 2675 Agent or broker for other firms—more than 50% of gross sales on commission 2659 Selling for your own account</p>	<p>Transportation, Communications, Public Utilities, & Related Services 6619 Air transportation 6312 Bus & limousine transportation 6676 Communication services 6395 Courier or package delivery 6361 Highway passenger transportation (except chartered service) 6536 Public warehousing 6114 Taxicabs 6510 Trash collection without own dump 6635 Travel agents & tour operators 6338 Trucking (except trash collection) 6692 Utilities (dumps, snow plowing, road cleaning, etc.) 6551 Water transportation 6650 Other transportation services</p>	<p>8888 Unable to classify</p>

Instructions for Schedule D, Capital Gains and Losses

Additional Information. Get **Pub. 544**, *Sales and Other Dispositions of Assets*, and **Pub. 550**, *Investment Income and Expenses*, for more details.

Caution: At the time these instructions were printed, Congress was considering legislation that would change the tax treatment of capital gains. Information on these changes will be available electronically through our bulletin board or via the Internet (see page 34). Or, you can get **Pub. 553**, *Highlights of 1995 Tax Changes*.

General Instructions

Purpose of Schedule

Use Schedule D to report:

- The sale or exchange of a capital asset.
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit.
- Capital gain distributions not reported directly on Form 1040, line 13.
- Nonbusiness bad debts.

Other Forms You May Have To File

Use **Form 4797**, *Sales of Business Property*, to report the following:

- The sale or exchange of property used in a trade or business; depreciable and amortizable property; oil, gas, geothermal, or other mineral property; and section 126 property.
- The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets held for business or profit.
- The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.

- Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.

Use **Form 4684**, *Casualties and Thefts*, to report involuntary conversions of property due to casualty or theft.

Use **Form 8824**, *Like-Kind Exchanges*, if you made one or more like-kind exchanges. See **Like-Kind Exchanges** on page D-2.

Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property held by you **except** the following:

1. Stock in trade or other property included in inventory or held for sale to customers.
2. Accounts or notes receivable for services performed in the ordinary course of your trade or business or as an employee, or from the sale of any property described in 1.
3. Depreciable property used in your trade or business even if it is fully depreciated.
4. Real property (real estate) used in your trade or business.
5. Copyrights, literary, musical, or artistic compositions, letters or memoranda, or sim-

ilar property: (a) created by your personal efforts; (b) prepared or produced for you (in the case of letters, memoranda, or similar property); or (c) that you received from someone who created them or for whom they were created, as mentioned in (a) or (b), in a way (such as by gift) that entitled you to the basis of the previous owner.

6. U.S. Government publications, including the Congressional Record, that you received from the government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner's basis.

Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than 1 year. The holding period for short-term capital gains and losses is 1 year or less. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds traded on an exchange or over-the-counter market.

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See **Pub. 550** under **Nonbusiness Bad Debts** for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

Losses That Are Not Deductible

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following:

- Members of a family.
- A corporation and an individual owning more than 50% of the corporation's stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.

See **Pub. 544** for more details on sales and exchanges between related parties.

If you dispose of (a) an asset used in an activity to which the at-risk rules apply, or

(b) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get the instructions for **Form 6198**, *At-Risk Limitations*. If the loss is allowable under the at-risk rules, it may then be subject to the passive activity rules. Get **Form 8582**, *Passive Activity Loss Limitations*, and its instructions to see how to report capital gains and losses from a passive activity.

Items for Special Treatment and Special Cases

The following items may require special treatment. Section references are to the Internal Revenue Code.

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See **Pub. 550** for details.
- Certain real estate subdivided for sale which may be considered a capital asset. See section 1237.
- Gain on the sale of depreciable property to a more than 50% owned entity, or to a trust of which you are a beneficiary. See **Pub. 544** for details.
- Gain on the disposition of stock in an Interest Charge Domestic International Sales Corporation. See section 955(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign estate, trust, or partnership. Get **Form 926**, *Return by a U.S. Transferor of Property to a Foreign Corporation, Foreign Estate or Trust, or Foreign Partnership*.
- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. Get **Pub. 541**, *Tax Information on Partnerships*, for details.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See **Pub. 550** for details.
- Transfer of appreciated property to a political organization. See section 84.
- In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse if the transfer is incident to a divorce. Get **Pub. 504**, *Divorced or Separated Individuals*.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See **Pub. 550** for details.
- Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is

reported as long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.

- Amounts received by shareholders in corporate liquidations. See Pub. 550 for details.

- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550 for details.

- Mutual fund load charges may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. For details, get **Pub. 564**, Mutual Fund Distributions.

Wash Sales

A wash sale occurs when you sell or otherwise dispose of stock or securities (including a contract or option to acquire or sell stock or securities) at a loss and, within 30 days before or after the sale or disposition, you directly or indirectly:

1. Buy substantially identical stock or securities,
2. Acquire substantially identical stock or securities in a fully taxable trade, or
3. Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales, unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical stock or securities you acquired (or the contract or option to acquire such stock or securities) is its cost increased by the disallowed loss. For more details on wash sales, see Pub. 550.

Report a wash sale transaction on line 1 or line 9. Show the full amount of the loss in column (f). On the next line, enter "Wash Sale" in column (a) and the amount of the loss not allowed in column (g).

Short Sales

A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender to close the short sale. However, if you held substantially identical property for 1 year or less on the date of the short sale, or if you acquire property substantially identical to the property sold short after the short sale but on or before the date you close the short sale, your gain when closing the short sale is a short-term capital gain. If you held substantially identical property for more than 1 year on the date of a short sale, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.

Gain or Loss From Options

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract, but that is a capital asset in your hands. If a purchased option expired, enter the expiration date in column (c), and write "**EXPIRED**" in column (d). If an option that was granted (written) expired,

enter the expiration date in column (b), and write "**EXPIRED**" in column (e). Fill in the other columns as appropriate. See Pub. 550 for more details.

Like-Kind Exchanges

A "like-kind exchange" occurs when you exchange business or investment property for property of a like kind. Complete and attach Form 8824 to your return for each exchange. For exchanges of capital assets, include the gain or loss from Form 8824, if any, on line 4 or line 12 in column (f) or (g).

Capital Assets Held for Personal Use

Gain from the sale or exchange of this property is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use (other than your main home), you must report the transaction on Schedule D even though the loss is not deductible.

For example, you have a loss on the sale of a vacation home that is not your main home. Report it on line 1 or 9, depending on how long you owned the home. Complete columns (a) through (e). Because the loss is not deductible, write "Personal Loss" across columns (f) and (g).

Specialized Small Business Investment Companies (SSBICs)

If you sold publicly traded securities, you may be able to postpone all or part of the gain on that sale if you bought common stock or a partnership interest in an SSBIC during the 60-day period that began on the day of the sale. An SSBIC is any partnership or corporation licensed by the Small Business Administration under section 301(d) of the Small Business Investment Act of 1958. You must recognize gain on the sale to the extent the proceeds from the sale exceed the cost of your SSBIC stock or partnership interest purchased during the 60-day period that began on the date of the sale (and not previously taken into account). The gain you postpone is limited to \$50,000 a year and \$500,000 during your lifetime. (Reduce these dollar amounts by one-half if you are married filing separately.) The basis of your SSBIC stock or partnership interest is reduced by any postponed gain.

If you choose to postpone gain, report the entire gain realized on the sale on line 1 or 9. Directly below the line on which you reported the gain, enter in column (a) "SSBIC Rollover" and in column (f) the amount of the postponed gain. Also attach a schedule showing (a) how you figured the postponed gain, (b) the name of the SSBIC in which you purchased common stock or a partnership interest, (c) the date of that purchase, and (d) your new basis in that SSBIC stock or partnership interest.

Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income. See Pub. 541.

Regulated Investment Companies

Include on line 12 the amount on **Form 2439**, Notice to Shareholder of Undistributed Long-Term Capital Gains, that represents your share of the undistributed capital gains of a regulated investment company. Enter on Form 1040, line 60, the tax paid by the company shown on Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit. See Pub. 550 for more details.

Capital Gain Distributions

Enter on line 14 capital gain distributions paid to you during the year as a long-term capital gain, regardless of how long you held your investment. See Pub. 550 for details.

Sale of Your Home

Use **Form 2119**, Sale of Your Home, to report the sale of your main home whether or not you bought another one. You must file Form 2119 for the year in which you sell your main home, even if you have a loss or you postpone or defer all or part of your gain.

Installment Sales

If you sold property (other than publicly traded stocks or securities) at a gain and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Use **Form 6252**, Installment Sale Income, to report the sale on the installment method. Also use Form 6252 to report any payment received in 1995 from a sale made in an earlier year that you reported on the installment method. To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed return (including extensions).

Section 1256 Contracts and Straddles

Use **Form 6781**, Gains and Losses From Section 1256 Contracts and Straddles, to report these transactions. Include the amounts from Form 6781 on lines 4 and 12.

Specific Instructions

Parts I and II

Column (b)—Date Acquired

Enter in this column the date the asset was acquired. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

If you disposed of property that you acquired by inheritance, report it on line 9 and write "**INHERITED**" in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that was acquired through several different purchases, you may report the sale on one line and write "**VARIOUS**" in column (b). However, you still must report the short-term

gain or loss on the sale in Part I and the long-term gain or loss on the sale in Part II.

Column (c)—Date Sold

Enter in this column the date the asset was sold. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

Column (d)—Sales Price

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B or similar statement from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or your broker) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If the net amount is entered in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).

Caution: Be sure to add all sales price entries on lines 1 and 9, column (d), to amounts on lines 2 and 10, column (d). Enter the totals on lines 3 and 11.

Column (e)—Cost or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details on how to figure your basis in stock that split while you owned it.

You can choose to use an average basis for mutual fund shares if you acquired the shares at various times and prices and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. For details on how to figure average basis, see Pub. 564.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent is generally the fair market value at the date of death. See Pub. 544 for details.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument.

If a charitable contribution deduction is allowed because of a bargain sale of prop-

erty to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any expense of sale, such as broker's fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, get **Pub. 551**, Basis of Assets.

Lines 1 and 9

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 2119, 4684, 4797, 6252, 6781, or 8824). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use abbreviations to describe the property as long as the abbreviations are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use lines 20 and 22 on page 2 of Schedule D if you need more space to list transactions for lines 1 and 9. You may use as many copies of page 2 of Schedule D as you need. Enter on Schedule D, lines 2 and 10, columns (d), (f), and (g) the combined totals of all your copies of page 2 of Schedule D.

Caution: Add the following amounts reported to you for 1995 on Forms 1099-B and 1099-S (or on substitute statements):

1. Proceeds from transactions involving stocks, bonds, and other securities, and
2. Gross proceeds from real estate transactions not reported on another form or schedule.

