Note. This booklet does not contain any tax forms.

19991040A Instructions

Including Instructions for Schedules 1 and 2

Quick and easy access to tax help and forms. See page 7.

Increased Tax Benefits!

Larger Child Tax Credits!
You may be able to claim credits of up to $500 for each child under 17. See page 12.

More Student Loan Interest Deductible!
You may be able to deduct up to $1,500. See page 12.

Explore

The Fastest, Most Accurate Way To File Your Taxes

CLICK.ZIP.FAST ROUND TRIP

Need Help?

See page 6 for details.
**Tax Return Page References**

Quesions about what to put on a line? Help is on the page number in the circle.

### Form 1040A

**U.S. Individual Income Tax Return**

**1999**

- **OMB No. 1545-0085**
- **Your social security number**
- **Last name**
- **Your first name and initial**
- **Label**
- **LA**
- **BE**
- **EL**
- **HE**
- **RE**

(See page 19.)

- **Spouse’s social security number**
- **Last name**
- **If a joint return, spouse’s first name and initial**

(See page 20.)

- **Use the IRS label.**
- **Home address (number and street). If you have a P.O. box, see page 20.**
- **Apt. no.**
- **City, town or post office, state, and ZIP code. If you have a foreign address, see page 20.**

Presidential Election Campaign Fund (See page 20.)

- **Note.**
- **Checking "Yes" will not change your tax or reduce your refund.**
- **No**
- **Yes**

- **Do you want $3 to go to this fund?**
- **If a joint return, does your spouse want $3 to go to this fund?**

- **Single**
- **Married filing joint return (even if only one had income)**
- **Married filing separate return. Enter spouse’s social security number above and full name here.**
- **Head of household (with qualifying person). (See page 21.) If the qualifying person is a child but not your dependent, enter this child’s name here.**
- **Qualifying widow(er) with dependent child (year spouse died)**

- **No. of boxes checked on 6a and 6b**
- **Yourself. 6a**
- **If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.**
- **Spouseb**
- **No. of your children on 6c who:**
  - **(4)** if qualifying child for child tax credit (see page 23)
  - **(2)**
- **Dependent’s social security number c**
- **● lived with you**
- **● did not live with you due to divorce or separation (see page 24)**

- **If more than seven dependents, see page 22.**
- **Add numbers entered on lines above**
- **Total number of exemptions claimed.**
- **Add number entered on line above**
- **Wages, salaries, tips, etc. Attach Form(s) W-2.**
- **7**
- **8a**
- **Taxable interest. Attach Schedule 1 if required.**
- **9**
- **Ordinary dividends. Attach Schedule 1 if required.**
- **10a**
- **Total IRA distributions.**
- **10b**
- **Taxable amount (see page 25).**
- **11a**
- **Total pensions and annuities.**
- **11b**
- **Taxable amount (see page 26).**
- **12**
- **Unemployment compensation, qualified state tuition program earnings, and Alaska Permanent Fund dividends.**
- **13a**
- **Social security benefits.**
- **13b**
- **Taxable amount (see page 28).**
- **14**
- **Add lines 7 through 13b (far right column). This is your total income.**
- **15**
- **IRA deduction (see page 30).**
- **16**
- **Student loan interest deduction (see page 30).**
- **17**
- **Add lines 15 and 16. These are your total adjustments.**
- **18**
- **Subtract line 17 from line 14. This is your adjusted gross income.**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 53.

Cat. No. 11327A  Form 1040A (1999)
### Taxable income

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Find the tax on the amount on line 24 (see page 34).</td>
</tr>
<tr>
<td>22</td>
<td>Subtract line 21 from line 25. If line 21 is more than line 25, enter -0-.</td>
</tr>
<tr>
<td>23</td>
<td>Multiply $2,750 by the total number of exemptions claimed on line 26.</td>
</tr>
<tr>
<td>24</td>
<td>Subtract line 23 from line 22. If line 23 is more than line 22, enter -0-.</td>
</tr>
</tbody>
</table>

This is your taxable income.

### Tax, credits, and payments

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Find the tax on the amount on line 24 (see page 34).</td>
</tr>
<tr>
<td>26</td>
<td>Credit for child and dependent care expenses.</td>
</tr>
<tr>
<td>27</td>
<td>Credit for the elderly or the disabled. Attach Schedule 3.</td>
</tr>
<tr>
<td>28</td>
<td>Child tax credit (see page 35).</td>
</tr>
<tr>
<td>29</td>
<td>Education credits. Attach Form 8863.</td>
</tr>
<tr>
<td>30</td>
<td>Adoption credit. Attach Form 8839.</td>
</tr>
<tr>
<td>31</td>
<td>Add lines 26 through 30. These are your total credits.</td>
</tr>
<tr>
<td>32</td>
<td>Subtract line 31 from line 25. If line 31 is more than line 25, enter -0-.</td>
</tr>
<tr>
<td>33</td>
<td>Advance earned income credit payments from Form(s) W-2.</td>
</tr>
<tr>
<td>34</td>
<td>Add lines 25 and 33. This is your total tax.</td>
</tr>
<tr>
<td>35</td>
<td>Total Federal income tax withheld from Forms W-2 and 1099.</td>
</tr>
<tr>
<td>36</td>
<td>1999 estimated tax payments and amount applied from 1998 return.</td>
</tr>
<tr>
<td>37a</td>
<td>Earned income credit. Attach Schedule EIC if you have a qualifying child.</td>
</tr>
<tr>
<td>37b</td>
<td>Non taxable earned income: amount</td>
</tr>
<tr>
<td>38</td>
<td>Additional child tax credit, Attach Form 8812.</td>
</tr>
<tr>
<td>39</td>
<td>Add lines 35, 36, 37a, and 38. These are your total payments.</td>
</tr>
</tbody>
</table>

### Refund

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>If line 39 is more than line 34, subtract line 34 from line 39. This is the amount you overpaid.</td>
</tr>
<tr>
<td>41a</td>
<td>Amount of line 40 you want refunded to you.</td>
</tr>
<tr>
<td>41b</td>
<td>Routing number</td>
</tr>
<tr>
<td>41c</td>
<td>Type:</td>
</tr>
<tr>
<td>41d</td>
<td>Account number</td>
</tr>
<tr>
<td>42</td>
<td>Amount of line 40 you want applied to your 2000 estimated tax.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount you owe</th>
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<tbody>
<tr>
<td>43</td>
</tr>
</tbody>
</table>

### Sign here

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Your signature</td>
<td>Date</td>
</tr>
<tr>
<td>Spouse’s signature. If joint return, BOTH must sign.</td>
<td>Date</td>
</tr>
<tr>
<td>Preparer’s signature</td>
<td>Check if self-employed</td>
</tr>
<tr>
<td>Firm’s name (if yours a partnership) and address</td>
<td></td>
</tr>
<tr>
<td>Preparer’s SSN or PTIN</td>
<td></td>
</tr>
</tbody>
</table>

Form 1040A (1999)
A Message From the Commissioner

Dear Taxpayer,

As we begin the year 2000 tax filing season, the IRS continues to work to put service first for America’s taxpayers. We want to build on the strong foundation we established last year and give you more support and help than ever before. Our goal is to provide the easiest and most efficient ways for you to get the information, service, and assistance you need not only during the tax filing season, but throughout the year.

Last year, we expanded our toll-free telephone hours to times that met your needs and busy schedules. More than 250 IRS offices across the nation also offered Saturday service on 13 weekends at times and locations convenient to you. We are also working to ensure that you receive complete and accurate service as well as correct information on your tax law questions and your account.

We now have a vigorous electronic tax filing program in place. On-line filing last year ran 161 percent ahead of the previous year’s pace as more taxpayers discovered the advantages of electronically filing their returns. It is not only fast, safe, and virtually error free, but taxpayers filing by our e-file program receive refunds in half the time of paper returns—even faster with direct deposit.

If you used your personal computer to file last year, you may also have the opportunity for totally paperless filing. In addition, Form 1040 e-filers with a balance due can once again pay their taxes with a credit card.

We are also making it easier for taxpayers to get forms and information, whether it is by mail, toll-free telephone, our web site (www.irs.gov), fax machine, or CD-ROMs. In addition, we hope to be able to add even more services as we bring new technology online, and just as importantly, measure your satisfaction with our services.

As we enter the new millennium, the IRS is engaged in its most fundamental reorganization in almost a half century that will require change in almost every aspect of the agency. The modernized IRS will be built around serving taxpayer groups with specific needs such as yours. Through these changes we can succeed in producing an IRS that better serves America’s taxpayers—both individually and collectively—but there are no quick fixes. This process will take years to accomplish, but we are convinced of the necessity and value to you of reaching this higher level of performance.

Thank you.

Sincerely,

Charles O. Rossotti

The IRS Mission

Provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.
IRS Customer Service Standards

At the IRS our goal is to continually improve the quality of our services. To achieve that goal, we have developed customer service standards in the following areas:

- Easier filing and payment options
- Access to information
- Accuracy
- Prompt refunds
- Initial contact resolution
- Canceling penalties
- Resolving problems
- Simpler forms

If you would like information about the IRS standards and a report of our accomplishments, see Pub. 2183.

Help With Unresolved Tax Issues

Office of the Taxpayer Advocate

Contacting Your Taxpayer Advocate
If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate. The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

Handling Your Tax Problems
Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A “fresh look” at your problem
- Timely acknowledgment
- The name and phone number of the individual assigned to your case
- Updates on progress
- Timeframes for action
- Speedy resolution
- Courteous service

Information You Should Be Prepared To Provide
- Your name, address, and social security number (or employer identification number)
- Your telephone number and hours you can be reached
- The type of tax return and year(s) involved
- A detailed description of your problem
- Your previous attempts to solve the problem and the office you contacted, and
- Description of the hardship you are facing (if applicable)

How To Contact Your Taxpayer Advocate
- Call the Taxpayer Advocate’s toll-free number: 1-877-777-4778
- Call the general IRS toll-free number (1-800-829-1040) and ask for Taxpayer Advocate assistance
- Call, write, or fax the Taxpayer Advocate office in your area (see Pub. 1546 for addresses and phone numbers)
- TTY/TDD help is available by calling 1-800-829-4059
Filing Your Taxes Was Never Easier!

Click into the 21st Century with

IRS e-file

CLICK. ZIP. FAST ROUND TRIP

Take advantage of the benefits of IRS e-file!
- Get your refund in half the time, even faster with Direct Deposit
- File now and pay later — you can pay your balance due with a credit card or Direct Debit up until April 17, 2000
- Reduce your chance of receiving an error notice from the IRS — IRS e-file is more accurate than a paper return
- File your Federal and state tax returns together
- Get proof within 48 hours that your return has been accepted
- Use free or low-cost alternatives — on the IRS Web Site click on “Electronic Services” and then on “IRS e-file Partners”
- Privacy and security are assured

The Fastest, Most Accurate Way To File Your Taxes

Get all the details on page 13 or check out the IRS Web Site at www.irs.gov.
Quick and Easy Access to Tax Help and Forms

Note: If you live outside the United States, see Pub. 54 to find out how to get help and forms.

PERSONAL COMPUTER

You can access the IRS’s Internet Web Site 24 hours a day, 7 days a week, at www.irs.gov to:

● Download Forms, Instructions, and Publications
● See Answers to Frequently Asked Tax Questions
● Search Publications On-Line by Topic or Keyword
● Figure Your Withholding Allowances Using our W-4 Calculator
● Send us Comments or Request Help by E-Mail
● Sign up to Receive Local and National Tax News by E-Mail

You can also reach us using File Transfer Protocol at ftp.irs.gov

PHONE

You can get forms, publications, and automated information 24 hours a day, 7 days a week, by phone.

Forms and Publications

Call 1-800-TAX-FORM (1-800-829-3676) to order current and prior year forms, instructions, and publications. You should receive your order within 10 days.

TeleTax Topics

Call 1-800-829-4477 to listen to pre-recorded messages covering about 150 tax topics. See pages 9 and 10 for a list of the topics.

Refund Information

You can check the status of your 1999 refund using TeleTax’s Refund Information service. See page 9.

WALK-IN

You can pick up some of the most requested forms, instructions, and publications at many IRS offices, post offices, and libraries. Some IRS offices and libraries have an extensive collection of products available to photocopy or print from a CD-ROM.

CD-ROM

Order Pub. 1796, Federal Tax Products on CD-ROM, and get:

● Current Year Forms, Instructions, and Publications
● Prior Year Forms, Instructions, and Publications
● Popular Tax Forms That May Be Filled in Electronically, Printed out for Submission, and Saved for Recordkeeping
● The Internal Revenue Bulletin

Buy the CD-ROM on the Internet at www.irs.gov/cdorders from the National Technical Information Service (NTIS) for $16 (plus a S5 handling fee), and save 30% or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD-ROM for $23 (plus a S5 handling fee).

You can also get help in other ways—See page 50 for information.
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

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

Form 1040 Instructions for Form 1040 & Schedules
Schedule A & B
Schedule EIC
Schedule B
Schedule A
Form 1040
Instr. Sch. E
Instr. Sch. D
Instr. Sch. C
Instr. Sch. A & B
Tax Rate Sch.
Tax Table and Tax Rate Schedules

When you hang up the phone, the fax will begin.

703-368-9694

The following forms and instructions are available through our Tax Fax service 24 hours a day, 7 days a week. Just call 703-368-9694 from the telephone connected to the fax machine. When you call, you will hear instructions on how to use the service. Select the option for getting forms. Then, enter the Catalog Number (Cat. No.) shown below for each item you want.

When you hang up the phone, the fax will begin.

Partial List of Forms Available by Fax

<table>
<thead>
<tr>
<th>Name of Form or Instructions</th>
<th>Title of Form or Instructions</th>
<th>No. of Pages</th>
<th>Cat. No.</th>
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</thead>
<tbody>
<tr>
<td>Form SS-4</td>
<td>Application for Employer Identification Number</td>
<td>16055</td>
<td>4</td>
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<tr>
<td>Form W-4</td>
<td>Employee's Withholding Allowance Certificate</td>
<td>10220</td>
<td>2</td>
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<td>Form W-5</td>
<td>Earned Income Credit Advance Payment Certificate</td>
<td>10227</td>
<td>3</td>
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<tr>
<td>Form W-7</td>
<td>Application for IRS Individual Taxpayer Identification Number</td>
<td>10229</td>
<td>3</td>
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<td>Form W-7/P</td>
<td>Application for Preparer Tax Identification Number</td>
<td>26781</td>
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<td>Form W-9</td>
<td>Request for Taxpayer Identification Number and Certification</td>
<td>10231</td>
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<td>Instr. W-9</td>
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<td>20479</td>
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<td>Form W-10</td>
<td>Dependent Care Provider's Identification and Certification</td>
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<td>Form 1040</td>
<td>U.S. Individual Income Tax Return</td>
<td>11320</td>
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<td>Instr. 1040</td>
<td>Late Instructions for Form 1040</td>
<td>11325</td>
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<td>Instr. 1040</td>
<td>General Information for Form 1040</td>
<td>24811</td>
<td>26</td>
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<tr>
<td>Tax Table and Tax Rate Schedules</td>
<td>Tax Table and Tax Rate Schedules (Form 1040)</td>
<td>24237</td>
<td>13</td>
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<tr>
<td>Schedules A &amp; B</td>
<td>Remitted Deductions &amp; Interest and Ordinary Dividends</td>
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<td>Instr. Sch. A &amp; B</td>
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<td>Schedule C</td>
<td>Profit or Loss From Business (Sole Proprietorship)</td>
<td>11334</td>
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<td>Instr. Sch. C</td>
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<td>Schedule C-EZ</td>
<td>Net Profit From Business (Sole Proprietorship)</td>
<td>14374</td>
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<td>Schedule D</td>
<td>Capital Gains and Losses</td>
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<td>Instr. Sch. D</td>
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<td>Schedule E</td>
<td>Supplemental Income and Loss</td>
<td>11344</td>
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<td>Earned Income Credit</td>
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<td></td>
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<td>Schedule SE</td>
<td>Self-Employment Tax</td>
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<td>Instr. Sch. SE</td>
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<td>Form 1040A</td>
<td>U.S. Individual Income Tax Return</td>
<td>11327</td>
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<tr>
<td>Schedule 1</td>
<td>Interest and Ordinary Dividends for Form 1040A Filers</td>
<td>12075</td>
<td>1</td>
</tr>
<tr>
<td>Schedule 2</td>
<td>Child and Dependent Care Expenses for Form 1040A Filers</td>
<td>10749</td>
<td>2</td>
</tr>
</tbody>
</table>

Schedule 1 for Form 1040A filers to report interest and ordinary dividends
Schedule 2 for Form 1040A filers to report child and dependent care expenses
Form 1040EZ
Instructions for Form 1040EZ

Many libraries also carry reference sets of forms and publications that can be photocopied and used for filing. Ask the reference librarian at your local public library for a selection of IRS Tax Information Publications.

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.
Call TeleTax at 1-800-829-4477 for:

**Refund information.** Check the status of your 1999 refund. Recorded tax information. There are about 150 topics that answer many Federal tax questions. You can listen to up to three topics on each call you make.

