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Drafts of Worksheets in IRS Publications

For use in preparing
2001 Returns

(February 2002)

Caution: DRAFT WORKSHEETS

This publication contains early release drafts of selected worksheets from IRS taxpayer information publications. The worksheets are subject to change before they are officially released. The drafts will appear only on the Internet.

If you have comments on any of the draft worksheets, you can submit the comments to us on our web site. Include the word DRAFT in your response and the "Proof as of" date. You may make comments anonymously, or you may include your name and e-mail address or phone number. We cannot respond to all comments due to the high volume we receive. However, we will consider each suggestion carefully.

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Introduction

This publication contains draft worksheets from IRS taxpayer information publications (TIPs) for tax year 2001. We are making these drafts available to help you plan for the coming filing season. This publication is available only on the Internet.

A new version of this publication will be posted to the Internet at the end of June and September. Final versions of worksheets will be posted when the TIP related to the worksheet is final.

The status of the worksheet will be shown in the overlay. For example, the worksheet may show “PROOF AS OF SEPTEMBER 30, 2001 (subject to change).” The worksheet will show “Final” when the TIP related to the worksheet is final.

Information with each worksheet includes the form to which the worksheet relates and (if not clear from the worksheet itself) when the worksheet should be used. The worksheet or table number shown on some of these worksheets relates to the publication that contains the worksheet.

Publication 503

Form 2441, Schedule 2 (Form 1040A)

Use this worksheet to figure the credit for child and dependent care expenses for 2000 expenses paid in 2001.

Worksheet for 2000 Expenses Paid in 2001

- 1) Enter your 2000 qualified expenses paid in 2000 _____
- 2) Enter your 2000 qualified expenses paid in 2001 _____
- 3) Add the amounts on lines 1 and 2 _____
- 4) Enter \$2,400 if care was for one qualifying person (\$4,800 if for two or more) _____
- 5) Enter any dependent care benefits received for 2000 and excluded from your income (from line 18 of 2000 Form 2441 or Schedule 2 (Form 1040A)) _____
- 6) Subtract amount on line 5 from amount on line 4 and enter the result _____
- 7) Compare your earned income for 2000 and your spouse's earned income for 2000 and enter the smaller amount _____
- 8) Compare the amounts on lines 3, 6, and 7 and enter the smallest amount _____
- 9) Enter the amount on which you figured the credit for 2000 (from line 6 of 2000 Form 2441 or Schedule 2 (Form 1040A)) _____
- 10) Subtract amount on line 9 from amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses _____
- 11) Enter your 2000 adjusted gross income (from line 33 of your 2000 Form 1040 or line 19 of your 2000 Form 1040A) _____
- 12) Find your 2000 adjusted gross income in the table of percentages (shown earlier) and enter the corresponding decimal amount here _____
- 13) Multiply line 10 by line 12. Add this amount to your 2001 credit and enter the total on line 9 of your 2001 Form 2441 or Schedule 2 (Form 1040A). Above line 9, write "PYE," the amount of this credit, and the name and taxpayer identification number of the person for whom you paid the prior year's expenses _____

Publication 523

Form 1040

Use this worksheet to compute the adjusted basis of a home sold.



Worksheet 1. Adjusted Basis of Home Sold

Caution: See if any of the situations listed in Table 1 apply to you before you use this worksheet.

1. Enter the purchase price of the home sold. (If you filed Form 2119 when you originally acquired that home to postpone gain on the sale of a previous home before May 7, 1997, enter the adjusted basis of the new home from that Form 2119.) **1.** _____
2. Seller-paid points, for home bought after 1990. (See *Seller-paid points* in this chapter.) Do not include any seller-paid points you already subtracted to arrive at the amount entered on line 1, above **2.** _____
3. Subtract line 2 from line 1 **3.** _____
4. Settlement fees or closing costs. See *Settlement fees or closing costs* in this chapter. If line 1 includes the adjusted basis of the new home from Form 2119, go to line 6.
 - a. Abstract and recording fees **a.** _____
 - b. Legal fees (including title search and preparing document) **b.** _____
 - c. Surveys **c.** _____
 - d. Title insurance **d.** _____
 - e. Transfer or stamp taxes **e.** _____
 - f. Amounts the seller owed that you agreed to pay (back taxes or interest, recording or mortgage fees, and sales commissions) **f.** _____
 - g. Other. **g.** _____
5. Add lines 4a through 4g **5.** _____
6. Cost of additions and improvements. Do not include any additions and improvements included on line 1 above **6.** _____
7. Special tax assessments paid for local improvements, such as streets and sidewalks **7.** _____
8. Other increases to basis **8.** _____
9. Add lines 3, 5, 6, 7, and 8 **9.** _____
10. Depreciation, related to the business use or rental of the home, claimed (or allowable) **10.** _____
11. Other decreases to basis (see *Decreases to basis* in this chapter.) **11.** _____
12. Add lines 10 and 11 **12.** _____
13. **ADJUSTED BASIS OF HOME SOLD.** Subtract line 12 from line 9. Enter here and on *Worksheet 2*, line 4. **13.** _____

Publication 523

Form 1040

Use this worksheet to compute the gain on the sale of a home, the allowable exclusion, and the taxable amount, if any.



Worksheet 2. Gain (or Loss), Exclusion, and Taxable Gain

Part 1—Gain (or Loss) on Sale

- | | | | |
|----|--|----|-------|
| 1. | Selling price of home | 1. | _____ |
| 2. | Selling expenses. | 2. | _____ |
| 3. | Subtract line 2 from line 1 | 3. | _____ |
| 4. | Adjusted basis of home sold (from <i>Worksheet 1</i> , line 13) | 4. | _____ |
| 5. | Subtract line 4 from line 3. This is the gain (or loss) on the sale. If this is a loss, stop here | 5. | _____ |

Part 2—Exclusion and Taxable Gain

- | | | | |
|-----|---|-----|-------|
| 6. | Enter any depreciation allowed or allowable on the property for periods after May 6, 1997. If none, enter zero | 6. | _____ |
| 7. | Subtract line 6 from line 5. (If the result is less than zero, enter zero.) | 7. | _____ |
| 8. | If you qualify to exclude gain on the sale, enter your maximum exclusion. (See <i>Maximum Amount of Exclusion</i> in this chapter.) If you do not qualify to exclude gain, enter -0- | 8. | _____ |
| 9. | Enter the smaller of line 7 or line 8. This is your exclusion | 9. | _____ |
| 10. | Subtract line 9 from line 5. This is your taxable gain. Report it as described under <i>Reporting the Gain</i> on page 16. If the amount on this line is zero, do not report the sale or exclusion on your tax return. If the amount on line 6 is more than zero, complete line 11 | 10. | _____ |
| 11. | Enter the smaller of line 6 or line 10. Enter this amount on line 12 of the <i>Unrecaptured Section 1250 Gain Worksheet</i> in the instructions for Schedule D (Form 1040) | 11. | _____ |

Publication 523

Form 1040

Use this worksheet to compute the allowable exclusion of gain on the sale of a home in the following situations:

- The home was sold due to a change in health or place of employment, and the ownership and use tests were not met.
- Gain on a home sold after May 6, 1997, had been excluded and this home was sold within 2 years after that date of sale due to a change in health or place of employment.



Worksheet 3. Reduced Maximum Exclusion

	(A)	(B)
	You	Your Spouse
Caution: Complete this worksheet only if you qualify for a reduced maximum exclusion. (See Reduced Maximum Exclusion in this chapter.) Complete column (B) only if you are married filing a joint return.		
1. Maximum amount	1. <u>\$250,000.00</u>	<u>\$250,000.00</u>
2a. Enter the number of days that you used the property as a main home during the 5-year period ending on the date of sale. (If married filing jointly, fill in columns (A) and (B))	2a. _____	_____
b. Enter the number of days that you owned the property during the 5-year period ending on the date of sale. (If married filing jointly and one spouse owned the property longer than the other spouse, both spouses are treated as owning the property for the longer period)	b. _____	_____
c. Enter the smaller of line 2a or 2b	c. _____	_____
3. Have you (or your spouse if filing jointly) excluded gain from the sale of another home during the 2-year period ending on the date of this sale? NO. Skip line 3 and enter the number of days from line 2c on line 4. YES. Enter the number of days between the date of the most recent sale of another home on which you excluded gain and the date of sale of this home	3. _____	_____
4. Enter the smaller of line 2c or 3	4. _____	_____
5. Divide the amount on line 4 by 730 days. Enter the result as a decimal (rounded to at least 3 places). But do not enter an amount greater than 1.000	5. _____	_____
6. Multiply the amount on line 1 by the decimal amount on line 5	6. _____	_____
7. Add the amounts in columns (A) and (B) of line 6. This is your reduced maximum exclusion. Enter it here and on <i>Worksheet 2</i> , line 8	7. _____	_____

Publication 527

Schedule E (Form 1040)

Table 2. **Worksheet for Figuring the Limit on Rental Deductions for a Dwelling Unit Used as a Home**

Use this worksheet only if you answer "yes" to all of the following questions.

- Did you use the dwelling unit as a home this year? (See *Dwelling Unit Used as Home*.)
- Did you rent the dwelling unit 15 days or more this year?
- Is the total of your rental expenses and depreciation more than your rental income?

1.	Enter rents received	_____
2a.	Enter the rental portion of deductible home mortgage interest (see instructions)	_____
b.	Enter the rental portion of real estate taxes	_____
c.	Enter the rental portion of deductible casualty and theft losses (see instructions)	_____
d.	Enter direct rental expenses (see instructions)	_____
e.	Fully deductible rental expenses. Add lines 2a–2d	_____
3.	Subtract line 2e from line 1. If zero or less, enter zero	_____
4a.	Enter the rental portion of expenses directly related to operating or maintaining the dwelling unit (such as repairs, insurance, and utilities)	_____
b.	Enter the rental portion of excess mortgage interest (see instructions)	_____
c.	Add lines 4a and 4b	_____
d.	Allowable operating expenses. Enter the smaller of line 3 or line 4c	_____
5.	Subtract line 4d from line 3. If zero or less, enter zero	_____
6a.	Enter the rental portion of excess casualty and theft losses (see instructions)	_____
b.	Enter the rental portion of depreciation of the dwelling unit	_____
c.	Add lines 6a and 6b	_____
d.	Allowable excess casualty and theft losses and depreciation. Enter the smaller of line 5 or line 6c	_____
7a.	Operating expenses to be carried over to next year. Subtract line 4d from line 4c	_____
b.	Excess casualty and theft losses and depreciation to be carried over to next year. Subtract line 6d from line 6c	_____

Enter the amounts on **lines 2e, 4d, and 6d** on the appropriate lines of Schedule E (Form 1040), Part I.

Worksheet Instructions

Follow these instructions for the worksheet above. If you were unable to deduct all your expenses last year, because of the rental income limit, add these unused amounts to your expenses for this year.

Line 2a. Figure the mortgage interest on the dwelling unit that you could deduct on Schedule A (Form 1040) if you had not rented the unit. **Do not** include interest on a loan that did not benefit the dwelling unit. For example, **do not** include interest on a home equity loan used to pay off credit cards or other personal loans, buy a car, or pay college tuition. Include interest on a loan used to buy, build, or improve the dwelling unit, or to refinance such a loan. Enter the rental portion of this interest on line 2a of the worksheet.

Line 2c. Figure the casualty and theft losses related to the dwelling unit that you could deduct on Schedule A (Form 1040) if you had not rented the dwelling unit. To do this, complete Section A of Form 4684, *Casualties and Thefts* treating the losses as personal losses. On line 17 of Form 4684, enter 10% of your adjusted gross income figured **without** your rental income and expenses from the dwelling unit. Enter the rental portion of the result from line 18 of Form 4684 on line 2c of this worksheet.

Note. Do **not** file this Form 4684 or use it to figure your personal losses on Schedule A. Instead, figure the personal portion on a separate Form 4684.

