Department of the Treasury
Internal Revenue Service

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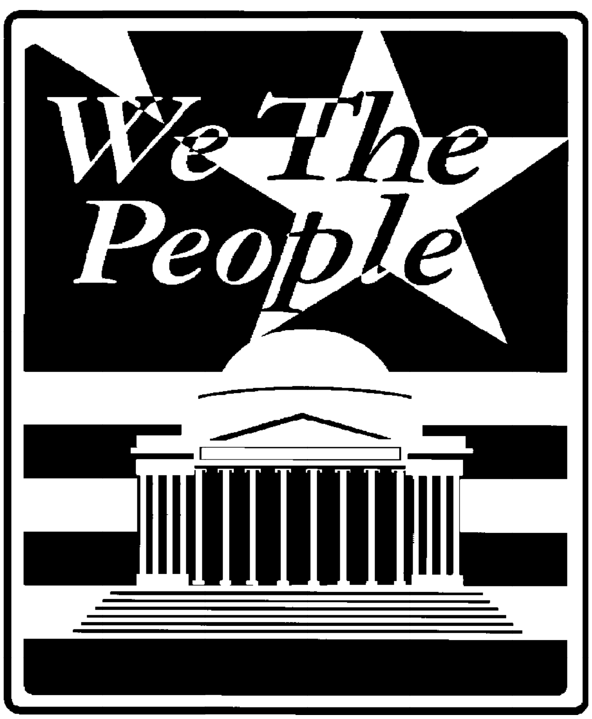
Credit for the Elderly or the Disabled

For use in preparing

1994 Returns



Introduction

This publication explains who qualifies for the credit for the elderly or the disabled and how to figure this credit. The maximum credit available is $1,125. You may be able to claim this credit if you are 65 or older, or if you retired on permanent and total disability.

Ordering publications and forms. To order free publications and forms, call our toll-free telephone number 1–800–TAX–FORM (1–800–829–3676). If you have access to TDD equipment, you can call 1–800–829–4059. See your tax package for the hours of operation. You can also write to the IRS Forms Distribution Center nearest you. Check your income tax package for the address.

Asking tax questions. You can call the IRS with your tax question Monday through Friday during regular business hours. Check your telephone book or your tax package for the local number or you can call toll-free 1–800–829–1040 (1–800–829–4059 for TDD users).

Can You Take the Credit?

You can take the credit for the elderly or the disabled if you are a qualified individual and if your income is not more than certain limits. **Figures A and B** can be used as guides to see if you qualify.

Read **Figure A** first to see if you are a qualified individual. If you are, go to **Figure B** to make sure your income is not too high. If your income is too high, you cannot take the credit. If it is not too high, you will qualify for the credit and this publication will help you figure the correct amount.

You can only claim the credit if you file Form 1040 or Form 1040A. You cannot claim the credit if you file Form 1040EZ. You figure the credit on Schedule R (Form 1040), *Credit for the Elderly or the Disabled,* or on Schedule 3 (Form 1040A), *Credit for the Elderly or the Disabled for Form 1040A Filers.*