**How Do You Use TeleTax?**

**Refund Information**

Refund information is not available until at least 4 weeks after you file your return (3 weeks if you file electronically), and sometimes is not available for up to 6 weeks. Please wait at least 4 weeks from the date you filed before calling to check the status of your refund. Do not send in a copy of your return unless asked to do so.

Be sure to have a copy of your 1999 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 1-800-829-4477 and follow the recorded instructions.**

The IRS updates refund information every 7 days, over the weekend. Refunds are sent out weekly, on Fridays. If you call to check the status of your refund and are not given the date it will be issued, please wait until the next week before calling back.

**Recorded Tax Information**

Recorded tax information is available 24 hours a day, 7 days a week. Select the number of the topic you want to hear. Then, call 1-800-829-4477. Have paper and pencil handy to take notes.

**Topics by Personal Computer**

TeleTax topics are also available using a personal computer and modem (connect to www.irs.gov).

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<tr>
<th>Topic No.</th>
<th>Subject</th>
</tr>
</thead>
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<td>IRS services—Volunteer tax assistance, toll-free telephone, walk-in assistance, and outreach programs</td>
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<td>102</td>
<td>Tax assistance for individuals with disabilities and the hearing impaired</td>
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<td>103</td>
<td>Small Business Tax Education Program (STEP)—Tax help for small businesses</td>
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<td>104</td>
<td>Taxpayer Advocate Service—Help for problem situations</td>
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<td>105</td>
<td>Public libraries—Tax information tapes and reproducible tax forms</td>
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<td>IRS Procedures</td>
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<td>152</td>
<td>Refunds—How long they should take</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Subject</th>
<th>Topic No.</th>
</tr>
</thead>
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<td>Change of address—How to notify IRS</td>
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<td>Checklist of common errors when preparing your tax return</td>
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### TeleTax Topics

**TeleTax Topics**  
(Continued)

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<td>Scholarship and fellowship grants</td>
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<td>Nontaxable income</td>
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<td>423</td>
<td>Social security and equivalent railroad retirement benefits</td>
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<td>424</td>
<td>401(k) plans</td>
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<td>425</td>
<td>Passive activities—Losses and credits</td>
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<td>426</td>
<td>Other income</td>
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<td>427</td>
<td>Stock options</td>
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<td>428</td>
<td>Roth IRA distributions</td>
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**Adjustments to Income**

<table>
<thead>
<tr>
<th>Topic No.</th>
<th>Subject</th>
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</thead>
<tbody>
<tr>
<td>451</td>
<td>Individual retirement arrangements (IRAs)</td>
</tr>
<tr>
<td>452</td>
<td>Alimony paid</td>
</tr>
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<td>453</td>
<td>Bad debt deduction</td>
</tr>
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<td>454</td>
<td>Tax shelters</td>
</tr>
<tr>
<td>455</td>
<td>Moving expenses</td>
</tr>
<tr>
<td>456</td>
<td>Student loan interest deduction</td>
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</table>

**Itemized Deductions**

<table>
<thead>
<tr>
<th>Topic No.</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>501</td>
<td>Should I itemize?</td>
</tr>
<tr>
<td>502</td>
<td>Medical and dental expenses</td>
</tr>
<tr>
<td>503</td>
<td>Deductible taxes</td>
</tr>
<tr>
<td>504</td>
<td>Home mortgage points</td>
</tr>
<tr>
<td>505</td>
<td>Interest expense</td>
</tr>
<tr>
<td>506</td>
<td>Contributions</td>
</tr>
<tr>
<td>507</td>
<td>Casualty losses</td>
</tr>
<tr>
<td>508</td>
<td>Miscellaneous expenses</td>
</tr>
<tr>
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<td>Business use of home</td>
</tr>
<tr>
<td>510</td>
<td>Business use of car</td>
</tr>
<tr>
<td>511</td>
<td>Business travel expenses</td>
</tr>
<tr>
<td>512</td>
<td>Business entertainment expenses</td>
</tr>
<tr>
<td>513</td>
<td>Educational expenses</td>
</tr>
<tr>
<td>514</td>
<td>Employee business expenses</td>
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<td>515</td>
<td>Disaster area losses</td>
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**Tax Computation**

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<td>552</td>
<td>Tax and credits figured by the IRS</td>
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<tr>
<td>553</td>
<td>Tax on a child’s investment income</td>
</tr>
<tr>
<td>554</td>
<td>Self-employment tax</td>
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<tr>
<td>555</td>
<td>Five- or ten-year tax options for lump-sum distributions</td>
</tr>
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<td>556</td>
<td>Alternative minimum tax</td>
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<td>557</td>
<td>Tax on early distributions from traditional and Roth IRAs</td>
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<td>558</td>
<td>Tax on early distributions from retirement plans</td>
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<td>Employee business expenses</td>
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<td>515</td>
<td>Disaster area losses</td>
</tr>
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### Magnetic Media Filers—1099 Series and Related Information Returns

<table>
<thead>
<tr>
<th>Topic No.</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
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<td>803</td>
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<td>804</td>
<td>Test files and combined Federal and State filing</td>
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<td>805</td>
<td>Electronic filing of information returns</td>
</tr>
</tbody>
</table>

**Tax Information for Aliens and U.S. Citizens Living Abroad**

<table>
<thead>
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<th>Topic No.</th>
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</tr>
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<tbody>
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<td>852</td>
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<td>853</td>
<td>Foreign earned income exclusion—General</td>
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<td>854</td>
<td>Foreign earned income exclusion—Who qualifies?</td>
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<td>858</td>
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**Tax Information for Puerto Rico Residents (in Spanish only)**

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<tr>
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<th>Subject</th>
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<tbody>
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<td>Who must file a U.S. income tax return in Puerto Rico</td>
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<td>Deductions and credits for Puerto Rico filers</td>
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<tr>
<td>903</td>
<td>Federal employment taxes in Puerto Rico</td>
</tr>
<tr>
<td>904</td>
<td>Tax assistance for Puerto Rico residents</td>
</tr>
</tbody>
</table>

**Topic numbers are effective January 1, 2000.**
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

Calling the IRS

If you cannot answer your question by using one of the methods listed on page 7, please call us for assistance at 1-800-829-1040. You will not be charged for the call unless your phone company charges you for local calls. This service is available 24 hours a day, 7 days a week, from January 3, 2000, through April 17, 2000. Beginning April 18, 2000, this service is available Monday through Saturday from 7:00 a.m. until 11:00 p.m. local time. Holiday hours may vary.

If you want to check the status of your 1999 refund, call TeleTax at 1-800-829-4477 (see page 9 for instructions).

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 questions by having the following information available.

- The tax form, schedule, or notice to which your question relates.
- 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.
- The name of any IRS publication or other source of information that you used to look for the answer.

To maintain your account security, you may be asked for the following information, which you should also have available.

- Your social security number.
- The amount of refund and filing status shown on your tax return.
- The "Caller ID Number" shown at the top of any notice you received.
- Your personal identification number (PIN) if you have one.
- Your date of birth.
- The numbers in your street address.
- Your ZIP code.

If you are asking for an installment agreement to pay your tax, you will be asked for the highest amount you can pay each month and the date on which you can pay it.

Evaluation of Services Provided. The IRS uses several methods to evaluate the quality of this telephone service. One method is for a second IRS representative to sometimes listen in on or record telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Making the Call

Call 1-800-829-1040. (For TTY/TDD help, call 1-800-829-4059.) If you have a pulse or rotary dial phone, stay on the line and one of our assistants will answer.

If you have a touch-tone phone, press 1 to enter our automated system. You can press the number for your topic as soon as you hear it. The system will direct you to the appropriate assistance. You may not need to speak to a representative to get your answers. You can do the following within the system.

- Order tax forms and publications.
- Find out the status of your refund or what you owe.
- Determine if we have adjusted your account or received payments you made.
- Request a transcript of your account.
- Find out where to send your tax return or payment.
- Request more time to pay or set up a monthly installment agreement.

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. He or she will be happy to take additional time to be sure your question is answered fully.

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.
Before You Fill In Form 1040A

TIP

For details on these and other changes, see Pub. 553 or see What’s Hot at www.irs.gov.

What’s New for 1999?

Child Tax Credits
If you have a child who was under age 17 at the end of 1999, you may be able to claim either or both of these credits:

- The Child Tax Credit.
- The Additional Child Tax Credit.

The total of these credits can be as much as $500 for each qualifying child. To find out if you have a qualifying child, see the instructions for line 6c, column (4), on page 23. Figure the child tax credit first. See the instructions for line 28 on page 35.

If you have three or more qualifying children and you are not able to claim the full $500 child tax credit for each child, you may be able to claim the additional child tax credit. See the instructions for line 38 on page 47. The additional child tax credit is refundable; that is, it may give you a refund even if you do not owe any tax. Use Form 8812 to figure this credit.

Student Loan Interest Deduction
If you paid interest on a qualified student loan, you may be able to deduct up to $1,500 of the interest on line 16. See the instructions for line 16 on page 30.

Did You Convert Part or All of an IRA to a Roth IRA in 1998?
If you did and you chose to report the taxable amount over 4 years, you must report the amount that is taxable in 1999 on line 10b. See 1998 Roth IRA Conversions on page 26.

IRA Deduction Allowed to More People Covered by Retirement Plans
You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income is less than the amount shown below that applies to you:

- Single, head of household, or married filing separately and you lived apart from your spouse for all of 1999—$41,000.
- Married filing jointly or qualifying widow(er)—$61,000.

See the instructions for line 15 on page 30.

Tax From Recapture of Education Credits
You may owe this tax if you claimed an education credit on your 1998 tax return and, in 1999, you, your spouse if filing jointly, or your dependent received:

- A refund of qualified tuition and related expenses, or
- Tax-free educational assistance.

See Form 8863 for details.

Earned Income Credit (EIC)
You may be able to take this credit if you earned less than $30,580 (less than $10,200 if you do not have any qualifying children). See the instructions for lines 37a and 37b that begin on page 39.

New Look for Child Tax Credit and EIC Instructions
You may notice that those instructions look different from the others in this booklet. We are trying this new approach as a way of simplifying our instructions to serve you better. To help us evaluate the effectiveness of the new instructions, we are interested in hearing your comments. See page 53 for details on how to send us your comments.

Photographs of Missing Children
The IRS is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this booklet on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

What To Look for in 2000

Student Loan Interest Deduction
You may be able to deduct up to $2,000 of the interest you pay on a qualified student loan.

IRA Deduction Allowed to More People Covered by Retirement Plans
You may be able to take an IRA deduction if you are covered by a retirement plan and your 2000 modified adjusted gross income is less than the amount shown below that applies to you.

- Single, head of household, or married filing separately and you live apart from your spouse for all of 2000—$42,000.
- Married filing jointly or qualifying widow(er)—$62,000.
Explore IRS e-file!
- Fast
- Accurate
- Secure

Millions of people just like you file their tax returns electronically using an IRS e-file option because of the many advantages:
- A fast refund in half the time—even faster with Direct Deposit
- File now, pay later—with a credit card or Direct Debit you can wait to pay up until April 17, 2000
- Less chance of receiving an error notice from the IRS because IRS e-file is more accurate than a paper return
- File your Federal and state tax returns together
- An acknowledgment of IRS receipt within 48 hours
- Free and low-cost alternatives available
- Privacy and security are assured
- Chance of an audit is not greater than a paper return

Here’s How You Can Participate With IRS e-file

Use an Authorized IRS e-file Provider

Many tax professionals file tax returns electronically for their clients. You can prepare your own return and have a professional electronically transmit it to the IRS or you can have your return prepared and transmitted by the tax professional. Depending on the tax professional and the specific services requested, a fee may be charged. Look for the “Authorized IRS e-file Provider” sign.

IRS e-file Through Your Personal Computer

You can file your tax return in a fast, convenient way through your personal computer right from home. Tax preparation software is available at your local computer retailer or through various web sites over the Internet. For a list of participating software companies, go to www.irs.gov, click on “Electronic Services” and then click on “On-line Filing Companies.” You can also find a list of IRS partners that provide free or low-cost IRS e-file options by clicking on “Electronic Services” and then on “IRS e-file Partners.” Depending on which software program you use to file your taxes, you will need a modem and/or Internet access. You can file 24 hours a day, 7 days a week.

IRS e-file Using a Telephone

For millions of eligible taxpayers, TeleFile is the easiest way to file. TeleFile allows you to file your simple Federal tax return using a touch-tone phone. Only taxpayers who receive the TeleFile Tax Package in the mail are eligible to use this IRS e-file option. Just fill in the tax record in the booklet, pick up a phone, and call the toll-free number any time day or night. TeleFile is completely paperless—there are no forms to mail. It usually takes about 10 minutes and is absolutely free. Parents! If your children receive a TeleFile Tax Package, please encourage them to use TeleFile!

IRS e-file Through Employers and Financial Institutions

Some businesses offer free e-filing to their employees. Others offer it for a fee to customers. Ask your employer or financial institution if they offer IRS e-file to employees, members, or customers.

Visit a VITA or TCE Site

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites are open to low-income individuals, others who need help with their tax returns, and the elderly. Both programs are free and can be found in community locations such as libraries, colleges, universities, shopping malls, and retirement and senior centers. Ask for IRS e-file at these sites.

Electronic Payment Options

If you have a balance due, you can make your payment electronically. To pay by credit card, call 1-888-2PAY-TAX (1-888-272-9829). You can also pay by authorizing a Direct Debit from your checking or savings account on the date you choose—any time up to April 17, 2000.
What if a Taxpayer Died?
If a taxpayer died before filing a return for 1999, 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 deceased 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 enter “DECEASED,” the deceased taxpayer’s name, and the date of death across the top of the return.

What Are the Filing Dates, Penalties, and Extensions?
If you were in the Balkans or the Persian Gulf area (for example, you participated in Operation Joint Forge or Operation Allied Force), see Pub. 3.

When Is Your Tax Return Due?
Not later than April 17, 2000.

What if You Cannot File on Time?
You can get an automatic 4-month extension if, by April 17, 2000, you either file Form 4868 or pay part or all of the tax you expect to owe for 1999 by phone using your credit card (American Express®, Card, MasterCard®, or Discover® Card). For details on how to get an extension with your credit card, see Form 4868. If you later find that you still need more time, Form 2688 may give you an additional extension. However, even if you get an extension, the tax you owe is still due April 17, 2000. If you make a payment with your extension request, see the instructions for line 39 on page 47.

What if You File or Pay Late?
The IRS can charge you interest and penalties on the amount you owe.

Where Do You File?
See the back cover for filing instructions and addresses.

Private Delivery Services, You can use certain private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. The most recent list of designated private delivery services was published by the IRS in August 1999. The list includes only the following:

- DHL Worldwide Express (DHL): DHL “Same Day” Service and DHL USA Overnight.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, and UPS 2nd Day Air A.M.

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

How Do You Get 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.
Filing Requirements—These rules apply to all U.S. citizens, regardless of where they live, and resident aliens.

Do You Have To File?
Use Chart A, B, or C to see if you must file a return. If you do not otherwise have to file a return, you should file one to get a refund of any Federal income tax withheld. You should also file if you are eligible for the earned income credit or the additional child tax credit.

Exception for Children Under Age 14. If you are planning to file a return for your child who was under age 14 on January 1, 2000, and certain other conditions apply, you may elect to include your child’s income on your return. But you must use Form 1040 and Form 8814 to do so. If you make this election, your child does not have to file a return. For details, see TeleTax topic 553 (see page 9) or see Form 8814.

Nonresident Aliens and Dual-Status Aliens. These rules also apply to nonresident aliens and dual-status aliens who were married to U.S. citizens or residents at the end of 1999 and who have elected to be taxed as resident aliens. Other conditions also apply. They may have to file Form 1040NR or Form 1040NR-EZ. Specific rules apply to determine if you are a resident or nonresident alien. See Pub. 519 for details, including the rules for students and scholars who are aliens.

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Chart A—for Most People

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Under 65</th>
<th>65 or older</th>
<th>Gross income** was at least . . .</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td></td>
<td></td>
<td>$7,050 8,100</td>
</tr>
<tr>
<td>Married filing jointly***</td>
<td>under 65 (both spouses)</td>
<td>$12,700</td>
<td>13,550 14,400</td>
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<tr>
<td></td>
<td>65 or older (one spouse)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>65 or older (both spouses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married filing separately</td>
<td>any age</td>
<td>$2,750</td>
<td></td>
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<tr>
<td>Head of household (see page 21)</td>
<td>under 65</td>
<td>$9,100</td>
<td>10,150</td>
</tr>
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<td></td>
<td>65 or older</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifying widow(er) with dependent child (see page 22)</td>
<td>under 65</td>
<td>$9,950</td>
<td>10,800</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* If you turned 65 on January 1, 2000, you are considered to be age 65 at the end of 1999.
** Gross income means all income you received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the United States (even if you may exclude all or part of it). Do not include social security benefits unless you are married filing a separate return and you lived with your spouse at any time during 1999.
*** If you did not live with your spouse at the end of 1999 (or on the date your spouse died) and your gross income was at least $2,750, you must file a return regardless of your age.

