



# 1991

## Instructions for Schedule 3 (Form 1040A)

### Credit for the Elderly or the Disabled for Form 1040A Filers

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**Purpose of  
schedule**

Use Schedule 3 to figure the credit for the elderly or the disabled.

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**Who can take  
the credit**

Some people age 65 or older and certain disabled people may take this credit and pay less tax. The credit is based on your filing status, age, and income. If you are married filing a joint return, it is also based on your spouse's age and income.

You may be able to take the credit for 1991 if **either** of the following applies:

- You were **age 65 or older** at the end of 1991, OR
- You were **under age 65** at the end of 1991 and you meet **all three** of the following:
  1. You were **permanently and totally** disabled on the date you retired; or if you retired before January 1, 1977, you were permanently and totally disabled on January 1, 1976, or January 1, 1977; and
  2. You received taxable disability income for 1991; and
  3. On January 1, 1991, you had not reached mandatory retirement age (the age when your employer's retirement program would have required you to retire).

For the definition of permanent and total disability, see **What is permanent and total disability?** on page 2. Also, see the instructions for Part II.

**Married persons.** If you were married at the end of 1991, generally you must file a joint return to take the credit. However, if your filing status on Form 1040A is married filing a separate return, you may take the credit only if you lived apart from your spouse **ALL** year.

**Income limits.** Generally, you cannot take the credit if your income is equal to or more than a certain dollar amount. See the chart on page 2 for details.

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**Income Limits for Credit for the Elderly or the Disabled**

<b>If you are:</b>	<b>You generally cannot take the credit if:</b>
Single, Head of household, or Qualifying widow(er)	The amount on Form 1040A, line 17, is \$17,500 or more; or you received \$5,000 or more of nontaxable social security or other nontaxable pensions
Married filing a joint return and only one spouse is eligible for the credit	The amount on Form 1040A, line 17, is \$20,000 or more; or you received \$5,000 or more of nontaxable social security or other nontaxable pensions
Married filing a joint return and both spouses are eligible for the credit	The amount on Form 1040A, line 17, is \$25,000 or more; or you received \$7,500 or more of nontaxable social security or other nontaxable pensions
Married filing a separate return and you did not live with your spouse all year	The amount on Form 1040A, line 17, is \$12,500 or more; or you received \$3,750 or more of nontaxable social security or other nontaxable pensions

**What is permanent and total disability?** If you were under age 65 at the end of 1991, you must be permanently and totally disabled to take the credit. A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and
2. A physician determines that the condition—
  - has lasted or can be expected to last continuously for at least a year, or
  - can lead to death.

Examples 1 and 2 below show situations in which the individuals are considered engaged in a substantial gainful activity.

**Note:** *In each example, the person was under age 65 at the end of the year.*

**Example 1.** Sue retired on disability as a sales clerk. She now works as a full-time babysitter at the minimum wage. Although she does different work, Sue babysits on ordinary terms for the minimum wage. She cannot take the credit.

**Example 2.** Mary, the president of XYZ Corporation, retired on disability because of her terminal illness. On her doctor's advice, she works part-time as a manager and is paid more than the minimum wage. Her employer sets her days and hours. Although Mary's illness is terminal and she works part-time, the work is done at her employer's convenience. Mary is considered engaged in a substantial gainful activity and cannot take the credit.

Example 3 shows a person who might not be considered engaged in a substantial gainful activity.

**Example 3.** John, who retired on disability, took a job with a former employer on a trial basis. The purpose of the job was to see if John could do the work. The trial period lasted for some time during which John was paid at a rate equal to the minimum wage. However, because of John's disability, only light duties of a nonproductive, make-work nature were given him. Unless the activity is both

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substantial and gainful, John is not engaged in a substantial gainful activity. The activity was gainful because John was paid at a rate at or above the minimum wage. However, the activity was not substantial because the duties were of a nonproductive, make-work nature. These facts do not, by themselves, establish John's ability to engage in a substantial gainful activity.

**Disability income.** Generally, disability income is the total amount you were paid under your employer's accident and health plan or pension plan that is included in your income as wages or payments in lieu of wages for the time you were absent from work because of permanent and total disability. However, any payment you received from a plan that does not provide for disability retirement is not disability income. In figuring the credit, disability income **does not** include any amount you received from your employer's pension plan after you have reached mandatory retirement age. For more details on disability income, get Pub. 525.