Line 2d. Enter the total of your rental expenses that are directly related only to the rental activity. These include interest on loans used for rental activities other than to buy, build, or improve the dwelling unit. Also include rental agency fees, advertising, office supplies, and depreciation on office equipment used in your rental activity.

Line 4b. On line 2a, you entered the rental portion of the mortgage interest you could deduct on Schedule A if you had not rented out the dwelling unit. Enter on line 4b of this worksheet the rental portion of the mortgage interest you could not deduct on Schedule A because it is **more than** the limit on home mortgage interest. **Do not** include interest on a loan that did not benefit the dwelling unit (as explained in the line 2a instructions).

Line 6a. To find the rental portion of excess casualty and theft losses, use the Form 4684 you prepared for line 2c of this worksheet.

A. Enter the amount from line 10 of Form 4684 _____

B. Enter the rental portion of **A** _____

C. Enter the amount from line 2c of this worksheet _____

D. Subtract **C** from **B**. Enter the result here and on line 6a of this worksheet _____

Allocating the limited deduction. If you cannot deduct all of the amount on line 4c or 6c this year, you can allocate the allowable deduction in any way you wish among the expenses included on line 4c or 6c. Enter the amount you allocate to each expense on the appropriate line of Schedule E, Part I.

Publication 535

Form 1040, line 28

Use this worksheet if any of the following apply:

- More than one source of income is subject to self-employment tax.
- Form 2555 or 2555-EZ is filed.
- Amounts paid for long-term care insurance are used to figure the deduction.



Table 7-1. **Self-Employed Health Insurance Deduction Worksheet** (Keep for your records.)

1) Enter total payments made during the year for health insurance coverage established under your business for you, your spouse, and your dependents. (Do not include payments for any month you were eligible to participate in a health plan subsidized by your or your spouse's employer. Also, do not include payments for qualified long-term care insurance.)	1)	_____
2) For coverage under a qualified long-term care insurance contract, enter for each person covered the smaller of the following amounts. a) Total payments made for that person during the year. b) The amount shown below. (Use the person's age at the end of the year.) \$230—if that person is age 40 or younger \$430—if age 41 to 50 \$860—if age 51 to 60 \$2,290—if age 61 to 70 \$2,860—if age 71 or older (Do not include payments for any month you were eligible to participate in a long-term care insurance plan subsidized by your or your spouse's employer.) If more than one person is covered, figure separately the amount to enter for each person. Then enter the total of those amounts	2)	_____
3) Add the total of lines 1 and 2	3)	_____
4) Percentage used to figure deduction for 2001	4)	_____ .60
5) Multiply line 3 by the percentage on line 4	5)	_____
6) Enter your net profit and any other earned income* from the trade or business under which the insurance plan is established. (If the business is an S corporation, skip to line 13.)	6)	_____
7) Enter the total of all net profits from: line 31, Schedule C (Form 1040); line 3, Schedule C-EZ (Form 1040); line 36, Schedule F (Form 1040); or line 15a, Schedule K-1 (Form 1065); plus any other income allocable to the profitable businesses. See the instructions for Schedule SE (Form 1040). (Do not include any net losses shown on these schedules.)	7)	_____
8) Divide line 6 by line 7	8)	_____
9) Multiply Form 1040, line 27, by the percentage on line 8	9)	_____
10) Subtract line 9 from line 6	10)	_____
11) Enter the amount, if any, from Form 1040, line 29, attributable to the same trade or business in which the insurance plan is established	11)	_____
12) Subtract line 11 from line 10	12)	_____
13) Enter your wages from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established	13)	_____
14) Enter the amount from Form 2555, line 43, attributable to the amount entered on line 6 or 13 above, or the amount from Form 2555-EZ, line 18, attributable to the amount entered on line 13 above	14)	_____
15) Subtract line 14 from line 12 or 13, whichever applies	15)	_____
16) Compare the amounts on lines 5 and 15 above. Enter the smaller of the two amounts here and on Form 1040, line 28. (Do not include this amount when figuring a medical expense deduction on Schedule A (Form 1040).)	16)	_____

***Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. It does not include capital gain income.

Publication 560

Form 1040

Use the amount from this table to complete the *Deduction Worksheet for Self-Employed* if the plan's contribution rate is a whole number.

Rate Table for Self-Employed

Column A	Column B
If the plan contribution rate is: (shown as %)	Your rate is: (shown as decimal)
1 . . . . .	.009901
2 . . . . .	.019608
3 . . . . .	.029126
4 . . . . .	.038462
5 . . . . .	.047619
6 . . . . .	.056604
7 . . . . .	.065421
8 . . . . .	.074074
9 . . . . .	.082569
10 . . . . .	.090909
11 . . . . .	.099099
12 . . . . .	.107143
13 . . . . .	.115044
14 . . . . .	.122807
15* . . . . .	.130435*
16 . . . . .	.137931
17 . . . . .	.145299
18 . . . . .	.152542
19 . . . . .	.159664
20 . . . . .	.166667
21 . . . . .	.173554
22 . . . . .	.180328
23 . . . . .	.186992
24 . . . . .	.193548
25* . . . . .	.200000*

*The deduction for annual employer contributions to a SEP plan or a profit-sharing plan cannot exceed 13.0435% of your net earnings (figured without deducting contributions for yourself) from the business that has the plan. If the plan is a money purchase plan, the deduction is limited to 20% of your net earnings.

Use this worksheet to figure the maximum deductible contribution to a self-employed retirement plan.

Deduction Worksheet for Self-Employed

Step 1

Enter your rate from the *Rate Table for Self-Employed* or *Rate Worksheet for Self-Employed* . _____

Step 2

Enter the amount from line 3, Schedule C-EZ (Form 1040), line 31, Schedule C (Form 1040), line 36, Schedule F (Form 1040), or line 15a, Schedule K-1 (Form 1065) \$ _____

Step 3

Enter your deduction for self-employment tax from line 27, Form 1040 \$ _____

Step 4

Subtract step 3 from step 2 and enter the result \$ _____

Step 5

Multiply step 4 by step 1 and enter the result \$ _____

Step 6

Multiply \$170,000 by your plan contribution rate. Enter the result but not more than \$35,000 \$ _____

Step 7

Enter the lesser of step 5 or step 6. This is your **maximum deductible contribution**. Enter your deduction on line 29, Form 1040 \$ _____

Use the amount from this worksheet to complete the *Deduction Worksheet for Self-Employed* if the plan's contribution rate is not a whole number.

Rate Worksheet for Self-Employed

- 1) Plan contribution rate as a decimal (for example, 10½% would be 0.105) _____
- 2) Rate in line 1 plus 1 (for example, 0.105 plus 1 would be 1.105) _____
- 3) Self-employed rate as a decimal, rounded to at least 3 decimal places (divide line 1 by line 2) _____

Publication 571

This worksheet is for 2001.

Worksheet 1. Maximum Amount Contributable (No Alternatives) for 2001

Note: Use this worksheet to figure your MAC if you are not using an alternative limit on annual additions. If you are using an alternative limit, you must use Worksheet 2, 3, or 4.

Part I. Maximum Exclusion Allowance (MEA)		
1.	Enter your includible compensation for your most recent year of service	\$ _____
2.	Percentage limit	_____ 20%
3.	Multiply line 1 by line 2	\$ _____
4.	Enter your years of service as of the end of 2001	_____
5.	Multiply line 3 by line 4	\$ _____
6.	Enter your amounts perviously excludable (prior years' contributions)	\$ _____
7.	Subtract line 6 from line 5. This is your MEA	\$ _____
Part II. Limit on Annual Additions		
8.	Enter your total compensation for 2001	\$ _____
9.	Compensation limit	_____ 25%
10.	Multiply line 8 by line 9.	\$ _____
11.	Maximum	\$ _____ 35,000
12.	Enter the lesser of line 10 or line 11. This is your limit on annual additions	\$ _____
<p>Caution: If you had only elective deferrals, complete Part III and figure your MAC using line 25. Do not complete line 26. If you had only nonelective contributions, skip Part III and figure MAC using line 26. If you had both elective deferrals and nonelective contributions, stop here and go to Worksheet 5.</p>		
PART III. Limit on Elective Deferrals		
13.	Maximum contributions	\$ _____ 10,500
<p>NOTE: If you have at least 15 years of service with a qualifying organization, complete lines 14 through 24; if not, enter (0) on line 23 and go to line 24.</p>		
14.	Amount per years of service	\$ _____ 5,000
15.	Enter your years of service	_____
16.	Multiply line 14 by line 15	\$ _____
17.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years	\$ _____
18.	Subtract line 17 from line 16; if zero or less, enter (0).	\$ _____
19.	Maximum increase in limit for long service	\$ _____ 15,000
20.	Enter all prior year increases to the general limit for long service	\$ _____
21.	Subtract line 20 from line 19	\$ _____
22.	Maximum additional contributions	\$ _____ 3,000
23.	Enter the least of lines 18, 21, or 22. This is the increase in the limit for long service	\$ _____
24.	Add lines 13 and 23. This is your limit on elective deferrals . Complete line 25.	\$ _____
PART IV. Maximum Amount Contributable (MAC)		
25.	Enter the least of lines 7, 12, or 24. This is your MAC for 2001	\$ _____
26.	Enter the lesser of line 7 or line 12. This is your MAC for 2001	\$ _____

Publication 571

This worksheet is for 2001.

Worksheet 2. Year of Separation From Service Limit

Note: Use this worksheet to figure your MAC if you are using the year of separation from service limit.

Part I. Maximum Exclusion Allowance (MEA)		
1.	Enter your includible compensation for your most recent year of service . . . \$	_____
2.	Percentage limit	_____ 20%
3.	Multiply line 1 by line 2 \$	_____
4.	Enter your years of service (limited to 10 years) as of the end of 2001 . . .	_____
5.	Multiply line 3 by line 4 \$	_____
6.	Enter your amounts previously excludable during the last 10 years (including prior years' excess contributions). \$	_____
7.	Subtract line 6 from line 5. This is your MEA \$	_____
Part II. Limit on Annual Additions		
8.	Maximum	\$ _____ 35,000
<p>Caution: If you had only elective deferrals, complete Part III and figure your MAC using line 21. Do not complete line 22. If you had only nonelective contributions, skip Part III and figure MAC using line 22. Do not complete line 21. If you had both elective deferrals and nonelective contributions, stop here and go to Worksheet 5.</p>		
Part III. Limit on Elective Deferrals		
9.	Maximum contribution	\$ _____ 10,500
<p>NOTE: If you have at least 15 years of service with a qualifying organization, complete lines 10 through 20; if not, enter (0) on line 19 and go to line 20.</p>		
10.	Amount per years of service \$	_____ 5,000
11.	Enter your years of service	_____
12.	Multiply line 10 by line 11 \$	_____
13.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years \$	_____
14.	Subtract line 13 from line 12; if zero or less, enter (0) \$	_____
15.	Maximum increase in limit for long service \$	_____ 15,000
16.	Enter all prior year increases in the limit for long service \$	_____
17.	Subtract line 16 from line 15 \$	_____
18.	Maximum additional contributions \$	_____ 3,000
19.	Enter the least of lines 14, 17, or 18. This is the increase in limit for long service \$	_____
20.	Add lines 9 and 19. This is your limit on elective deferrals . Complete line 21 \$	_____
Part IV. Maximum Amount Contributable (MAC)		
21.	Enter the least of lines 7, 8, or 20. This is your MAC for 2001 \$	_____
22.	Enter the lesser of line 7 or line 8. This is your MAC for 2001 \$	_____

Publication 571

This worksheet is for 2001.

Worksheet 3. Overall Limit

Note: Use this worksheet to figure your MAC if you are using the overall limit.