(Continued on page 16)
Chart B—For Children and Other Dependents

See the instructions for line 6c that begin on page 22 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, ordinary dividends, and capital gain distributions. **Earned income** includes wages, tips, and taxable scholarship and fellowship grants. **Gross income** is the total of your unearned and earned income.

If your gross income was $2,750 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 22.

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

<table>
<thead>
<tr>
<th>No.</th>
<th>You must file a return if any of the following apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Your <strong>unearned income</strong> was over $700.</td>
</tr>
<tr>
<td></td>
<td>• Your <strong>earned income</strong> was over $4,300.</td>
</tr>
<tr>
<td></td>
<td>• Your <strong>gross income</strong> was more than the larger of—</td>
</tr>
<tr>
<td></td>
<td>• $700, or</td>
</tr>
<tr>
<td></td>
<td>• Your earned income (up to $4,050) plus $250.</td>
</tr>
<tr>
<td>Yes.</td>
<td>You must file a return if any of the following apply.</td>
</tr>
<tr>
<td></td>
<td>• Your unearned income was over $1,750 ($2,800 if 65 or older and blind).</td>
</tr>
<tr>
<td></td>
<td>• Your earned income was over $5,550 ($6,400 if 65 or older and blind).</td>
</tr>
<tr>
<td></td>
<td>• Your gross income was more than—</td>
</tr>
<tr>
<td></td>
<td>The larger of:</td>
</tr>
<tr>
<td></td>
<td>• $700, or</td>
</tr>
<tr>
<td></td>
<td>• Your earned income (up to $4,050) plus $250.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>No.</th>
<th>You must file a return if any of the following apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Your unearned income was over $700.</td>
</tr>
<tr>
<td></td>
<td>• Your earned income was over $3,600.</td>
</tr>
<tr>
<td></td>
<td>• Your gross income was at least $5 and your spouse files a separate return and itemizes deductions.</td>
</tr>
<tr>
<td></td>
<td>• Your gross income was more than the larger of—</td>
</tr>
<tr>
<td></td>
<td>• $700, or</td>
</tr>
<tr>
<td></td>
<td>• Your earned income (up to $3,350) plus $250.</td>
</tr>
<tr>
<td>Yes.</td>
<td>You must file a return if any of the following apply.</td>
</tr>
<tr>
<td></td>
<td>• Your unearned income was over $1,550 ($2,400 if 65 or older and blind).</td>
</tr>
<tr>
<td></td>
<td>• Your earned income was over $4,450 ($5,300 if 65 or older and blind).</td>
</tr>
<tr>
<td></td>
<td>• Your gross income was at least $5 and your spouse files a separate return and itemizes deductions.</td>
</tr>
<tr>
<td></td>
<td>• Your gross income was more than—</td>
</tr>
<tr>
<td></td>
<td>The larger of:</td>
</tr>
<tr>
<td></td>
<td>• $700, or</td>
</tr>
<tr>
<td></td>
<td>• Your earned income (up to $3,350) plus $250.</td>
</tr>
</tbody>
</table>
Chart C—Other Situations When You Must File

You must file a return if you received any advance earned income credit (EIC) payments from your employer. These payments are shown in box 9 of your W-2 form.

You must file a return using Form 1040 if any of the following apply for 1999.

- You owe any special taxes, such as social security and Medicare tax on tips you did not report to your employer.
- You owe uncollected social security and Medicare or RRTA tax on tips you reported to your employer or on your group-term life insurance.
- You had net earnings from self-employment of at least $400.
- You earned wages of $108.28 or more from a church or a qualified church-controlled organization that is exempt from employer social security and Medicare taxes.
- You owe tax on an individual retirement arrangement (IRA), other retirement plan, or on a medical savings account (MSA). But if you are filing a return only because you owe this tax, you can file Form 5329 by itself.

Would It Help You To Itemize Deductions on Form 1040?

You may be able to reduce your tax by itemizing deductions on Schedule A (Form 1040). Itemized deductions include amounts you paid for state and local income taxes, real estate taxes, mortgage interest, and medical expenses. You may also include gifts to charity. You would usually benefit by itemizing if—

Your filing status is: AND Your itemized deductions are more than:

<table>
<thead>
<tr>
<th>Status</th>
<th>Single</th>
<th>Married filing jointly</th>
<th>Married filing separately</th>
<th>Head of household</th>
<th>Qualifying widow(er) with dependent child</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>$4,300</td>
<td>$7,200</td>
<td>$50</td>
<td>$6,350</td>
<td>$7,200</td>
</tr>
<tr>
<td>65 or older or blind</td>
<td>$5,350</td>
<td>8,050</td>
<td>4,450</td>
<td>4,450</td>
<td>8,050</td>
</tr>
<tr>
<td>65 or older and blind</td>
<td>$6,400</td>
<td>8,900</td>
<td>5,300</td>
<td>8,450</td>
<td>8,900</td>
</tr>
</tbody>
</table>

* If you can take an exemption for your spouse, see Standard Deduction Chart for People Age 65 or Older or Blind on page 33 for the amount that applies to you.

If someone can claim you as a dependent, it would benefit you to itemize deductions if they total more than your standard deduction figured on the Standard Deduction Worksheet for Dependents on page 33.
**Where To Report Certain Items From 1999 Forms W-2, 1098, and 1099**

Report on Form 1040A, line 35, any amounts shown on these forms as Federal income tax withheld.

<table>
<thead>
<tr>
<th>Form</th>
<th>Item and Box in Which It Should Appear</th>
<th>Where To Report on Form 1040A</th>
</tr>
</thead>
<tbody>
<tr>
<td>W-2</td>
<td>Wages, salaries, tips, etc. (box 1)</td>
<td>Line 7 See Tip income on page 24</td>
</tr>
<tr>
<td></td>
<td>Allocated tips (box 8)</td>
<td>Line 31 Schedule 2, line 10</td>
</tr>
<tr>
<td></td>
<td>Advance EIC payments (box 9)</td>
<td>Form 8839, line 22</td>
</tr>
<tr>
<td></td>
<td>Dependent care benefits (box 10)</td>
<td>Must file Form 1040</td>
</tr>
<tr>
<td></td>
<td>Adoption benefits (box 13, code T)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employer contributions to an MSA (box 13, code R)</td>
<td></td>
</tr>
<tr>
<td>W-2G</td>
<td>Gambling winnings (box 1)</td>
<td>Must file Form 1040</td>
</tr>
<tr>
<td>1098</td>
<td>Mortgage interest (box 1)</td>
<td>Must file Form 1040 to deduct</td>
</tr>
<tr>
<td></td>
<td>Points (box 2)</td>
<td>See the instructions on Form 1098</td>
</tr>
<tr>
<td>1096</td>
<td>Student loan interest (box 1)</td>
<td>See the instructions for line 16 that begin on page 30</td>
</tr>
<tr>
<td>1099-A</td>
<td>Acquisition or abandonment of secured property</td>
<td>See Pub. 544</td>
</tr>
<tr>
<td>1099-B</td>
<td>Stocks, bonds, etc. (box 2)</td>
<td>Must file Form 1040</td>
</tr>
<tr>
<td></td>
<td>Bartering (box 3)</td>
<td></td>
</tr>
<tr>
<td>1099-C</td>
<td>Canceled debt (box 2)</td>
<td>Must file Form 1040 if taxable (see the instructions on Form 1099-C)</td>
</tr>
<tr>
<td>1099-DIV</td>
<td>Ordinary dividends (box 1)</td>
<td>Line 9 Must file Form 1040</td>
</tr>
<tr>
<td></td>
<td>Total capital gain distributions (box 2a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign tax paid (box 6)</td>
<td>Must file Form 1040 if required to report as capital gains (see the instructions on Form 1099-DIV)</td>
</tr>
<tr>
<td></td>
<td>Nontaxable distributions (box 3)</td>
<td></td>
</tr>
<tr>
<td>1099-G</td>
<td>Unemployment compensation (box 1)</td>
<td>Line 12 But if you repaid any unemployment compensation in 1999, see the instructions for line 12 on page 28</td>
</tr>
<tr>
<td></td>
<td>State or local income tax refund (box 2)</td>
<td>See the instructions on page 24</td>
</tr>
<tr>
<td></td>
<td>Qualified state tuition program earnings (box 5)</td>
<td>Line 12</td>
</tr>
<tr>
<td>1099-INT</td>
<td>Interest income (box 1)</td>
<td>Line 8a See the instructions for line 8a on page 25</td>
</tr>
<tr>
<td></td>
<td>Interest on U.S. savings bonds and Treasury obligations (box 1)</td>
<td>Must file Form 1040 to deduct</td>
</tr>
<tr>
<td></td>
<td>Early withdrawal penalty (box 2)</td>
<td>Must file Form 1040 to deduct or take a credit for the tax</td>
</tr>
<tr>
<td></td>
<td>Foreign tax paid (box 6)</td>
<td></td>
</tr>
<tr>
<td>1099-LTC</td>
<td>Long-term care and accelerated death benefits</td>
<td>Must file Form 1040 if required to file Form 8853 (see the instructions for Form 8853)</td>
</tr>
<tr>
<td>1099-MISC</td>
<td>Miscellaneous income</td>
<td>Must file Form 1040</td>
</tr>
<tr>
<td>1099-MSA</td>
<td>Distributions from medical savings accounts</td>
<td>Must file Form 1040</td>
</tr>
<tr>
<td>1099-OID</td>
<td>Original issue discount (box 1)</td>
<td>See the instructions on Form 1099-OID</td>
</tr>
<tr>
<td></td>
<td>Other periodic interest (box 2)</td>
<td>Must file Form 1040 to deduct</td>
</tr>
<tr>
<td></td>
<td>Early withdrawal penalty (box 3)</td>
<td></td>
</tr>
<tr>
<td>1099-PATR</td>
<td>Patrons' dividends and other distributions from a cooperative (boxes 1, 2, 3, and 5)</td>
<td>Must file Form 1040 if taxable (see the instructions on Form 1099-PATR)</td>
</tr>
<tr>
<td>1099-R</td>
<td>Distributions from IRAs* Distributions from pensions, annuities, etc. Capital gain (box 3)</td>
<td>See the instructions for lines 10a and 10b that begin on page 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>See the instructions for lines 11a and 11b that begin on page 26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>See the instructions on Form 1099-R</td>
</tr>
<tr>
<td>1099-S</td>
<td>Gross proceeds from real estate transactions (box 2) Buyer's part of real estate tax (box 5)</td>
<td>Must file Form 1040 if required to report the sale (see Pub. 523)</td>
</tr>
</tbody>
</table>

*This includes distributions from Roth, SEP, SIMPLE, and education IRAs.
Who Can Use Form 1040A?

You can use Form 1040A if all five of the following apply.
1. You only had income from the following sources:
   - Wages, salaries, tips
   - Interest and ordinary dividends
   - Taxable scholarship and fellowship grants
   - Pensions, annuities, and IRAs
   - Unemployment compensation
   - Taxable social security and railroad retirement benefits
   - Alaska Permanent Fund dividends
   - Qualified state tuition program earnings
2. The only adjustments to income you can claim are:
   - IRA deduction
   - Student loan interest deduction
3. You do not itemize deductions.
4. Your taxable income (line 24) is less than $50,000.
5. The only tax credits you can claim are:
   - Child tax credit
   - Additional child tax credit
   - Education credits
   - Earned income credit
   - Credit for child and dependent care expenses
   - Credit for the elderly or the disabled
   - Adoption credit
   You can also use Form 1040A if you received advance earned income credit (EIC) payments or you owe the alternative minimum tax.

When Must You Use Form 1040?

You must use Form 1040 if any of the following apply.
1. You received any of the following types of income:
   - Income from self-employment (business or farm income)
   - Certain tips you did not report to your employer. See Tip income on page 24
   - Capital gain distributions
   - Nontaxable distributions required to be reported as capital gains
   - Income received as a partner in a partnership, shareholder in an S corporation, or a beneficiary of an estate or trust
2. You received or paid interest on securities transferred between interest payment dates.
3. You can exclude either of the following types of income:
   - Foreign earned income you received as a U.S. citizen or resident alien
   - Certain income received from sources in a U.S. possession if you were a bona fide resident of American Samoa for all of 1999
4. You had a financial account in a foreign country, such as a bank account or securities account. Exception. If the combined value of the accounts was $10,000 or less during all of 1999 or if the accounts were with a U.S. military banking facility operated by a U.S. financial institution, you may file Form 1040A.
5. You received a distribution from a foreign trust.
6. You are reporting original issue discount (OID) in an amount more or less than the amount shown on Form 1099-OID.
7. You owe household employment taxes. See Schedule H (Form 1040) and its instructions to find out if you owe these taxes.

Line Instructions for Form 1040A

Name and Address

Use the Peel-Off Label

Using your peel-off name and address label in this booklet will speed the processing of your return. It also prevents common errors that can delay refunds or result in unnecessary notices. Put the label on your return after you have finished it. Cross out any errors and print the correct information. Add any missing items, such as your apartment number.

Address Change. If the address on your peel-off label is not your current address, cross out the old address and print your new address. If you plan to move after filing your return, see page 50.

Name Change. If you changed your name, be sure to report the change to your local Social Security Administration office before you file 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.

Need more information or forms? See page 7.
What if You Do Not Have a Label? Print or type the information in the spaces provided. If you are married filing a separate return, enter your husband’s or wife’s name on line 3 instead of below your name.

P.O. Box. Enter your box number instead of your street address only if your post office does not deliver mail to your home.

Foreign Address. Enter the information in the following order: city, province or state, and country. Follow the country’s practice for entering the postal code. Please do not abbreviate the country name.

Social Security Number (SSN)
An incorrect or missing SSN may increase your tax or reduce 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 in Form SS-5 and return it to the SSA. It usually takes about 2 weeks to get an SSN.

Check that your SSN is correct on your Forms W-2 and 1099. See page 50 for more details.

IRS Individual Taxpayer Identification Numbers (ITINs) for Aliens. The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get an SSN. To apply for an ITIN, file Form W-7 with the IRS. It usually takes about 30 days to get an ITIN. Enter your ITIN wherever your SSN is requested on your tax return.

Note: An ITIN is for tax use only. It does not entitle you to social security benefits or change your employment or immigration status under U.S. law.

Nonresident Alien Spouse. If your spouse is a nonresident alien and you file a joint or separate return, your spouse must have either an SSN or an ITIN.

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 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

More than one filing status may apply 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, 1999:

- You were never married, or
- You were legally separated, according to your state law, under a decree of divorce or of separate maintenance, or
- You were widowed before January 1, 1999, and did not remarry in 1999.

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, 1999, even if you did not live with your spouse at the end of 1999, or
- Your spouse died in 1999 and you did not remarry in 1999, or
- Your spouse died in 2000 before filing a 1999 return.

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 persons must sign the return. If you file a joint return for 1999, you may not, after the due date for filing that return, amend it to file as married filing separately.

Joint and Several Tax Liability. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. However, see Innocent Spouse Relief on page 49.

Nonresident Aliens and Dual-Status Aliens. You may be able to file a joint return. See Pub. 519 for details.
Live Apart

1. You paid over half the cost of keeping up a home that you were unmarried or legally separated (according to your state law) under a decree of divorce or separate maintenance as of December 31, 1999, you were unmarried or legally separated in 1999, 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.

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 on this page).

3. 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 on this page).

4. You paid over half the cost of keeping up a home for certain other persons. (Some married persons who live apart may also qualify. See this page.) You may check the box on line 4 only if as of December 31, 1999, you were unmarried or legally separated (according to your state law) under a decree of divorce or separate maintenance and either 1 or 2 below apply to you.

5. Your home was the main home of your child, adopted child, grandchild, great-grandchild, etc., or stepchild. This child does not have to live with you in your home; or

6. Your foster child, who must be your dependent.

Note. You cannot file as head of household if your child, parent, or relative described earlier is your dependent under the rules on page 23 for Person Supported by Two or More Taxpayers.

Married Persons Who Live Apart. Even if you were not divorced or legally separated in 1999, 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 1999. Temporary absences for special circumstances, such as for business, medical care, school, or military service, count as time lived in the home.

2. You file a separate return from your spouse.

3. You paid over half the cost of keeping up your home for 1999.

4. Your home was the main home of your child, adopted child, stepchild, or foster child for more than half of 1999 (if half or less, see the Exception below).

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 page 23. If this child is not your dependent, be sure to enter the child’s name on line 4. If you do not enter the name, it will take us longer to process your return.

If all five apply, you may be able to take the student loan interest deduction, the credit for child and dependent care expenses, an education credit, and the earned income credit. You can also 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, see Pub. 501.

If you used payments you received under Temporary Assistance for Needy Families (TANF) or other public assistance programs to pay part of the cost of keeping up your home, you cannot count them as money you paid. However, you must include them in the total cost of keeping up your home to figure if you paid over half of the cost.

Dependent. To find out if someone is your dependent, see the instructions for line 6c that begin on page 22.

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 1999, 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 1999 if all five of the following apply.
2. You have a child, adopted child, stepchild, or foster child whom you claim as a dependent.
3. This child lived in your home for all of 1999.
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 did not actually do so.

If your spouse died in 1999, 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 can deduct $2,750 on line 23.