**Additional information.** Get Pub. 524 for more details about the credit.

### How to figure the credit

If you want us to, in most cases we will figure the credit for you. For more details, see the Form 1040A instructions on page 39.

If you figure the credit yourself, first fill out Form 1040A through line 24a. Then read the following instructions.

### Part I

#### Filing status and age

Check the box for your filing status and age. Check only one box. In general, the largest amount you can use to figure the credit is based on your filing status and age and, if you are married and file a joint return, on your spouse's age.

### Part II

#### Statement of permanent and total disability

If you checked Box 2, 4, 5, 6, or 9 in Part I and you did not file a physician's statement for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed on line A of the statement, you must have your physician complete a statement certifying that:

- You were permanently and totally disabled on the date you retired, or
- If you retired before January 1, 1977, you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

You must attach this statement to Form 1040A. You can use the physician's statement in Part II for this purpose. The physician should show on the statement whether the disability has lasted or can be expected to last continuously for at least a year, or whether there is no reasonable probability that the disabled condition will ever improve. If you file a joint return and you checked Box 5 in Part I, you and your spouse must each file a statement. If both you and your spouse use the statement in Part II, attach a separate Schedule 3 for your spouse with only Part II filled out. Keep copies of these statements with your tax records.

If you filed a physician's statement for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed on line B of the statement, you do not have to attach another statement for 1991. But, you must check the box on line 2 in Part II to certify **all three** of the following:

1. You filed a physician's statement in an earlier year,
2. You were permanently and totally disabled during 1991, and
3. You were unable to engage in any substantial gainful activity during 1991 because of your physical or mental condition.

If you checked Box 4, 5, or 6 in Part I, write in the space above the box on line 2 in Part II the first name(s) of the spouse(s) for whom the box is checked.

If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can file **VA Form 21-0172** instead of the physician's statement. VA Form 21-0172 must be signed by a person authorized by the VA to do so. You can get VA Form 21-0172 from your local VA regional office.

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**Part III**            **Line 11** If you checked Box 2, 4, 5, 6, or 9 in Part I, complete line 11 as follows:

Figure your credit

- If you checked Box 6, add \$5,000 to the disability income you reported on Form 1040A for the spouse who was under 65. Enter the total on line 11.
- If you checked Box 2, 4, or 9, enter on line 11 the total amount of disability income that you reported on Form 1040A.
- If you checked Box 5, enter on line 11 the total amount of disability income for both you and your spouse that you reported on Form 1040A.

**Example 1.** Bill, age 63, retired on permanent and total disability in 1991. He received \$4,000 of taxable disability income that he reported on Form 1040A, line 7. He filed a joint return with his wife who was age 67 in 1991. On line 11, Bill enters \$9,000 (\$5,000 plus the \$4,000 of disability income he reported on Form 1040A).

**Example 2.** John checked Box 2 in Part I and enters \$5,000 on line 10. He received \$3,000 of taxable disability income, which he enters on line 11. John also enters \$3,000 on line 12 (the smaller of line 10 or line 11). The largest amount he can use to figure the credit is \$3,000.

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**Lines 13a—18** The amount on which you figure your credit may be reduced if you received certain types of nontaxable pensions and annuities, or if your adjusted gross income on Form 1040A, line 17, is more than a certain amount, depending on which box you checked in Part I. Complete lines 13a through 18 as applicable.

On line 13a, enter any social security benefits (before deduction of Medicare premiums) you (and your spouse if you file a joint return) received for 1991 that are not taxable. Also, enter any tier 1 railroad retirement benefits treated as social security that are not taxable.

If any of your social security or equivalent railroad retirement benefits are taxable, the amount to enter on this line is generally the difference between line 13a and line 13b of Form 1040A.

**Note:** *If your social security or equivalent railroad retirement benefits are reduced because of workers' compensation benefits, the workers' compensation benefits are treated as social security benefits when completing line 13a of Schedule 3.*

On line 13b, enter any of the following amounts of income that you (and your spouse if you file a joint return) received for 1991:

- Veterans' pensions (but not military disability pensions).
- Any other pension, annuity, or disability benefit that is excluded from income under any provision of Federal law other than the Internal Revenue Code. (Do not include amounts that are treated as a return of your cost of a pension or annuity.)

Do not include on line 13b any pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under section 808 of the Foreign Service Act of 1980.

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