Part I. Limit on Annual Additions		
1.	Enter your total compensation for 2001	\$ _____
2.	Compensation limit	_____ 25%
3.	Multiply line 1 by line 2	\$ _____
4.	Maximum	\$ _____ 35,000
5.	Enter the lesser of line 3 or line 4. This is your limit on annual additions	\$ _____
<p>Caution: If you had only elective deferrals, complete Part II and figure your MAC using line 18. If you had only nonelective contributions, skip Part II and enter the amount from line 5 on line 19. If you had both elective deferrals and nonelective contributions, stop here and go to Worksheet 5.</p>		
Part II. Limit on Elective Deferrals		
6.	Maximum contribution	\$ _____ 10,500
<p>NOTE: If you have at least 15 years of service with a qualifying organization, complete lines 7 through 17; if not, enter (0) on line 16 and go to line 17.</p>		
7.	Amount per years of service	\$ _____ 5,000
8.	Enter your years of service	_____
9.	Multiply line 7 by line 8	\$ _____
10.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years	\$ _____
11.	Subtract line 10 from line 9; if zero or less, enter (0)	\$ _____
12.	Maximum increase in limit for long service	\$ _____ 15,000
13.	Enter all prior year increases to the general limit for long service	\$ _____
14.	Subtract line 13 from line 12	\$ _____
15.	Maximum additional contributions	\$ _____ 3,000
16.	Enter the least of lines 11, 14, or 15. This is the increase in limit for long service	\$ _____
17.	Add lines 6 and 16. This is your limit on elective deferrals . Complete line 18	\$ _____
Part III. Maximum Amount Contributable (MAC)		
18.	Enter the lesser of lines 5 or 17. This is your MAC for 2001	\$ _____
19.	Enter the amount from line 5. This is your MAC for 2001	\$ _____

Publication 571

This worksheet is for 2001.

Worksheet 4. Any Year Limit

Note: Use this worksheet to figure your MAC if you are using the any year limit.

Part I. Maximum Exclusion Allowance (MEA)		
1.	Enter your includible compensation for your most recent year of service .	\$ _____
2.	Percentage limit.	_____ 20%
3.	Multiply line 1 by line 2.	\$ _____
4.	Enter your years of service as of the end of 2001.	_____
5.	Multiply line 3 by line 4.	\$ _____
6.	Enter your amounts previously excludable (prior years' contributions).	\$ _____
7.	Subtract line 6 from line 5. This is your MEA .	\$ _____
Part II. Limit on Annual Additions		
8.	Enter your total compensation for 2001.	\$ _____
9.	Compensation limit .	_____ 25%
10.	Multiply line 8 by line 9.	\$ _____
11.	Additional amount .	\$ _____ 4,000
12.	Add lines 10 and 11. This is a tentative limit.	\$ _____
13.	Maximum .	\$ _____ 15,000
14.	Enter the least of lines 7, 12, or 13. This is your limit on annual additions .	\$ _____
<p>Caution: If you had only elective deferrals, complete Part III and figure your MAC using line 27. Do not complete line 28. If you had only nonelective contributions, skip Part III and enter the amount from line 14 on line 28. Do not complete line 27. If you had both elective deferrals and nonelective contributions, stop here and go to Worksheet 5.</p>		
Part III. Limit on Elective Deferrals		
15.	Maximum contribution .	\$ _____ 10,500
<p>NOTE: If you have at least 15 years of service with a qualifying organization, complete lines 16 through 26; if not, enter (0) on line 25 and go to line 26.</p>		
16.	Amount per years of service.	\$ _____ 5,000
17.	Enter your years of service.	_____
18.	Multiply line 16 by line 17.	\$ _____
19.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years.	\$ _____
20.	Subtract line 19 from line 18; if zero or less, enter (0).	\$ _____
21.	Maximum increase in limit for long service.	\$ _____ 15,000
22.	Enter all prior year increases to the general limit for long service.	\$ _____
23.	Subtract line 22 from line 21.	\$ _____
24.	Maximum additional contributions .	\$ _____ 3,000
25.	Enter the least of lines 20, 23, or 24. This is your increase in limit for long service.	\$ _____
26.	Add lines 15 and 25. This is your limit on elective deferrals . Complete line 27.	\$ _____
Part IV. Maximum Amount Contributable (MAC)		
27.	Enter the lesser of lines 14 or 26. This is your MAC for 2001.	\$ _____
28.	Enter the amount from line 14. This is your MAC for 2001.	\$ _____

Publication 571

This worksheet is for 2001.

Worksheet 5. Limit on Nonelective Contributions

Note: Use this worksheet to figure your limit on nonelective contributions for years in which you have both nonelective contributions and elective deferrals. Before completing this worksheet, unless you are using the overall limit, figure your MEA and your limit on annual additions using Worksheet 1, 2, 4, or 7. If you are using the overall limit, figure your limit on annual additions using Worksheet 3 before completing this worksheet.

1.	Enter your MEA . If you used:	
	• Worksheet 1, 2, or 4—This is the amount from line 7 of the worksheet.	
	• Worksheet 3 or 7—Leave this line blank and go on to line 2.	\$ _____
2.	Enter your limit on annual additions . If you used:	
	• Worksheet 1—This is the amount from line 12 of that worksheet.	
	• Worksheet 2—This is the amount from line 8 of that worksheet.	
	• Worksheet 3—This is the amount from line 5 of that worksheet.	
	• Worksheet 4—This is the amount from line 14 of that worksheet.	
	• Worksheet 7—This is the amount from line 3 of that worksheet.	\$ _____
3.	If you used Worksheet 1, 2, or 4, enter the lesser of line 1 or line 2 of this worksheet. If you used Worksheet 3 or 7 enter the amount from line 2 of this worksheet	\$ _____
4.	Enter the amount of your actual elective deferrals (defined in chapter 1) for the year	\$ _____
5.	Subtract line 4 from line 3. If zero (0) or less, enter zero (0). This is the maximum amount of nonelective contributions that can be contributed to a 403(b) account on your behalf for the year	\$ _____

Publication 571

This worksheet is for 2001.

Worksheet 6. Calculation of Excess 403(b) Contributions for 2001

Note: Use this worksheet to figure excess contributions to your 403(b) account for 2001.

Part I. Excess Contributions

1. Enter the actual amount contributed to your 403(b) account for the year . . . \$ _____
2. Enter your MAC for the year (from Worksheet 1, 2, 3, or 4) \$ _____
3. Subtract line 2 from line 1. If zero or less, enter zero (0). This amount is your excess contribution. If you entered zero, you do not have excess contributions, *stop here* \$ _____

Part II. Excess Deferrals

4. Enter the actual amount of elective deferrals contributed to your 403(b) account for the year \$ _____
5. Enter the total amount of elective deferrals contributed, for the year, to a 401(k) plan, a section 501(c)(18) plan (created before June 25, 1959), a SIMPLE plan, and a SEP plan, on your behalf \$ _____
6. Add line 4 and line 5 \$ _____
7. Enter your limit on elective deferrals (from Worksheet F) \$ _____
8. Subtract line 7 from line 6. If zero or less, enter zero (0). \$ _____
 - If you entered zero, you do not have an excess deferral. Continue to line 9.
 - If you entered more than zero, this is your excess deferral. See *Excess Deferral* in chapter 11, for actions you should take and continue to line 9.

Part III. Excess Amount

9. Enter the nonelective contributions made to your account \$ _____
10. Enter your after-tax contributions. \$ _____
11. Enter your elective deferrals \$ _____
12. Enter amounts contributed, on your behalf, to a qualified plan or a SEP plan of all corporations, partnerships, and sole proprietorships in which you had more than 50% control, for the year \$ _____
13. Add lines 9, 10, 11, and 12 \$ _____
14. Enter your limit on annual additions (from Worksheet D) \$ _____
15. Subtract line 14 from line 13. If zero or less, enter zero (0) \$ _____
 - If you entered zero, you do not have excess annual additions. Continue to line 16.
 - If you entered more than zero, this is your excess annual additions. See *Amount in excess of limit on annual additions* in chapter 11 for actions you should take and continue to line 16.
16. Add lines 9, 10, and 11. \$ _____
17. Enter your MEA (from Worksheet A) \$ _____
18. Subtract line 17 from line 16. If zero or less, enter zero (0) \$ _____
 - If you entered zero, you do not have an excess MEA.
 - If you entered more than zero, this is your excess MEA. See *Amount in excess of MEA* in chapter 11 for actions you should take.

Publication 571

This worksheet is for 2002.

Worksheet 7. Maximum Amount Contributable (MAC) for 2002

Note: Use this worksheet to figure your MAC for 2002.

Part I. Limit on Annual Additions

- 1. Enter your **includible compensation for your most recent year of service** . . . \$ _____
- 2. **Maximum** \$ 40,000
- 3. Lesser of line 1 or line 2. This is your limit on annual additions \$ _____

Caution: If you had only nonelective contributions, skip Part II and enter the amount from line 3 on line 16. If you had both elective deferrals and nonelective contributions, stop here and go to Worksheet 5 to figure your limit on nonelective contributions.

Part II. Limit on Elective Deferrals

- 4. **Maximum contribution** \$ 11,000

Note: If you have at least 15 years of service with a qualifying organization, complete lines 5 through 15. If not, enter (0) on line 14 and go to line 15.

- 5. Amount per years of service \$ 5,000
- 6. Enter your years of service \$ _____
- 7. Multiply line 5 by line 6 \$ _____
- 8. Enter the total of all elective deferrals for prior years made for you by the qualifying organization \$ _____
- 9. Subtract line 8 from line 7. If zero or less, enter (0) \$ _____
- 10. Maximum increase in limit for long service \$ 15,000
- 11. Enter all prior year increases in the limit for long service \$ _____
- 12. Subtract line 11 from line 10 \$ _____
- 13. **Maximum additional contributions** \$ 3,000
- 14. Enter the least of lines 9, 12, or 13. This is your **increase in the limit for long service** \$ _____
- 15. Add lines 4 and 14. This is your **limit on elective deferrals** \$ _____

Part III. Maximum Amount Contributable

- 16. Enter the lesser of lines 3 or 15. This is your **MAC** \$ _____

Publication 571

This worksheet is for 2001.

Worksheet A. Maximum Exclusion Allowance (MEA)

Note: Use this worksheet to figure your MEA.

1. Enter your includible compensation for your most recent year of service	\$ _____
2. Percentage limit	20%
3. Multiply line 1 by line 2	\$ _____
4. Enter your years of service as of the end of 2001	_____
5. Multiply line 3 by line 4	\$ _____
6. Enter your amounts previously excludable (prior years' contributions)	\$ _____
7. Subtract line 6 from line 5. This is your MEA	\$ _____

Worksheet B. Cost of Life Insurance

Note: Use this worksheet to figure the cost of incidental life insurance included in your annuity contract. This amount will be used to figure includible compensation for your most recent year of service.

1. Enter the value of the contract (amount payable upon your death)	\$ _____
2. Enter the cash value in the contract at the end of the year	\$ _____
3. Subtract line 2 from line 1. This is the value of your current life insurance protection	\$ _____
4. Enter your age on your birthday nearest the beginning of the policy year	_____
5. Enter the 1-year term premium for \$1,000 of life insurance based on your age. (Figure 3-1)	\$ _____
6. Divide line 3 by \$1,000	\$ _____
7. Multiply line 6 by line 5. This is the cost of your incidental life insurance	\$ _____

Worksheet C. Includible Compensation for Your Most Recent Year of Service*

Note: Use this worksheet to figure includible compensation for your most recent year of service.