Line 6b
Spouse
Check the box on line 6b if you file either (1) a joint return, or (2) a separate return and your spouse had no income and is not filing a return. However, do not check the box if your spouse can be claimed as a dependent on another person’s return.

Death of Your Spouse. If your spouse died in 1999 and you did not remarry by the end of 1999, 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 What if a Taxpayer Died? on page 14.

Line 6c
Dependents
You can take an exemption for each of your dependents who was alive during some part of 1999. This includes a baby born in 1999 or a person who died in 1999. For more details, see Pub. 501. Any person who meets all five of the following tests qualifies as your dependent.

If you have more than seven dependents, attach a statement to your return with the required information.

Test 1—Relationship
The person must be your relative. But see Exception at the end of this test. Test 1. The following people 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.
- Your aunt, uncle, nephew, niece if related by blood.

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. However, 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.

To find out who is a resident alien, use TeleTax Topic 851 (see page 9) or see Pub. 519.

Test 4—Income
Generally, the person’s gross income must be less than $2,750. 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 $2,750 or more if he or she was:
1. Under age 19 at the end of 1999, or
2. Under age 24 at the end of 1999 and was a student.
Your child was a student if during any 5 months of 1999 he or she—
- Was enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course. 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,
correspondence schools, or night schools.

Test 5—Support
The general rule is that you had to provide over half the
person’s total support in 1999. 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 you should
  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.

Support does not include items such as income tax, social
security and Medicare tax, life insurance premiums,
stock option income, scholarships, 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 during the last 6 months
of the year, even if they do not have a separation agreement.
For these rules, the 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 1999 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 Did Not 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 1999. 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) (see
   below) 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 that begin on page 22 are met.
5. Each other eligible person who paid over 10% of support
   completes Form 2120 and you attach these
   forms to your return. The form states that only you will
   claim the person as a dependent for 1999.

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.

Line 6c, Column (2)
You must enter each dependent’s social security number
(SSN). If you do not enter the correct SSN, at the time we
process your return, we may disallow the exemption claimed
for the dependent and reduce or disallow any other tax
benefits (such as the child tax credit and earned income
credit) based on that dependent.

TIP
For details on how your dependent can get an
SSN, see page 20. If your dependent will not
have a number by April 17, 2000, see What if
You Cannot File on Time? on page 24.

If your dependent child was born and died in 1999 and
you do not have an SSN for the child, attach a copy of
the child’s birth certificate instead and enter “DIED” in
column (2).

Adoption Taxpayer Identification Numbers (ATINs).
If you have a dependent who was placed with you by an
authorized placement agency and you do not know his or
her SSN, you must get an ATIN for the dependent from the
IRS. See Form W-7A for details.

Line 6c, Column (4)
Check the box in this column if your dependent is a
qualifying child for the child tax credit (defined on page 24).
If you have at least one qualifying child, you may be able to
take the child tax credit on line 28.

(Continued on page 24)
Qualifying Child for Child Tax Credit. A qualifying child for purposes of the child tax credit is a child who:

- Is claimed as your dependent on line 6c, and
- Was under age 17 at the end of 1999, and
- Is your son, daughter, adopted child, grandchild, stepchild, or foster child, and
- Is a U.S. citizen or resident alien.

Note. The above requirements are not the same as the requirements to be a qualifying child for the earned income credit.

A child placed with you by an authorized placement agency for legal adoption is an adopted child even if the adoption is not final.

A grandchild is any descendant of your son, daughter, or adopted child and includes your great-grandchild, great-great-grandchild, etc.

A foster child is any child you cared for as your own child and who lived with you for all of 1999. A child who was born or died in 1999 is considered to have lived with you for all of 1999 if your home was the child’s home for the entire time he or she was alive during 1999.

Children Who Did Not Live With You Due to Divorce or Separation

If you are claiming a child who did not live with you under the rules on page 23 for Divorced or Separated Parents, attach Form 8332 or similar statement to your return. But see Exception below. 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), and
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.

Exception. You do not have to attach Form 8332 or similar statement 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.

Other Dependent Children

Include 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 1999.

Income

Rounding Off to Whole Dollars

You may find it easier to do your return if you round off cents to the nearest whole dollar. Drop amounts that are less than 50 cents. For example, $129.39 becomes $129. Increase amounts from 50 to 99 cents to the next whole dollar. For example, $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 $5,009.55 and one showing wages of $8,760.73. On Form 1040A, line 7, you would enter $13,770 ($5,009.55 + $8,760.73 = $13,770.28).

Refunds of State or Local Income Taxes

If you received a refund, credit, or offset of state or local income taxes in 1999, you may receive a Form 1099-G.

In the year the tax was paid to the state or other taxing authority, did you file Form 1040EZ or Form 1040A, or did you use TeleFile?

☐ Yes. None of your refund is taxable.
☐ No. You may have to report part or all of the refund as income on Form 1040 in 1999. Use TeleTax topic 405 (see page 9) or see Pub. 525 for details.

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 usually follow state law to determine what is community income and what is separate income. For details, see Pub. 555.

Line 7

Wages, Salaries, Tips, etc.

Enter the total of your wages, salaries, tips, etc. If a joint return, also include your spouse’s income. For most people, the amount to enter on this line should be shown in box 1 of their Form(s) W-2. But the following types of income must also be included in the total on line 7:

- Wages received as a household employee for which you did not receive a W-2 form because your employer paid you less than $1,100 in 1999. Also, enter “HSH” and the amount not reported on a W-2 form in the space to the left of line 7.
- Tip income you did not report to your employer. But you must use Form 1040 and Form 4137 if (1) you received tips of $20 or more in any month and did not report the full amount to your employer OR (2) your W-2 form(s) shows allocated tips that you must report as income. You must report the 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 as income in box 1. See Pub. 531 for more details.

Need more information or forms? See page 7.
6. If you do not get a W-2, you must still report your earnings on line 7. If you were a scholarship or fellowship grantee, include in line 7 only the amounts you used for expenses other than tuition and course-related expenses. For example, amounts used for room, board, and travel must be reported on line 7.

7. If you receive any tax-exempt interest, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund. Do not include interest earned on your IRA.

8. If you have not reached the minimum retirement age set by your employer. Disability pensions received after you reach that age and other pensions shown on Form 1099-R (other than payments from an IRA*) are reported on lines 11a and 11b of Form 1040A. Payments from an IRA are reported on lines 10a and 10b.

*This includes a Roth, SEP, SIMPLE, or education IRA.

Line 8a
Taxable Interest
Each payer should send you a Form 1099-INT or Form 1099-OID. Report all of your taxable interest income on line 8a. But you must fill in and attach Schedule 1, Part I, if the total is over $400 or any of the other conditions listed at the beginning of the Schedule 1 instructions (see page 60) apply to you.

Include taxable interest from seller-financed mortgages, banks, savings and loan associations, money market certificates, credit unions, savings bonds, etc. Interest credited in 1999 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 1999 income. For details, see Pub. 550.

If you get a 1999 Form 1099-INT for U.S. savings bond interest that includes amounts you reported before 1999, see Pub. 550.

Line 8b
Tax-Exempt Interest
If you received any tax-exempt interest, such as from municipal bonds, report it on line 8b. Include any exempt-interest dividends from a mutual fund. Do not include interest earned on your IRA.
If you rolled over the distribution (a) in 2000 or (b) from a conduit IRA into a qualified plan, attach a statement explaining what you did.

You may have to add additional tax if (1) you received an early distribution from your IRA and the total distribution was not rolled over, or (2) you were born before July 1, 1928, and received less than the minimum required distribution. To find out if you owe this tax, see Pub. 590. If you owe this tax, you must use Form 1040.

1998 Roth IRA Conversions. If you converted an IRA to a Roth IRA in 1998 and chose to report the taxable amount over 4 years, leave line 10a blank and enter on line 10b the amount from your 1998 Form 8606, line 17. But you may have to enter a different amount on line 10b if either of the following applies.

- You received a distribution from a Roth IRA in 1998 or the owner of the Roth IRA died in 1999. See Pub. 590, figure the amount to enter on line 10b.
- You received a distribution from a Roth IRA in 1999. Use Form 8606 to figure the amount to enter on line 10b.

Note: If you received a distribution from another type of IRA, figure the taxable amount of the distribution and enter the total of the taxable amounts on line 10b.

Lines 11a and 11b

Pensions and Annuities

You should receive a Form 1099-R showing the amount of your pension and annuity payments. See page 27 for details on rollovers and page 28 for details on lump-sum distributions. Do not report on lines 11a and 11b disability payments received before you reach the minimum retirement age set by your employer. Instead, report them on line 7.

TIP

Attach Form(s) 1099-R to Form 1040A if any Federal income tax was withheld.

Fully Taxable Pensions and Annuities. If your pension or annuity is fully taxable, enter it on line 11b. Do not make an entry on line 11a. Your payments are fully taxable if either of the following applies:

- You did not contribute to the cost (see this page) of your pension or annuity, or
- You got back your entire cost tax free before 1999.

Fully taxable pensions and annuities also include military retirement pay shown on Form 1099-R. For details on military disability pensions, see Pub. 525. If you received a Form RRB-1099-R, see Pub. 575 to find out 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. However, if your annuity starting date (defined on this page) was after July 1, 1986, you may be able to use the Simplified Method explained on this page. But if your annuity starting date was after November 18, 1996, and items 1, 2, and 3 under Simplified Method apply, you must use the Simplified Method to figure the taxable part.

You can ask the IRS to figure the taxable part for you for an $80 fee. For details, see Pub. 939. If your Form 1099-R shows a taxable amount, you may report that amount on line 11b. But you may be able to report a lower taxable amount by using the General Rule or the Simplified Method.

Once you have figured the taxable part of your pension or annuity, enter that amount on line 11b and the total on line 11a.

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 Method. If your annuity starting date (defined above) was after July 1, 1986, and all three of the following apply, you can use this simple method. But if your annuity starting date was after November 18, 1996, and all three of the following apply, you must use the Simplified Method.

1. The payments are for (a) your life or (b) your life and that of your beneficiary.
2. The payments are from a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity.
3. 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. See Pub. 575 for the definition of guaranteed payments.

If all three apply, use the worksheet on page 27 to figure the taxable part of your pension or annuity. For more details on the Simplified Method, see Pub. 575 or Pub. 721 for U.S. Civil Service retirement.

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 worksheet on page 27.

Age (or Combined Ages) 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. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, use your combined ages on the 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 and Pub. 721 to figure each beneficiary’s taxable amount.

Changing Methods. If your annuity starting date was after July 1, 1986, and before November 19, 1996, you may be able to change from the General Rule to the Simplified Method (or the other way around). For details, see Pub. 575 or Pub. 721.

Cost. Your cost is generally your net investment in the plan as of the annuity starting date. It should be shown in box 9b of Form 1099-R for the first year you received payments from the plan.
Death Benefit Exclusion. If you are the beneficiary of a deceased employee or former employee who died before August 21, 1996, 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 amount you enter on line 2 of the worksheet below. Do this even if the Form 1099-R shows a taxable amount. The payer of the annuity cannot add the death benefit exclusion to your cost when figuring the taxable amount.

Special rules apply if you are the survivor under a joint and survivor’s annuity. For details, see Pub. 939.

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 11a and 11b to report a rollover, including a direct rollover, from one qualified employer’s plan to another or to an IRA or SEP.

Enter on line 11a 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 11a, 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 11b. Also, enter “Rollover” next to line 11b.

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

(Continued on page 28)

Simplified Method Worksheet—Lines 11a and 11b

Keep For Your Records

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 1040A, line 11b. Enter the total pension or annuity payments received in 1999 on Form 1040A, line 11a.

1. Enter the total pension or annuity payments received this year. Also, enter this amount on Form 1040A, line 11a.

2. Enter your cost in the plan at the annuity starting date plus any death benefit exclusion (see this page).

3. Enter the appropriate number from Table 1 below. But if your annuity starting date was after 1997 and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below.

4. Divide line 2 by the number on line 3.

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.

6. Enter the amount, if any, recovered tax free in years after 1986.

7. Subtract line 6 from line 2.

8. Enter the smaller of line 5 or line 7.

9. Taxable amount. Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040A, line 11b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R.

Table 1 for Line 3 Above

<table>
<thead>
<tr>
<th>IF the age at annuity starting date (see page 26) was</th>
<th>AND your annuity starting date was—</th>
<th>THEN enter on line 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 or under</td>
<td>before November 19, 1996, enter on line 3.</td>
<td>300</td>
</tr>
<tr>
<td>56-60</td>
<td></td>
<td>260</td>
</tr>
<tr>
<td>61-65</td>
<td></td>
<td>240</td>
</tr>
<tr>
<td>66-70</td>
<td></td>
<td>170</td>
</tr>
<tr>
<td>71 or older</td>
<td></td>
<td>120</td>
</tr>
</tbody>
</table>

Table 2 for Line 3 Above

<table>
<thead>
<tr>
<th>IF the combined ages at annuity starting date (see page 26) were</th>
<th>THEN enter on line 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>110 or under</td>
<td>410</td>
</tr>
<tr>
<td>111-120</td>
<td>360</td>
</tr>
<tr>
<td>121-130</td>
<td>310</td>
</tr>
<tr>
<td>131-140</td>
<td>260</td>
</tr>
<tr>
<td>141 or older</td>
<td>210</td>
</tr>
</tbody>
</table>
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. Enter the total distribution on line 11a and the taxable part on line 11b. You may be able to pay less tax on the distribution if you were at least age 59 1/2 on the date of the distribution, you meet certain other conditions, and you choose to use Form 4972 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 59 1/2 or older on the date of death or was born before 1936. But you must use Form 1040 to do so. For details, see Form 4972.

You must use Form 1040 if you owe additional tax because you received an early distribution from a qualified retirement plan and the total amount was not rolled over. See Pub. 575 to find out if you owe this tax.

Social Security Benefits
You should receive a Form SSA-1099 showing in box 3 the total social security benefits paid to you. Box 4 will show the amount of any benefits you repaid in 1999. If you received railroad retirement benefits treated as social security, you should receive a Form RRB-1099. Use the worksheet on page 29 to see if any of your benefits are taxable.

Exceptions. Do not use the worksheet on page 29 if any of the following apply.
- You made contributions to a traditional IRA for 1999 and you were covered by a retirement plan at work. Instead, use the worksheets in Pub. 590 to see if any of your social security benefits are taxable and to figure your IRA deduction.
- You repaid any benefits in 1999 and your total repayments (box 4) were more than your total benefits for 1999 (box 3). None of your benefits are taxable for 1999. 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. But you must use Form 1040 to do so. See Pub. 915.
- You file Form 8815 or you exclude employer-provided adoption benefits. Instead, use the worksheet in Pub. 915.
Social Security Benefits Worksheet—Lines 13a and 13b

**Before you begin:**
- Complete Form 1040A, line 15, if it applies to you.
- If you are married filing separately and you lived apart from your spouse for all of 1999, enter “D” in the space to the right of the word “benefits” on line 13a.
- Be sure you have read the Exceptions on page 28 to see if you must use a publication instead of this worksheet to find out if any of your benefits are taxable.

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

2. Is the amount on line 1 more than zero?
   - **No.** None of your social security benefits are taxable.
   - **Yes.** Enter one-half of line 1.

3. Add the amounts on Form 1040A, lines 7, 8a, 9, 10b, 11b, and 12. Do not include amounts from box 5 of Forms SSA-1099 or RRB-1099.

4. Enter the amount, if any, from Form 1040A, line 8b.

5. Add lines 2, 3, and 4.

6. Enter the amount, if any, from Form 1040A, line 15.

7. Subtract line 6 from line 5.

8. Enter: $25,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 1999; $32,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time during 1999.

9. Is the amount on line 8 less than the amount on line 7?
   - **No.** None of your social security benefits are taxable. You do not have to enter any amount on line 13a or 13b of Form 1040A. But if you are married filing separately and you lived apart from your spouse for all of 1999, enter -0- on line 13b. Be sure you entered “D” to the right of the word “benefits” on line 13a.
   - **Yes.** Subtract line 8 from line 7.

10. Enter: $9,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 1999; $12,000 if married filing jointly; -0- if married filing separately and you lived with your spouse at any time during 1999.

11. Subtract line 10 from line 9. If zero or less, enter -0-.

12. Enter the smaller of line 9 or line 10.

13. Enter one-half of line 12.

14. Enter the smaller of line 2 or line 13.

15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0-.

16. Add lines 14 and 15.

17. Multiply line 1 by 85% (.85).

18. Taxable social security benefits. Enter the smaller of line 16 or line 17.

- **Enter the amount from line 1 above on Form 1040A, line 13a.**
- **Enter the amount from line 18 above on Form 1040A, line 13b.**

**TIP**
If part of your benefits are taxable for 1999 and they include benefits paid in 1999 that were for an earlier year, you may be able to reduce the taxable amount shown on the worksheet. See Pub. 915 for details.
Adjusted Gross Income

Line 15
IRA Deduction

If you made any nondeductible contributions to a traditional IRA for 1999, you must report them on Form 8606.

If you made contributions to a traditional individual retirement arrangement (IRA) for 1999, you may be able to take an IRA deduction. But you, or your spouse if filing a joint return, must have had earned income to do so. You should receive a statement by May 31, 2000, that shows all contributions to your traditional IRA for 1999.