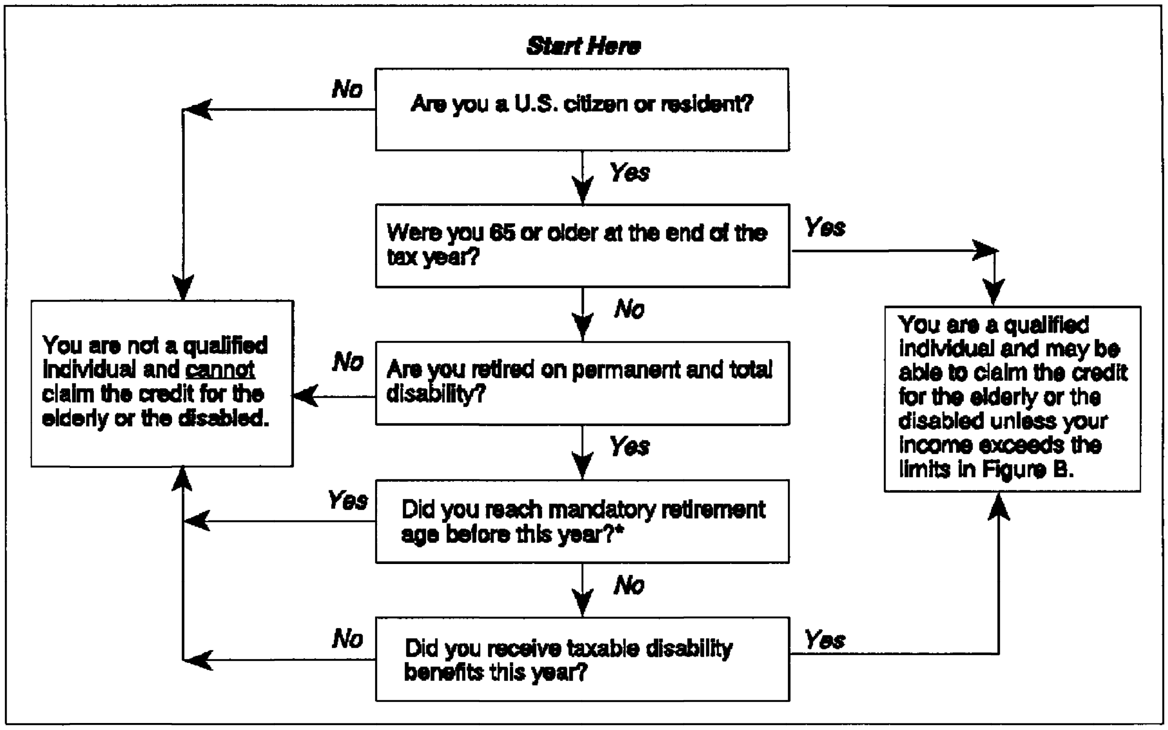
If you want, the IRS will figure the credit for you. See *Credit Figured for You,* later.

Qualified Individual

You are a qualified individual for this credit if you are a U.S. citizen or resident and:

1) You are age 65 or older by the end of the tax year, or
2) You are under age 65 at the end of the tax year, and
   a) You are retired on permanent and total disability,
   b) You did not reach mandatory retirement age before 1994, and
   c) You received taxable disability benefits in 1994.

Figure A. Are You a Qualified Individual?



* Mandatory retirement is the age set by your employer at which you would have been required to retire, had you not become disabled.

Figure B. Income Limits

If your income is more than the limits in this Figure, you cannot claim the credit.	
If you are:	**You cannot take the credit if the amount from Form 1040A, line 17 or Form 1040, line 32 is:**
Single, Head of household, or Qualifying widow(er) with dependent child	$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 qualifies in Figure A	$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 qualify in Figure A	$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	$12,500 or more, or you received $3,750 or more of nontaxable social security or other nontaxable pensions

Age 65. You are considered 65 on the day before your 65th birthday. Therefore, you are 65 by the end of 1994 if your 65th birthday is on January 1, 1995.

U.S. citizen or resident. You must be a U.S. citizen or resident to claim the credit. Generally, you may not claim the credit if you were a nonresident alien at any time during the tax year. However, if you are a nonresident alien who is married to a U.S. citizen or resident at the end of the tax year and you both choose to be treated as U.S. residents and be taxed on your worldwide income, you may be able to claim the credit.

Also, if you were a nonresident alien at the beginning of the year and a resident at the end of the year, and you were married to a U.S. citizen or resident at the end of the year, you may both choose to be treated as U.S. residents for the entire year and thus be allowed to claim the credit. For information on these choices, see Chapter 1 of Publication 519, *U.S. Tax Guide for Aliens*.

Married persons. Generally, if you are married at the end of the tax year, you and your spouse must file a joint return to claim the credit. If you and your spouse did not live in the same household at any time during the tax year, you may file either joint or separate returns and still take the credit.

If you meet all the following tests, you can file as head of household and qualify to claim the credit for the elderly or the disabled, even if your spouse lived with you during the first 6 months of the year. That is, you will not be considered married, for tax purposes, if:

1) You file a separate return,
2) You paid more than half the cost of keeping up your home during the tax year,
3) Your spouse did not live in your home at any time during the last 6 months of the tax year,
4) Your home was, for more than half of the tax year, the main home of your child (including a stepchild, adopted child, or foster child),
5) You claimed or could have claimed that child as a dependent, or you did not claim that child only because:
    a) You allowed your spouse (the noncustodial parent) to claim the child as a dependent by your written declaration (Form 8332, *Release of Claim to Exemption for Child of Divorced or Separated Parents,* may be used for making the declaration), or
    b) Your spouse (the noncustodial parent) provided at least $600 for the child's support and is entitled to claim the child as a dependent because of a qualified pre–1985 agreement.