1. Enter your includible wages from the employer maintaining your 403(b) account for your most recent year of service	\$ _____
2. Enter elective deferrals for your most recent year of service	\$ _____
3. Enter amounts contributed or deferred by your employer under a cafeteria plan for your most recent year of service	\$ _____
4. Enter amounts contributed or deferred by your employer to your 457 account for your most recent year of service	\$ _____
5. Enter the value of qualified transportation fringe benefits you received from your employer.	\$ _____
6. Enter your foreign earned income exclusion for your most recent year of service	\$ _____
7. Add lines 1, 2, 3, 4, 5, and 6	\$ _____
8. Enter the cost of incidental life insurance that is part of your annuity contract for your most recent year of service	\$ _____
9. Enter compensation that was both : <ul style="list-style-type: none"> • Earned during your most recent year of service, and • Earned while your employer was not qualified to maintain a 403(b) plan 	\$ _____
10. If using this worksheet for 2001, enter contributions that are more than your MEA. Otherwise, enter zero (0)	\$ _____
11. Add lines 8, 9, and 10	\$ _____
12. Subtract line 11 from line 7. This is your includible compensation for your most recent year of service	\$ _____

**Use estimated amounts if figuring includible compensation before the end of the year.*

Publication 571

This worksheet is for 2001.

Worksheet D. Limit on Annual Additions for 2001

Note: Use this worksheet to figure your limit on annual additions, which is the second component of your MAC.

1.	Enter your total compensation for the year	\$ _____
2.	Compensation limit	25%
3.	Multiply line 1 by line 2	\$ _____
4.	Maximum	\$ 35,000
5.	Enter the lesser of line 3 or line 4. This is your limit on annual additions	\$ _____

Worksheet E. Compensation Calculation—Limit on Annual Additions

Note: Use this worksheet to figure compensation that will be used to figure your limit on annual additions.

1.	Enter your wages, salaries, and fees for personal services with the employer who maintains your 403(b) account	\$ _____
2.	Enter taxable accident and health insurance payments	\$ _____
3.	Enter nondeductible moving expense payments or reimbursements paid by your employer.	\$ _____
4.	Enter the value of nonqualified stock options that are includible in your gross income in the year received.	\$ _____
5.	Enter elective deferrals (payroll reductions)	\$ _____
6.	Enter amounts contributed by your employer to a cafeteria plan on your behalf	\$ _____
7.	Enter amounts contributed at your election by your employer to an eligible 457 plan on your behalf.	\$ _____
8.	Enter the value of any qualified transportation fringe benefits	\$ _____
9.	Add lines 1 through 8. This is your compensation for the year	\$ _____

Worksheet F. Limit on Elective Deferrals

Note: Use this worksheet to figure your limit on elective deferrals, which is the last component of your MAC.

1.	Maximum contribution	\$ _____
	• For 2001, enter \$10,500	
	• For 2002, enter \$11,000	
	Note: If you have at least 15 years of service with a qualifying organization, complete lines 2 through 12; if not, enter (0) on line 11 and go to line 12.	
2.	Amount per years of service	\$ 5,000
3.	Enter your years of service	_____
4.	Multiply line 2 by line 3	_____
5.	Enter the total of all elective deferrals made by your employer on your behalf for earlier years.	\$ _____
6.	Subtract line 5 from line 4; if zero or less, enter (0)	\$ _____
7.	Maximum increase in limit for long service	\$ 15,000
8.	Enter all prior year increases to the general limit for long service	\$ _____
9.	Subtract line 8 from line 7.	\$ _____
10.	Maximum additional contributions.	\$ 3,000
11.	Enter the least of lines 6, 9, or 10. This is the increase in limit for long service	\$ _____
12.	Add lines 1 and 11. This is your limit on elective deferrals.	\$ _____

Worksheet G. Limit on Annual Additions for 2002

Note: Use this worksheet to figure your limit on annual additions, which is the first component of your MAC

1.	Enter your includible compensation for your most recent year of service	\$ _____
2.	Maximum	\$ 40,000
3.	Enter the lesser of line 1 or line 2. This is your limit on annual additions.	\$ _____

Worksheet H. Catch-Up Contributions

Note: If you are age 50 or older, use this worksheet to figure your catch-up contributions

1.	Maximum catch-up contributions	\$ 1,000.00
2.	Enter your includible compensation for your most recent year of service	\$ _____
3.	Enter your elective deferrals	\$ _____
4.	Subtract line 3 from line 2	\$ _____
5.	Enter the lesser of line 1 or line 4. This is your catch-contributions	\$ _____

Publication 587

Form 8829

Use this worksheet if Schedule F (Form 1040) is filed or the individual is an employee or partner.

Worksheet To Figure the Deduction for Business Use of Your Home

PART 1—Part of Your Home Used for Business:

- 1) Area of home used for business 1) _____
- 2) Total area of home 2) _____
- 3) Percentage of home used for business (divide line 1 by line 2 and show result as percentage) 3) _____ %

PART 2—Figure Your Allowable Deduction

- | | | | | | |
|---|-----------|----------|-----------|-----------|----------|
| 4) Gross income from business (see instructions) | | | | | 4) _____ |
| | | (a) | (b) | | |
| | | Direct | Indirect | | |
| | | Expenses | Expenses | | |
| 5) Casualty losses | 5) _____ | _____ | _____ | | |
| 6) Deductible mortgage interest | 6) _____ | _____ | _____ | | |
| 7) Real estate taxes | 7) _____ | _____ | _____ | | |
| 8) Total of lines 5 through 7 | 8) _____ | _____ | _____ | | |
| 9) Multiply line 8, column (b), by line 3 | | | 9) _____ | | |
| 10) Add line 8, column (a), and line 9 | | | 10) _____ | | |
| 11) Business expenses not from business use of home (see instructions) | | | 11) _____ | | |
| 12) Add lines 10 and 11 | | | | 12) _____ | |
| 13) Deduction limit. Subtract line 12 from line 4. | | | | 13) _____ | |
| 14) Excess mortgage interest | 14) _____ | | | | |
| 15) Insurance | 15) _____ | | | | |
| 16) Repairs and maintenance | 16) _____ | | | | |
| 17) Utilities | 17) _____ | | | | |
| 18) Other expenses | 18) _____ | | | | |
| 19) Add lines 14 through 18 | 19) _____ | | | | |
| 20) Multiply line 19, column (b) by line 3 | | | 20) _____ | | |
| 21) Carryover of operating expenses from prior year (see instructions) | | | 21) _____ | | |
| 22) Add line 19, column (a), line 20, and line 21 | | | | 22) _____ | |
| 23) Allowable operating expenses. Enter the smaller of line 13 or line 22 | | | | 23) _____ | |
| 24) Limit on excess casualty losses and depreciation. Subtract line 23 from line 13 | | | | 24) _____ | |
| 25) Excess casualty losses (see instructions) | | | 25) _____ | | |
| 26) Depreciation of your home from line 38 below | | | 26) _____ | | |
| 27) Carryover of excess casualty losses and depreciation from prior year (see instructions) | | | 27) _____ | | |
| 28) Add lines 25 through 27 | | | | 28) _____ | |
| 29) Allowable excess casualty losses and depreciation. Enter the smaller of line 24 or line 28 | | | | 29) _____ | |
| 30) Add lines 10, 23, and 29 | | | | 30) _____ | |
| 31) Casualty losses included on lines 10 and 29 (see instructions) | | | | 31) _____ | |
| 32) Allowable expenses for business use of your home. (Subtract line 31 from line 30.) See instructions for where to enter on your return | | | | 32) _____ | |

PART 3—Depreciation of Your Home

- 33) Smaller of adjusted basis or fair market value of home (see instructions) 33) _____
- 34) Basis of land 34) _____
- 35) Basis of building (subtract line 34 from line 33) 35) _____
- 36) Business basis of building (multiply line 35 by line 3) 36) _____
- 37) Depreciation percentage (from applicable table or method) 37) _____
- 38) Depreciation allowable (multiply line 36 by line 37) 38) _____

PART 4—Carryover of Unallowed Expenses to Next Year

- 39) Operating expenses. Subtract line 23 from line 22. If less than zero, enter -0- 39) _____
- 40) Excess casualty losses and depreciation. Subtract line 29 from line 28. If less than zero, enter -0- 40) _____

FINAL

Publication 590

Forms 1040, 1040A, 8606

Worksheet for Reduced IRA Deduction for 2001

(Use only if you are covered, or your spouse is covered, by an employer plan and your modified AGI is within the phaseout range that applies.)

If you are covered and your filing status is:	And your modified AGI is over:	Enter on line 1 below:
Single or Head of household	\$33,000	\$43,000
Married—joint return or Qualifying widow(er)	\$53,000	\$63,000
Married—separate return	\$ -0-	\$10,000

If your spouse is covered, but you are not, and your filing status is:	And your modified AGI is over:	Enter on line 1 below:
Married—joint return	\$150,000	\$160,000
Married—separate return	\$ -0-	\$10,000

- 1) Enter the amount from above that applies \$ _____
- 2) Enter your **modified AGI** (combined, if married filing jointly) \$ _____

Note. If line 2 is equal to or more than the amount on line 1, **stop here**; contributions to your traditional IRA are not deductible.

- 3) Subtract line 2 from 1. (If line 3 is \$10,000 or more, **stop here**; you can take a full IRA deduction for contributions of up to \$2,000 or 100% of your (and if married filing jointly, your spouse's) compensation, whichever is less) \$ _____
- 4) Multiply line 3 by 20% (.20). If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200 \$ _____
- 5) Enter your compensation. If you are filing a joint return and your compensation is less than your spouse's, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year. If you file Form 1040, do not reduce your compensation by any losses from self-employment \$ _____
- 6) Enter contributions you made, or to be made, to your IRA for 2001, but **do not enter** more than \$2,000 \$ _____
- 7) **IRA deduction.** Compare lines 4, 5, and 6. Enter the smallest amount (or a smaller amount if you choose) here and on the Form 1040 or 1040A line for your IRA, whichever applies. If line 6 is more than line 7 and you want to make a nondeductible contribution, go to line 8. \$ _____
- 8) **Nondeductible contribution.** Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606 \$ _____

Publication 590

Form 8606

Worksheet to Figure Taxable Part of Distribution

Use only if you made contributions to a traditional IRA for 2001 and have to figure the taxable part of your 2001 distributions to determine your modified AGI.

-
- 1) Enter the basis in your traditional IRA(s) as of 12/31/00 \$ _____
 - 2) Enter the total of all contributions made to your traditional IRAs during 2001 and all contributions made during 2002 that were for 2001, **whether or not deductible**. Do not include rollover contributions properly rolled over into IRAs \$ _____
 - 3) Add lines 1 and 2 \$ _____
 - 4) Enter the value of ALL your traditional IRA(s) as of 12/31/01 (include any outstanding rollovers from traditional IRAs to other traditional IRAs) \$ _____
 - 5) Enter the total distributions from traditional IRAs (including amounts converted to Roth IRAs that will be shown on line 16 of Form 8606) received in 2001 (Do not include outstanding rollovers included on line 4 or any rollovers between traditional IRAs completed by 12/31/01. Also do not include certain returned contributions described in the instructions for line 7, Part I, of Form 8606.) \$ _____
 - 6) Add lines 4 and 5 \$ _____
 - 7) Divide line 3 by line 6. Enter the result as a decimal (to at least two places). Do not enter more than 1.00 \$ _____
 - 8) **Nontaxable portion** of the distribution. Multiply line 5 by line 7. Enter the result here and on line 13 of Form 8606 \$ _____
 - 9) **Taxable portion of the distribution (before adjustments for conversions)**. Subtract line 8 from line 5. Enter the result here and, if there are no amounts converted to Roth IRAs, **STOP HERE** and enter the result on line 15 of Form 8606 \$ _____
 - 10) Enter the amount included on line 9 that is allocable to amounts converted to Roth IRAs by 12/31/01. (See **Footnote 1** at the end of this worksheet). Enter here and on line 18 of Form 8606 \$ _____
 - 11) **Taxable portion of the distribution (after adjustment for conversions)**. Subtract line 10 from line 9. Enter the result here and on line 15 of Form 8606 \$ _____

1 – If the amount on line 5 of this worksheet includes an amount converted to a Roth IRA by 12/31/01, you must determine the percentage of the distribution allocable to the conversion. To figure the percentage, divide the amount converted (from line 16 of Form 8606) by the total distributions shown on line 5. To figure the amount to include on line 10 of this worksheet and on line 18, Part II of Form 8606, multiply line 9 of this worksheet by the percentage you figured.