Use the worksheet on page 31 to figure the amount, if any, of your IRA deduction. But read the following list before you fill in the worksheet.

- If you were age 70 1/2 or older at the end of 1999, you cannot deduct any contributions made to your traditional IRA for 1999 or treat them as nondeductible contributions.
- You cannot deduct contributions to a Roth IRA or an education IRA.
- You cannot deduct contributions to a 403(k) plan, SIMPLE plan, or the Federal Thrift Savings Plan. These amounts are not included as income in box 1 of your W-2 form.
- If you made contributions to your IRA in 1999 that you deducted for 1998, do not include them in the worksheet.
- If you revoked a distribution from a nonqualified deferred compensation plan or section 457 plan that is included in box 1 of your W-2 form, do not include that distribution on line 6 of the worksheet. The distribution should be shown in box 11 of your W-2 form.
- You must file a joint return to deduct contributions to your spouse’s IRA. Enter the total IRA deduction for you and your spouse on line 15.
- Do not include rollover contributions in figuring your deduction. Instead, see the instructions for lines 10a and 10b on page 25.
- Do not include trustee’s fees that were billed separately and paid by you for your IRA. You may be able to deduct those fees as an itemized deduction. But you must use Form 1040 to do so.
- If the total of your IRA deduction on Form 1040A plus any nondeductible contribution to your traditional IRAs shown on Form 8606 is less than your total traditional IRA contributions for 1999, see Pub. 590 for special rules.

By April 1 of the year after the year in which you reach age 70 1/2, you must start taking minimum required distributions from your traditional IRA. If you do not, 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.

You must use Form 1040 if you owe tax on any excess contributions made to an IRA, or any excess accumulations in an IRA. For details, see Pub. 590.

Were You Covered by an Employer Retirement Plan? If you were covered by a plan at work, your IRA deduction may be reduced or eliminated. But you can still make contributions to an IRA even if you cannot 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 (such as a 401(k) or SIMPLE plan). This box should be checked even if you were not vested in the plan.

If you were covered by a retirement plan and you file Form 8815 or you excluded employer-provided adoption benefits, see Pub. 590 to figure the amount, if any, of your IRA deduction.

Married Persons Filing Separately. 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 1999.

Line 16
Student Loan Interest Deduction

Use the worksheet on page 32 to figure your student loan interest deduction if all five of the following apply.

1. You paid interest on a qualified student loan (see this page).
2. At least part of the interest paid in 1999 was paid during the first 60 months that interest payments were required to be made. See Example below.
3. Your filing status is any status except married filing separately.
4. The amount on Form 1040A, line 14, minus the amount on line 15, is less than: $55,000 if single, head of household, or qualifying widow(er); $75,000 if married filing jointly.
5. You are not claimed as a dependent on someone’s (such as your parent’s) 1999 tax return.

Example. You took out a qualified student loan in 1992 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1994, after you graduated. You made a payment every month as required. If you meet items 3 through 5 listed above, you may use only the interest you paid for January through June 1999 to figure your deduction. June is the end of the 60-month period (July 1994–June 1999).

Qualified Student Loan. This is any loan you took out to pay the qualified higher education expenses for yourself, your spouse, or anyone who was your dependent when the loan was taken out. The person for whom the expenses were...
paid must have been an eligible student (see this page). However, a loan is not a qualified student loan if (1) any of the proceeds were used for other purposes, or (2) the loan was from either a related person or a person who borrowed the proceeds under a qualified employer plan or a contract purchased under such a plan. To find out who is a related person, see Pub. 970. Qualified higher education expenses generally include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits:

- Employer-provided educational assistance benefits that are not included in box 1 of your W-2 form(s).
- Excludable U.S. series EE and I savings bond interest from Form 8815.
- Qualified distributions from an education IRA.
- Any scholarship, educational assistance allowance, or other payment (but not gifts, inheritances, etc.) excluded from income.

For more details on these expenses, see Pub. 970.

An eligible student is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution.
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.

For more details on these expenses, see Pub. 970.

An eligible student is a person who:

- Was enrolled in a degree, certificate, or other program (including a program of study abroad that was approved for credit by the institution at which the student was enrolled) leading to a recognized educational credential at an eligible educational institution.
- Carried at least half the normal full-time workload for the course of study he or she was pursuing.

Complete the worksheet below to calculate your IRA deduction.

**IRA Deduction Worksheet—Line 15**

**Before you begin:**

- Be sure that you have read the list on page 30.

<table>
<thead>
<tr>
<th>Column</th>
<th>Your IRA</th>
<th>Spouse’s IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a.</td>
<td>[ ] Yes</td>
<td>[ ] No</td>
</tr>
<tr>
<td>1b.</td>
<td>[ ] Yes</td>
<td>[ ] No</td>
</tr>
</tbody>
</table>

1. Were you covered by a retirement plan at work (see page 30)?
2. If married filing jointly, was your spouse covered by a retirement plan at work?

**Next:** If you checked "No" on line 1a, and, if married filing jointly, “No” on line 1b, skip lines 2-4, enter $2,000 on line 5a (and 5b if applicable), and go to line 6. Otherwise, go to line 2.

2. Enter the amount shown below for your filing status:
   - Single, head of household, or married filing separately and you lived apart from your spouse for all of 1999, enter $41,000
   - Qualifying widow(er), enter $61,000

3. Enter the amount from Form 1040A, line 14, in both columns.

4. Is the amount on line 3 less than the amount on line 2?
   - [ ] No
   - [ ] Yes, Subtract line 3 from line 2 in each column. If the result is $10,000 or more, enter $2,000 on line 5 for that column.

5. Multiply lines 4a and 4b by 20% (.20). If the result is not a multiple of $10, increase it to the next multiple of $10 (for example, increase $490.30 to $500). If the result is $200 or more, enter the result. But if it is less than $200, enter $200.

6. Enter the amount from Form 1040A, line 7.

7. Enter traditional IRA contributions made, or that will be made by April 17, 2000, for 1999 to your IRA on line 7a and to your spouse’s IRA on line 7b.

8. On line 8a, enter the smallest of line 5a, 6, or 7a. On line 8b, enter the smallest of line 5b, 6, or 7b. This is the most you can deduct. Add the amounts on lines 8a and 8b and enter the total on Form 1040A, line 15. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606).

9. Enter the amount from Form 1040A, line 14, in both columns.

10. Is the amount on line 3 less than the amount on line 2?

   - [ ] No
   - [ ] Yes, Subtract line 3 from line 2 in each column. If the result is $10,000 or more, enter $2,000 on line 5 for that column.

11. Multiply lines 4a and 4b by 20% (.20). If the result is not a multiple of $10, increase it to the next multiple of $10 (for example, increase $490.30 to $500). If the result is $200 or more, enter the result. But if it is less than $200, enter $200.

12. Enter the amount from Form 1040A, line 7.

13. Enter traditional IRA contributions made, or that will be made by April 17, 2000, for 1999 to your IRA on line 7a and to your spouse’s IRA on line 7b.

14. On line 8a, enter the smallest of line 5a, 6, or 7a. On line 8b, enter the smallest of line 5b, 6, or 7b. This is the most you can deduct. Add the amounts on lines 8a and 8b and enter the total on Form 1040A, line 15. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606).

15. Enter the amount from Form 1040A, line 14, in both columns.

16. Is the amount on line 3 less than the amount on line 2?

   - [ ] No
   - [ ] Yes, Subtract line 3 from line 2 in each column. If the result is $10,000 or more, enter $2,000 on line 5 for that column.

17. Multiply lines 4a and 4b by 20% (.20). If the result is not a multiple of $10, increase it to the next multiple of $10 (for example, increase $490.30 to $500). If the result is $200 or more, enter the result. But if it is less than $200, enter $200.

18. Enter the amount from Form 1040A, line 7.

19. Enter traditional IRA contributions made, or that will be made by April 17, 2000, for 1999 to your IRA on line 7a and to your spouse’s IRA on line 7b.

20. On line 8a, enter the smallest of line 5a, 6, or 7a. On line 8b, enter the smallest of line 5b, 6, or 7b. This is the most you can deduct. Add the amounts on lines 8a and 8b and enter the total on Form 1040A, line 15. Or, if you want, you may deduct a smaller amount and treat the rest as a nondeductible contribution (see Form 8606).
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

Form 1040A—Lines 16, 20a, and 20b

**Taxable Income**

**Line 20a**

If you were age 65 or older or blind, check the appropriate boxes on line 20a. If you were married and checked the box on line 6b of Form 1040A and your spouse was age 65 or older or blind, also check the appropriate boxes for your spouse. Be sure to enter the total number of boxes checked in the box provided on line 20a.

**Age**

If you were age 65 or older on January 1, 2000, check the "65 or older" box on your 1999 return.

**Blindness**

If you were partially blind as of December 31, 1999, you must get a statement certified by your eye doctor or registered optometrist that:

- You cannot 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, you can get a statement certified by your eye doctor or registered optometrist to this effect instead.

You must keep the statement for your records.

**Line 20b**

If you are married filing a separate return and your spouse itemizes deductions on Form 1040, check the box on line 20b. You CANNOT take the standard deduction even if you were age 65 or older or blind (that is, you completed line 20a). Enter zero on line 21 and go to line 22.

In most cases, your Federal income tax will be less if you take any itemized deductions that you may have, such as state and local income taxes, but you must use Form 1040 to do so.

---

**Student Loan Interest Deduction Worksheet—Line 16**

*Keep for Your Records*

**Before you begin:** ✓ See the instructions for line 16 that begin on page 30.

1. Enter the total interest you paid in 1999 on qualified student loans (defined on page 30). Do not include interest that was required to be paid after the first 60 months.

2. Enter the smaller of line 1 or $1,500.

3. Enter the amount from Form 1040A, line 14.

4. Enter the amount from Form 1040A, line 15.

5. Subtract line 4 from line 3.

6. Enter the amount shown below for your filing status.

   - Single, head of household, or qualifying widow(er)---$40,000
   - Married filing jointly---$60,000

7. Is line 5 more than line 6?
   - No, Skip lines 7 and 8, enter -0- on line 9, and go to line 10.
   - Yes, Subtract line 6 from line 5.

8. Divide line 7 by $15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000".


10. Student loan interest deduction. Subtract line 9 from line 2. Enter the result here and on Form 1040A, line 16.

Need more information or forms? See page 7.
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

Line 21
Standard Deduction
Most people can find their standard deduction by looking at line 21 of Form 1040A. But if you checked any box on line 20a, OR you (or your spouse if filing jointly) can be claimed as a dependent on someone’s 1999 return, use the chart or worksheet below that applies to you to figure your standard deduction. Also, if you checked the box on line 20b, you cannot take the standard deduction even if you were age 65 or older or blind.

Standard Deduction Chart for People Age 65 or Older or Blind—Line 21
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 20a of Form 1040A AND the number in the box above is . . .

IF your filing status is . . . THEN enter on Form 1040A, line 21 . . .

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Standard Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$5,350</td>
</tr>
<tr>
<td>Married filing jointly</td>
<td>$8,050</td>
</tr>
<tr>
<td>Qualifying widow(er)</td>
<td>$10,600</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$4,450</td>
</tr>
<tr>
<td>Head of household</td>
<td>$7,400</td>
</tr>
</tbody>
</table>

Standard deduction worksheet for dependents—Line 21
Use this worksheet ONLY if someone can claim you (or your spouse if married filing jointly) as a dependent.

1. Add $250 to the amount from Form 1040A, line 7. Enter the total 1. $700.00
2. Minimum standard deduction 2. $8,050
3. Enter the larger of line 1 or line 2 3. $8,050
4. Enter the amount shown below for your filing status.
   ● Single—$4,300
   ● Married filing separately—$5,000
   ● Married filing jointly or qualifying widow(er)—$7,200
   ● Head of household—$6,300
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 1040A, line 21. Otherwise, go to line 5b. 5a. $7,200
   b. If 65 or older or blind, multiply the number on Form 1040A, line 20a, by: $1,050 if single or head of household; $850 if married filing jointly or separately; or qualifying widow(er) 5b. $8,050
   c. Add lines 5a and 5b. Enter the total here and on Form 1040A, line 21 5c.

Need more information or forms? See page 7.
Line 24
Taxable Income
If You Want, the IRS Will Figure Your Tax and Some of Your Credits.

Tax. If you have paid too much, we will send you a refund. If you did not pay enough, we will send you a bill. For details, including who is eligible and what to do, see Pub. 967.

Credit for the Elderly or the Disabled. If you can take this credit and you want us to figure it for you, see the instructions for Schedule 3.

Earned Income Credit (EIC). Follow the steps that begin on page 39 to see if you can take this credit and, if you can, what to do if you want us to figure it for you.

Line 25
Tax, Credits, and Payments

Tax
Find your tax in the Tax Table on pages 54–59. Also include in the total on line 25 any tax from the recapture of an education credit (see page 12). Enter the amount and “ECR” next to line 25.

Form 8615. If this return is for a child who was under age 14 on January 1, 2000, and the child had more than $1,400 of investment income, such as taxable interest or dividends, Form 8615 must be used to figure the tax. But if neither of the child’s parents was alive at the end of 1999, do not use Form 8615. Instead, use the Tax Table to figure the child’s tax.

Line 26
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. For details, see the instructions for Schedule 2.

Line 27
Credit for the Elderly or the Disabled
You may be able to take this credit if by the end of 1999 (1) you were age 65 or older, or (2) you retired on permanent and total disability and you had taxable disability income in 1999.

But you usually cannot take the credit if the amount on Form 1040A, line 19, is $17,500 or more ($20,000 if married filing jointly and only one spouse is eligible for the credit; $25,000 if married filing jointly and both spouses are eligible; $12,500 if married filing separately). See Schedule 3 and its instructions for details.
Line 28—Child Tax Credit

What Is the Child Tax Credit?
This credit is for people who have a qualifying child as defined in the instructions for line 6c, column (4), that begin on page 23. It is in addition to the credit for child and dependent care expenses on Form 1040A, line 26, and the earned income credit on Form 1040A, line 37a.

If you only have one or two qualifying children and the amount on Form 1040A, line 25, is zero, you cannot take this credit. You also cannot take the additional child tax credit on Form 1040A, line 38.

Four Steps To Take the Child Tax Credit!

Step 1. Make sure you have a qualifying child for the child tax credit. See the instructions for line 6c, column (4), that begin on page 23.

Step 2. Make sure you checked the box in column (4) of line 6c on Form 1040A for each qualifying child.

Step 3. If you are claiming an education credit (see the instructions for Form 1040A, line 29, on page 37), complete Form 8863 and enter that credit on line 29.

Step 4. Answer the questions on this page to see if you may use the worksheet on page 36 to figure your credit or if you must use Pub. 972, Child Tax Credit. If you need Pub. 972, see page 7.

Questions Who Must Use Pub. 972

1. Is the amount on Form 1040A, line 19, more than the amount shown below for your filing status?
   - Married filing jointly – $110,000
   - Single, head of household, or qualifying widow(er) – $75,000
   - Married filing separately – $55,000

   □ No. Continue □ Yes. You must use Pub. 972 to figure your credit instead of the worksheet on page 36.

2. Do you have three or more qualifying children for the child tax credit?

   □ No. Continue □ Yes. Use the worksheet on page 36 to figure your credit.

3. Are you claiming the adoption credit on Form 8839 (see the instructions for Form 1040A, line 30, on page 37)?

   □ No. Use the worksheet on page 36 to figure your child tax credit. □ Yes. You must use Pub. 972 to figure your child tax credit instead of the worksheet on page 36. You will also need Form 8839.

You Will Need: Form 1040A
Child Tax Credit Worksheet—Line 28

Keep for Your Records

Do not use this worksheet if you answered “Yes” to question 1 or 3 on page 35. Instead, use Pub. 972.

Before you begin: ✓ If you are claiming an education credit, be sure you have completed Form 8863.

1. Number of qualifying children: __________ × $500. Enter the result.

2. Enter the amount from Form 1040A, line 25.

3. Add the amounts from Form 1040A:
   Line 26
   Line 27 + 
   Line 29 + Enter the total

4. Are the amounts on lines 2 and 3 the same?
   □ Yes. You cannot take this credit because there is no tax to reduce. However, see the TIP below before completing the rest of your Form 1040A.
   □ No. Subtract line 3 from line 2.

5. Is the amount on line 1 more than the amount on line 4?
   □ Yes. Enter the amount from line 4. See the TIP below. This is your child tax credit.
   □ No. Enter the amount from line 1.

TIP
You may be able to take the additional child tax credit on Form 1040A, line 38, only if you answered “Yes” on line 4 or line 5 above AND the amount on line 1 is $1,500 or more.
• First, complete your Form 1040A through line 37b.
• Then, use Form 8812 to figure any additional child tax credit.

Need more information or forms? See page 7.
Line 29
Education Credits
If you (or your dependent) paid expenses in 1999 for yourself, your spouse, or your dependent to enroll in or attend the first 2 years of post-secondary education, you may be able to take the Hope credit. For qualified expenses paid in 1999, you may be able to take the lifetime learning credit. See Form 8863 for details. However, you cannot take either credit if:
- Your filing status is married filing separately, or
- You are claimed as a dependent on someone’s (such as your parent’s) 1999 tax return.