Qualified Individual Under Age 65

If you are under age 65, you may qualify for the credit only if you are retired on permanent and total disability. You are retired on permanent and total disability if:

1) You were permanently and totally disabled when you retired, and
2) You retired on disability before the close of the tax year.

If you retired on disability before 1977, and were not permanently and totally disabled at that time, you can qualify for the credit if you were permanently and totally disabled on January 1, 1976, or January 1, 1977.

You are considered retired on disability, even if you do not retire formally, when you have stopped working because of your disability.

Permanent and total disability. You are permanently and totally disabled if you cannot engage in any substantial gainful activity because of your physical or mental condition. A physician must certify that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to result in death. See *Physician's statement,* later.

Substantial gainful activity. Substantial gainful activity is the performance of significant duties over a reasonable period of time while working for pay or profit, or in work generally done for pay or profit. Full-time work (or part-time work done at your employer's convenience) in a competitive work situation for at least the minimum wage conclusively shows that you are able to engage in substantial gainful activity. The minimum wage is $4.25 an hour.

Substantial gainful activity is not work you do to take care of yourself or your home. It is not unpaid work on hobbies, institutional therapy or training, school attendance, clubs, social programs, and similar activities. However, the kind of work you do may show that you are able to engage in substantial gainful activity. The fact that you have not worked for some time is not, of itself, conclusive evidence that you cannot engage in substantial gainful activity. The following examples illustrate the tests of substantial gainful activity.

Example 1. Trisha, a sales clerk, retired on disability. She is 53 years old and now works as a full-time babysitter for the minimum wage. Even though Trisha is doing different work, she is able to do the duties of her new job in a full-time competitive work situation for the minimum wage. She is able to engage in substantial gainful activity and, therefore, cannot take the credit.

Example 2. Tom, a bookkeeper, retired on disability. He is 59 years old and now drives a truck for a charitable organization. He sets his own hours and is not paid. Duties of this nature generally are performed for pay or profit. Some weeks he works 10 hours, and some weeks he works 40 hours. Over the year he averages 20 hours a week. The kind of work and his average hours a week conclusively show that Tom is able to engage in substantial gainful activity. This is true even though Tom is not paid and he sets his own hours. He cannot take the credit.

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 6 months during which John was paid the minimum wage. Because of John's disability, he was assigned only light duties of a nonproductive ''make-work'' nature. The activity was gainful because John was paid at least the minimum wage. But the activity was not substantial because his duties were nonproductive. These facts do not, by themselves, show that John is able to engage in substantial gainful activity.

Example 4. Joan, who retired on disability from employment as a bookkeeper, lives with her sister who manages several motel units. Joan assists her sister for 1 or 2 hours a day by performing duties such as washing dishes, answering phones, registering guests, and bookkeeping. Joan can select the time of day when she feels most fit to perform the tasks undertaken. Work of this nature, performed off and on during the day at Joan's convenience, is not activity of a ''substantial and gainful'' nature even if she is paid for the work. The performance of these duties does not, of itself, show that Joan is able to engage in substantial gainful activity.

Sheltered employment. Certain work offered at qualified locations to physically or mentally impaired persons is considered sheltered employment. These locations are in sheltered workshops, hospitals and similar institutions, homebound programs, and Department of Veterans Affairs (VA) sponsored homes. Compared to commercial employment, pay is lower for sheltered employment. Therefore, one usually does not look for sheltered employment if he or she can get other employment. The fact that one has accepted sheltered employment is not proof of the person's ability to engage in substantial gainful activity.

Physician's statement. If you are under 65, you must have your physician complete a statement certifying that you are permanently and totally disabled. Attach the statement to your return. You may use the physician's statement in Part II of either Schedule R (Form 1040) or Schedule 3 (Form 1040A). However, check the box on line 2 and do not attach a physician's statement if:

1) You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**
2) Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1994.

If you have not filed a physician's statement in a previous year, or if the statement you filed did not meet these conditions, your doctor must complete the statement.

Veterans. If the Department of Veterans Affairs (VA) certifies that you are permanently and totally disabled, you can file VA Form 21–0172, *Certification of Permanent Total Disability,* 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 this form from your local VA regional office.