Publication 590

Forms 1040, 1040A

APPENDIX B. Worksheets for Social Security Recipients Who Contribute to a Traditional IRA

If you receive social security benefits, have taxable compensation, contribute to your traditional IRA, and you or your spouse are covered by an employer retirement plan, complete the following worksheets. Use Worksheet 1 to figure your modified adjusted gross income. This amount is needed in the computation of your IRA deduction, if any, which is figured using Worksheet 2. The IRA deduction figured using Worksheet 2 is entered on your tax return.

**Worksheet 1
Computation of Modified AGI
(For use only by taxpayers who receive social security benefits)**

Filing Status—Check only one box:

- A.** Married filing a joint return
- B.** Single, Head of Household, Qualifying Widow(er), or Married filing separately and ***lived apart*** from your spouse during the ***entire year***
- C.** Married filing separately and ***lived with*** your spouse at ***any time*** during the year

- 1) Adjusted gross income (AGI) from Form 1040 or Form 1040A (not taking into account any social security benefits from Form SSA-1099 or RRB-1099, any deduction for contributions to a traditional IRA, any student loan interest deduction, or any exclusion of interest from savings bonds to be reported on Form 8815) _____
- 2) Enter the amount in box 5 of all Forms SSA-1099 and Forms RRB-1099 _____
- 3) Enter one half of line 2 _____
- 4) Enter the amount of any foreign earned income exclusion, foreign housing exclusion, U.S. possessions income exclusion, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-paid adoption expenses _____
- 5) Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A _____
- 6) Add lines 1, 3, 4, and 5. _____
- 7) Enter the amount listed below for your filing status. _____
 - **\$32,000** if you checked box **A** above.
 - **\$25,000** if you checked box **B** above.
 - **\$-0-** if you checked box **C** above.
- 8) Subtract line 7 from line 6. If zero or less, enter 0 on this line _____
- 9) If line 8 is zero, **STOP HERE.** None of your social security benefits are taxable. If line 8 is more than 0, enter the amount listed below for your filing status. _____
 - **\$12,000** if you checked box **A** above.
 - **\$ 9,000** if you checked box **B** above.
 - **\$ -0-** if you checked box **C** above.
- 10) Subtract line 9 from line 8. If zero or less, enter -0- _____

APPENDIX B. (Continued)

11) Enter the smaller of line 8 or line 9	_____
12) Enter one half of line 11	_____
13) Enter the smaller of line 3 or line 12	_____
14) Multiply line 10 by .85. If line 10 is zero, enter -0-	_____
15) Add lines 13 and 14	_____
16) Multiply line 2 by .85.	_____
17) Taxable benefits to be included in Modified AGI for traditional IRA deduction purposes. Enter the smaller of line 15 or line 16	_____
18) Enter the amount of any employer-paid adoption expenses exclusion and any foreign earned income exclusion and foreign housing exclusion or deduction that you claimed	_____
19) Modified AGI for determining your reduced traditional IRA deduction— add lines 1, 17, and 18. Enter here and on line 2 of Worksheet 2, next.	_____

FINAL

APPENDIX B. (Continued)

Worksheet 2 Computation of Traditional IRA Deduction (For use only by taxpayers who receive social security benefits)		
If your filing status is:	And your modified AGI is over:	Enter on line 1 below:
Married-joint return or qualifying widow(er)	\$ 53,000*	\$ 63,000
Married-joint return (You are not covered by an employer plan but your spouse is)	\$150,000*	\$160,000
Single, or Head of household	\$ 33,000*	\$ 43,000
Married-separate return**	\$ -0-*	\$ 10,000
<p>* If your modified AGI is <u>not</u> over this amount, you can take an IRA deduction for your contributions of up to the lesser of \$2,000 or your taxable compensation. Skip this worksheet and proceed to Worksheet 3.</p> <p>** If you did <u>not</u> live with your spouse <u>at any time</u> during the year, consider your filing status as single.</p> <p>Note: <i>If you were married and you or your spouse worked and you both contributed to IRAs, figure the deduction for each of you separately.</i></p>		
<p>1. Enter the applicable amount from above _____</p> <p>2. Enter your modified AGI from Worksheet 1, line 19 _____</p> <p>Note: <i>If line 2 is equal to or more than the amount on line 1, stop here; your traditional IRA contributions are <u>not</u> deductible. Proceed to Worksheet 3.</i></p> <p>3. Subtract line 2 from line 1 _____</p> <p>4. Multiply line 3 by 20% (.20). If the result is not a multiple of \$10, round it to the next highest multiple of \$10. (For example, \$611.40 is rounded to \$620.) However, if the result is less than \$200, enter \$200 _____</p> <p>5. Enter your compensation. (If you are the lower income spouse, include your spouse's compensation reduced by his or her traditional IRA and Roth IRA contributions for this year). _____</p> <p>6. Enter contributions you made, or plan to make, to your traditional IRA for 2001, but do not enter more than \$2,000 _____</p> <p>7. Deduction. Compare lines 4, 5, and 6. Enter the smallest amount here (or a smaller amount if you choose). Enter this amount on the Form 1040 or 1040A line for your IRA. (If the amount on line 6 is more than the amount on line 7, complete line 8.) _____</p> <p>8. Nondeductible contributions. Subtract line 7 from line 5 or 6, whichever is smaller. Enter the result here and on line 1 of your Form 8606, <i>Nondeductible IRAs</i> _____</p>		

APPENDIX B. (Continued)

Worksheet 3
Computation of Taxable Social Security Benefits
(For use by taxpayers who receive social security benefits and take a traditional IRA deduction)

Filing Status—Check only one box:

- A.** Married filing a joint return
- B.** Single, Head of Household, Qualifying Widow(er), or Married filing separately and ***lived apart*** from your spouse during the ***entire year***
- C.** Married filing separately and ***lived with*** your spouse at **any time** during the year

- 1) Adjusted gross income (AGI) from Form 1040 or Form 1040A (*not taking into account* any IRA deduction, any student loan interest deduction, any social security benefits from Form SSA-1099 or RRB-1099, or any exclusion of interest from savings bonds to be reported on Form 8815) _____
- 2) Deduction(s) from line 7 of Worksheet(s) 2 _____
- 3) Subtract line 2 from line 1 _____
- 4) Enter amount in box 5 of all Forms SSA-1099 and Forms RRB-1099 _____
- 5) Enter one half of line 4 _____
- 6) Enter the amount of any foreign earned income exclusion, foreign housing exclusion, exclusion of income from U.S. possessions, exclusion of income from Puerto Rico you claimed as a bona fide resident of Puerto Rico, or exclusion of employer-paid adoption expenses _____
- 7) Enter the amount of any tax-exempt interest reported on line 8b of Form 1040 or 1040A _____
- 8) Add lines 3, 5, 6 and 7 _____
- 9) Enter the amount listed below for your filing status _____
 - **\$32,000** if you checked box **A** above.
 - **\$25,000** if you checked box **B** above.
 - **\$-0-** if you checked box **C** above.
- 10) Subtract line 9 from line 8. If zero or less, enter 0 on this line _____
- 11) If line 10 is zero, **STOP HERE**. None of your social security benefits are taxable. If line 10 is more than 0, enter the amount listed below for your filing status _____
 - **\$12,000** if you checked box **A** above.
 - **\$ 9,000** if you checked box **B** above.
 - **\$ -0-** if you checked box **C** above.
- 12) Subtract line 11 from line 10. If zero or less, enter -0- _____

APPENDIX B. (Continued)

13) Enter the smaller of line 10 or line 11	_____
14) Enter one half of line 13	_____
15) Enter the smaller of line 5 or line 14	_____
16) Multiply line 12 by .85. If line 12 is zero, enter -0-	_____
17) Add lines 15 and 16	_____
18) Multiply line 4 by .85	_____
19) Taxable social security benefits. Enter the smaller of line 17 or line 18	_____

Publication 596

Form 1040

Use this worksheet to compute the earned income credit if the individual must use Publication 596 and is not self-employed or filing Schedule C or C-EZ as a statutory employee.

EIC Worksheet **A**—Earned Income Credit (EIC)

Keep for Your Records

Do not use this worksheet if you are self-employed or a church employee filing Schedule SE or you are filing Schedule C or C-EZ as a statutory employee. Instead, use EIC Worksheet B.

Part 1

All Filers Using Worksheet A

1. Enter your total earned income from Worksheet 2.

1	
----------	--

2. Look up the amount on line 1 above in the EIC Table in the Appendix to find the credit. Enter the credit here.

2	
----------	--

If line 2 is zero,  You cannot take the credit. Put "No" directly to the right of line 61a (Form 1040); or line 39a (Form 1040A); or on line 9b (Form 1040EZ).

3. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)

3	
----------	--

4. Are the amounts on lines 1 and 3 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:

- \$5,950 if you do not have a qualifying child, or
- \$13,100 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 in the Appendix to find the credit. Enter the credit here.

Look at the amounts on lines 2 and 5. Then, enter the **smaller** amount on line 6.

5	
----------	--

Part 3

Your Earned Income Credit

6. This is the amount from Part 1 or Part 2 above.

6	
----------	--

7. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.

7	
----------	--

8. Subtract line 7 from line 6. **This is your earned income credit.**

8	
----------	--

Reminder—

✓ Be sure you entered the amount of any nontaxable earned income (Worksheet 2, line 12) on Form 1040, line 61b; Form 1040A, line 39b; or Form 1040EZ, line 9b.

✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on line 61a (Form 1040); line 39a (Form 1040A); or line 9a (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2001.

Publication 596

Form 1040

Use this worksheet to compute the earned income credit if the individual must use Publication 596 and is self-employed or filing Schedule C or C-EZ as a statutory employee.

Worksheet **B**—Earned Income Credit (EIC)—Lines 61a and 61b

Keep for Your Records



Use this worksheet if you were self-employed, or you are filing Schedule SE because you had church employee income, or you are filing Schedule C or C-EZ as a statutory employee.

- ✓ Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- ✓ If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1

Self-Employed and People With Church Employee Income Filing Schedule SE

1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.	+	1a	
b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.		1b	
c. Add lines 1a and 1b.	=	1c	
d. Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	-	1d	
e. Subtract line 1d from 1c.	=	1e	

Part 2

Self-Employed NOT Required To File Schedule SE

For example, your net earnings from self-employment were less than \$400.

2. Do not include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361.			
a. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), line 15a*.		2a	
b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), line 15a (other than farming); and Schedule K-1 (Form 1065-B), box 9*.	+	2b	
c. Add lines 2a and 2b.	=	2c	

*If you have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Put your name and social security number on Schedule SE and attach it to your return.

Part 3

Statutory Employees Filing Schedule C or C-EZ

3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.		3	
---	--	---	--

Part 4

All Filers Using Worksheet B

Note. If line 4d includes income on which you should have paid self-employment tax but did not, we may reduce your credit by the amount of self-employment tax not paid.

4a. Add lines 1e, 2c, and 3.		4a	
b. Enter your nontaxable earned income from Step 7, Box B, on page 43.	+	4b	
c. Enter your taxable earned income from Step 7, Box C, on page 43.	+	4c	
d. Add lines 4a, 4b, and 4c. This is your total earned income.	=	4d	

5. If you have:
- 2 or more qualifying children, is line 4d less than \$32,121?
 - 1 qualifying child, is line 4d less than \$28,281?
 - No qualifying children, is line 4d less than \$10,710?
- Yes.** If you want the IRS to figure your credit, see page 43. *If you want to figure the credit yourself, enter the amount from line 4d on line 6 (page 47).*
- No.** You cannot take the credit. Put "No" directly to the right of line 61a.

(Continued on page 47)

Part 5

All Filers Using Worksheet B

6. Enter your total earned income from Part 4, line 4d, of this worksheet.

6	
----------	--

7. Look up the amount on line 6 above in the EIC Table in the Appendix to find the credit. Enter the credit here.

7	
----------	--

If line 7 is zero, You cannot take the credit. Put "No" directly to the right of line 61a (Form 1040); or line 39a (Form 1040A); or on line 9b, (Form 1040EZ).