Line 30
Adoption Credit
You may be able to take this credit if you paid expenses after 1996 to adopt a child. See Form 8839 for details.

Line 33
Advance Earned Income Credit Payments
Enter the total amount of advance earned income credit (EIC) payments you received. These payments are shown in box 9 of your W-2 form(s).

Alternative Minimum Tax Worksheet
1. Enter the amount from Form 1040A, line 19, plus any tax-exempt interest from private activity bonds issued after August 7, 1986. \[\text{line 1}\]
2. Enter the amount shown below for your filing status:
   - Single or head of household—$33,750
   - Married filing jointly or qualifying widow(er)—$45,000
   - Married filing separately—$22,500 \[\text{line 2}\]
3. Is the amount on line 1 more than the amount on line 2?
   - No. \[\text{line 3}\]
   - Yes. Subtract line 2 from line 1 \[\text{line 4}\]
4. Is your filing status married filing separately?
   - No. Leave lines 5 and 6 blank; enter the amount from line 3 on line 7, and go to line 8.
   - Yes. Continue \[\text{line 5}\]
5. Is the amount on line 1 more than $75,000?
   - No. Enter -0- here and on line 6, and go to line 7.
   - Yes. Subtract $75,000 from the amount on line 1 \[\text{line 6}\]
6. Multiply line 5 by 25% (.25) \[\text{line 7}\]
7. Add lines 3 and 6 \[\text{line 8}\]
8. Multiply line 7 by 26% (.26) \[\text{line 9}\]
9. Enter the amount from Form 1040A, line 25 \[\text{line 10}\]
10. Alternative minimum tax. Is line 9 less than line 8?
    - No. Enter -0- here \[\text{line 11}\]
    - Yes. Subtract line 9 from line 8. Also include this amount in the total on Form 1040A, line 34. Enter “AMT” and show the amount in the space to the left of line 34 \[\text{line 12}\]
Line 35
Federal Income Tax Withheld
Add the amounts shown as Federal income tax withheld on your Forms W-2 and 1099-R. Enter the total on line 35. The amount of Federal income tax withheld should be shown in box 2 of Form W-2 and box 4 of Form 1099-R.

If you received a 1999 Form 1099 showing Federal income tax withheld on dividends, interest income, unemployment compensation, or social security benefits, include the amount withheld in the total on line 35. This should be shown in box 4 of the 1099 form or box 6 of Form SSA-1099. If Federal income tax was withheld from your Alaska Permanent Fund dividends, include the tax withheld in the total on line 35.

Line 36
1999 Estimated Tax Payments
Enter any payments you made on your estimated Federal income tax (Form 1040-ES) for 1999. Include any overpayment from your 1998 return that you applied to your 1999 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. See Pub. 505 for details on how to report 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 income tax return, add the amounts you each paid. Follow these instructions even if your spouse died in 1999 or in 2000 before filing a 1999 return. Also, see Pub. 505 if:

1. You were divorced in 1999 and you made joint estimated tax payments with your former spouse, or
2. You changed your name and you made estimated tax payments using your former name.

Need more information or forms? See page 7.
Lines 37a and 37b—Earned Income Credit (EIC)

What Is the EIC?
The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

To Take the EIC:
- Follow the steps below.
- Complete the worksheet that applies to you OR let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.

You Will Need:

1040A
W-2(s)

Step 1 All Filers

1. Is the amount on Form 1040A, line 19, less than $30,580 (or $10,200 if a child did not live with you in 1999)?
   - Yes. Continue
   - No. You cannot take the credit.

2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work (see page 42)?
   - Yes. Continue
   - No. You cannot take the credit.

3. Is your filing status married filing separately?
   - Yes. You cannot take the credit.
   - No. Continue

4. Were you a nonresident alien for any part of 1999?
   - Yes. See Nonresident Aliens on page 42.
   - No. Go to Step 2.

Step 2 Investment Income

1. Add the amounts from Form 1040A:
   - Line 8a
   - Line 8b
   - Line 9
   - Investment Income =

2. Is your investment income more than $2,350?
   - Yes. You cannot take the credit.
   - No. Go to Step 3.

Step 3 Who Must Use Pub. 596

Some people must use Pub. 596, Earned Income Credit, to see if they can take the credit and how to figure it. To see if you must use Pub. 596, answer the following questions.

1. Did you, or your spouse if filing a joint return, receive a distribution from a pension, annuity, or IRA that is not fully taxable?
   - Yes. You must use Pub. 596 to see if you can take the credit and how to figure it. To get Pub. 596, see page 7.
   - No. Continue

2. Does the amount on Form 1040A, line 34, include the alternative minimum tax?
   - Yes. You must use Pub. 596 to see if you can take the credit and how to figure it. To get Pub. 596, see page 7.
   - No. Continue

3. Did a child live with you in 1999?
   - Yes. Go to Step 4 on page 40.
   - No. Go to Step 5 on page 40.

(Continued on page 40)
**Step 4 Qualifying Child**

A qualifying child is a child who is your...

- Son
- Grandchild
- Daughter
- Stepchild
- Adopted child
- Foster child (see page 42)
- If the child was married, see page 42.

AND

was at the end of 1999...

- Under age 19
- OR
- Under age 24 and a student (see page 42)
- OR
- Any age and permanently and totally disabled (see page 42)

AND

who...

Lived with you in the United States for more than half of 1999 or, if a foster child, for all of 1999.

If the child did not live with you for the required time, see Exception to “Time Lived With You” Condition on page 42.

1. Look at the qualifying child conditions above. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 1999?

   - Yes. Continue
   - No. You cannot take the credit. Put “No” directly to the right of line 37a.

2. Do you have at least one child who meets the above conditions to be your qualifying child?

   - Yes. Continue
   - No. Skip the next question; go to Step 5, question 2.

3. Does the child meet the conditions to be a qualifying child of any other person (other than your spouse if filing a joint return) for 1999?

   - Yes. See Qualifying Child of More Than One Person on page 42.
   - No. This child is your qualifying child. The child must have a social security number as defined on page 42 unless the child was born and died in 1999. Skip Step 5; go to Step 6.

**Step 5 Filers Without a Qualifying Child**

1. Look at the qualifying child conditions in Step 4. Could you, or your spouse if filing a joint return, be a qualifying child of another person in 1999?

   - Yes. Continue
   - No. You cannot take the credit. Put “No” directly to the right of line 37a.

2. Can you, or your spouse if filing a joint return, be claimed as a dependent on someone else’s 1999 tax return?

   - Yes. You cannot take the credit.
   - No. Continue

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 1999?

   - Yes. You cannot take the credit. Put “No” directly to the right of line 37a.
   - No. Continue

4. Was your home, and your spouse’s if filing a joint return, in the United States for more than half of 1999? Members of the military stationed outside the United States, see page 42 before you answer.

   - Yes. Go to Step 6.
   - No. You cannot take the credit. Put “No” directly to the right of line 37a.

**Step 6 Modified Adjusted Gross Income**

1. Add the amounts from Form 1040A:
   - Line 8b
   - Line 19
   - Modified Adjusted Gross Income
   - Yes
   - No

2. If you have:
   - 2 or more qualifying children, is Box A less than $30,580?
   - 1 qualifying child, is Box A less than $26,928?
   - No qualifying children, is Box A less than $10,200?

   - Yes. Go to Step 7 on page 41.
   - No. You cannot take the credit.
Step 7  Nontaxable and Taxable Earned Income

1. Add all your nontaxable earned income, including your spouse’s if filing a joint return. This includes anything of value (money, goods, or services) that is not taxable that you received from your employer for your work. Types of nontaxable earned income are listed below:
   - Salary deferrals, such as a 401(k) plan or the Federal Thrift Savings Plan, shown in box 13 of your W-2 form. See page 42.
   - Salary reductions, such as under a cafeteria plan, unless they are included in box 1 of your W-2 form. See page 42.
   - Mandatory contributions to a state or local retirement plan.
   - Military employee basic housing, subsistence, and combat zone compensation. These amounts are shown in box 13 of your W-2 form with code Q.
   - Meals and lodging provided for the convenience of your employer.
   - Housing allowances or rental value of a parsonage for clergy members.
   - Excludable dependent care benefits from Schedule 2, line 18, employer-provided adoption benefits from Form 8839, line 30, and educational assistance benefits (these benefits may be shown in box 14 of your W-2 form).
   - Certain amounts received by Native Americans. See Pub. 596.

Note. Nontaxable earned income does not include welfare benefits or workfare payments (see page 42), or qualified foster care payments.

Nontaxable Earned Income = Box B

2. Figure taxable earned income:

   Form 1040A, line 7

   Subtract:
   - Any taxable scholarship or fellowship grant not reported on a W-2 form
   - Any amount paid to an inmate in a penal institution for work (put “PRI” and the amount subtracted in the space to the left of line 7 of Form 1040A)

Taxable Earned Income = Box C

Step 8  Total Earned Income

1. Nontaxable Earned Income (Step 7, Box B)  +

   Taxable Earned Income (Step 7, Box C)  =

   Total Earned Income =

2. If you have:
   - 2 or more qualifying children, is Box D less than $30,580?
   - 1 qualifying child, is Box D less than $26,928?
   - No qualifying children, is Box D less than $10,200?

   Yes. Go to Step 9.  No. Stop

You cannot take the credit. Put “No” directly to the right of line 37a.

Step 9  How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

   Yes. See Credit Figured by the IRS below.

   No. Go to the worksheet below.

Definitions and Special Rules

(A listed in alphabetical order)

Adopted Child. Any child placed with you by an authorized placement agency for legal adoption. The adoption does not have to be final.

Credit Figured by the IRS. To have the IRS figure the credit for you:

1. Put “EIC” directly to the right of line 37a of Form 1040A.
2. Be sure you entered the amount and the type of any nontaxable earned income (Step 7, Box B, on this page) on Form 1040A, line 37b.
3. If you have a qualifying child, complete and attach Schedule EIC. If your 1997 or 1998 EIC was reduced or disallowed, see Form 8862, Who Must File, on page 42.
Exception to “Time Lived With You” Condition. A child is considered to have lived with you for all of 1999 if the child was born or died in 1999 and your home was the child’s home for the entire time the child was alive in 1999. Temporary absences, such as for school, vacation, or medical care, count as time lived at home. If you were in the military stationed outside the United States, see Members of the Military below.

Form 8862, Who Must File. You must file Form 8862 if your 1997 or 1998 EIC was reduced or disallowed for any reason other than a math or clerical error. But do not file Form 8862 if, after your EIC was reduced or disallowed in an earlier year, you filed Form 8862 (or other documents) and your EIC was then allowed. Also do not file Form 8862 if the credit it was determined that your error was due to reckless or intentional disregard of the EIC rules or fraud.

Foster Child. 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.

Grandchild. Any descendant of your son, daughter, or adopted child. For example, a grandchild includes your great-grandchild, great-great-grandchild, etc.

Married Child. A child who was married at the end of 1999 is a qualifying child only if (1) you can claim him or her as your dependent on Form 1040A, line 6c, or (2) this child’s other parent claims him or her as a dependent under the rules on page 23 for Children of Divorced or Separated Parents.

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. Extended active duty is military duty ordered under an indefinite period or for a period of more than 90 days. Once you begin serving extended active duty, you are considered to be on extended active duty even if you serve fewer than 90 days.

Nonresident Aliens. If your filing status is married filing jointly, go to Step 2 on page 39. Otherwise, stop; you cannot take the EIC.

Permanently and Totally Disabled Child. A child who cannot engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition:

- Has lasted or can be expected to last continuously for at least a year;
- Can lead to death.

Qualifying Child of More Than One Person. If the child meets the conditions to be a qualifying child of more than one person, only the person who had the highest modified AGI (adjusted gross income) for the year may claim the child as a qualifying child. The other person(s) cannot take the EIC 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 does not apply. If you have the highest modified AGI, this child is your qualifying child. The child must have a social security number as defined on this page unless the child was born and died in 1999. Skip Step 5, go to Step 6 on page 40. If you do not have the highest modified AGI, stop; you cannot take the EIC. Put “No” directly to the right of line 37a.

Modified AGI is the total of the amounts on Form 1040A, lines 8b and 15, plus certain nontaxable distributions from a pension, annuity, or IRA. See Pub. 596 for details. If the other person filed Form 1040, see Pub. 596 to find out what is included in modified AGI.

Example. You and your 5-year-old daughter moved in with your mother in April 1999. 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 modified AGI for 1999 was $8,000 and your mother’s was $14,000. Because your mother’s modified AGI was higher, your daughter is your mother’s qualifying child. You cannot take any EIC, even if your mother does not claim the credit. You would put “No” directly to the right of line 37a.

Salary Deferrals. Contributions from your pay to certain retirement plans, such as a 401(k) plan or the Federal Thrift Savings Plan, shown in box 13 of your W-2 form. The “Deferred compensation” box in box 15 of your W-2 form should be checked.

Salary Reductions. Amounts you could have been paid but you chose instead to have your employer contribute to certain benefit plans, such as a cafeteria plan. A cafeteria plan is a plan that allows you to choose to receive either cash or certain benefits that are not taxed (such as accident and health insurance).

Social Security Number (SSN). For purposes of taking the EIC, an SSN is a number issued by the Social Security Administration to a U.S. citizen or to a person who has permission from the Immigration and Naturalization Service to work in the United States. It does not include an SSN issued only to allow a person to apply for or receive Federally funded benefits. If your social security card, or your spouse’s if filing a joint return, says “Not valid for employment,” you cannot take the EIC.

To find out how to get an SSN, see page 20. If you will not have an SSN by April 17, 2000, see What If You Cannot File on Time? on page 14.

Student. A child who during any 5 months of 1999:

- Was enrolled as a full-time student at a school, or  
- Took a full-time, on-farm training course 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, correspondence schools, or night schools.

Welfare Benefits, Effect of Credit on. Any refund you receive as a result of taking the EIC will not be used to determine if you are eligible for the following programs, or how much you can receive from them.

- Temporary Assistance for Needy Families (TANF),  
- Medicaid and supplemental security income (SSI),  
- Food stamps and low-income housing.

Workfare Payments. Cash payments certain people receive from a state or local agency that administers public assistance programs funded under the Federal Temporary Assistance for Needy Families (TANF) program in return for certain work activities such as:

- Work experience activities (including work associated with remodeling or repairing publicly assisted housing) if sufficient private sector employment is not available, or  
- Community service program activities.
### Earned Income Credit (EIC) Worksheet—Lines 37a and 37b

**Keep for Your Records**

#### Part 1

**All Filers**

1. Enter your total earned income from Step 8, Box D, on page 41.

2. Look up the amount on line 1 above in the EIC Table on pages 44–46 to find the credit. Enter the credit here.
   - If line 2 is zero, You cannot take the credit. Put “No” directly to the right of line 37a.

3. Enter your modified adjusted gross income from Step 6, Box A, on page 40.

4. Are the amounts on lines 3 and 1 the same?
   - Yes. Skip line 5; enter the amount from line 2 on line 6.
   - No. Go to line 5.

#### Part 2

**Filers Who Answered “No” on Line 4**

5. Is the amount on line 3 less than:
   - $5,700 if you do not have a qualifying child, OR
   - $12,500 if you have one or more qualifying children?
   - Yes. Leave line 5 blank; enter the amount from line 2 on line 6.
   - No. Look up the amount on line 3 in the EIC Table on pages 44–46 to find the credit. Enter the credit here.
     - Look at the amounts on lines 5 and 2.
     - Then, enter the SMALLER amount on line 6.

#### Part 3

**Your Earned Income Credit**

6. This is your earned income credit.

   **Reminder**—
   - Be sure you entered the amount and the type of any nontaxable earned income (Step 7, Box B, on page 41) on Form 1040A, line 37b.
   - If you have a qualifying child, complete and attach Schedule EIC.

   If your 1997 or 1998 EIC was reduced or disallowed, see page 42 to find out if you must file Form 8862 to take the credit for 1999.
### 1999 Earned Income Credit (EIC) Table

This is not a tax table.

1. To find your credit, read down the "At least — But less than" columns and find the line that includes the amount you were told to look up from your EIC Worksheet.

2. Then, read across the column that includes the number of qualifying children you have. Enter the credit from that column on your EIC Worksheet.

**Example.** If you have one qualifying child and the amount you are looking up from your EIC Worksheet is $4,675, you would enter $1,668.

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<th>AND you have —</th>
<th>Your credit is —</th>
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<td>6,000 to 6,500</td>
<td>Two or more</td>
<td>505</td>
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### Instructions for Form 1040A (VERSION C) 2

Page 44 of 68 of Instructions for Form 1040A (VERSION C)
### 1999 Earned Income Credit (EIC) Table

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<th>And you have—</th>
<th>If the amount you are looking up from the worksheet is:</th>
<th>And you have—</th>
<th>If the amount you are looking up from the worksheet is:</th>
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</table>

### Notes
- **Caution:** This is not a tax table.
- The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

- **Page 45 of 68 of Instructions for Form 1040A (VERSION C)**

- **Need more information or forms? See page 7.**
### 1999 Earned Income Credit (EIC) Table

**Caution:** This is not a tax table.

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<th>Amount you are looking up from the worksheet</th>
<th>Single</th>
<th>Head of household</th>
<th>Married filing jointly</th>
<th>Filing status other than head of household</th>
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*If the amount you are looking up from the worksheet is at least $29,000 but less than $32,000, your credit is $2. Otherwise, you cannot take the credit.