If this total is **more** than the total of lines 3 and 11, attach a statement explaining the difference.

Capital Loss Carryover Worksheet (keep for your records)



You may deduct capital losses up to the amount of your capital gains plus \$3,000 (\$1,500 if married filing separately). Capital losses that exceed this amount are carried forward to later years. Use this worksheet to figure your capital loss carryovers from 1995 to 1996 if Schedule D, line 19, is a loss and **(a)** that loss is a smaller loss than the loss on Schedule D, line 18, or **(b)** Form 1040, line 35, is a loss.

<p>1. Enter the amount from Form 1040, line 35. If a loss, enclose the amount in parentheses</p> <p>2. Enter the loss from Schedule D, line 19, as a positive amount</p> <p>3. Combine lines 1 and 2. If zero or less, enter -0-</p> <p>4. Enter the smaller of line 2 or line 3</p> <p style="margin-left: 20px;">Note: If line 8 of Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 10.</p> <p>5. Enter the loss from Schedule D, line 8, as a positive amount</p> <p>6. Enter the gain, if any, from Schedule D, line 17</p> <p>7. Enter the amount from line 4</p> <p>8. Add lines 6 and 7</p> <p>9. Short-term capital loss carryover to 1996. Subtract line 8 from line 5. If zero or less, enter -0-</p> <p style="margin-left: 20px;">Note: If line 17 of Schedule D is a loss, go to line 10; otherwise, skip lines 10 through 14.</p> <p>10. Enter the loss from Schedule D, line 17, as a positive amount</p> <p>11. Enter the gain, if any, from Schedule D, line 8</p> <p>12. Subtract line 5 from line 4. If zero or less, enter -0-</p> <p>13. Add lines 11 and 12</p> <p>14. Long-term capital loss carryover to 1996. Subtract line 13 from line 10. If zero or less, enter -0-</p>	<p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <p>5. _____</p> <p>6. _____</p> <p>7. _____</p> <p>8. _____</p> <p>9. _____</p> <p>10. _____</p> <p>11. _____</p> <p>12. _____</p> <p>13. _____</p> <p>14. _____</p>
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Instructions for Schedule E, Supplemental Income and Loss

Use Schedule E to report income or loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, and residual interests in REMICs.

If you attach your own schedule(s) to report income or loss from any of these sources, use the same format as on Schedule E. Enter separately on Schedule E the total income and the total loss for each part. Enclose loss figures in (parentheses).

Part I

Use Part I to report income and expenses from rentals of real estate (including personal property leased with real estate). Also, use Part I to report royalty income and expenses. See the instructions for lines 3 and 4 to determine when rental real estate and royalty income should be reported on **Schedule C** or **C-EZ**, or **Form 4835**, Farm Rental Income and Expenses, instead.

Do not use Schedule E to report income and expenses from the rental of personal property, such as equipment or vehicles. Instead, use Schedule C or C-EZ if you are in the business of renting personal property. Your rental of personal property is a business if the primary purpose for renting the property is income or profit, and you are involved in the rental activity with continuity and regularity. If your rental of personal property is not a business, see the Instructions for Form 1040, lines 21 and 30, to find out how to report the income and expenses.

If you own a part interest in a rental real estate property, report only your part of the income and expenses on Schedule E.

If you have more than three rental real estate or royalty properties, complete and attach as many Schedules E as you need to list them. Complete lines 1 and 2 for each property. But fill in the "Totals" column only on one Schedule E. The figures in the "Totals" column on that Schedule E should be the combined totals of all Schedules E.

If you also need to use page 2 of Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

Filers of Form 1041

Enter your employer identification number in the block for "Your social security number."

Line 1

For rental real estate property only, show the kind of property you rented out, for example, "brick duplex." Give the street address, city or town, and state. You do not have to give the ZIP code. If you own a part interest in the property, show your percentage of ownership.

Line 2

If you rented out a dwelling unit and also used it for personal purposes during the year, you may not be able to deduct all the expenses for the rental part. A dwelling unit

(unit) means a house, apartment, condominium, mobile home, boat, or like property.

If the property is a dwelling unit, check "Yes" if you or your family used the unit for personal purposes in 1995 more than the greater of:

1. 14 days; or
2. 10% of the total days it was rented to others at a fair rental price.

Otherwise, check "No."

What Is Personal Use? A day of personal use is any day, or part of a day, that the unit was used by:

- You for personal purposes.
- Any other person for personal purposes, if that person owns part of the unit (unless rented to that person under a "shared equity" financing agreement).
- Anyone in your family or in the family of someone else who owns part of the unit, unless the unit is rented at a fair rental price to that person as his or her main home.
- Anyone under an agreement that lets you use some other unit.
- Anyone who pays less than a fair rental price for the unit.

Days Not Counted As Personal Use. The following days you spent at the dwelling unit are not counted as personal use:

- Any day you spent working substantially full time repairing and maintaining the unit, even if family members used it for recreational purposes on that day.
- The days you used the unit as your main home before or after renting it or offering it for rent, if you rented or tried to rent it for at least 12 consecutive months (or for a period of less than 12 consecutive months at the end of which you sold or exchanged it).

If you checked "No," you can deduct all your expenses for the rental part, subject to the **At-Risk Rules** and the **Passive Activity Loss Rules** explained on pages E-2 and E-3.

If you checked "Yes" and rented the unit out for fewer than 15 days, do not report the rental income and do not deduct any rental expenses. But if you itemize deductions on **Schedule A** (Form 1040), you may deduct allowable interest, taxes, and casualty losses.

If you checked "Yes" and rented the unit out for at least 15 days, you may NOT be able to deduct all your rental expenses. You can deduct your mortgage interest, real estate taxes, and casualty losses for the rental part on Schedule E. You can also deduct your other rental expenses that are not related to your use of the unit as a home, such as advertising expenses and realtors'

fees. If any income is left after deducting these expenses, you can then deduct other expenses. But you cannot deduct more than the income that is left. Carry amounts you cannot deduct to 1996. Get **Pub. 527**, Residential Rental Property (Including Rental of Vacation Homes), for more details.

Line 3

If you were not in the real estate sales business but you received rent from real estate (including personal property leased with real estate), report it on line 3. Include room and other space rentals. If you received services or property instead of money as rent, report its fair market value. Be sure to enter your total rents in the "Totals" column even if you have only one property.

If you provided significant services to the renter, such as maid service, report the rental on Schedule C or C-EZ, and not on Schedule E. Significant services **do not** include the furnishing of heat and light, cleaning of public areas, trash collection, etc.

If you were in the real estate sales business, include on line 3 only the rent received from real estate (including personal property leased with real estate) you held for investment or speculation. Do not use Schedule E to report income and expenses from rentals of real estate held for sale to customers in the ordinary course of your real estate sales business. Instead, use Schedule C or C-EZ for these rentals.

For more details, call Tele-Tax (see page 36) and listen to topic 414 or see Pub. 527.

Rental Income From Farm Production or Crop Shares. Report farm rental income and expenses on Form 4835 if (a) you received rental income based on crops or livestock produced by the tenant, and (b) you did not manage or operate the farm to any great extent. If you use Form 4835, enter on line 39 of Schedule E the net farm rental income or loss from Form 4835. Also, include the gross farm rents from Form 4835, line 7, on Schedule E, line 41.

Line 4

Report on line 4 **royalties** from oil, gas, or mineral properties (not including operating oil, gas, or mineral interests); copyrights; and patents. Enter your total royalties in the "Totals" column. If you received \$10 or more in royalties during 1995, you should receive a **Form 1099-MISC**, Miscellaneous Income, or similar statement, showing them. The payer must send this statement to you by January 31, 1996.

If you are in business as a self-employed writer, inventor, artist, etc., report your income and expenses on Schedule C or C-EZ. You may be able to treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For details, get **Pub. 544**, Sales and Other Dispositions of Assets.

If state or local taxes were withheld from oil or gas payments you received, enter on line 4 the gross amount of royalties. Include taxes withheld by the producer on line 16.

Lines 5 through 21

Enter your rental and royalty expenses for each property in the appropriate columns. Also, enter your total expenses for mortgage interest (line 12), total expenses before depreciation expense or depletion (line 19), and depreciation expense or depletion (line 20) in the "Totals" column even if you have only one property. You can deduct an amount for the depreciation of rental property and all ordinary and necessary expenses, such as taxes, interest, repairs, insurance, management fees, and agents' commissions. Do not deduct the value of your own labor, capital investments, or capital improvements.

Renting Out Part of Your Home. If you rent out only part of your home or other property, deduct the part of your expenses that apply to the rented part.

Credit or Deduction for Access Expenditures. You may be able to claim a tax credit for eligible expenditures paid or incurred in 1995 to provide access to your business for individuals with disabilities. Get **Form 8826**, Disabled Access Credit, for details.

You can also deduct up to \$15,000 of qualified costs paid or incurred in 1995 to remove architectural or transportation barriers to individuals with disabilities and the elderly. You cannot take both the credit and the deduction for the same expenditures. Get **Pub. 535**, Business Expenses, for details.

Line 6

You may deduct ordinary and necessary auto and travel expenses, including 50% of meals incurred while traveling away from home, related to your rental activities. If you use your auto in connection with your rental activities, you can either deduct your actual expenses or take the standard mileage rate. You **must** use actual expenses if you do not own the auto you use in your rental activities or if you use more than one vehicle simultaneously (as in fleet operations).

If you deduct actual auto expenses, include on line 6 the rental activity portion of the cost of gasoline, oil, repairs, insurance, tires, etc. Show auto rental or lease payments on line 18 and depreciation on line 20.

If you want to take the standard mileage rate, multiply the number of miles you drove your auto in connection with your rental activities by 30 cents a mile. Include this amount and your parking fees and tolls on line 6.

If you claim any auto expenses (actual or the standard mileage rate), you must provide the information requested in Part V of **Form**

4562, Depreciation and Amortization, and attach Form 4562 to your return.

For more details, get Pub. 527; **Pub. 463**, Travel, Entertainment, and Gift Expenses; and **Pub. 917**, Business Use of a Car.

Line 10

Include on this line fees for tax advice related to your rental real estate or royalty properties and for preparation of the tax forms related to those properties.

Lines 12 and 13

In general, to determine the interest expense allocable to your rental activities, you will have to keep records to show how the proceeds of each debt were used. Specific tracing rules apply for allocating debt proceeds and repayment. See Pub. 535 for details.

If you have a mortgage on your rental property, enter on line 12 the interest you paid for 1995 to banks or other financial institutions. Be sure to fill in the "Totals" column.