Disability income. If you are under age 65, you may qualify for the credit only if you have disability income. Disability income must meet the following two requirements:

1) The income must be paid under your employer's accident or health plan or pension plan.
2) The income must be wages or payments in lieu of wages for the time you are absent from work because of permanent and total disability.

Any payment you receive from a plan that does not provide for disability retirement is not disability income. Any lump-sum payment for accrued annual leave that you receive when you retire on disability is a salary payment and is not disability income.

For purposes of the credit for the elderly or the disabled, disability income does **not** include amounts you receive after you reach mandatory retirement age. Mandatory retirement age is the age set by your employer at which you would have been required to retire, had you not become disabled.

Reporting your disability income. For purposes of reporting your disability income, disability payments are taxable as wages only until you reach minimum retirement age. After you reach the minimum retirement age set by your employer, disability income is taxable as a pension. Minimum retirement age is generally the earliest age at which you may receive a pension whether or not you are disabled. Minimum retirement age does not affect the treatment of disability income for the credit for the elderly or the disabled. For more information on reporting your disability income, see Publication 525, *Taxable and Nontaxable Income*.

Income Limits

If your income is more than certain income limits, you cannot claim the credit. You can use *Figure B*, shown earlier, to see if you qualify for the credit based on your income. Find your filing status in the left column of the table.

If your income is less than the amounts shown for your filing status in the right column of *Figure B*, you may be able to take the credit. If your income equals or exceeds the amounts in *Figure B*, you cannot take the credit.

Figuring the Credit

You can figure the credit yourself (see the explanation that follows), or the IRS will figure it for you. See *Credit Figured for You*, later.

Figuring the credit yourself. If you figure the credit yourself, fill out the front of either Schedule R (if you are filing Form 1040) or Schedule 3 (if you are filing Form 1040A). Next, fill out Part III of either Schedule R or Schedule 3. There are three steps to follow in Part III to determine the amount on which you figure your credit:

1) Determine your ***base amount*** (lines 10–12 of either Schedule R or Schedule 3).
2) Total any ***nontaxable social security or railroad retirement benefits*** and other nontaxable pensions and disability benefits you received (lines 13a, 13b, and 13c of either Schedule R or Schedule 3).
3) Determine your ***excess adjusted gross income*** (lines 14–17 of either Schedule R or Schedule 3).

These steps are discussed later.

Amount of credit. If (1) is more than the total of (2) and (3), multiply the difference by 15% to get the amount of your credit. If the total of (2) and (3) is more than (1), you cannot claim the credit. This computation is found in Part III, lines 18–21 of either Schedule R or Schedule 3. In certain cases the amount of your credit may be limited. See *Limits on Credit*, later.

Step 1. Determine Base Amount

To figure the credit, you must first determine your base amount. See *Table 1. Base Amounts for Schedule R and Schedule 3.*

Base amounts for persons under age 65. If you are a qualified individual under age 65, your base amount cannot be more than your taxable disability income. This limit affects you ***only if***:

1) Your filing status is single, head of household, or qualifying widow(er) with dependent child and your taxable disability income income is less than $5,000,
2) Your filing status is married filing a joint return and:
    a) Your spouse is also a qualified individual under 65 and your combined taxable disability income is less than $7,500,
    b) Your spouse is under 65 and ***not*** a qualified individual and your taxable disability income is less than $5,000, or
    c) Your spouse is 65 or older and your taxable disability income is less than $2,500, or
3) Your filing status is married filing separately and your taxable disability income is less than $3,750.

Step 2. Total Certain Nontaxable Income

Once you have determined your base amount, you must reduce it by the total amount of nontaxable social security and certain other nontaxable payments you receive during the year.

Enter these nontaxable payments on lines 13a or 13b of either Schedule R or Schedule 3, and total them on line 13c. If you are married filing a joint return, you must enter the combined amount of nontaxable payments both you and your spouse receive.

Worksheets are provided in the instructions for Forms 1040 and 1040A to help you determine if any part of your social security benefits (or equivalent railroad retirement benefits) is taxable.

The following payments reduce your base amount.

- Nontaxable social security payments. This is the nontaxable part of the amount of benefits shown in box 5 of Form SSA–1099, which includes disability benefits, before deducting any amounts withheld to pay premiums on supplementary Medicare insurance, and before any reduction because of receipt of a benefit under worker's compensation.