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**Need more information or forms? See page 7.**
### Line 38
**Additional Child Tax Credit**

**What Is the Additional Child Tax Credit?**

This credit is for certain people who have three or more qualifying children as defined in the instructions for line 6c, column (4), that begin on page 23. The additional child tax credit may give you a refund even if you do not owe any tax.

**Two Steps To Take the Additional Child Tax Credit!**

1. **Step 1.** Be sure you figured the amount, if any, of your child tax credit. See the instructions for Form 1040A, line 28, that begin on page 35.
2. **Step 2.** Read the TIP at the end of your Child Tax Credit Worksheet. Use Form 8812 to see if you can take the additional child tax credit only if you meet the two conditions given in that TIP.

### Line 39

Include in the total on line 39 any of the following that apply:

- **Amount Paid With Extension of Time To File.** If you either filed Form 4868 or used your credit card to get an automatic extension of time to file, include in the total on line 39 any amount you paid with that form or credit card. If you paid by credit card, do not include on line 39 the convenience fee you were charged. To the left of line 39, enter "Form 4868" and show the amount paid. Also, include any amount paid with Form 2688 if you filed for an additional extension.

**Excess Social Security and Railroad Retirement (RRTA) Taxes Withheld.** If you, or your spouse if filing a joint return, had more than one employer for 1999 and total wages of more than $72,600, too much social security tax may have been withheld. If you had more than one railroad employer for 1999 and your total compensation was over $53,700, too much RRTA tax may have been withheld. For more details, including how to figure the amount to include, see Pub. 505.

### Refund Line 40

**Amount Overpaid**

If line 40 is under $1, we will send the refund only if you request it when you file your return. If you want to check the status of your refund, please wait at least 4 weeks from the date you filed to do so. See page 9 for details.

**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 2000 on page 50.

**Refund Offset.** If you owe past-due Federal tax, state income tax, child support, spousal support, or certain Federal nontax debts, such as student loans, all or part of the overpayment on line 40 may be used (offset) to pay the past-due amount. Offsets for Federal taxes are made by the IRS. All other offsets are made by the Treasury Department’s Financial Management Service (FMS). You will receive a notice from FMS showing the amount of the offset and the agency receiving it. To find out if you may have an offset or if you have a question about it, contact the agency(ies) you owe the debt to.

**Injured Spouse Claim.** If you file a joint return and your spouse has not paid past-due Federal tax, state income tax, child support, spousal support, or a Federal nontax debt, such as a student loan, part or all of the overpayment on line 40 may be used (offset) to pay the past-due amount. But your part of the overpayment may be refunded to you after the offset occurs if certain conditions apply and you complete Form 8379, For details, use TeleTax topic 203 (see page 9) or see Form 8379.

### Lines 41b Through 41d

**Direct Deposit of Refund**

Complete lines 41b through 41d if you want us to directly deposit the amount shown on line 41a into your account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

**Why Use Direct Deposit?**

- You get your refund fast—even faster if you e-file!
- Payment is more secure—there is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

You can check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing number and account number.

**Line 41b.** The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check on page 48, the routing number is 250250025.

Your check may state that it is payable through a bank different from the financial institution at which you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

**Line 41d.** The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check on page 48, the account number is 20202086. Be sure not to include the check number.

Some financial institutions will not allow a joint refund to be deposited into an individual account. The IRS is not responsible if a financial institution refuses a direct deposit.

(Continued on page 48)
Do not use dashes or lines (for example, do not enter right side of the check like this: $XXX.XX).

To help us process your payment, enter the amount on the check. To pay by credit card, call 1-888-2PAY-TAX (1-888-272-9829) toll free and follow the instructions. A convenience fee will be charged by the credit card processor based on the amount you are paying. You will be told what the fee is when you call and you will have the option to either continue or cancel the call. You can also find out what the fee will be on the Internet at www.8882paytax.com. If you paid by credit card, enter the confirmation number you were given at the end of the call on page 1 of Form 1040A in the upper left corner.

Do not include any estimated tax payment in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

Note. The routing and account numbers may be in different places on your check.

**Line 42**

Amount Applied to 2000 Estimated Tax

Enter on line 42 the amount, if any, of the overpayment on line 40 you want applied to your estimated tax for 2000. We will apply this amount to your account unless you attach a statement requesting us to apply it to your spouse’s account. Include your spouse’s social security number. This election to apply part or all of the amount overpaid to your 2000 estimated tax cannot be changed later.

**Amount You Owe**

**Line 43**

Amount You Owe

TIP

You do not have to pay if line 43 is under $1.

Include any estimated tax penalty from line 44 in the amount you enter on line 43. You can pay by check, money order, or credit card (American Express®, Card, MasterCard®, or Discover® Card). To pay by check or money order, enclose in the envelope with your return a check or money order payable to the “United States Treasury” for the full amount when you file. Do not send cash. Do not attach the payment to your return. Write “1999 Form 1040A” and your name, address, daytime telephone number, and social security number (SSN) on your payment. If you are filing a joint return, enter the SSN shown first on your tax return.

To help us process your payment, enter the amount on the right side of the check like this: $XXX.XX. Do not use dashes or lines (for example, do not enter “SXXX...” or “SSXX X”).

To pay by credit card, call 1-888-2PAY-TAX (1-888-272-9829) toll free and follow the instructions. A convenience fee will be charged by the credit card processor based on the amount you are paying. You will be told what the fee is when you call and you will have the option to either continue or cancel the call. You can also find out what the fee will be on the Internet at www.8882paytax.com. If you paid by credit card, enter the confirmation number you were given at the end of the call on page 1 of Form 1040A in the upper left corner.

Do not include any estimated tax payment in your check, money order, or amount you charge. Instead, make the estimated tax payment separately.

You may need to (a) increase the amount of income tax withheld from your pay or (b) make estimated tax payments for 2000. See Income Tax Withholding and Estimated Tax Payments for 2000 on page 50.

**What if You Cannot Pay?**

If you cannot pay the full amount shown on line 43 when you file, you may ask to make monthly installment payments. You may have up to 60 months to pay. However, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 17, 2000, 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. 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 44**

Estimated Tax Penalty

You may owe this penalty if:

- Line 43 is at least $1,000 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.

The “tax shown on your return” is the amount on line 34 minus the total of any amounts shown on lines 37a and 38.

**Exceptions.** You will not owe the penalty if your 1998 tax return was for a tax year of 12 full months AND either of the following applies.

1. You had no tax liability for 1998 and you were a U.S. citizen or resident for all of 1998, or
2. The total of lines 35 and 36 on your 1999 return is at least as much as the tax liability shown on your 1998 return. Your estimated tax payments for 1999 must have been made on time and for the required amount.

If your 1999 filing status is married filing separately and your 1998 adjusted gross income was over $75,000, item 2 above may not apply. For details, see Form 2210 and its instructions.

**Figuring the Penalty.** If the Exceptions above do not apply and you choose to figure the penalty yourself, see Form 2210 to find out 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. Enter the penalty on Form 1040A, line 44. Add the penalty to any tax due and enter the total on line 43. If you are due a refund, subtract the penalty from the overpayment you show on line 40. Do not file Form 2210 with your return unless Form 2210 indicates that you must do so. Instead, keep it for your records.

(Continued on page 49)
Because Form 2210 is complicated, if you want to, you can leave line 44 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 1040A 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 are filing a joint return as a surviving spouse, see What if a Taxpayer Died? on page 14. Child’s Return. If your child cannot sign the return, either parent can sign the child’s name in the space provided. Then, add “By (your signature), parent for minor child.”

Daytime Telephone Number. Although providing your daytime telephone number is optional, doing so may help speed the processing of your return. We may have questions about items on your return, such as the earned income credit, credit for child and dependent care expenses, etc. By answering our questions over the telephone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you may enter either your or your spouse’s daytime telephone number.

Paid Preparer 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.

Attach Required Forms and Schedules
Attach the first copy or Copy B of Form(s) W-2 to the front of Form 1040A. Attach all other schedules and forms behind Form 1040A in order by number. If you are filing Schedule EIC, put it last. Do not attach items unless required to do so.

If you received a 1999 Form 1099-R showing Federal income tax withheld, also attach the first copy or Copy B of that form to the front of Form 1040A.

If you owe tax and are sending in your payment, do not attach it to Form 1040A. Instead, place it loose inside the envelope.

How To Avoid Common Mistakes
Mistakes may delay your refund or result in notices being sent to you.

1. Be sure to enter your social security number (SSN) in the space provided on page 1 of Form 1040A. If you are married filing a joint or separate return, also enter your spouse’s SSN. Be sure to enter your SSN in the space next to your name.
2. Make sure you entered the correct name and SSN for each person you claim as a dependent on line 6c. Also make sure you check the box in column (4) of line 6c for each dependent who is also a qualifying child for the child tax credit.
3. If you think you can take the earned income credit, read the instructions for lines 37a and 37b that begin on page 39 to make sure you qualify. If you do, make sure you enter your nontaxable earned income on line 37b. Also, enter on Schedule EIC the correct SSN for each person you claim as a qualifying child.
4. Check your math, especially when figuring your taxable social security benefits, deduction for exemptions, credits, taxable income, Federal income tax withheld, total payments, and refund or amount you owe.
5. Remember to sign and date Form 1040A and enter your occupation.
6. Enter the correct tax on line 25. Also, enter your total tax on line 34.
7. Make sure you use the correct filing status. If you think you can file as head of household, read the instructions for line 4 on page 21 to make sure you qualify.
8. Make sure your name and address are correct on the peel-off label. If not, enter the correct information.
9. If you are married filing jointly and did not get a peel-off label, enter your and your spouse’s name in the same order as shown on your last return.
10. Enter your standard deduction on line 21. Also, if you check any box on line 20a or you (or your spouse if filing jointly) can be claimed as a dependent on someone’s 1999 return, see page 33 to find the amount to enter on line 21.
11. Attach your W-2 form(s) and any other required forms and schedules.
12. If you owe tax and are paying by check or money order, be sure to include all the required information on your payment. See the instructions for line 43 on page 48 for details.

General Information

What Are Your 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, see Pub. 1.

Innocent Spouse Relief. You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, separated, or no longer living with your spouse, or (3) given all the facts and circumstances, it would not be fair to hold you liable for the tax. See Form 8857 or Pub. 971 for more details.

TIP

Need more information or forms? See page 7.
What Should You Do If YouMove? If you move after you file, always notify in writing the Internal Revenue Service Center where you filed your last return, or the Chief, Customer Service Division, at your local IRS district office. You can use Form SS2 to notify us of your new address.

How Long Should You Keep Your Tax Return? Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as W-2 and 1099 forms) 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. 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, see Pub. 552.

Income Tax Withholding and Estimated Tax Payments for 2000. If the amount you owe or the amount you overpaid is large, you may want to file a new Form W-4 with your employer to change the amount of income tax withheld from your 2000 pay. In general, you do not have to make estimated tax payments if you expect that your 2000 tax return will show a tax refund OR a tax balance due the IRS of less than $1,000. If your total estimated tax (including any alternative minimum tax) for 2000 is $1,000 or more, see Form 1040-ES. It has a worksheet you can use to see if you have to make estimated tax payments. See Pub. 505 for more details.

How Do You Amend Your Tax Return? File Form 1040X to change a return you already filed. 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. But you may have more time to file Form 1040X if you are physically or mentally unable to manage your financial affairs. See Pub. 556 for details.

How Do You 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, P.O. Box 2188, Parkersburg, WV 26106-2188. 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. See page 48 for details on how to pay any tax you owe.

If you itemize your deductions for 2000, you may be able to deduct this gift.

Do Both the Name and Social Security Number (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.

Other Ways To Get Help
Send Your Written Questions to the IRS. You may send your written tax questions to your IRS District Director. You should get an answer in about 30 days. If you do not have the address, call us. See page 11 for the number. Do not send questions with your return.

Assistance With Your Return. IRS offices can help you prepare your return. An assister will explain a Form 1040EZ, 1040A, or 1040 with Schedules A and B to you and other taxpayers in a group setting. You may also be able to file your return electronically by computer free of charge at some 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 11 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 11 for the number. If you received a Federal income tax package in the mail, take it with you when you go for help. Also take a copy of your 1998 tax return if you have it. Or to find the nearest AARP Tax-Aide site, visit AARP’s Internet Web Site at www.aarp.org/taxaide or call 1-877-227-7844.

On-Line Services. If you subscribe to an on-line service, ask about on-line filing or tax information.

Large-Print Forms and Instructions. Pub. 1615 has large-print copies of Form 1040A, Schedules 1, 2, 3, and EIC, and their instructions. You can use the large-print form and schedules as worksheets to figure your tax, but you cannot file on them. You can get Pub. 1615 by phone or mail. See pages 7 and 51.

Help for People With Disabilities. Telephone help is available using TTY/TDD equipment. See page 11 for the number. Braille materials are available at libraries that have special services for people with disabilities.
Order Blank for Forms and Publications

For faster ways of getting the items you need such as by computer or fax, see page 7.

How To Use the Order Blank

1. Cut the order blank on the dotted line and print or type your name and address accurately in the space provided below. An accurate address will ensure delivery of your order.

2. Circle the items you need. Use the blank spaces to order items not listed. If you need more space, attach a separate sheet of paper listing the additional items you need. To help reduce waste, order only the items you need to prepare your return. We will send you two copies of each form and one copy of each publication you circle.

3. Enclose the order blank in your own envelope and send it to the IRS address shown below that applies to you. Do not use the envelope we sent you in your tax package because this envelope may be used only for filing your income tax return. You should receive a response within 10 days after we receive your request.

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

Where To Mail Your Order Blank for Free Forms and Publications

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Order Blank

Name:

Number and street

City

State

Zip code

Foreign country

International postal code

Daytime telephone number (optional):

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The items in bold may be picked up at many IRS offices, post offices, and libraries. You may also download all these items from the Internet at www.irs.gov or place an electronic order for them.

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What Should You Know About the Disclosure, Privacy Act, and Paperwork Reduction Act Notice?

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction Act of 1980 require 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 authority to ask for information is Internal Revenue Code sections 6001, 6103, and 6103(e)(3) which require you to file a return or statement for any tax for which you are liable. Your response is mandatory under these sections. Code section 6103 requires that you provide your social security number or individual taxpayer identification 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. However, you do not have to check the boxes for the Presidential Election Campaign Fund or provide your daytime telephone number.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

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. If you do not file a return, do not give the information asked for, or give false 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 your tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Generally, tax returns and return information are confidential, as stated in Code section 6103. However, Code section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may also disclose your tax information to Committees of Congress; Federal, state, and local child support agencies; and to other Federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans.

Please keep this notice with your records. It may help you if we ask you for other information. If you have any 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. The time needed to complete and file the forms in the chart below will vary depending on individual circumstances.

The estimated average time for people with IRA distributions, pension income, social security benefits, etc., is: 

Preparing the form, 3 hr., 17 min.; Learning about the law or the form, 2 hr., 20 min.; Preparing the form, 3 hr., 15 min.; Copying, assembling, and sending the form to the IRS, 35 min.; Total, 8 hr., 25 min.

We Welcome Comments on Forms

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can e-mail us your suggestions and comments through the IRS Internet Home Page (www.irs.gov/help/email.html) or write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-6001.

DO NOT send your return to this address. Instead, see the back cover.

Estimated Preparation Time

The estimated average times are:

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<th>Preparing the form</th>
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<td>52 min.</td>
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<td>28 min.</td>
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<td>2 min.</td>
<td>14 min.</td>
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<td>36 min.</td>
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</tbody>
</table>
### 1999 Tax Table

For persons with taxable incomes of less than $50,000

Example, Mr. and Mrs. Green are filing a joint return. Their taxable income on line 24 of Form 1040A is $23,250. First, they find the $23,250-$23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income and filing status column meet is $3,491. This is the tax amount they should enter on line 25 of Form 1040A.