If you paid \$600 or more in interest on this mortgage, the recipient should send you a **Form 1098**, Mortgage Interest Statement, or similar statement, by January 31, 1996, showing the total interest received from you during 1995. If you paid more mortgage interest than is shown on your Form 1098 or similar statement, see Pub. 535 to find out if you can deduct the additional interest. If you can, enter the amount on line 12. Attach a statement to your return explaining the difference. Write "See attached" in the left margin next to line 12.

Note: *If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your deductible mortgage interest on line 13.*

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage, and the other person received Form 1098, report your share of the interest on line 13. Attach a statement to your return showing the name and address of the person who received Form 1098. In the left margin next to line 13, write "See attached."

Line 17

The base rate (including taxes) for local telephone service for the first telephone line to any residence is a personal expense and is not deductible.

Line 20

Depreciation is the annual deduction allowed to recover the cost or other basis of business or investment property with a useful life of more than 1 year. Land is not depreciable.

Depreciation starts when you first use the property in your business or for the production of income. It ends when you take the property out of service, deduct all your depreciable cost or other basis, or no longer use the property in your business or for the production of income.

For property placed in service after 1980, see the Instructions for Form 4562 to figure the amount of depreciation to enter on line 20. For property placed in service before

1981, figure depreciation from your own books and records and enter the total on line 20. Be sure to fill in the "Totals" column.

You must complete and attach Form 4562 **only** if:

- You are claiming depreciation on property placed in service during 1995, or

- You are claiming depreciation on listed property (defined in the Instructions for Form 4562), including a vehicle, regardless of the date it was placed in service, or

- You are claiming a section 179 expense deduction or amortization of costs that began in 1995.

If you acquired depreciable property for the first time in 1995, get **Pub. 946**, How To Depreciate Property.

If you own mineral property or an oil, gas, or geothermal well, you may be able to take a deduction for depletion. See Pub. 535 for details.

Line 22

At-Risk Rules

Generally, if you have (a) a loss from an activity carried on as a trade or business or for the production of income, and (b) amounts in the activity for which you are not at risk, you will have to complete **Form 6198**, At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity. However, if you acquired your interest in the activity before 1987, the at-risk rules do not apply to losses from an activity of holding real property placed in service before 1987. The activity of holding mineral property does not qualify for this exception.

In most cases, you are not at risk for amounts such as:

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire your interest in the activity that are not secured by your own property (other than property used in the activity). There is an exception for certain nonrecourse financing borrowed by you in connection with holding real property. See **Qualified nonrecourse financing** below.

- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire your interest in the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related, under Internal Revenue Code section 465(b)(3), to a person (other than you) having such an interest.

Qualified nonrecourse financing secured by real property used in an activity of holding real property that is subject to the at-risk rules is treated as an amount at risk. Qualified nonrecourse financing is financing for which no one is personally liable for repayment and is:

- Borrowed by you in connection with holding real property,

- Not convertible from a debt obligation to an ownership interest, **and**

- Loaned or guaranteed by any Federal, state, or local government, or borrowed by you from a qualified person.

A **qualified person** is a person who actively and regularly engages in the business of lending money, such as a bank or savings and loan association. A qualified person **cannot** be:

- Related to you (although a person related to you may be a qualified person if the nonrecourse financing is commercially reasonable and on the same terms as loans involving unrelated persons), or

- The seller of the property (or a person related to the seller), or

- A person who receives a fee due to your investment in real property (or a person related to that person).

If you have amounts for which you are not at risk in a rental or royalty activity, get Form 6198 to determine the amount of your deductible loss and enter that amount in the appropriate column of Schedule E, line 22. In the space to the left of line 22, write "Form 6198." Attach Form 6198 to your return.

Line 23

If your rental real estate loss is from a passive activity (defined below), you may need to complete **Form 8582**, Passive Activity Loss Limitations, to figure the amount of loss, if any, to enter on line 23. If your rental real estate loss is not from a passive activity **OR** you meet the following exception, you do not have to complete Form 8582. Enter the loss from line 22 on line 23.

Exception for Certain Rental Real Estate Activities. If you meet **ALL THREE** of the following conditions, your rental real estate losses are not limited by the passive activity rules. If you **do not** meet **ALL THREE** of these conditions, see the Instructions for Form 8582 to find out if you must complete and attach Form 8582.

1. Rental real estate activities are your only passive activities.

2. You do not have any prior year unallowed losses from any passive activities.

3. **All** of the following apply if you have an overall net loss from these activities:

- You actively participated (defined later) in all of the rental real estate activities; **and**

- If married filing separately, you lived apart from your spouse all year; **and**

- Your overall net loss from these activities is \$25,000 or less (\$12,500 or less if married filing separately); **and**

- You have no current or prior year unallowed credits from passive activities; **and**

- Your modified adjusted gross income, defined later, is \$100,000 or less (\$50,000 or less if married filing separately).

Active Participation. You can meet the active participation requirement without regular, continuous, and substantial involvement in operations. But you must have participated in making management decisions or arranging for others to provide services (such as repairs), in a significant and bona fide sense. Management decisions that

are relevant in this context include approving new tenants, deciding on rental terms, approving capital or repair expenditures, and other similar decisions.

You are not considered to actively participate if, at any time during the tax year, your interest (including your spouse's interest) in the activity was less than 10% (by value) of all interests in the activity.

Modified Adjusted Gross Income. This is your adjusted gross income from Form 1040, line 31, without taking into account any passive activity loss, rental real estate losses allowed under the exception for real estate professionals (explained below), taxable social security or equivalent railroad retirement benefits, deductible contributions to an IRA or certain other qualified retirement plans under Internal Revenue Code section 219, or the deduction for one-half of self-employment tax. If you file **Form 8815**, Exclusion of Interest From Series EE U.S. Savings Bonds Issued After 1989, include in your modified adjusted gross income the interest excluded on line 14 of that form.

Passive Activity Loss Rules

The passive activity loss rules may limit the amount of losses you can deduct. They apply to losses in Parts I, II, and III, and on line 39 of Schedule E. Losses from passive activities may be first subject to the at-risk rules. Losses deductible under the at-risk rules are then subject to the passive activity rules. You can generally deduct losses from passive activities only to the extent of income from passive activities. An exception applies to certain rental real estate activities (as previously explained).

Passive Activity. A passive activity is any business activity in which you **do not** materially participate and any rental activity, except as provided below. See the Instructions for Form 8582 to determine whether you materially participated in a business or rental activity. If you are a limited partner, you are generally not treated as having materially participated in the partnership's activity for the year.

The rental of real or personal property is generally a rental activity under the passive activity loss rules, but exceptions apply to this rule. If your rental of property is not treated as a rental activity, you must determine whether it is a trade or business activity, and, if so, whether you materially participated in the activity for the tax year. See the Instructions for Form 8582 for the material participation tests and the definition of "rental activity." See **Pub. 925**, Passive Activity and At-Risk Rules, for special rules that apply to rentals of (a) substantially nondepreciable property, (b) property incidental to development activities, and (c) property to activities in which you materially participate.

Exception for Real Estate Professionals. If you were a real estate professional for 1995, any rental real estate activity in which you materially participated is not a passive activity. You were a **real estate professional** only if you met **both** of the following conditions.

1. More than half of the personal services you performed in trades or businesses were performed in real property trades or businesses in which you materially participated, and

2. You performed more than 750 hours of services in real property trades or businesses in which you materially participated.

For purposes of this rule, each interest in rental real estate is a separate activity, unless you elect to treat all interests in rental real estate as one activity.

If you are married filing jointly, either you or your spouse must separately meet both of the above conditions, without taking into account services performed by the other spouse.

A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business. Services you performed as an employee are not treated as performed in a real property trade or business unless you owned more than 5% of the stock (or more than 5% of the capital or profits interest) in the employer.

If you were a real estate professional for 1995, complete line 42 on page 2.

Other Exceptions. The rental of your home that you also used for personal purposes is not a passive activity. See the instructions for line 2.

A working interest in an oil or gas well that you hold directly or through an entity that does not limit your liability is not a passive activity even if you do not materially participate.

Royalty income not derived in the ordinary course of a trade or business reported on Schedule E is generally not considered income from a passive activity.

For more details on passive activities, see the Instructions for Form 8582 and Pub. 925.

Parts II and III

If you need more space in Parts II and III to list your income or losses, attach a continuation sheet using the same format as shown in Parts II and III. However, be sure to complete the "Totals" columns for lines 28a and 28b, or lines 33a and 33b, as appropriate. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

Tax Shelter Registration Number. If you are claiming or reporting any deduction, loss, credit, or other tax benefit, or reporting income from an interest purchased or otherwise acquired in a tax shelter, you must complete and attach **Form 8271**, Investor Reporting of Tax Shelter Registration Number. This reports the name, tax shelter registration number, and identifying number of the tax shelter. There is a \$250 penalty if you fail to report this number on your tax return.

Tax Preference Items. If you are a partner, a shareholder in an S corporation, or a beneficiary of an estate or trust, you must take into account your share of preferences and adjustments from these entities on **Form 6251**, Alternative Minimum Tax—Individuals, or Schedule I of **Form 1041**, U.S. Income Tax Return for Estates and Trusts.

Partnerships and S Corporations

If you are a member of a partnership or joint venture or a shareholder in an S corporation,

use Part II to report your share of the partnership or S corporation income (even if not received) or loss. You should receive a **Schedule K-1** from the partnership or the S corporation. Do not attach Schedules K-1 to your return. Keep them for your records. You should also receive a copy of the Partner's or Shareholder's Instructions for Schedule K-1. If you did not receive these instructions with your Schedule K-1, you can get a copy at most IRS offices. Your copy of Schedule K-1 and its instructions will tell you where on your return to report your share of the items.

Special rules apply that limit losses. Please note the following:

- If you have a current year loss or a prior year unallowed loss from a partnership or an S corporation, see **At-Risk Rules** on page E-2 and **Passive Activity Loss Rules** on page E-3.

Partners and S corporation shareholders should get a separate statement of income, expenses, deductions, and credits for each activity engaged in by the partnership and S corporation. If you are subject to the at-risk rules for any activity, use Form 6198 to figure the amount of any deductible loss. If the activity is nonpassive, enter the deductible loss, if any, from Form 6198 in Part II, column (i), of Schedule E.

- If you have a passive activity loss, you generally need to complete Form 8582 to figure the amount of the allowable loss to enter in Part II, column (g), for that activity. But if you are a **general** partner or an S corporation shareholder reporting your share of a partnership or an S corporation loss from a rental real estate activity, **and** you meet **ALL THREE** of the conditions listed in the instructions for line 23, you do not have to complete Form 8582. Instead, enter your allowable loss in Part II, column (g).

- If you have passive activity income, complete Part II, column (h), for that activity.