  Do not include a lump-sum death benefit payment you may receive as a surviving spouse, or a surviving child's insurance benefit payments you may receive as a guardian.
- Social security equivalent part of tier 1 railroad retirement pension payments that are not taxed. This is the nontaxable part of the amount of benefits shown in box 5 of Form RRB–1099.
- Nontaxable pension or annuity payments or disability benefits that are paid under a law administered by the Department of Veterans Affairs (VA). Do not include amounts received as a 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 under section 808 of the Foreign Service Act of 1980.
- Pension or annuity payments or disability benefits that are excluded from income under any provision of federal law other than the Internal Revenue Code. Amounts that are a return of your cost of a pension or annuity do not reduce your base amount.

In order to avoid mistakes in figuring the credit which could result in additional tax to you later, it is important to correctly report all these nontaxable amounts. These amounts are verified by the IRS through information supplied by other government agencies.

Step 3. Determine Excess Adjusted Gross Income

You also have to subtract the amount of your excess adjusted gross income from the base amount used to figure your credit.

Table 1. **Base Amounts for Schedule R and Schedule 3**

If your filing status is:	Your Base Amount to enter on line 10 of Schedule R or Schedule 3 is:
Single, an unmarried head of household, or a qualifying widow(er) with dependent child and	
• 65 or older	$5,000
• under 65 and retired on permanent and total disability [1]	$5,000
Married filing a joint return and	
• both of you are 65 or older	$7,500
• both of you are under 65 and one of you retired on permanent and total disability [1]	$5,000
• both of you are under 65 and both of you retired on permanent and total disability [1]	$7,500
• one of you is 65 or older, and the other is under 65 and retired on permanent and total disability [2]	$7,500
• one of you is 65 or older, and the other is under 65 and ***not*** retired on permanent and total disability	$5,000
Married filing a separate return and did not live with your spouse at any time during the year and	
• 65 or older	$3,750
• under 65 and retired on permanent and total disability [1]	$3,750

[1] Your base amount cannot be more than your total taxable disability income.
[2] Your base amount is $5,000 plus the taxable disability income of the spouse under age 65, but not more than $7,500.

You figure your **excess adjusted gross income** as follows:

1) Subtract from your adjusted gross income the amount shown for your filing status in the following list.

   a) **$7,500** if you are single, a head of household, or a qualifying widow(er) with a dependent child,

   b) **$10,000** if you are married filing a joint return, or

   c) **$5,000** if you are married filing a separate return and you and your spouse did not live in the same household at any time during the tax year.

2) Divide the result of (1) by 2.

Figure your excess adjusted gross income on lines 14 through 17 of either Schedule R or Schedule 3.

If the total of your nontaxable social security or other nontaxable pensions or disability benefits (line 13c of either Schedule R or Schedule 3) plus your excess adjusted gross income (line 17 of either Schedule R or Schedule 3) equals or is more than your base amount, you will not be able to take the credit.

Example. You are 66 years old and your spouse is 64. Your spouse is not disabled. You file a joint return on Form 1040. Your adjusted gross income is $14,630. Together you received $3,200 from social security, which was nontaxable. You figure the credit as follows:

1) Base amount		$5,000
2) Subtract the total of:		
a) Social security and other nontaxable pensions	$3,200	
b) Excess adjusted gross income [($14,630 – $10,000) ÷ 2]	2,315	5,515
3) Balance (Not less than –0–)		–0–
Credit		–0–

You may not take the credit since your nontaxable social security (line 2a) plus your excess adjusted gross income (line 2b) is more than your base amount (line 1).

Limits on Credit

The amount of your credit may be limited if:

1) You file Schedule C, C–EZ, D, E, or F (Form 1040), and

2) The amount on Form 1040, line 22, is more than:

   $33,750 if you are single or head of household,

$45,000 if married filing jointly or qualifying widow(er) with dependent child, or

$22,500 if married filing separately.

For purposes of (2), any tax-exempt interest from private activity bonds issued after August 7, 1986, and any net operating loss deduction must be added to the amount from Form 1040, line 22.

If both (1) and (2) do not apply, your credit is not subject to this limit. Enter the amount of the credit from Schedule R, line 21, on Form 1040, line 42.

If you meet both (1) and (2), get **Form 6251,** *Alternative Minimum Tax—Individuals,* and complete it through line 24. The limit on your credit will be the smaller of:

1) Your credit as computed, or
2) Your regular tax minus —
   a) Any credit for child and dependent care expenses, and
   b) Any amount shown on line 24, Form 6251.