<table>
<thead>
<tr>
<th>If Form 1040A, line 24, is—</th>
<th>And you are—</th>
<th>If Form 1040A, line 24, is—</th>
<th>And you are—</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least But less than Single Married Filing jointly Married Filing separately Head of a household Head of a household</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Your tax is—</strong></td>
<td><strong>Your tax is—</strong></td>
<td><strong>Your tax is—</strong></td>
<td><strong>Your tax is—</strong></td>
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<td>$3,000 $3,000 $3,000 $3,000</td>
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*This column must also be used by a qualifying widow(er).*

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### 1999 Tax Table—Continued

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<th>If Form 1040A, line 24,---</th>
<th>And you are---</th>
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<td>Married filing separately</td>
<td>Head of a household</td>
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<td>Married filing separately</td>
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*This column must also be used by a qualifying widow(er).*

Continued on next page.
## 1999 Tax Table—Continued

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<th>If Form 1040A, line 24, ---</th>
<th>And you are ---</th>
<th>If Form 1040A, line 24, ---</th>
<th>And you are ---</th>
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</thead>
<tbody>
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<td>Single Married filing jointly</td>
<td>Married filing separately</td>
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*This column must also be used by a qualifier with dependent children. Continued on next page.*
### 1999 Tax Table—Continued

<table>
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<th>If Form 1040A, line 24, ls—</th>
<th>And you are—</th>
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<tbody>
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<td>Married filing separately</td>
<td>Head of household</td>
<td>Single Married filing jointly</td>
</tr>
<tr>
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<td><strong>But</strong></td>
<td><strong>than</strong></td>
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</tr>
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*This column must also be used by filing a qualified joint return.*

(Continued on next page)
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<th>And you are—</th>
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<td>Head of household</td>
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<td>8,927</td>
<td>7,155</td>
</tr>
<tr>
<td>41,900</td>
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<td>8,392</td>
<td>8,351</td>
<td>8,941</td>
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</tr>
<tr>
<td>41,950</td>
<td>42,000</td>
<td>8,406</td>
<td>8,364</td>
<td>8,955</td>
<td>7,165</td>
</tr>
</tbody>
</table>

1999 Tax Table—Continued

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

The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.
Instructions for Schedules to Form 1040A

Instructions for Schedule 1

Purpose of Schedule
You must file Schedule 1 if:
- You had over $400 of taxable interest (fill in Part I), or
- You received interest from a seller-financed mortgage and the buyer used the property as a personal residence (fill in Part I), or
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989 (fill in Part I), or
- You received interest as a nominee or a Form 1099-INT for tax-exempt interest (fill in Part I), or
- You had over $400 of ordinary dividends or you received ordinary dividends as a nominee (fill in Part II).

If you need more space to list your interest or dividends, attach separate statements that are the same size as Schedule 1. Use the same format as lines 1 and 5, but show your totals on Schedule 1. Be sure to put your name and social security number on the statements and attach them at the end of Form 1040A.

Part I

Interest

Line 1
Report on line 1 all of your taxable interest. Include interest from series EE and I U.S. savings bonds. List each payer’s name and show the amount.

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 the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer’s name, address, and social security number (SSN). You must also let the buyer know your SSN. If you do not show the buyer’s name, address, and SSN, or 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, enter “Nominee Distribution” and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.

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 1096 and a Form 1099-INT with the IRS. For more details, see the Instructions for Forms 1099, 1098, 5498, and W-2G.

Tax-Exempt Interest. If you received a Form 1099-INT for tax-exempt interest, follow the rules earlier under Nominees to see how to report the interest on Schedule 1. But identify the amount to be subtracted as “Tax-Exempt Interest.” Be sure to also include this tax-exempt interest on Form 1040A, line 8b.

Line 3
Did you cash series EE or I U.S. savings bonds in 1999 that were issued after 1989? If you did and you paid qualified higher education expenses in 1999 for yourself, your spouse, or your dependents, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

Part II

Ordinary Dividends

Line 5
Report on line 5 all of your ordinary dividends. List each payer’s name and show the amount.

Nominees. If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary 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 ordinary dividends listed on line 5. Below this subtotal, enter “Nominee Distribution” and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.

If you received ordinary 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 1096 and a Form 1099-DIV with the IRS. For more details, see the Instructions for Forms 1099, 1098, 5498, and W-2G.
Instructions for Schedule 2

Purpose of Schedule

If you paid someone to care for your child or other qualifying person so you (and your spouse if filing a joint return) could work or look for work in 1999, you may be able to take the credit for child and dependent care expenses. But you must have had earned income to do so. If you can take the credit, use Schedule 2 to figure the amount of your credit.

If you received any dependent care benefits for 1999, you MUST use Schedule 2 to figure the amount, if any, of the benefits you may exclude from your income on Form 1040A, line 7. You must complete Part III of Schedule 2 before you can figure the credit, if any, in Part II.

Definitions

Dependent Care Benefits. These include amounts your employer paid directly to either you or your care provider for the care of your qualifying person(s) while you worked. These benefits also include the fair market value of care in a day-care facility provided or sponsored by your employer. Your salary may have been reduced to pay for these benefits. If you received dependent care benefits, they should be shown in box 10 of your 1999 W-2 form(s).

Qualifying Person(s). A qualifying person is:

- Any child under age 13 whom you can claim as a dependent (but see Exception for children of divorced or separated parents below). If the child turned 13 during the year, the child is a qualifying person for the part of the year he or she was under age 13.
- Your disabled spouse who is not able to care for himself or herself.
- Any disabled person not able to care for himself or herself whom you can claim as a dependent (or could claim as a dependent except that the person had gross income of $2,750 or more). But if this person is your child, see Exception for children of divorced or separated parents below.

To find out who is a dependent, see the instructions for Form 1040A, line 6c, that begin on page 22.

To be a qualifying person, the person must have shared the same home with you in 1999.

Exception for children of divorced or separated parents. If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1999, you may be able to take the credit or the exclusion even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person only if all five of the following apply:

1. You had custody of the child for a longer time in 1999 than the other parent. See Pub. 501 for the definition of custody.
2. One or both of the parents provided over half of the child’s support in 1999.
3. One or both of the parents had custody of the child for more than half of 1999.
4. The child was under age 13 or was disabled and could not take care of himself or herself.
5. The other parent claims the child as a dependent under the rules for Children of Divorced or Separated Parents on page 23.

If this exception applies, the other parent cannot treat the child as a qualifying person even though the other parent claims the child as a dependent.

Qualified Expenses. These include amounts paid for household services and care of the qualifying person while you worked or looked for work. Child support payments are not qualified expenses. Also, expenses reimbursed by a state social service agency are not qualified expenses unless you included the reimbursement in your income.

Household services. These are services needed to care for the qualifying person as well as to run the home. They include, for example, the services of a cook, maid, babysitter, housekeeper, or cleaning person if the services were partly for the care of the qualifying person. Do not include services of a chauffeur or gardener.

You may also include your share of the employment taxes paid on wages for qualifying child and dependent care services.

Care of the qualifying person. Care includes the cost of services for the qualifying person’s well-being and protection. It does not include the cost of clothing or entertainment.

You may include the cost of care provided outside your home for your dependent under age 13 or any other qualifying person who regularly spends at least 8 hours a day in your home. If the care was provided by a dependent care center, the center must meet all applicable state and local regulations. A dependent care center is a place that provides care for more than six persons (other than persons who live there) and receives a fee, payment, or grant for providing services for any of those persons, even if the center is not run for profit.

You may include amounts paid for items other than the care of your child (such as food and schooling) only if the items are incidental to the care of the child and cannot be separated from the total cost. But do not include the cost of schooling for a child in the first grade or above. Also, do not include any expenses for sending your child to an overnight camp.

Medical expenses. Some disabled spouse and dependent care expenses may qualify as medical expenses if you itemize deductions. But you must use Form 1040. See Pub. 503 and Pub. 502 for details.

Earned Income. Earned income includes the following amounts:

- The amount shown on Form 1040A, line 7, minus any amount included for a scholarship or fellowship grant that was not reported to you on a W-2 form. For purposes of Part II of Schedule 2, earned income does not include any dependent care benefits shown on line 10 of Schedule 2.
- Certain nontaxable income such as meals and lodging provided for the convenience of your employer. See Pub. 503 for details. However, including this income will only give you a larger credit or exclusion if your (or your spouse’s) other earned income is less than...
the amount entered on Schedule 2, line 3 or line 14, whichever applies.

Special situations. If you are filing a joint return, disregarded community property laws. If your spouse died in 1999 and had no earned income, see Pub. 503. If your spouse was a student or disabled in 1999, see Pub. 503. If your spouse died in 1999 and had no earned income, see Pub. 503. If your spouse was a student or disabled in 1999, see Pub. 503.

Who May Take the Credit or Exclude Dependent Care Benefits?

You may take the credit or the exclusion if all six of the following apply:
1. Your filing status is single, head of household, qualifying widow(er) with dependent child, or married filing jointly. But see Married Persons Filing Separate Returns on this page.
2. The care was provided so you (and your spouse if you were married) could work or look for work. However, if you did not find a job and have no earned income for the year, you cannot take the credit or the exclusion. But if your spouse was a student or disabled, see the instructions for line 5 on page 63.
3. You (and your spouse if you were married) paid over half the cost of keeping up your home. Use TeleTax topic 602 (see page 9) or see Pub. 503 for an explanation of what costs are included.
4. You and the qualifying person(s) lived in the same home.
5. The person who provided the care was not your spouse or a person whom you can claim as a dependent. If your child provided the care, he or she must have been age 19 or older by the end of 1999.
6. You report the required information about the care provider on line 1 and, if taking the credit, the information about the qualifying person on line 2.

Married Persons Filing Separate Returns. If your filing status is married filing separately and all of the following apply, you are considered unmarried for purposes of figuring the credit and the exclusion on Schedule 2:
- You lived apart from your spouse during the last 6 months of 1999.
- The qualifying person lived in your home more than half of 1999, and
- You provided over half the cost of keeping up your home.

If you meet all the requirements to be treated as unmarried and meet items 2 through 6 listed above, you may take the credit or the exclusion. If you do not meet all the requirements to be treated as unmarried, you cannot take the credit. However, you may take the exclusion if you meet items 2 through 6.

Part I

Persons or Organizations Who Provided the Care

Line 1

Complete columns (a) through (d) for each person or organization that provided the care. You can use Form W-10 or any other source listed in its instructions to get the information from the care provider. If you do not give correct or complete information, your credit (and exclusion, if applicable) may be disallowed unless you can show you used due diligence in trying to get the required information.

Due Diligence. You can show a serious and earnest effort (due diligence) to get the information by keeping in your records a Form W-10 completed by the care provider. Or you may keep one of the other sources of information listed in the instructions for Form W-10. If the provider does not give you the information, complete the entries you can on line 1 of Schedule 2. For example, enter the provider’s name and address. Enter “See Page 2” in the columns for which you do not have the information. Then, on the bottom of page 2, explain that the provider did not give you the information you asked for.

Columns (a) and (b). Enter the care provider’s name and address. If you were covered by your employer’s dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer’s name in column (a). Next, enter “See W-2” in column (b). Then, leave columns (c) and (d) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (d).

Column (c), If the care provider is an individual, enter his or her social security number (SSN). Otherwise, enter the provider’s employer identification number (EIN). If the provider is a tax-exempt organization, enter “Tax-Exempt.”

Column (d). Enter the total amount you actually paid in 1999 to the care provider. Also, include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Part II

Credit for Child and Dependent Care Expenses

Line 2

Complete columns (a) through (e) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information. Be sure to put your name and social security number (SSN) on the statement. Also, enter “See Attached” on the line next to line 3.

Column (a). Enter each qualifying person’s name.

Column (b). You must enter the qualifying person’s SSN unless he or she was born and died in 1999. If you do not enter the correct SSN, at the time we process your return, we may reduce or disallow your credit. If the person was born and died in 1999 and did not have an SSN, enter “Died” in column (b) and attach a copy of the person’s birth certificate. To find out how to get an SSN, see Social Security Number (SSN) on page 20.
Column (c). Enter the qualified expenses you incurred and paid in 1999 for the person listed in column (a).

Do not include in column (c) qualified expenses—

● You incurred in 1999 but did not pay until 2000. You may be able to use these expenses to increase your 2000 credit.

● You incurred in 1998 but did not pay until 1999. Instead, see Credit for Prior Year’s Expenses below.

● You prepaid in 1999 for care to be provided in 2000. These expenses may only be used to figure your 2000 credit.

Line 5

Spouse Who Was a Student or Disabled. Your spouse was a student if he or she was enrolled as a full-time student at a school during any 5 months of 1999. A school does not include a night school or correspondence school. Your spouse was disabled if he or she was not capable of self-care. Figure your spouse’s earned income on a monthly basis.

For each month or part of a month your spouse was a student or disabled, he or she is considered to have worked and earned income. His or her earned income for each month is considered to be at least $200 ($400 if more than one qualifying person was cared for in 1999). If your spouse also worked during that month, use the higher of $200 (or $400) or his or her actual earned income for that month. If, in the same month, both you and your spouse were either students or disabled, only one of you can be treated as having earned income in that month.

For any month that your spouse was not a student or disabled, use your spouse’s actual earned income if he or she worked during the month.

Line 9

Do you have qualified expenses for 1998 that you did not pay until 1999?

□ Yes. See Credit for Prior Year’s Expenses next.

□ No. See Credit Limit on this page.

Credit for Prior Year’s Expenses. If you had qualified expenses for 1998 that you did not pay until 1999, you may be able to increase the amount of credit you can take in 1999. For details, see Amount of Credit in Pub. 503. If you can take a credit for your 1998 expenses, enter the amount of the credit and “PYE” next to line 9. Also, enter the name and social security number of the person for whom you paid the prior year’s expenses next to this amount. Then, add the credit to the amount on line 9 and replace the amount on line 9 with that total. Also, attach a statement showing how you figured the credit. See Credit Limit next.

Credit Limit. Is the amount on line 9 more than the amount on Form 1040A, line 25?

□ No. Your credit is not limited. Enter on Form 1040A, line 26, the amount from Schedule 2, line 9.

□ Yes. Your credit is limited. Enter on Form 1040A, line 26, the amount from Form 1040A, line 25. Also, replace the amount on Schedule 2, line 9, with the amount from Form 1040A, line 25.

Part III

Dependent Care Benefits

Line 11

If you had a flexible spending account, any amount included on line 10 that you did not receive because you did not incur the expense is considered forfeited. Enter the forfeited amount on line 11. Do not include amounts you expect to receive at a future date.

Example. Under your employer’s dependent care plan, you chose to have your employer set aside $5,000 to cover your 1999 dependent care expenses. The $5,000 is shown in box 10 of your W-2 form. In 1999, you incurred and were reimbursed for $4,950 of qualified expenses. You would enter $5,000 on line 10 and $50, the amount forfeited, on line 11.

Line 13

Enter the total of all qualified expenses incurred in 1999 for the care of your qualifying person(s). It does not matter when the expenses were paid.

Example. You received $2,000 in cash under your employer’s dependent care plan for 1999. The $2,000 is shown in box 10 of your W-2 form. Only $900 of qualified expenses were incurred in 1999 for the care of your 5-year-old dependent child. You would enter $2,000 on line 10 and $900 on line 13.

Line 16

If your filing status is married filing separately, see Married Persons Filing Separate Returns on page 62. Are you considered unmarried under that rule?

□ Yes. Enter your earned income (from line 15) on line 16. On line 18, enter the smaller of the amount from line 17 or $5,000.

□ No. Enter your spouse’s earned income on line 16. If your spouse was a student or disabled in 1999, see the instructions for line 5. On line 18, enter the smaller of the amount from line 17 or $5,000.
Major Categories of Federal Income and Outlays for Fiscal Year 1998

On or before the first Monday in February of each year, the President is required to submit to the Congress a budget proposal for the fiscal year that begins the following October. The budget sets forth the President’s proposed receipts, spending, and deficit or surplus for the Federal Government. The plan includes recommendations for new legislation as well as recommendations to change, eliminate, and add programs. After receiving the President’s proposal, the Congress reviews it and makes changes. It first passes a budget resolution setting its own targets for receipts, outlays, and deficit or surplus. Individual spending and revenue bills are then enacted consistent with the goals of the budget resolution.

In fiscal year 1998 (which began on October 1, 1997, and ended on September 30, 1998), Federal income was $1,722 billion and outlays were $1,653 billion, leaving a surplus of $69 billion.

Federal Income
Income and social insurance taxes are, by far, the largest source of receipts. In 1998, individuals paid $820 billion in income taxes and corporations paid $189 billion. Social security and other insurance and retirement contributions were $372 billion. Excise taxes were $58 billion. The remaining $75 billion of receipts were from Federal Reserve deposits, customs duties, estate and gift taxes, and other miscellaneous receipts.

Federal Outlays
All outlays were financed by tax receipts. Government receipts finance a wide range of public services. The following is the breakdown of total outlays for fiscal year 1998:

1. Social security, Medicare, and other retirement: $650 billion. These programs were about 37% of total outlays. They provide income support for the retired and disabled and medical care for the elderly.
2. National defense, veterans, and foreign affairs: $323 billion. About 15% of total outlays were to equip, modernize, and pay our armed forces and to fund other national defense activities, about 1% 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: $243 billion. About 14% of total outlays were for net interest payments on the debt held by the public.
4. Physical, human, and community development: $144 billion. About 8% of total outlays were for public housing, special education, and schools; for agriculture; natural resources and environmental 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: $505 billion. The Federal Government spent about 12% of total outlays to fund Medicare, food stamps, temporary assistance to needy families, supplemental security income, and related programs. About 6% was spent for health research and public health programs, unemployment compensation, assisted housing, and social services.
6. Law enforcement and general government: $36 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.
7. Surplus to pay down the debt: The $69 billion surplus, about 4% of Federal income, was used to pay down the debt held by the public.

Note: Detail may not add to totals due to rounding.

Income and Outlays. These pie charts show the relative sizes of the major categories of Federal income and outlays for fiscal year 1998.

Dollar figures are in billions of dollars.