- If you have nonpassive income or losses, complete Part II, columns (i) through (k), as appropriate.

If you are treating items on your tax return differently from the way the partnership or S corporation treated them on its return, you may have to file **Form 8082**, Notice of Inconsistent Treatment or Amended Return.

Partnerships

See the Schedule K-1 instructions before entering on your return other partnership items from a passive activity or income or loss from any publicly traded partnership.

If you have other partnership items, such as depletion, from a nonpassive activity, show each item on a separate line in Part II. You may deduct unreimbursed ordinary and necessary expenses you paid on behalf of the partnership if you were required to pay these expenses under the partnership agreement. Enter deductible **unreimbursed partnership expenses** from nonpassive activities on a separate line in column (i) of Part II. Enter on Schedule A (Form 1040) any unreimbursed partnership expenses deductible as itemized deductions. Report allowable interest expense paid or incurred from debt-financed acquisitions in Part II, or on Schedule A, depending on the type of expenditure to which the interest is allocated. See Pub. 535 for details.

If you claimed a credit for Federal tax on gasoline or other fuels on your 1994 Form 1040 (based on information received from the partnership), enter as income in column (h) or column (k), whichever applies, the amount of the credit claimed in 1994.

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on **Schedule SE** (Form 1040). Enter the amount from Schedule K-1 (Form 1065), line 15a, on Schedule SE, after you reduce this amount by any allowable expenses attributable to that income.

If you have losses or deductions from a prior year that you could not deduct because of the at-risk or basis rules, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

S Corporations

Your share of the net income is NOT subject to self-employment tax. Distributions of prior year accumulated earnings and profits of S corporations are dividends and are reported on Form 1040, line 9. For details, get **Pub. 589**, Tax Information on S Corporations.

Interest expense relating to the acquisition of shares in an S corporation may be fully deductible on Schedule E. For details, see Pub. 535.

As a shareholder in an S corporation, your share of the corporation's aggregate losses and deductions (combined income, losses, and deductions) is limited to the adjusted basis of your corporate stock and any debt the corporation owes you. Any loss or deduction not allowed this year because of the basis limitation may be carried forward and deducted in a later year subject to the basis limitation for that year. If you are claiming a deduction for your share of an aggregate loss, attach to your return a computation of the adjusted basis of your corporate stock and of any debt the corporation owes you. See Pub. 589 for more information.

After applying the basis limitation, the deductible amount of your aggregate losses and deductions may be further reduced by the at-risk rules and the passive activity loss rules explained earlier.

If you have losses or deductions from a prior year that you could not deduct because of the basis or at-risk limitations, and the amounts are now deductible, do not combine the prior year amounts with any current year amounts to arrive at a net figure to report on Schedule E. Instead, report the prior year amounts and the current year amounts on separate lines of Schedule E.

Estates and Trusts

If you are a beneficiary of an estate or trust, use Part III to report your part of the income (even if not received) or loss. You should receive a **Schedule K-1** (Form 1041) from the fiduciary. Do not attach that schedule to your return. Keep it for your records. Your copy of Schedule K-1 and its instructions will tell you where on your return to report the items from Schedule K-1.

If you have estimated taxes credited to you from a trust (Schedule K-1, line 13a), write "ES payment claimed" and the amount on the dotted line next to line 36. **Do not** include this amount in the total on line 36. Instead, enter the amount on Form 1040, line 56.

A U.S. person who transferred property to a foreign trust may have to include in income the income received by the trust as a result of the transferred property if, during 1995, the trust had a U.S. beneficiary. For details, get **Form 3520-A**, Annual Return of Foreign Trust With U.S. Beneficiaries.

Part IV

If you are the holder of a residual interest in a real estate mortgage investment conduit (REMIC), use Part IV to report your total share of the REMIC's taxable income or loss for each quarter included in your tax year. You should receive **Schedule Q** (Form 1066) and instructions from the REMIC for each quarter. Do not attach the schedule(s) to your return. Keep them for your records.

REMIC income or loss is not income or loss from a passive activity.

Note: *If you are the holder of a regular interest in a REMIC, do not use Schedule E to report the income you received. Instead, report it on Form 1040, line 8a.*

If you are the holder of a residual interest in more than one REMIC, attach a continuation sheet using the same format as in Part IV. Enter the totals of columns (d) and (e) on line 38 of Schedule E. If you also completed Part I on more than one Schedule E, use the same Schedule E on which you entered the combined totals in Part I.

If you are treating REMIC items on your tax return differently from the way the REMIC reported them on its return, you may have to file Form 8082.

Column (c). Report the total of the amounts shown on Schedule(s) Q, line 2c. This is the smallest amount of taxable income you may report on Form 1040, line 37, for 1995. If the taxable income you would show on Form 1040, line 37, is **smaller** than the total reported in column (c), you **must** enter the amount from column (c) on Form 1040, line 37. Write "Sch. Q" next to line 37 on Form 1040.

Caution: *Do not include the amount shown in column (c) in the total on line 38.*

Column (e). Report the total of the amounts shown on Schedule(s) Q, line 3b. If you itemize your deductions on Schedule A, include this amount on line 22.

Part V

Line 41

You will not be charged a penalty for underpayment of estimated tax if:

1. Your gross farming or fishing income for 1994 or 1995 is at least two-thirds of your gross income, and
 2. You file your 1995 tax return and pay the tax due by March 1, 1996.
-

Instructions for Schedule F, Profit or Loss From Farming

Use Schedule F to report farm income and expenses. File it with Form 1040, 1041, or 1065.

This activity may subject you to state and local taxes and other requirements such as business licenses and fees. Check with your state and local governments for more information.

Additional Information. Pub. 225, *Farmer's Tax Guide*, has samples of filled-in forms and schedules, and lists important dates that apply to farmers.

General Instructions

A Change To Note

The standard mileage rate has been increased to 30 cents for each mile of business use in 1995. See the instructions for line 12.

Other Schedules and Forms You May Have To File

Schedule E to report rental income from pastureland that is based on a flat charge. Report this income in Part I of Schedule E. But report on line 10 of Schedule F pasture income received from taking care of someone else's livestock.

Schedule SE to pay self-employment tax on income from any trade or business.

Form 4562 to claim depreciation on assets placed in service in 1995, to claim amortization that began in 1995, or to report information on vehicles and other listed property.

Form 4684 to report a casualty or theft gain or loss involving farm business property including livestock held for draft, breeding, sport, or dairy purposes.

See Pub. 225 for more information on how to report various farm losses, such as losses due to death of livestock or damage to crops or other farm property.

Form 4797 to report sales, exchanges, or involuntary conversions (other than from a casualty or theft) of certain farm property. Also, use this form to report sales of livestock held for draft, breeding, sport, or dairy purposes.

Form 4835 to report rental income based on farm production or crop shares if you did not materially participate (for self-employment tax purposes) in the management or operation of the farm. This income is not subject to self-employment tax. See Pub. 225.

Form 8824 to report like-kind exchanges.

Heavy Vehicle Use Tax

If you use certain highway trucks, truck-trailers, tractor-trailers, or buses in your trade or business, you may have to pay a Federal highway motor vehicle use tax. Get **Form 2290**, Heavy Vehicle Use Tax Return, to see if you owe this tax.

Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other nonemployee compensation, interest, rents, royalties, annuities, and pensions. You may also have to file an information return if you sold \$5,000 or more of consumer products to a person on a buy-

sell, deposit-commission, or other similar basis for resale. For more information, get the **Instructions for Forms 1099, 1098, 5498, and W-2G**.

If you received cash of more than \$10,000 in one or more related transactions in your farming business, you may have to file **Form 8300**. For details, get **Pub. 1544**, Reporting Cash Payments of Over \$10,000.

Estimated Tax

If you had to make estimated tax payments in 1995 and you underpaid your estimated tax, you will not be charged a penalty if **both** of the following apply.

1. Your gross farming or fishing income for 1994 or 1995 is at least two-thirds of your gross income.

2. You file your 1995 tax return and pay the tax due by March 1, 1996.

For more details, see Pub. 225.

Specific Instructions

Filers of Forms 1041 and 1065

Do not complete the block labeled "Social security number (SSN)." Instead, enter your employer identification number (EIN) on line D.

Lines A and B

On line A, enter your principal crop or activity for the current year.

On line B, enter one of the 15 principal agricultural activity codes listed in Part IV on page 2 of Schedule F. Select the code that best describes the source of most of your income. **Field crop** includes the production of grains such as wheat, rice, feed corn, soybeans, barley, rye, and lentils; and nongrains such as cotton, tobacco, sugar, and Irish potatoes.

Line C

Under the **cash method**, include all income in the year you actually get it. Generally, deduct expenses when you pay them. If you use the cash method, check the box labeled "Cash." Complete Parts I and II of Schedule F.

Under the **accrual method**, include income in the year you earn it. It does not matter when you get it. Deduct expenses when you incur them. If you use the accrual method, check the box labeled "Accrual." Complete Parts II, III, and line 11 of Schedule F.

Other rules apply that determine the timing of deductions based on economic performance. Get **Pub. 538**, Accounting Periods and Methods, for details.

Farming syndicates cannot use the cash method of accounting. A farming syndicate may be a partnership, any other noncorporate group, or an S corporation if:

1. The interests in the business have ever been for sale in a way that would require registration with any Federal or state agency, or

2. More than 35% of the loss during any tax year is shared by limited partners or limited entrepreneurs. A **limited partner** is one who can lose only the amount invested or required to be invested in the partnership. A **limited entrepreneur** is a person who does not take any active part in managing the business.

Line D

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, partnership, or alcohol, tobacco, and firearms tax return. If you need an EIN, file **Form SS-4**, Application for Employer Identification Number.

If you do not have an EIN, leave line D blank. **Do not** enter your SSN.

Line E

Material Participation. For the definition of material participation for purposes of the passive activity rules, see the instructions for **Schedule C** (Form 1040), line I, on page C-1.

If you meet any of the material participation tests described in the line I instructions for Schedule C, check the "Yes" box.

If you are a retired or disabled farmer, you are treated as materially participating in a farming business if you materially participated 5 of the 8 years preceding your retirement or disability. Also, a surviving spouse is treated as materially participating in a farming activity if the real property used for farming meets the estate tax rules for special valuation of farm property passed from a qualifying decedent, and the surviving spouse actively manages the farm.

Check the "No" box if you did not materially participate. If you checked "No" and you have a loss from this business, see **Limit on Losses** on page F-2. If you have a profit from this business activity but have current year losses from other passive activities or prior year unallowed passive activity losses, see the instructions for **Form 8582**, Passive Activity Loss Limitations.