Enter the smaller of (1) or (2) on Form 1040, line 42. If (2) is the smaller amount, also write ''AMT'' on the dotted line next to line 42, Form 1040, and replace the amount on Schedule R, line 21, with that amount.

Tax credit not refundable. Your credit for the elderly or the disabled cannot be more than the amount of your tax liability. Therefore, you cannot get a refund for any part of the credit that is more than your tax.

Credit Figured for You

If you choose to have the Internal Revenue Service (IRS) figure the credit for you, read the following discussions for filing Form 1040 or Form 1040A.

If you file Form 1040 and want the IRS to figure your credit, follow your Form 1040 instructions under *The IRS Will Figure Your Tax and Some of Your Credits*. You must meet certain conditions, as listed in the Form 1040 instructions, and give us enough information so that we can figure your tax and credits.

Also, attach **Schedule R** to your return and enter ''CFE'' on the dotted line next to line 42. Check the box on Schedule R for your filing status and age, and fill in lines 11 and 13, if applicable. Also, fill in Part II, if applicable.

If you file Form 1040A and want the IRS to figure your credit, follow your Form 1040A instructions for line 22. You must meet certain conditions, as listed in the Form 1040A instructions, and give us enough information so that we can figure your tax and credits.

Also, attach **Schedule 3** to your return and write ''CFE'' in the space to the left of line 24b. Check the box on Schedule 3 for your filing status and age, and fill in lines 11 and 13 of Part III, if applicable. Also, complete Part II, if applicable.

Examples

The following examples illustrate the credit for the elderly or the disabled. Assume that none of the taxpayers in these examples had to file a Form 6251. The base amounts are taken from *Table 1*.

Example 1. Jerry Ash is 68 years old and single, and files Form 1040A. He received the following income for the year:

Nontaxable social security	$3,120
Interest (taxable)	215
Pension (all taxable)	3,600
Wages from a part-time job	4,245

Jerry's adjusted gross income is $8,060 ($4,245 + $3,600 + $215). Jerry figures the credit on Schedule 3 (Form 1040A) as follows:

1) Base amount		$5,000
2) Subtract the total of:		
a) Social security and other nontaxable pensions	$3,120	
b) Excess adjusted gross income [($8,060 – $7,500) ÷ 2]	280	3,400
3) Balance (Not less than –0–)		$1,600
4) Credit (15% of $1,600)		$ 240

Jerry's credit is $240. He files Schedule 3 (Form 1040A) and shows this amount on line 24b of Form 1040A. See the filled-in Schedule 3 for Jerry Ash, later.

Example 2. James Davis is 58 years old and single, and files Form 1040. Two years ago he retired on permanent and total disability, and he is still permanently and totally disabled. He filed the required physician's statement with his return for the year he retired on disability, so this year he checks the box in Part II of Schedule R.

He received the following income for the year:

Nontaxable social security	$3,000
Interest (taxable)	100
Taxable disability pension	8,400

James' adjusted gross income is $8,500 ($8,400 + $100). He figures the credit on Schedule R as follows:

1) Base amount		$5,000
2) Taxable disability pension		$8,400
3) Smaller of (1) or (2)		$5,000
4) Subtract the total of:		
a) Nontaxable disability benefits (social security)	$3,000	
b) Excess adjusted gross income [($8,500 – $7,500) ÷ 2]	500	3,500
5) Balance (Not less than –0–)		$1,500
6) Credit (15% of $1,500)		$ 225

His credit is $225. He enters $225 on line 42 of Form 1040.

Example 3. William White is 53. His wife Helen is 49. William had a stroke in 1986 and retired on permanent and total disability. He is still permanently and totally disabled because of the stroke. In November of 1994, Helen was injured in an accident at work and retired on permanent and total disability.

William received nontaxable social security disability benefits of $3,000 this year and a taxable disability pension of $6,000. Helen earned $9,200 from her job and received a taxable disability pension of $1,000. Their joint return on Form 1040 shows adjusted gross income of $16,200 ($6,000 + $9,200 + $1,000).

Helen got her doctor to complete Part II of Schedule R. William had filed a physician's statement with their return for the year he had the stroke. His doctor had signed on line B to certify that William was permanently and totally disabled. William does not have to file another physician's statement this year. He must fill out Part II of a separate Schedule R (not shown) and attach it to the joint return. He checks the box in Part II and writes his first name in the space above line 2.