8. Enter your modified adjusted gross income. (If you filled out Worksheet 3 on page 23, this is the amount on line 17 of that worksheet.)

8	
----------	--

9. Are the amounts on lines 8 and 6 the same?
 Yes. Skip line 10; enter the amount from line 7 on line 11.
 No. Go to line 10.

10. Is the amount on line 8 less than:
 • \$5,950 if you do not have a qualifying child, or
 • \$13,100 if you have one or more qualifying children?
 Yes. Leave line 10 blank; enter the amount from line 7 on line 11.
 No. Look up the amount on line 8 in the EIC Table in the Appendix to find the credit. Enter the credit here. Look at the amounts on lines 10 and 7. Then, enter the **smaller** amount on line 11.

10	
-----------	--

Part 6

Your Earned Income Credit

11. This is the amount from Part 5 above.

11	
-----------	--

12. Enter the amount of alternative minimum tax from Form 1040, line 41, or included in the total on Form 1040A, line 26, if any.

12	
-----------	--

13. Subtract line 12 from line 11. **This is your earned income credit.**

13	
-----------	--

Reminder—

- ✓ Be sure you entered the amount of any nontaxable earned income (Worksheet 2, line 12) on Form 1040, line 61b; Form 1040A, line 39b; or Form 1040EZ, line 9b.
- ✓ If you have a qualifying child, complete and attach Schedule EIC.

Enter this amount on line
 61a (Form 1040); line
 39a (Form 1040A); or
 line 9a (Form 1040EZ)



If your EIC was reduced or disallowed for any year after 1996, see chapter 5 to find out if you must file Form 8862 to take the credit for 2001.

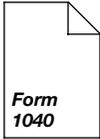
Publication 596

Form 1040

Use this worksheet to compute investment income for the earned income credit if the individual must use Publication 596.



Worksheet 1: Investment Income If You Are Filing Form 1040



Interest and Dividends

1. Enter any amount from Form 1040, line 8a. 1. _____
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. 2. _____
3. Enter any amount from Form 1040, line 9. 3. _____
4. Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (See instructions below for line 4 if your child received an Alaska Permanent Fund dividend.) 4. _____

Capital Gain Net Income

5. Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter zero. 5. _____
6. Enter any gain from Form 4797, *Sales of Business Property*, line 7. If the amount on that line is a loss, enter zero. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9 instead.) 6. _____
7. Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter zero.) 7. _____

Royalties and Rental Income from Personal Property

8. Enter any royalty income from Schedule E, line 4, plus any income from the rental of personal property shown on Form 1040, line 21. 8. _____
9. Enter any expenses from Schedule E, line 21, related to royalty income, plus any expenses from the rental of personal property deducted on Form 1040, line 32. 9. _____
10. Subtract the amount on line 9 of this worksheet from the amount on line 8. (If the result is less than zero, enter zero.) 10. _____

Passive Activities

11. Enter the total of any net income from passive activities (included on Schedule E, lines 26, 28a (col. (h)), 33a (col. (d)), and 39). (See instructions below for lines 11 and 12.) 11. _____
12. Enter the total of any losses from passive activities (included on Schedule E, lines 26, 28b (col. (g)), 33b (col. (c)), and 39). (See instructions below for lines 11 and 12.) 12. _____
13. Combine the amounts on lines 11 and 12 of this worksheet. (If the result is less than zero, enter zero.) 13. _____
14. Add the amounts on lines 1, 2, 3, 4, 7, 10, and 13. Enter the total. **This is your Investment Income.** 14. _____

Instructions for line 4. To figure the amount to enter on line 4, start with the amount on line 6 of Form 8814. Multiply that amount by a percentage that is equal to any Alaska Permanent Fund dividends divided by the total amount of interest and dividend income on lines 1a and 2 of Form 8814. Subtract the result from the amount on line 6 of Form 8814.

Example. Your 10-year-old child has taxable interest income of \$500 and an Alaska Permanent Fund dividend of \$2,000. You choose to report this income on your return. You enter \$500 on line 1a of Form 8814, \$2,000 on line 2, and \$2,500 on line 4. You enter \$1,000 on line 6 of Form 8814 and line 21 of Form 1040. You figure the amount to enter on line 4 of this worksheet as follows:

$$\$1,000 - (\$1,000 \times (\$2,000 \div \$2,500)) = \$200$$

Instructions for lines 11 and 12. In figuring the amount to enter on lines 11 and 12, do not take into account any royalty income (or loss) included on line 26 of Schedule E or any amount included in your taxable earned income. To find out if the income on line 26 or line 39 of Schedule E is from a passive activity, see the Schedule E instructions. If any of the rental real estate income (or loss) included on Schedule E, line 26, is not from a passive activity, print "NPA" and the amount of that income (or loss) on the dotted line next to line 26.

Publication 596

Form 1040

Use this worksheet to compute the earned income credit if the individual must use Publication 596.



Worksheet 2: Earned Income

Note: Do not include on this worksheet any net earnings from self-employment or any income you received as a statutory employee. Instead, enter those amounts on *EIC Worksheet B* (page 29).

Taxable Earned Income

1. Enter the amount from line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ). 1. _____
2. If you received a taxable scholarship or fellowship grant that was not reported to you on a Form W-2 but was included in the total on line 7 (Form 1040 or 1040A) or line 1 (Form 1040EZ), enter the amount. 2. _____
3. **Inmates.** If you received any amount for work done while an inmate in a penal institution and that amount is included in the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ), enter that amount. 3. _____
4. **Clergy.** If you are a member of the clergy who files Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on line 7 (Form 1040), enter that amount. 4. _____
5. **Church employees.** If you received wages as a church employee (as defined on page 20), enter any amount you included on both line 5a of Schedule SE and line 7 (Form 1040). 5. _____
6. If you received a pension or annuity from a nonqualified deferred compensation plan or a section 457 plan and it was included in the total on line 7 (Form 1040 or Form 1040A) or line 1 (Form 1040EZ), enter the amount. (This amount may be reported in box 11 of your Form W-2. If you received such an amount but box 11 is blank, contact your employer for the amount of the pension or annuity.) 6. _____
7. Add the amounts on lines 2, 3, 4, 5, and of this worksheet. 7. _____
8. Subtract line 7 of this worksheet from line 1. **This is your taxable earned income.** 8. _____

Nontaxable Earned Income

9. Enter the amount of any salary deferrals and reductions. 9. _____
10. Enter the value of any meals and lodging that were nontaxable because they were provided for the convenience of your employer. (Do not include any amount included on line 2 of Schedule SE.) 10. _____
11. Enter the total of any other nontaxable amounts you received from your employer for work you performed. (Do not include disability insurance payments for which you paid the premiums or any item listed under *Income That Is Not Earned Income* on page 10. If you are a member of the clergy, do not include any housing allowance or the rental value of a parsonage unless it does not have to be included on line 2 of Schedule SE.) 11. _____
12. Add the amounts on lines 9, 10, and 11 of this worksheet. **This is your nontaxable earned income.** 12. _____
Enter this amount on the correct line for your tax return. (This is line 61b (Form 1040), line 39b (Form 1040A), or line 9b (Form 1040EZ).)

Total Earned Income

13. Add the amounts on lines 8 and 12 of this worksheet. **This is your total earned income.** (If you fill out *EIC Worksheet A*, enter this amount on line 1 of that worksheet.) 13. _____

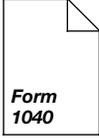
Publication 596

Form 1040

Use this worksheet to compute modified adjusted gross income (AGI) for the earned income credit if the individual must use Publication 596.



Worksheet 3: Modified AGI If You Are Filing Form 1040



Enter losses as *positive amounts* (except for lines 7, 8, and 9). For example, if your AGI (Form 1040, line 34) is \$10,000 and you have a \$1,000 capital loss from the sale of stock (Form 1040, line 13), you will enter \$10,000 on line 1 of this worksheet and \$1,000 on line 3. If you do not have to enter any other amounts, your modified AGI is \$11,000 (\$10,000 + \$1,000).

1. Enter the amount from Form 1040, line 34. 1. _____
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. 2. _____
3. Enter the amount of any loss claimed on Form 1040, line 13. (If the amount on Form 1040, line 13, is a gain, enter zero.) 3. _____
4. Enter the nontaxable part of a pension, annuity, or individual retirement arrangement (IRA) distribution (any part of the distribution that you did not report on lines 15b or 16b of Form 1040), except any amount that is nontaxable because it was a trustee-to-trustee transfer or a roll-over distribution. 4. _____
5. Enter the amount of any loss claimed on Form 1040, line 12. (If the amount on Form 1040, line 12, is a gain, enter zero.) (See instructions below for line 5.) 5. _____
6. Enter the amount of any loss claimed on Form 1040, line 18. (If the amount on Form 1040, line 18, is a gain, enter zero.) 6. _____
7. Enter the amount of any rental real estate income (or loss) included on Schedule E, line 26. (See instructions below for lines 7, 8, and 9.) 7. _____
8. Enter the amount from Schedule E, line 31. (See instructions below for lines 7, 8, and 9.) 8. _____
9. Enter the amount from Schedule E, line 39. (See instructions below for lines 7, 8, and 9.) 9. _____
10. Combine the amounts on lines 7, 8, and 9. If the result is a loss, enter it here. If the result is a gain, enter zero. (See instructions below for line 10.) 10. _____
11. Add the amounts on lines 5, 6, and 10 of this worksheet. Enter the result. 11. _____
12. Multiply the amount on line 11 of this worksheet by 75% (0.75). Enter the result. 12. _____
13. Enter the amount of any loss claimed on Schedule E, line 36. 13. _____
14. Enter any income from the rental of personal property shown on Form 1040, line 21, plus any royalty income from Schedule E, line 4. 14. _____
15. Enter any expenses from the rental of personal property deducted on Form 1040, line 32, plus any expenses from Schedule E, line 21, related to royalty income. 15. _____
16. Subtract the amount on line 15 of this worksheet from the amount on line 14. If the result is a loss, enter it here. If the result is a gain, enter zero. 16. _____
17. Add the amounts on lines 1, 2, 3, 4, 12, 13, and 16 of this worksheet. Enter the total. **This is your modified AGI.** 17. _____

Line 5 instructions. If you have a business loss on line 12 of Form 1040, enter the amount of the loss on line 5 of this worksheet. Do this even if that loss amount is the result of combining gains and losses from more than one Schedule C.

Example. You have two Schedules C. One shows a \$2,000 gain. The other shows a \$10,000 loss. You enter the net loss of \$8,000 on line 12 of Form 1040 and on line 5 of this worksheet.

Line 7, 8, and 9 instructions. These lines are an exception to the rule that all amounts on the worksheet must be positive amounts. On these lines, enter any loss by enclosing it in parentheses.

Line 10 instructions. Combine the amounts on lines 7, 8, and 9 to arrive at the amount on line 10. For example, if you enter \$2,000 on line 7, \$1,000 on line 8, and a loss of (\$3,500) on line 9, enter the loss of \$500 as a positive figure on line 10. But if the result of combining lines 7, 8, and 9 is a gain, enter zero. For example, if you enter \$2,000 on line 7, \$1,000 on line 8, and a loss of (\$2,500) on line 9, enter zero on line 10.

Publication 721

Forms 1040, 1040A

Use this worksheet to compute how much of a CSRS or FERS annuity is taxable and how much of the cost is left to recover.

Table 1. Simplified Method Worksheet (Keep For Your Records)

See the instructions for the worksheet in Part II under *Simplified Method*.