Limit on Losses. If you checked the "No" box on line E and you have a loss from this business, you may have to use Form 8582 to figure your allowable loss, if any, to enter on Schedule F, line 36. Generally, you can deduct losses from passive activities only to the extent of income from passive activities.

For more details, get **Pub. 925**, *Passive Activity and At-Risk Rules*.

Part I. Farm Income—Cash Method

In Part I, show income received for items listed on lines 1 through 10. Count both the cash actually or constructively received and the fair market value of goods or other property received for these items. Income is constructively received when it is credited to your account or set aside for you to use.

If you ran the farm yourself and received rents based on farm production or crop shares, report these rents as income on line 4.

Sales of Livestock Because of Drought

If you sold livestock because of a drought, you can count the income from the sale in the year after the drought, instead of the year of the sale. You can do this if **all** of the following apply:

- Your main business is farming.
- You can show that you sold the livestock only because of the drought.
- Your area qualified for Federal aid.

Forms 1099 or CCC-1099-G

If you received Forms 1099 or CCC-1099-G showing amounts paid to you, first determine if the amounts are to be included with farm income. Then, use the following chart to determine where to report the income on Schedule F. Include the Form 1099 or CCC-1099-G amounts with any other income reported on that line.

Information return	Where to report
Form 1099-PATR	Line 5a
Form 1099-A	Line 7b
Form 1099-MISC (for crop insurance)	Line 8a
Forms 1099-G or CCC-1099-G (for disaster payments)	Line 8a
Forms 1099-G or CCC-1099-G (for other agricultural program payments)	Line 6a

You may also receive **Form 1099-MISC**, *Miscellaneous Income*, for other types of income. In this case, report it on whichever line best describes the income. For example, if you received a Form 1099-MISC for custom farming work, include this amount on line 9, "Custom hire (machine work) income."

Lines 1 and 2

On line 1, show amounts received from sales of livestock and other items bought for resale. On line 2, show the cost or other basis of the livestock and other items you actually sold.

Line 4

Show amounts received from sales of livestock, produce, grains, and other products you raised.

Lines 5a and 5b

If you received distributions from a cooperative in 1995, you should receive **Form 1099-PATR**, *Taxable Distributions Received From Cooperatives*. On line 5a, show your total distributions from cooperatives. This includes patronage dividends, nonpatronage distributions, per-unit retain allocations, and redemption of nonqualified notices and per-unit retain allocations.

Show patronage dividends (distributions) received in cash, and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances received from a marketing cooperative. If you received per-unit retains in cash, show the amount of cash. If you received qualified per-unit retain certificates, show the stated dollar amount of the certificate.

Do not include as income on line 5b patronage dividends from buying personal or family items, capital assets, or depreciable assets. Enter these amounts on line 5a only. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

Lines 6a and 6b

Enter on line 6a the TOTAL of the following amounts. These are government payments you received, usually reported to you on **Form 1099-G**, *Certain Government Payments*. You may also receive Form CCC-1099-G from the Department of Agriculture showing the amounts and types of payments made to you.

- Price support payments.
- Market gain from the repayment of a secured Commodity Credit Corporation (CCC) loan for less than the original loan amount.
- Diversion payments.
- Cost-share payments (sight drafts).
- Payments in the form of materials (such as fertilizer or lime) or services (such as grading or building dams).
- Face value of commodity credit certificates (often called "generic" or "PIK" certificates).

On line 6b, report only the taxable amount. For example, do not report the market gain shown on Form CCC-1099-G on line 6b if you elected to report CCC loan proceeds as income in the year received (see lines 7a through 7c below). No gain results from redemption of the commodity because you previously reported the CCC loan proceeds

as income. You are treated as repurchasing the commodity for the amount of the loan repayment. However, if you did not report the CCC loan proceeds under the election, you must report the market gain on line 6b.

Lines 7a Through 7c

Commodity Credit Corporation Loans. Generally, you do not report CCC loan proceeds as income. However, if you pledge part or all of your production to secure a CCC loan, you may elect to report the loan proceeds as income in the year you receive them, instead of the year you sell the crop. If you make this election (or made the election in a prior year), report loan proceeds you received in 1995 on line 7a. Attach a statement to your return showing the details of the loan(s).

Forfeited CCC Loans. Include the full amount forfeited on line 7b, even if you reported the loan proceeds as income.

If you **did not** elect to report the loan proceeds as income, also include the forfeited amount on line 7c.

If you did elect to report the loan proceeds as income, you generally will not have an entry on line 7c. But if the amount forfeited is different from your basis in the commodity, you may have an entry on line 7c.

CCC Loans Repaid With CCC Certificates. Include on line 7b the amount of any CCC loan you repaid with certificates, even if you reported the loan proceeds as income.

If you **did not** elect to report the CCC loan proceeds as income, include on line 7c the amount of the loan you repaid with the certificates minus your basis in those certificates. Your basis in certificates is the face value of the certificates you included as income, or the amount you paid for them.

If you elected to report the loan proceeds as income, do not include on line 7c the amount of the loan you repaid with the certificates.

For more information on the tax consequences of electing to report CCC loan proceeds as income or forfeiting CCC loans, see Pub. 225.

Lines 8a Through 8d

In general, you must report crop insurance proceeds in the year you receive them. Federal crop disaster payments are treated as crop insurance proceeds. However, if 1995 was the year of damage, you may elect to include certain proceeds in income for 1996. To make this election, check the box on line 8c and attach a statement to your return. See Pub. 225 for a description of the proceeds for which an election may be made and for what you must include in your statement.

Generally, if you elect to defer any eligible crop insurance proceeds, you must defer all such crop insurance proceeds (including Federal disaster payments).

Enter on line 8a the TOTAL crop insurance proceeds you received in 1995, even if you elect to include them in income for 1996.

Enter on line 8b the taxable amount of the proceeds you received in 1995. Do not include proceeds you elect to include in income for 1996.

Enter on line 8d the amount, if any, of crop insurance proceeds you received in 1994 and elected to include in income for 1995.

Line 9

Enter on this line the income you received for custom hire (machine work).

Line 10

Use this line to report income not shown on lines 1 through 9. For example, include the following income items on line 10:

- Illegal Federal irrigation subsidies. See Pub. 225.

- Bartering income.

- Income from discharge of indebtedness. Generally, if a debt is canceled or forgiven, you must include the canceled amount in income. If a Federal agency, financial institution, or credit union canceled or forgave a debt you owed of \$600 or more, it should send you a **Form 1099-C**, Cancellation of Debt, or similar statement, by January 31, 1996, showing the amount of debt canceled in 1995. However, certain solvent farmers may exclude from income discharged qualified farm indebtedness. For information on whether you must include in income any discharge of indebtedness, see Pub. 225.

- State gasoline or fuel tax refund you got in 1995.

- The amount of credit for Federal tax paid on fuels claimed on your 1994 Form 1040.

- The amount of credit for alcohol used as a fuel that was entered on **Form 6478**, Credit for Alcohol Used as Fuel.

- Any recapture of excess depreciation, including any section 179 expense deduction, if the business use percentage of any listed property decreased to 50% or less in 1995. Use **Form 4797**, Sales of Business Property, to figure the recapture. See the instructions for Schedule C (Form 1040), line 13, on page C-3 for the definition of listed property.

- The inclusion amount on leased listed property (other than vehicles) when the business use percentage drops to 50% or less. Get **Pub. 946**, How To Depreciate Property, to figure the amount.

- Any recapture of the deduction for clean-fuel vehicles used in your business and clean-fuel vehicle refueling property. For details on how to figure recapture, get **Pub. 535**, Business Expenses.

- The gain or loss on the sale of commodity futures contracts if the contracts were made to protect you from price changes. These are a form of business insurance and are considered hedges. If you had a loss in a closed futures contract, enclose it in parentheses.

Caution: For property acquired and hedging positions established, you must clearly identify on your books and records both the hedging transaction and the item(s) or aggregate risk that is being hedged.

Purchase or sales contracts are not true hedges if they offset losses that already occurred. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the

profit or loss on this line. Report it on **Form 6781**, Gains and Losses From Section 1256 Contracts and Straddles.

Part II. Farm Expenses

Do not deduct:

- Personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.

- Expenses of raising anything you or your family used.

- The value of animals you raised that died.

- Inventory losses.

- Personal losses.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

Capitalizing Costs of Property. If you produced real or tangible personal property or acquired property for resale, certain expenses must be included in inventory costs or capitalized. These expenses include the direct costs of the property and the share of any indirect costs allocable to that property. However, these rules generally do not apply to:

1. Expenses of raising animals,

2. Expenses of producing any plant that has a preproductive period of 2 years or less, or

3. Expenses of replanting certain crops if they were lost or damaged by reason of freezing temperatures, disease, drought, pests, or casualty.

Note: *Exceptions 1 and 2 above do not apply to tax shelters, farm syndicates, or partnerships required to use the accrual method of accounting under Internal Revenue Code section 447 or 448.*

But you may be able to deduct rather than capitalize the expenses of producing a plant with a preproductive period of more than 2 years. See **Election To Deduct Certain Preproductive Period Expenses** below.

Do not reduce your deductions on lines 12 through 34e by the preproductive period expenses you are required to capitalize. Instead, enter the total amount capitalized in parentheses on line 34f. See **Preproductive Period Expenses** on page F-5 for more details.

If you revoked a prior election to deduct preproductive period expenses for animals, you must continue to apply the alternative depreciation rules to property placed in service while your election was in effect. Also, the expenses you previously chose to deduct will have to be recaptured as ordinary income when you dispose of the animals.

Election To Deduct Certain Preproductive Period Expenses. If the preproductive period of any plant you produce is more than 2 years, you may choose to currently deduct the expenses rather than capitalize them. But you may not make this election for the costs of planting or growing citrus or almond groves that are incurred before the end of the 4th tax year beginning with the tax year you planted them in their permanent grove. By deducting the preproductive period expenses for which you may make this elec-

tion, you are treated as having made the election.

Note: *In the case of a partnership or S corporation, the election must be made by the partner or shareholder. This election may not be made by tax shelters, farm syndicates, or partners in partnerships required to use the accrual method of accounting under Internal Revenue Code section 447 or 448.*

If you make the election to deduct preproductive expenses for plants, any gain you realize when disposing of the plants is ordinary income up to the amount of the preproductive expenses you deducted. Also, the alternative depreciation rules apply to property placed in service in any tax year your election is in effect. Unless you obtain the consent of the IRS, you must make this election for the first tax year in which you engage in a farming business involving the production of property subject to the capitalization rules. You may not revoke this election without the consent of the IRS.

For more information, see Pub. 225.