William and Helen use Schedule R to figure their $135 credit for the elderly or the disabled. They enter this amount on line 42 of Form 1040. See their filled-in Schedule R, later.

Ash Schedule 3 Page 1

Ash Schedule 3 Page 2

White Schedule R Page 1

White Schedule R Page 2

Schedule 3 (Form 1040A)

Department of the Treasury—Internal Revenue Service

Credit for the Elderly or the Disabled for Form 1040A Filers (T) 1994

OMB No. 1545-0085

Name(s) shown on Form 1040A: Jerry A. Ash

Your social security number: 123 00 1234

You may be able to take this credit and reduce your tax if by the end of 1994:

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

But you must also meet other tests. See the separate instructions for Schedule 3.

Note: *In most cases, the IRS can figure the credit for you. See page 40 of the Form 1040A instructions.*

Part I

Check the box for your filing status and age

If your filing status is:	And by the end of 1994:	Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older	1 ☑
	2 You were under 65 and you retired on permanent and total disability	2 ☐
Married filing a joint return	3 Both spouses were 65 or older	3 ☐
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability	4 ☐
	5 Both spouses were under 65, and both retired on permanent and total disability	5 ☐
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability	6 ☐
	7 One spouse was 65 or older, and the other spouse was under 65 and **NOT** retired on permanent and total disability	7 ☐
Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1994	8 ☐
	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1994	9 ☐

If you checked box 1, 3, 7, or 8, skip Part II and complete Part III on the back. All others, complete Parts II and III.

Part II

Statement of permanent and total disability

Complete this part **only** if you checked box 2, 4, 5, 6, or 9 above.

IF: **1** You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1994, check this box ▶ ☐

- If you checked this box, you do not have to file another statement for 1994.
- If you **did not** check this box, have your physician complete the statement below.

Physician's statement (See instructions at bottom of page 2.)

I certify that ______________________
Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after December 31, 1976, enter the date retired ▶ ______

Physician: Sign your name on **either** line A or B below.

A The disability has lasted or can be expected to last continuously for at least a year . . . . ______ Physician's signature ______ Date

B There is no reasonable probability that the disabled condition will ever improve . . . . ______ Physician's signature ______ Date

Physician's name | Physician's address

Name(s) shown on page 1: Jerry A. Ash

Your social security number: 123 00 1234

Part III Figure your credit

10 **If you checked (in Part I):**

	Enter:		
Box 1, 2, 4, or 7	$5,000		
Box 3, 5, or 6	$7,500		
Box 8 or 9	$3,750	10	5,000

Did you check box 2, 4, 5, 6, or 9 in Part I?
- Yes → You **must** complete line 11.
- No → Enter the amount from line 10 on line 12 and go to line 13.

11
- If you checked box 6 in Part I, add $5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
- If you checked box 2, 4, or 9 in Part I, enter your taxable disability income.
- If you checked box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.

TIP: For more details on what to include on line 11, see the instructions. — 11

12 If you completed line 11, enter the **smaller** of line 10 or line 11; **all others,** enter the amount from line 10. — 12 5,000

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1994:

a Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions. — 13a 3,120

b Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions. — 13b

c Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c. — 13c 3,120

14 Enter the amount from Form 1040A, line 17. — 14 8,060

15 **If you checked (in Part I):**

	Enter:		
Box 1 or 2	$7,500		
Box 3, 4, 5, 6, or 7	$10,000		
Box 8 or 9	$5,000	15	7,500

16 Subtract line 15 from line 14. If zero or less, enter -0-. — 16 560

17 Divide line 16 above by 2. — 17 280

18 Add lines 13c and 17. — 18 3,400

19 Subtract line 18 from line 12. If zero or less, **stop;** you **cannot** take the credit. Otherwise, go to line 21. — 19 1,600

20 Decimal amount used to figure the credit. — 20 × .15

21 Multiply line 19 above by the decimal amount (.15) on line 20. Enter the result here and on Form 1040A, line 24b. — 21 240

Instructions for physician's statement

Taxpayer.—If you retired after December 31, 1976, enter the date you retired in the space provided in Part II.

Physician.—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 disability has lasted or can be expected to last continuously for at least a year or can lead to death.