<p>1. Enter the total annuity received this year. Also add this amount to the total for Form 1040, line 16a, or Form 1040A, line 12a</p>	\$ _____
<p>2. Enter your cost in the plan at the annuity starting date, plus any death benefit exclusion _____</p>	_____
<p>NOTE: <i>If your annuity starting date was before this year and you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below. Otherwise, go to line 3.</i></p>	
<p>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</p>	_____
<p>4. Divide line 2 by line 3</p>	_____
<p>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, enter this amount on line 8 below and skip lines 6, 7, 10, and 11. Otherwise go to line 6</p>	_____
<p>6. Enter any amounts previously recovered tax free in years after 1986</p>	_____
<p>7. Subtract line 6 from line 2</p>	_____
<p>8. Enter the smaller of line 5 or line 7</p>	_____
<p>9. Taxable annuity for year. Subtract line 8 from line 1. Enter the result, but not less than zero. Also add this amount to the total for Form 1040, line 16b, or Form 1040A, line 12b. If your Form CSA 1099R or Form CSF 1099R shows a larger amount, use the amount on this line instead</p>	\$ _____
<p>10. Add lines 6 and 8</p>	_____
<p>11. Balance of cost to be recovered. Subtract line 10 from line 2</p>	\$ _____

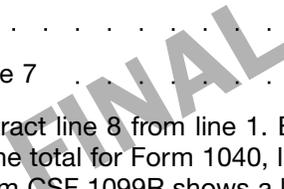


Table 1 for Line 3 Above

IF the age at annuity starting date was. . .	AND your annuity starting date was—	
	before November 19, 1996, enter on line 3. . .	after November 18, 1996, enter on line 3. . .
55 or under	300	360
56–60	260	310
61–65	240	260
66–70	170	210
71 or older	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date were. . .	THEN enter on line 3. . .
110 and under	410
111–120	360
121–130	310
131–140	260
141 or older	210

Publication 721

Forms 1040, 1040A

Use this worksheet if a retiree under either CSRS or FERS chose the alternative annuity option.

Table 2. **Worksheet for Lump-Sum Payment** (Keep For Your Records)

See the instructions for the worksheet in Part II under *Alternative Annuity Option*.

1.	Enter your lump-sum credit (your cost in the plan at the annuity starting date) . . .	\$ _____
2.	Enter the present value of your annuity contract	_____
3.	Divide line 1 by line 2	_____
4.	Tax-free amount. Multiply line 1 by the number on line 3. (<i>Caution: Do not include this amount on line 6 of Table 1 in this publication.</i>)	_____
5.	Taxable amount (net cost in the plan). Subtract line 4 from line 1. Include this amount in the total on line 16b of Form 1040 or line 12b of Form 1040A. Also, enter this amount on line 2 of Table 1 in this publication	_____

Publication 721

Form 1040NR

Use this worksheet to figure the taxable part of a CSRS or FERS annuity of a nonresident alien retiree or beneficiary.

Worksheet for Nonresident Alien

1. Enter the otherwise taxable amount of the CSRS or FERS annuity (from line 9 of Table 1) or TSP distributions \$ _____
2. Enter the total U.S. Government basic pay other than tax-exempt pay for services performed outside the United States _____
3. Enter the total U.S. Government basic pay for all services _____
4. Divide line 2 by line 3 _____
5. **Limited taxable amount.** Multiply line 1 by the number on line 4. Enter this amount on Form 1040NR, line 17b . . _____

Publication 721

Forms 1040, 1040A

Use this worksheet to figure the taxable part of a lump-sum CSRS or FERS payment if:

- A survivor annuity ended before the full contributions that were made into the plan were recovered, and
- A lump-sum payment of the contributions that remained when the annuity ended was made.

Lump-Sum Payment at End of Survivor Annuity

1. Enter the lump-sum payment \$ _____
2. Enter the amount of annuity previously received tax-free _____
3. Add lines 1 and 2 _____
4. Enter the employee's total cost _____
5. **Taxable amount.** Subtract line 4 from line 3. Enter the result, but not less than zero _____

Use this worksheet to figure the taxable part of a deceased retiree's CSRS or FERS lump-sum payment.

Lump-Sum Payment to Estate or Other Beneficiary

1. Enter the lump-sum payment \$ _____
2. Enter the amount of annuity received tax-free by the retiree _____
3. Add line 1 and line 2 _____
4. Enter the total cost _____
5. **Taxable amount.** Subtract line 4 from line 3. Enter the result, but not less than zero _____

Publication 915

Forms 1040, 1040A

Use this worksheet to figure taxable social security benefits if Form 2555, 2555-EZ, 4563, or 8815 is filed, or if employer-provided adoption benefits or income from sources within Puerto Rico is excluded.



Worksheet 1. Figuring Your Taxable Benefits

Before you start: Is your filing status *Married filing separately*?

No. Go to line 1 below.

Yes. Did you live apart from your spouse all year?

No. Go to line 1 below.

Yes. Do the following if you file:

Form 1040: Enter "D" to the left of line 20a, then go to line 1 below.

Form 1040A: Enter "D" to the right of the word "benefits" on line 14a, then go to line 1 below.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 **1.** _____
Note: If line 1 is zero or less, stop here; none of your benefits are taxable. Otherwise, go on to line 2.
2. Enter one-half of line 1 **2.** _____
3. Enter the total of the amounts from:
Form 1040: Lines 7, 8a, 8b, 9-14, 15b, 16b, 17-19, and 21.
Form 1040A: Lines 7, 8a, 8b, 9, 10, 11b, 12b, and 13 **3.** _____
4. **Form 1040A filers:** Enter the total of any exclusions for qualified U.S. savings bond interest (Form 8815, line 14) or for adoption benefits (Form 8839, line 26)
Form 1040 filers: Enter the total of any exclusions/adjustments for:
 - Qualified U.S. savings bond interest (Form 8815, line 14)
 - Adoption benefits (Form 8839, line 26)
 - Foreign earned income or housing (Form 2555, lines 43 and 48, or Form 2555-EZ, line 18), and
 - Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico**4.** _____
5. Add lines 2, 3, and 4. **5.** _____
6. **Form 1040A filers:** Enter the amount from Form 1040A, line 16. **Form 1040 filers:** Enter the amount from Form 1040, line 32, minus any amount on Form 1040, line 24 **6.** _____
7. Subtract line 6 from line 5. **7.** _____
8. Enter \$25,000 (\$32,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time during 2001). **8.** _____
9. Subtract line 8 from line 7. If zero or less, enter -0- **9.** _____
Note: If line 9 is zero or less, stop here; none of your benefits are taxable. (Do not enter any amounts on Form 1040, line 20a or 20b, or on Form 1040A, line 14a or line 14b. But if you are married filing separately and you lived apart from your spouse for all of 2001, enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b.) Otherwise, go on to line 10.
10. Enter \$9,000 (\$12,000 if married filing jointly; \$0 if married filing separately and you lived with your spouse at any time during 2001). **10.** _____
11. Subtract line 10 from line 9. If zero or less, enter -0- **11.** _____
12. Enter the **smaller** of line 9 or line 10 **12.** _____
13. Enter one-half of line 12 **13.** _____
14. Enter the **smaller** of line 2 or line 13 **14.** _____
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- **15.** _____
16. Add lines 14 and 15 **16.** _____
17. Multiply line 1 by 85% (.85) **17.** _____
18. **Taxable benefits.** Enter the **smaller** of line 16 or line 17 **18.** _____

• Enter the amount from line 1 above on Form 1040, line 20a, or on Form 1040A, line 14a.

• Enter the amount from line 18 above on Form 1040, line 20b, or on Form 1040A, line 14b.

Note: If you received a lump-sum payment in this year that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see whether you can report a lower taxable benefit.

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Forms 1040, 1040A

Use this worksheet if part of the social security benefits are taxable for 2001 and they include benefits paid in 2001 that were for an earlier year after 1993.

Worksheet 2. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year After 1993)



Enter earlier year _____

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year	1. _____
Note: If line 1 is zero or less, skip lines 2 through 20 and enter -0- on line 21. Otherwise, go on to line 2.	
2. Enter one-half of line 1	2. _____
3. Enter the adjusted gross income reported on your return for the earlier year	3. _____
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for adoption benefits (Form 8839), qualified U.S. savings bond interest (Form 8815), student loan interest (Form 1040, line 24, or Form 1040A, line 16 (line 17 in 2000)), foreign earned income or housing (Form 2555 or Form 2555-EZ), and certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico	4. _____
5. Enter any tax-exempt interest received in the earlier year	5. _____
6. Add lines 2, 3, 4, and 5	6. _____
7. Enter taxable benefits reported on your return for the earlier year	7. _____
8. Subtract line 7 from line 6	8. _____
9. Enter \$25,000 (\$32,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year)	9. _____
10. Subtract line 9 from line 8, if zero or less, enter -0-	10. _____
Note: If line 10 is zero or less, skip lines 11 through 20 and enter -0- on line 21. Otherwise, go on to line 11.	
11. Enter \$9,000 (\$12,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year)	11. _____
12. Subtract line 11 from line 10. If zero or less, enter -0-	12. _____
13. Enter the smaller of line 10 or line 11	13. _____
14. Enter one-half of line 13	14. _____
15. Enter the smaller of line 2 or line 14	15. _____
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0-	16. _____
17. Add lines 15 and 16	17. _____
18. Multiply line 1 by 85% (.85)	18. _____
19. Refigured taxable benefits. Enter the smaller of line 17 or line 18	19. _____
20. Enter taxable benefits reported on your return for the earlier year (or as refigured due to a previous lump-sum payment for the year)	20. _____
21. Additional taxable benefits. Subtract line 20 from line 19. Also enter this amount on line 19 of Worksheet 4	21. _____

Note: Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2001.

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Forms 1040, 1040A

Use this worksheet if part of the social security benefits are taxable for 2001 and they include benefits paid in 2001 that were for a year before 1994.

Worksheet 3. Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year Before 1994)



Enter earlier year _____

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year	1. _____
Note: If line 1 is zero or less, skip lines 2 through 13 and enter -0- on line 14. Otherwise, go on to line 2.	
2. Enter one-half of line 1	2. _____
3. Enter the adjusted gross income reported on your return for the earlier year	3. _____
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for qualified U.S. savings bond interest (Form 8815), foreign earned income or housing (Form 2555 or Form 2555-EZ), and certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico	4. _____
5. Enter any tax-exempt interest received in the earlier year	5. _____
6. Add lines 2, 3, 4, and 5	6. _____
7. Enter the taxable benefits reported on your return for the earlier year	7. _____
8. Subtract line 7 from line 6	8. _____
9. Enter \$25,000 (\$32,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the year)	9. _____
10. Subtract line 9 from line 8, if zero or less, enter -0-	10. _____
Note: If line 10 is zero or less, skip lines 11 through 13 and enter -0- on line 14. Otherwise, go on to line 11.	
11. Enter one-half of line 10	11. _____
12. Refigured taxable benefits. Enter the smaller of line 2 or line 11	12. _____
13. Enter taxable benefits reported on your return for the earlier year (or as refigured due to a previous lump-sum payment for the year)	13. _____
14. Additional taxable benefits. Subtract line 13 from line 12. Also enter this amount on line 19 of Worksheet 4	14. _____

Note: Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2001.

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Forms 1040, 1040A

Use this worksheet if part of the social security benefits are taxable for 2001 and they include benefits paid in 2001 that were for any earlier year.