Prepaid Farm Supplies. Generally, if you use the cash method of accounting and your prepaid farm supplies are more than 50% of your other deductible farm expenses, your deduction for those supplies may be limited. Prepaid farm supplies include expenses for feed, seed, fertilizer, and similar farm supplies not used or consumed during the year. They also include the cost of poultry that would be allowable as a deduction in a later tax year if you were to (a) capitalize the cost of poultry bought for use in your farm business and deduct it ratably over the lesser of 12 months or the useful life of the poultry and (b) deduct the cost of poultry bought for resale in the year you sell or otherwise dispose of it. If the limit applies, you can deduct prepaid farm supplies that do not exceed 50% of your other deductible farm expenses in the year of payment. You can deduct the excess only in the year you use or consume the supplies (other than poultry, which is deductible as explained above). For exceptions and more details on these rules, see Pub. 225.

Line 12

You can deduct the actual cost of running your car or truck, or take the standard mileage rate. You **must** use actual costs if you did not own the vehicle or if you used more than one vehicle simultaneously in your business (such as in fleet operations).

If you deduct actual costs, include on line 12 the business portion of expenses for gasoline, oil, repairs, insurance, tires, license plates, etc. Show depreciation on line 16 and rent or lease payments on line 26a.

If you want to take the standard mileage rate, multiply the number of business miles by 30 cents a mile. Add to this amount your parking fees and tolls, and enter the total on line 12.

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of **Form 4562**, Depreciation and Amortization. Be sure to attach Form 4562 to your return.

For more details, get **Pub. 917**, Business Use of a Car.

Line 14

Amounts you spent to conserve soil or water, or to prevent erosion of your land, can be deducted only if the expenses are consistent with a conservation plan approved by the Soil Conservation Service (SCS) of the Department of Agriculture for the area in which your land is located. If no plan exists, the expenses must be consistent with a plan of a comparable state agency. You cannot deduct the expenses if they were paid or incurred for land used in farming in a foreign country. You must attach **Form 8645**, Soil and Water Conservation Plan Certification, to your return if you claim this deduction.

Do not deduct expenses you pay or incur to drain or fill wetlands or to prepare land for center pivot irrigation systems.

The amount you deduct may not exceed 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, the excess may be carried forward and deducted in later tax years. However, the amount deductible for any 1 year may not exceed the 25% gross income limit for that year. Attach a copy of the original Form 8645 to your return for each carryover year you claim the deduction.

Line 15

Enter amounts paid for custom hire or machine work (the machine operator furnished the equipment). Do not include amounts paid for rental or lease of equipment that you operated yourself. You should report those amounts on line 26a.

Line 16

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not deduct depreciation on your home, furniture or other personal items, land, livestock you bought or raised for resale, or other property in your inventory.

You may also choose under Internal Revenue Code section 179 to expense a portion of the cost of certain tangible property you bought in 1995 for use in your business.

For more details, including when you must complete and attach Form 4562, see the instructions for Schedule C (Form 1040), line 13, on page C-3.

Line 17

Deduct contributions to employee benefit programs that are not an incidental part of a pension or profit-sharing plan included on line 25. Examples are accident and health plans, group-term life insurance, and dependent care assistance programs.

Do not include on line 17 any contributions you made on your behalf as a self-employed person to an accident and health plan or for group-term life insurance. You may be able to deduct on Form 1040, line 26, part of the amount you paid for health insurance on behalf of yourself, your spouse, and dependents even if you do not itemize your deduc-

tions. See the Form 1040 instructions on page 21 for more details.

Line 18

Generally, you cannot currently deduct expenses for feed to be consumed by your livestock in a later tax year. See **Prepaid Farm Supplies** on page F-3.

Line 20

Do not include the cost of transportation incurred in purchasing livestock held for resale as freight paid. Instead, add these costs to the cost of the livestock, and deduct them when the livestock is sold.

Line 22

Deduct on this line premiums paid for farm business insurance. Deduct on line 17 amounts paid for employee accident and health insurance.

Amounts credited to a reserve for self-insurance or premiums paid for a policy that pays for your lost earnings due to sickness or disability are not deductible.

Lines 23a and 23b

Interest Allocation Rules. The tax treatment of interest expense differs depending on its type. For example, home mortgage interest and investment interest are treated differently. "Interest allocation" rules require you to allocate (classify) your interest expense so it is deducted on the correct line of your return and gets the right tax treatment. These rules could affect how much interest you are allowed to deduct on Schedule F.

Generally, you allocate interest expense by tracing how the proceeds of the loan are used. See Pub. 535 for details.

If you paid interest on a debt secured by your main home and any of the proceeds from that debt were used in your farming business, see Pub. 535 to figure the amount that is deductible on Schedule F.

If you have a mortgage on real property used in your farming business (other than your main home), enter on line 23a the interest you paid for 1995 to banks or other financial institutions for which you received a **Form 1098**, Mortgage Interest Statement.

If the recipient was not a financial institution or you did not receive a Form 1098 from the recipient, report your mortgage interest on line 23b.

If you paid \$600 or more of interest on this mortgage, the recipient should send you a Form 1098 or similar statement showing the total interest received from you during 1995. This statement must be sent to you by January 31, 1996. If you paid more mortgage interest to financial institutions than is shown on Form 1098 or similar statement, see Pub. 535 to find out if you can deduct the additional interest. If you can, enter the amount on line 23a. Attach a statement to your return explaining the difference and write "See attached" in the left margin next to line 23a.

If you and at least one other person (other than your spouse if you file a joint return) were liable for and paid interest on the mortgage and the other person received the Form 1098, report your share of the interest on line

23b. Attach a statement to your return showing the name and address of the person who received the Form 1098. In the left margin next to line 23b, write "See attached."

On line 23b, enter the interest on other loans related to this farm. Do not deduct interest you prepaid in 1995 for later years; include only the part that applies to 1995.

Line 24

Enter the amounts you paid for farm labor. Do not include amounts paid to yourself. Reduce your deduction by the current year credits claimed on:

- **Form 5884**, Jobs Credit.
- **Form 8844**, Empowerment Zone Employment Credit.
- **Form 8845**, Indian Employment Credit.

Count the cost of boarding farm labor but not the value of any products they used from the farm. Count only what you paid household help to care for farm laborers.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not include in farm labor the amounts you depreciated or deducted elsewhere.

Line 25

Enter your deduction for contributions to employee pension, profit-sharing, or annuity plans. If the plan included you as a self-employed person, see the instructions for Schedule C (Form 1040), line 19, on page C-4.

Lines 26a and 26b

If you rented or leased vehicles, machinery, or equipment, enter on line 26a the business portion of your rental cost. But if you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction by an **inclusion amount**. For details, see the instructions for Schedule C (Form 1040), line 20a, on page C-4.

Enter on line 26b amounts paid to rent or lease other property such as pasture or farm land.

Line 27

Enter amounts you paid for repairs and maintenance of farm buildings, machinery, and equipment. You can also include what you paid for tools of short life or minimal cost, such as shovels and rakes.

Do not deduct repairs or maintenance on your home.

Line 31

You may deduct the following taxes on this line:

- Real estate and personal property taxes on farm business assets.
 - Social security and Medicare taxes you paid to match what you are required to withhold from farm employees' wages and any Federal unemployment tax paid.
 - Federal highway use tax.
- Do not** deduct on this line:
- Federal income taxes including your self-employment tax. However, you may

deduct one-half of your self-employment tax on Form 1040, line 25.

- Estate and gift taxes.
- Taxes assessed for improvements, such as paving and sewers.
- Taxes on your home or personal use property.
- State and local sales taxes on property purchased for use in your farm business. Instead, treat these taxes as part of the cost of the property.
- Other taxes not related to the farm business.

Line 32

Enter amounts you paid for gas, electricity, water, etc., for business use on the farm. Do not include personal utilities.

You cannot deduct the base rate (including taxes) of the first telephone line into your residence, even if you use it for business. See the instructions for Schedule C (Form 1040), line 25, on page C-5.

Lines 34a Through 34f

Include all ordinary and necessary farm expenses not deducted elsewhere on Schedule F, such as advertising, office supplies, etc. Do not include fines or penalties paid to a government for violating any law.

Amortization. You can amortize qualifying forestation and reforestation costs over an 84-month period. You can also amortize certain business startup costs over a period of at least 60 months. For more details, get Pub. 535. For amortization that begins in 1995, you must complete and attach Form 4562.

At-Risk Loss Deduction. Any loss from this activity that was not allowed as a deduction last year because of the at-risk rules is treated as a deduction allocable to this activity in 1995.

Bad Debts. Cash method taxpayers can deduct bad debts only if the amount was previously included in income. See the instructions for Schedule C (Form 1040), line 9, on page C-3.

Business Use of Your Home. You may be able to deduct certain expenses for business use of your home, subject to limitations. Use the worksheet in **Pub. 587**, Business Use of Your Home, to figure your allowable deduction. **Do not** use **Form 8829**, Expenses for Business Use of Your Home.

Deduction for Clean-Fuel Vehicles and Clean-Fuel Vehicle Refueling Property. You may deduct part of the cost of qualified clean-fuel vehicle property used in your business and qualified clean-fuel vehicle refueling property. See Pub. 535 for more details.

Legal and Professional Fees. You can deduct on this line fees for tax advice related to your farm business and for preparation of the tax forms related to your farm business.

Travel, Meals, and Entertainment. Generally, you can deduct expenses for farm business travel and 50% of your business meals and entertainment. But there are exceptions and limitations. See the instructions for Schedule C (Form 1040), lines 24a through 24c, on page C-4.

Preproductive Period Expenses. Enter in parentheses on line 34f, preproductive

period expenses that are capitalized. If you had preproductive period expenses in 1995 and you decided to capitalize these expenses, you **MUST** enter the total of these expenses in parentheses on line 34f and write "263A" in the space to the left of the total.

If you entered an amount in parentheses on line 34f because you have preproductive period expenses you are capitalizing, subtract the amount on line 34f from the total of lines 12 through 34e. Enter the result on line 35.

For more information, see **Capitalizing Costs of Property** on page F-3 and Pub. 225.

Line 36

If you have a loss, the amount of loss you can deduct this year may be limited. Go on to line 37 before entering your loss on line 36. If you answered "No" to Question E on Schedule F, also see the Instructions for Form 8582. Enter the net profit or **deductible** loss here and on Form 1040, line 18, and Schedule SE, line 1. Estates and trusts should enter the net profit or deductible loss here and on Form 1041, line 6. Partnerships should stop here and enter the profit or loss on this line and on Form 1065, line 5.

If you have a net profit on line 36, this amount is earned income and may qualify you for the earned income credit if you meet certain conditions. See the Instructions for Form 1040, line 57, on page 27 for more details.

Line 37

At-Risk Rules. Generally, if you have **(a)** a loss from a farming activity and **(b)** amounts in the activity for which you are **not at risk**, you will have to complete **Form 6198**, At-Risk Limitations, to figure your allowable loss.