Schedule R (Form 1040)

Department of the Treasury Internal Revenue Service (T)

Credit for the Elderly or the Disabled

▶ Attach to Form 1040. ▶ See separate instructions for Schedule R.

OMB No. 1545-0074

1994

Attachment Sequence No. 16

Name(s) shown on Form 1040	Your social security number
William M. White and Helen A. White	222 00 3333

You may be able to take this credit and reduce your tax if by the end of 1994:

- You were age 65 or older, **OR** • You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate Instructions for Schedule R.

Note: *In most cases, the IRS can figure the credit for you. See page 24 of the Form 1040 instructions.*

Part I Check the Box for Your Filing Status and Age

If your filing status is:	And by the end of 1994:		Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older	1	☐
	2 You were under 65 and you retired on permanent and total disability	2	☐
Married filing a joint return	3 Both spouses were 65 or older	3	☐
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability	4	☐
	5 Both spouses were under 65, and both retired on permanent and total disability	5	☑
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability	6	☐
	7 One spouse was 65 or older, and the other spouse was under 65 and **NOT** retired on permanent and total disability	7	☐
Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1994	8	☐
	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1994	9	☐

If you checked box 1, 3, 7, or 8, skip Part II and complete Part III on the back. All others, complete Parts II and III.

Part II Statement of Permanent and Total Disability (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)

IF: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1994, check this box ▶ ☐

- If you checked this box, you do not have to file another statement for 1994.
- If you **did not** check this box, have your physician complete the statement below.

Physician's Statement (See instructions at bottom of page 2.)

I certify that HELEN A. WHITE
Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after December 31, 1976, enter the date retired. ▶ NOVEMBER 2, 1994

Physician: Sign your name on **either** line A or B below.

A The disability has lasted or can be expected to last continuously for at least a year ______ Physician's signature ______ Date

B There is no reasonable probability that the disabled condition will ever improve John A Doctor 2-7-95
Physician's signature Date

Physician's name	Physician's address
JOHN A. DOCTOR	101 GREEN ST. HOMETOWN, MD 20000

For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat. No. 11359K **Schedule R (Form 1040) 1994**

Part III **Figure Your Credit**

10 **If you checked (in Part I):** Enter:
Box 1, 2, 4, or 7 . . . . . $5,000
Box 3, 5, or 6 . . . . . $7,500
Box 8 or 9 . . . . . $3,750
. . . . . **10** 7,500

Did you check box 2, 4, 5, 6, or 9 in Part I? — **Yes** ▶ You **must** complete line 11. — **No** ▶ Enter the amount from line 10 on line 12 and go to line 13.

11 **If you checked:**
- Box 6 in Part I, add $5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.
- Box 2, 4, or 9 in Part I, enter your taxable disability income.
- Box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.

. . . . . **11** 7,000

TIP: For more details on what to include on line 11, see the instructions.

12 If you completed line 11, enter the **smaller** of line 10 or line 11; **all others**, enter the amount from line 10 . . . . . **12** 7,000

13 Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1994:

a Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions. . . . **13a** 3,000

b Nontaxable veterans' pensions, and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions. . . . **13b**

c Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c **13c** 3,000

14 Enter the amount from Form 1040, line 32 **14** 16,200

15 **If you checked (in Part I):** Enter:
Box 1 or 2 . . . . . $7,500
Box 3, 4, 5, 6, or 7 . . . . $10,000
Box 8 or 9 . . . . . $5,000
15 10,000

16 Subtract line 15 from line 14. If zero or less, enter -0- **16** 6,200

17 Divide line 16 above by 2 . . . . . **17** 3,100

18 Add lines 13c and 17 . . . . . **18** 6,100

19 Subtract line 18 from line 12. If zero or less, **stop;** you **cannot** take the credit. Otherwise, go to line 21 . . . . . **19** 900

20 Decimal amount used to figure the credit . . . . . **20** × .15

21 Multiply line 19 above by the decimal amount (.15) on line 20. Enter the result here and on Form 1040, line 42. **Caution:** *If you file Schedule C, C-EZ, D, E, or F (Form 1040), your credit may be limited. See the instructions for line 21 for the amount of credit you can claim* **21** 135

Instructions for Physician's Statement

Taxpayer

If you retired after December 31, 1976, enter the date you retired in the space provided in Part II.

Physician

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 disability has lasted or can be expected to last continuously for at least a year or can lead to death.