The at-risk rules generally limit the amount of loss (including loss on the disposition of assets) you can claim to the amount you could actually lose in the activity.

Check **box 37b** if you have amounts for which you are not at risk in this activity, such as the following.

- Nonrecourse loans used to finance the activity, to acquire property used in the activity, or to acquire the activity that are not secured by your own property (other than property used in the activity). However, there is an exception for certain nonrecourse financing borrowed by you in connection with holding real property.

- Cash, property, or borrowed amounts used in the activity (or contributed to the activity, or used to acquire the activity) that are protected against loss by a guarantee, stop-loss agreement, or other similar arrangement (excluding casualty insurance and insurance against tort liability).

- Amounts borrowed for use in the activity from a person who has an interest in the activity, other than as a creditor, or who is related under Internal Revenue Code section 465(b)(3) to a person (other than you) having such an interest.

If all amounts are at risk in this business, check **box 37a** and enter your loss on line 36. But if you answered "No" to Question E,

you may need to complete Form 8582 to figure your allowable loss to enter on line 36. See the Instructions for Form 8582 for more details.

If you checked **box 37b**, get Form 6198 to determine the amount of your deductible loss and enter that amount on line 36. But if you answered "No" to Question E, your loss may be further limited. See the Instructions for Form 8582. If your at-risk amount is zero or less, enter zero on line 36. Be sure to attach Form 6198 to your return. If you checked box 37b and you fail to attach Form 6198, processing of your tax return may be delayed.

Any loss from this activity not allowed for 1995 because of the at-risk rules is treated as a deduction allocable to the activity in 1996.

For more details, get Pub. 925. Also, see the Instructions for Form 6198.

Part III. Farm Income—Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must include animals and crops in your inventory if you use this method. See Pub. 538 for exceptions, inventory methods, how to change methods of accounting, and for rules that require certain costs to be capitalized or included in inventory.

Line 38

Enter the amount earned from the sale of livestock, produce, grains, and other products you raised.

Lines 39a Through 41c

See the instructions for lines 5a through 7c on page F-2.

Lines 43 and 44

See the instructions for lines 9 and 10 on page F-3.

Instructions for Schedule SE, Self-Employment Tax

Use Schedule SE to figure the tax due on net earnings from self-employment. The Social Security Administration uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are, and even if you are already getting social security or Medicare benefits.

Additional Information. Get **Pub. 533, Self-Employment Tax**, for more details.

General Instructions

A Change To Note

For 1995, the maximum amount of self-employment income subject to social security tax is \$61,200.

Who Must File Schedule SE

You must file Schedule SE if:

1. You were self-employed and your net earnings from self-employment from other than church employee income were \$400 or more, or

2. You had church employee income of \$108.28 or more—see **Employees of Churches and Church Organizations** below.

Who Must Pay Self-Employment (SE) Tax?

Self-Employed Persons

You must pay SE tax if you had net earnings as a self-employed person of \$400 or more. If you are in business for yourself or you are a farmer, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See **Partnership Income or Loss** on page SE-2.

Employees of Churches and Church Organizations

If you had church employee income of \$108.28 or more, you must pay SE tax. **Church employee income** is wages you received as an employee (other than as a minister or member of a religious order) from a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

Ministers and Members of Religious Orders

You must pay SE tax on salaries and other income for services you performed as a minister or member of a religious order unless you received approval from the IRS for an exemption from SE tax. See **Who Is Exempt From Self-Employment (SE) Tax?** on this page. If you must pay SE tax, include this income on line 2 of either Short or Long Schedule SE. But do not report it on line 5a of Long Schedule SE; it is not considered church employee income. Also, include on line 2:

- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) and

- The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

If you were a duly ordained minister who was an employee of a church and you must pay SE tax, the unreimbursed business expenses that you incurred as a church employee are allowed only as an itemized deduction for income tax purposes. Subtract the allowable amount from your SE earnings when figuring SE tax.

If you were a U.S. citizen or resident alien serving outside the United States as a minister or member of a religious order and you must pay SE tax, you may not reduce your net earnings by the foreign housing exclusion or deduction.

For more details, get **Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers**.

U.S. Citizens Employed by Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Virgin Islands. Report income from this employment on Schedule SE (Section A or B), line 2. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. You may not reduce your foreign earnings from self-employment by your foreign earned income exclusion.

Who Is Exempt From Self-Employment (SE) Tax?

In most cases, you must pay SE tax on net earnings you received as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But you will be exempt

from SE tax on those net earnings if you filed **Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners**, and you received approval from the IRS for an exemption from paying SE tax. In this case, if you have no other income subject to SE tax, write "Exempt-Form 4361" on Form 1040, line 47. However, if you have other earnings of \$400 or more subject to SE tax, see line A at the top of Long Schedule SE.

Note: If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you cannot revoke that election now.

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and which has provided a reasonable level of living for its dependent members, you are exempt from SE tax if you got IRS approval by filing **Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits**. In this case, do not file Schedule SE. Instead, write "Form 4029" on Form 1040, line 47.

See Pub. 517 for more details.

More Than One Business

If you were a farmer and had at least one other business or you had two or more businesses, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

Joint Returns

Show the name of the spouse with SE income on Schedule SE. If both spouses have SE income, each must file a separate Schedule SE. If one spouse qualifies to use Short Schedule SE and the other has to use Long Schedule SE, both can use one Schedule SE. One spouse should complete the front and the other the back.

Include the total profits or losses from all businesses on Form 1040, as appropriate. Enter the combined SE tax on Form 1040, line 47.

Community Income

In most cases, if any of the income from a business (including farming) is community income, all of the income from that business is SE earnings of the spouse who carried on

the business. The facts in each case will determine which spouse carried on the business. If you and your spouse are partners in a partnership, see **Partnership Income or Loss** below.

If you and your spouse had community income and file separate returns, attach Schedule SE to the return of the spouse with the SE income. Also, attach Schedule(s) C, C-EZ, or F.

Caution: Community income included on Schedule(s) C, C-EZ, or F must be divided for income tax purposes on the basis of the community property laws.

Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Do not prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

Specific Instructions

Read the chart on page 1 of Schedule SE to see if you can use **Section A**, Short Schedule SE, or if you must use **Section B**, Long Schedule SE. For either section, you need to know what to include as net earnings from self-employment. Read the following instructions to see what to include as net earnings and how to fill in lines 1 and 2 of either Short or Long Schedule SE. Enter all negative amounts in parentheses.

Net Earnings From Self-Employment

What Is Included in Net SE Earnings?

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the next instructions.

Partnership Income or Loss

If you were a general or limited partner in a partnership, include on line 1 or line 2, whichever applies, the amount from line 15a of Schedule K-1 (Form 1065). General partners should reduce this amount before entering it on Schedule SE by any section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you reduce the amount you enter on Schedule SE, attach an explanation.

If a partner died and the partnership continued, include in SE income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she died. See Internal Revenue Code section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must pay SE tax on your own share of the partnership income. Each of you must file a Schedule SE and report the partnership income or loss on **Schedule E** (Form 1040), Part II, for income tax purposes.

SE income belongs to the person who is the member of the partnership and cannot be treated as SE income by the nonmember spouse even in community property states.

Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on **Schedule F** (Form 1040) and for SE tax purposes on Schedule SE. For more details, get **Pub. 225**, Farmer's Tax Guide.

Other Income and Losses Included in Net Earnings From Self-Employment

- Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on this land. This income is farm earnings. To determine whether you materially participated in farm management or production, do not consider the activities of any agent who acted for you. The material participation tests are explained in Pub. 225.

- Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.

- Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages.

- Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

- Amounts received by current or former self-employed insurance agents that are:

1. Paid after retirement but calculated as a percentage of commissions received from the paying company before retirement;

2. Renewal commissions; or

3. Deferred commissions paid after retirement for sales made before retirement.

- Income as a crew member of a fishing vessel with a crew of normally fewer than 10 people.

- Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.

- Interest received in the course of any trade or business, such as interest on notes or accounts receivable.

- Fees and other payments received by you for services as a director of a corporation.

- Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Do not include amounts you recaptured on the disposition of property. See **Form 4797**, Sales of Business Property.

- Fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management

of an estate that required extensive management activities over a long period of time.

- Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

Income and Losses Not Included in Net Earnings From Self-Employment

- Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained earlier under **Other Income and Losses Included in Net Earnings From Self-Employment**) or as an employee or employee representative under the railroad retirement system.

- Fees received for services performed as a notary public. If you have no other income subject to SE tax, write "Exempt-Notary" on Form 1040, line 47. However, if you have other earnings of \$400 or more subject to SE tax, write "Exempt-Notary" and, in parentheses, the amount of your net profit as a notary public from Schedule C or C-EZ on the dotted line to the left of line 3, Schedule SE. Subtract that amount from the total of lines 1 and 2 and enter the result on line 3.

- Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and did not perform services for it during the year.

- Income from real estate rentals (including rentals paid in crop shares) if you did not receive the income in the course of a trade or business as a real estate dealer. This includes cash and crop shares received from a tenant or sharefarmer. Report this income on Schedule E.

- Dividends on shares of stock and interest on bonds, notes, etc., if you did not receive the income in the course of your trade or business as a dealer in stocks or securities.

- Gain or loss from:

1. The sale or exchange of a capital asset;

2. The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

3. Certain transactions in timber, coal, or domestic iron ore.

- Net operating losses from other years.

Statutory Employee Income

If you were required to check the box on line 1 of Schedule C or C-EZ because you were a statutory employee, **do not** include the net profit or (loss) from line 31 of that Schedule C (or the net profit from line 3 of Schedule C-EZ) on line 2 of Short or Long Schedule SE. But if you file Long Schedule SE, be sure to include statutory employee social security wages and tips from Form W-2 on line 8a.

Optional Methods

How Can the Optional Methods Help You?

Social Security Coverage. The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

Earned Income Credit. Using the optional methods may qualify you to claim the earned income credit or give you a larger credit if your net SE earnings (determined without using the optional methods) are less than \$1,600. Figure the earned income credit with and without using the optional methods to see if the optional methods will benefit you.

Child and Dependent Care Credit. The optional methods may also help you qualify for this credit or give you a larger credit if your net SE earnings (determined without using the optional methods) are less than \$1,600. Figure this credit with and without using the optional methods to see if the optional methods will benefit you.

Note: *Using the optional methods may give you the benefits described above but they may also increase your self-employment tax.*

Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was \$2,400 or less **OR** your gross farm income was more than \$2,400 but your net farm profits (defined below) were less than \$1,733. There is no limit on how many years you can use this method.

Under this method, you report on line 15, Part II, two-thirds of your gross farm income, up to \$1,600, as your net earnings. This method can increase or decrease your net SE farm earnings even if the farming business had a loss.

You may change the method after you file your return. For example, you can change from the regular to the optional method or from the optional to the regular method.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments of the partnership. If you are a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Net farm profits is the total of the amounts from Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15a, from farm partnerships.

Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your nonfarm profits (defined below) were less than \$1,733 and also less than 72.189% of your gross nonfarm income. To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were \$400 or more in 2 of the 3 years preceding the year you use the nonfarm method. The net earnings of \$400 or more could be from either farm or nonfarm earnings or both. The net earnings include

your distributive share of partnership income or loss subject to SE tax. Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years do not have to be consecutive.

Under this method, you report on line 17, Part II, two-thirds of your gross nonfarm income, up to \$1,600, as your net earnings. **But you may not report less than your actual net earnings** from nonfarm self-employment.

You may change the method after you file your return. For example, you can change from the regular to the optional method or from the optional to the regular method.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See **Farm Optional Method** on this page for details.

Net nonfarm profits is the total of the amounts from Schedule C (Form 1040), line 31 (or Schedule C-EZ (Form 1040), line 3), and Schedule K-1 (Form 1065), line 15a, from other than farm partnerships.

Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm income, but you **cannot** report less than your actual net earnings from nonfarm SE income alone.

If you use both methods to figure net earnings, you **cannot** report more than \$1,600 of net SE earnings.

Major Categories of Federal Income and Outlays for Fiscal Year 1994

On or before the first Monday in February of each year, the President is required by law to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget plan sets forth the President's proposed receipts, spending, and the deficit for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receipt of the President's proposal, the Congress reviews the proposal and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and the deficit. Individual spending and revenue bills are then enacted consistent with the goals of the budget resolution.

In fiscal year 1994 (which began on October 1, 1993, and ended on September 30, 1994), Federal income was \$1,258 billion and outlays were \$1,461 billion, leaving a deficit of \$203 billion.

Federal Income

Income and social insurance taxes are, by far, the largest source of receipts. In 1994, individuals paid \$543 billion in income taxes and corporations paid \$140 billion. Social security and other insurance and retirement contributions were \$461 billion. Excise taxes were \$55 billion. The remaining \$58 billion of receipts were from Federal Reserve deposits, customs duties, estate and gift taxes, and other miscellaneous receipts.

Federal Outlays

About 86% of total outlays were financed by tax receipts and the remaining 14% were financed by borrowing. Government receipts and borrowing finance a wide range of public services. The following is the breakdown of total outlays for fiscal year 1994*:

1. Social security, Medicare, and other retirement: \$533 billion. These programs were 35% of total outlays. These programs provide income support for the retired and disabled and medical care for the elderly.

2. National defense, veterans, and foreign affairs: \$336 billion. About 19% of total outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities; nearly 3% went for veterans benefits and services; and about 1% went for international activities, including military and economic assistance to foreign countries and the maintenance of U.S. embassies abroad.

3. Net interest: \$203 billion. About 14% of total outlays were for net interest payments on the public debt.

4. Physical, human, and community development: \$133 billion. About 9% of total outlays were for agriculture; natural resources and environmental programs; transportation programs; aid for elementary and secondary education and direct assistance

to college students; job training programs; deposit insurance, commerce and housing credit, and community development; and space, energy, and general science programs.

5. Social programs: \$267 billion. The Federal Government spent 12% of total outlays to fund Medicaid, food stamps, aid to families with dependent children, supplemental security income, and related programs. Over 6% was spent for health research and public health programs, unemployment compensation, assisted housing, and social services.

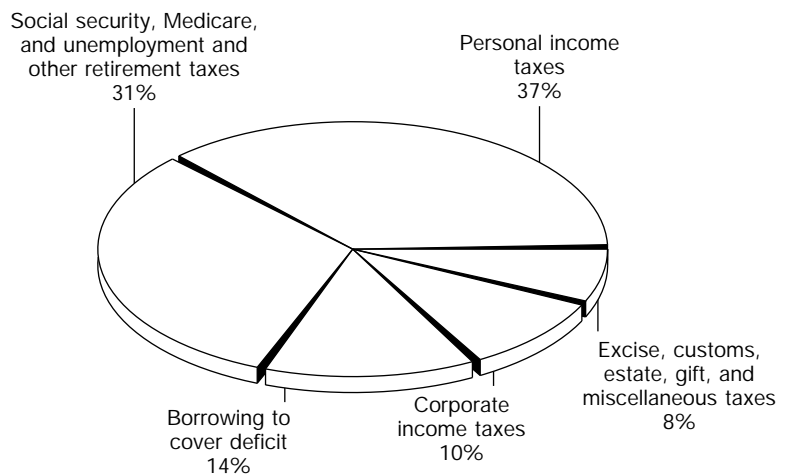
6. Law enforcement and general government: \$27 billion. About 2% of total outlays were for judicial activities, Federal law enforcement, and prisons; and to provide for the general costs of the Federal Government, including the collection of taxes and legislative activities.

Note: Detail may not add to total due to rounding.

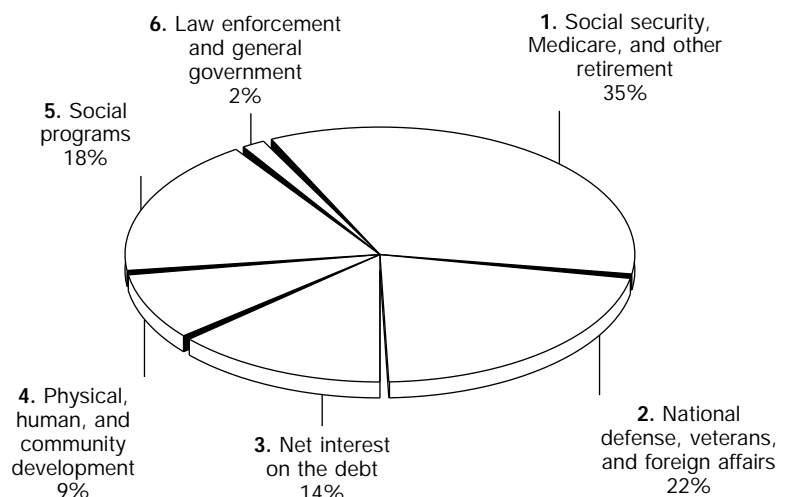
These pie charts show the relative sizes of the major categories of Federal income and outlays for fiscal year 1994.

Income and Outlays

Income



Outlays



* The percentages on this page exclude undistributed offsetting receipts, which were -\$38 billion in fiscal year 1994. In the budget, these receipts are offset against spending in figuring the outlay totals shown above. These receipts are primarily for the U.S. Government's share of its employee retirement programs and rents and royalties on the Outer Continental Shelf.

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* These items may not be included in this package. To reduce printing costs, we've sent you only the forms you may need based on what you filed last year.



Where Do I File?

If an envelope addressed to the Internal Revenue Service came with your booklet, please use it. If you do not have one, or if you moved during the year, mail your return to the **Internal Revenue Service Center** for the place where you live. **No street address is needed.**

TIP Envelopes without enough postage will be returned to you by the post office. If your envelope contains more than five pages or is oversized, it may require additional postage. Also, include your complete return address.

Alabama—Memphis, TN 37501-0002
Alaska—Ogden, UT 84201-0002
Arizona—Ogden, UT 84201-0002
Arkansas—Memphis, TN 37501-0002
California—*Counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba*—Ogden, UT 84201-0002
All other counties—Fresno, CA 93888-0002
Colorado—Ogden, UT 84201-0002
Connecticut—Andover, MA 05501-0002
Delaware—Philadelphia, PA 19255-0002
District of Columbia—Philadelphia, PA 19255-0002
Florida—Atlanta, GA 39901-0002
Georgia—Atlanta, GA 39901-0002
Hawaii—Fresno, CA 93888-0002
Idaho—Ogden, UT 84201-0002
Illinois—Kansas City, MO 64999-0002
Indiana—Cincinnati, OH 45999-0002
Iowa—Kansas City, MO 64999-0002
Kansas—Austin, TX 73301-0002
Kentucky—Cincinnati, OH 45999-0002
Louisiana—Memphis, TN 37501-0002
Maine—Andover, MA 05501-0002
Maryland—Philadelphia, PA 19255-0002
Massachusetts—Andover, MA 05501-0002
Michigan—Cincinnati, OH 45999-0002
Minnesota—Kansas City, MO 64999-0002
Mississippi—Memphis, TN 37501-0002
Missouri—Kansas City, MO 64999-0002
Montana—Ogden, UT 84201-0002
Nebraska—Ogden, UT 84201-0002
Nevada—Ogden, UT 84201-0002
New Hampshire—Andover, MA 05501-0002
New Jersey—Holtsville, NY 00501-0002
New Mexico—Austin, TX 73301-0002
New York—*New York City and counties of Nassau, Rockland, Suffolk, and Westchester*—Holtsville, NY 00501-0002
All other counties—Andover, MA 05501-0002
North Carolina—Memphis, TN 37501-0002
North Dakota—Ogden, UT 84201-0002
Ohio—Cincinnati, OH 45999-0002
Oklahoma—Austin, TX 73301-0002
Oregon—Ogden, UT 84201-0002
Pennsylvania—Philadelphia, PA 19255-0002
Rhode Island—Andover, MA 05501-0002
South Carolina—Atlanta, GA 39901-0002
South Dakota—Ogden, UT 84201-0002
Tennessee—Memphis, TN 37501-0002
Texas—Austin, TX 73301-0002
Utah—Ogden, UT 84201-0002
Vermont—Andover, MA 05501-0002
Virginia—Philadelphia, PA 19255-0002
Washington—Ogden, UT 84201-0002
West Virginia—Cincinnati, OH 45999-0002
Wisconsin—Kansas City, MO 64999-0002
Wyoming—Ogden, UT 84201-0002
American Samoa—Philadelphia, PA 19255-0002
Guam: Permanent residents—Department of Revenue and Taxation Government of Guam Building 13-1 Mariner Avenue Tiyjan Barrigada, GU 96913
Guam: Nonpermanent residents—Philadelphia, PA 19255-0002
Puerto Rico (or if excluding income under Internal Revenue Code section 933)—Philadelphia, PA 19255-0002
Virgin Islands: Nonpermanent residents—Philadelphia, PA 19255-0002
Virgin Islands: Permanent residents—V.I. Bureau of Internal Revenue 9601 Estate Thomas Charlotte Amalie St. Thomas, VI 00802
Foreign country: *U.S. citizens and those filing Form 2555, Form 2555-EZ, or Form 4563*—Philadelphia, PA 19255-0002
All APO and FPO addresses—Philadelphia, PA 19255-0002

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