Worksheet 4. Figure Your Taxable Benefits Under the Lump-Sum Election Method (Use With Worksheet 2 or 3)

Complete Worksheet 1 and Worksheets 2 and 3 as appropriate before completing this worksheet.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 for 2001, minus the lump-sum payment for years before 2001. 1. _____
Note: If line 1 is zero or less, enter zero on lines 2 and 11 and skip lines 3 through 10. Otherwise, go on to line 2.
2. Enter one-half of line 1 2. _____
3. Enter the amount from line 3 of Worksheet 1 3. _____
4. Enter the amount from line 4 of Worksheet 1 4. _____
5. Add lines 2, 3, and 4 5. _____
6. Enter the amount from line 6 of Worksheet 1 6. _____
7. Subtract line 6 from line 5 7. _____
8. Enter the amount from line 8 of Worksheet 1 8. _____
9. Subtract line 8 from line 7. If zero or less, enter -0- 9. _____
Note: If line 9 is zero or less, skip lines 10 through 17 and enter -0- on line 18. Otherwise, go on to line 10.
10. Enter the amount from line 10 of Worksheet 1 10. _____
11. Subtract line 10 from line 9. If zero or less, enter -0- 11. _____
12. Enter the **smaller** of line 9 or line 10 12. _____
13. Enter one-half of line 12 13. _____
14. Enter the **smaller** of line 2 or line 13 14. _____
15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- 15. _____
16. Add lines 14 and 15 16. _____
17. Multiply line 1 by 85% (.85) 17. _____
18. Enter the **smaller** of line 16 or line 17 18. _____
19. Enter the total of the amounts from line 21 of Worksheet 2 and line 14 of Worksheet 3 for all earlier years for which the lump-sum payment was received 19. _____
20. **Taxable benefits under lump-sum election method.** Add lines 18 and 19. 20. _____
Note: If line 20 above is not smaller than line 18 of Worksheet 1, you cannot use this method to figure your taxable benefits. Instead, follow the instructions on Worksheet 1 to report your benefits.

You can elect to report your taxable benefits under this method if line 20 above is smaller than line 18 of Worksheet 1. To elect this method:

- Make the following entries on your return:
On Form 1040, enter "LSE" to the left of line 20a.
On Form 1040A, enter "LSE" to the left of line 14a.
- Enter the amount from line 1 of Worksheet 1 on Form 1040, line 20a, or on Form 1040A, line 14a. If you are married filing separately and you lived apart from your spouse for all of 2001, also make the entries described at the top of Worksheet 1.
- If line 20 above is zero, follow the instructions below line 9 on Worksheet 1. Otherwise, enter the amount from line 20 above on Form 1040, line 20b, or on 1040A, line 14b.

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Form 8814

Use this worksheet if there is an amount on line 3 of Form 8814.

Capital Gain Distributions—Form 8814

Enter on line 3 of Form 8814 any capital gain distributions your child received.



Use the following worksheet to figure the amount to report as capital gain distributions on Schedule D or directly on Form 1040 and the amount to report on Form 8814, line 6.

Section 1202 gain. If any of the child's capital gain distributions are reported as section 1202 gain (gain on qualified small business stock) on Form 1099-DIV, part or all of that gain may be eligible for the section 1202 exclusion. (For information about the exclusion, see chapter 4 of Publication 550.) To figure that part, multiply the child's capital gain distribution included on line 13, column (f) by a fraction. The numerator is the part of the child's total capital gain distribution that is section 1202 gain. The denominator is the child's total capital gain distribution. Your section 1202 exclusion is generally 50% of the result, but may be subject to a limit. See the instructions for Schedule D for information on how to report the exclusion amount.

Worksheet for Child's Capital Gain Distributions (Keep for your records)

1. Enter amount from Form 8814, line 3 _____
2. Enter amount from Form 8814, line 4 _____
3. Divide line 1 by line 2 _____
4. Base amount \$1,500
5. Subtract line 4 from line 2 _____
6. Multiply line 5 by the decimal on line 3.
Enter the result here and on Schedule
D, line 13, column (f) or on line 13 of
Form 1040 _____
7. Subtract line 6 from line 5. Enter the
result here and on Form 8814, line 6 _____

On the dotted line next to line 6, Form 8814, write "CGD" and the amount from line 6 of this worksheet. On the dotted line next to line 13, Schedule D, or line 13, Form 1040, write "Form 8814" and the amount from line 6 of this worksheet.

28% rate gain. If any of the child's capital gain distributions are reported on Form 1099-DIV as 28% rate gain, you must determine how much to also include on Schedule D, line 13, column (g). Multiply the child's capital gain distribution included on line 13, column (f) by a fraction. The numerator is the part of the child's total capital gain distribution that is 28% rate gain. The denominator is the child's total capital gain distribution.

Qualified 5-year gain. If any of the child's capital gain distributions are reported on Form 1099-DIV as qualified 5-year gain, you must determine how much to also include on line 2 of the *Qualified 5-Year Gain Worksheet* in the instructions for line 29 of Schedule D. Multiply the child's capital gain distribution included on line 13, column (f), by a fraction. The numerator is the part of the child's total capital gain distribution that is qualified 5-year gain. The denominator is the child's total capital gain distribution.

Unrecaptured section 1250 gain. If any of the child's capital gain distributions are reported on Form 1099-DIV as unrecaptured section 1250 gain, you must determine how much to include on line 11 of the *Unrecaptured Section 1250 Gain Worksheet* in the instructions for line 19 of Schedule D. Multiply the child's capital gain distribution included on line 13, column (f) by a fraction. The numerator is the part of the child's total capital gain distribution that is unrecaptured section 1250 gain. The denominator is the child's total capital gain distribution.

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Form 8615

Use these instructions to figure the tax to enter on line 9 (Form 8615) if either of the following applies:

- A net capital gain is included on line 8 (Form 8615).
- Schedule J (Form 1040) is used to figure the parent's tax.

Line 9 (Form 8615) Instructions

The method you will use on line 9 to figure the tax depends on whether line 8 includes any net capital gain. If line 5, 6, or 7 includes net capital gain, then line 8 also includes net capital gain.

Net capital gain on line 8. If neither the child nor the parent nor any other child has net capital gain, the net capital gain on line 8 is zero. Net capital gain is the smaller of the gain, if any, on line 16 of Schedule D or the gain, if any, on line 17 of Schedule D. If Schedule D is not required, it is the amount on line 13 of Form 1040 or line 10 of Form 1040A.

If the child, parent, or any other child has net capital gain, figure the amount of net capital gain included on line 8 by adding together the net capital gain amounts included on lines 5, 6, and 7 of Form 8615. Use the following discussions to find these amounts.

Net capital gain on line 5. If the child has a net capital gain, use the appropriate worksheet below to find the amount of net capital gain included on line 5.

 Use the following worksheet only if line 2 of the child's Form 8615 is \$1,500 and lines 3 and 5 are the same amount.

Line 5 Worksheet #1

- A. Enter the child's net capital gain, . . . _____
- B. Enter the amount from line 1 of the child's Form 8615 _____
- C. Divide line A by line B (but do not enter more than 1) _____
- D. Multiply \$1,500 by line C _____
- E. **Net capital gain on line 5.** Subtract line D from line A (but do not enter less than zero or more than the amount on line 5 of Form 8615) _____

 Use the following worksheet only if line 2 of the child's Form 8615 is more than \$1,500 and lines 3 and 5 are the same amount.

Line 5 Worksheet #2

- A. Enter the child's net capital gain, . . . _____
- B. Enter the child's itemized deductions directly connected with the production of the child's net capital gain _____
- C. Subtract line B from line A _____
- D. Enter the amount from line 1 of the child's Form 8615 _____
- E. Divide line A by line D (but do **not** enter more than 1) _____
- F. Multiply \$750 by line E _____
- G. **Net capital gain on line 5.** Subtract line F from line C (but do not enter less than zero or more than the amount on line 5 of Form 8615) _____

 Use the following worksheet only if line 5 of the child's Form 8615 is less than line 3.

Line 5 Worksheet #3

- A. Enter the child's net capital gain, . . . _____
- B. If the child itemized deductions, enter the child's itemized deductions directly connected with the production of the child's net capital gain _____
- C. Subtract line B from line A _____
- D. If the child can claim his or her own exemption, enter \$2,900*. Otherwise, enter zero _____

- E. If the child itemized deductions, enter the child's itemized deductions **not** directly connected with the production of the child's net capital gain. Otherwise, enter the child's standard deduction _____
- F. Add lines D and E. _____
- G. Enter the child's adjusted gross income (line 34 of Form 1040, line 20 of Form 1040A, or line 34 of Form 1040NR) _____
- H. Divide line A by line G (but do not enter more than 1) _____
- I. Multiply line F by line H _____
- J. **Net capital gain on line 5.** Subtract line I from line C (but do not enter less than zero or more than the amount on line 5 of Form 8615) _____

* If you enter more than \$132,950 on line G, see *Deduction for Exemptions Worksheet—Line 38* in the Form 1040 instructions for the amount to enter on line D.

Net capital gain on line 6. If the parent has a net capital gain, its full amount is the net capital gain included on line 6.

Net capital gain on line 7. The net capital gain included on line 7 is the total of the amounts of net capital gain included on line 5 of the other children's Forms 8615. Find the amount for each other child as explained earlier under *Net capital gain on line 5*. (Do not attach the other children's Forms 8615 to the child's return.)

Line 9 (Tax on Parent's Taxable Income Plus Children's Net Investment Income)

Figure the tax on the amount on line 8 using the Tax Table, the Tax Rate Schedules, the *Capital Gain Tax Worksheet* (in the Form 1040, 1040A, or 1040NR instructions), the *Schedule D Tax Worksheet* (in the Schedule D instructions) or Schedule D or J (Form 1040), as follows.

- If line 8 **does not** include any net capital gain, use the Tax Table or Tax Rate Schedules to figure this tax. But if Schedule J, *Farm Income Averaging*, is used to figure the tax on the parent's return, use it to figure this tax.
- If line 8 **does** include any net capital gain, use the *Capital Gain Tax Worksheet* to figure this tax unless the child, parent, or any other child has unrecaptured section 1250 gain, 28% rate gain, qualified 5-year gain, or an amount on Form 4952, line 4e. In that case, use Schedule D to figure this tax, or if there is unrecaptured Section 1250 gain or 28% rate gain, use the *Schedule D Tax Worksheet*. But if Schedule J is used to figure the tax on the parent's return, use it to figure this tax.

Using the Capital Gain Tax Worksheet for line 9 tax. If you use the *Capital Gain Tax Worksheet* to figure the line 9 tax on Form 8615, complete that worksheet as follows.

- 1) On line 1, enter the amount from line 8 of Form 8615.
- 2) On line 2, enter the amount of the net capital gain on line 8 of Form 8615. (See the earlier discussion for line 8.)
- 3) Complete lines 3 through 15 following the worksheet instructions. (Use the parent's filing status to complete lines 4, 5, and 14.)

Enter the amount from line 15 of the *Capital Gain Tax Worksheet* on line 9 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.

Using Schedule D for line 9 tax. Use Schedule D to figure the line 9 tax on Form 8615 if the child, parent, or any other child has qualified 5-year gain or an amount on Form 4952, line 4e, and none of them has unrecaptured section 1250 gain or 28% rate gain.

If you must use Schedule D, first complete any Schedule D required for the child, parent, or any other child. Then figure the tax using Part IV of **another** Schedule D as a worksheet. (Do not attach this worksheet Schedule D to the child's return.)

Complete this worksheet Schedule D as follows.

- 1) On line 19, enter zero.
- 2) On line 20, enter the amount from line 8 of Form 8615.
- 3) On line 21, enter the net capital gain included on line 8 of Form 8615. (See the earlier discussion for line 8.)
- 4) On line 22, enter the total of the amounts on line 22 of each completed Schedule D.
- 5) Complete lines 23 through 40, following the Schedule D instructions. (Use the parent's filing status to complete lines 25, 26, and 39.) If you need to complete line 29, enter zero if neither the child, nor the parent, nor any other child has qualified 5-year gain. Otherwise, enter the amount of qualified 5-year gain included in the net capital gain on line 21 of this worksheet. Figure this amount as explained next under *Figuring qualified 5-year gain (line 29)*.

Enter the amount from line 40 of this worksheet Schedule D on line 9 of Form 8615 and check the box on that line.

Figuring qualified 5-year gain (line 29). If the child, parent, or any other child has qualified 5-year gain, figure the amount of qualified 5-year gain included in the net capital gain on line 21 of the worksheet Schedule D using the following worksheet.

Worksheet for Line 29 of Schedule D (Line 9 Tax)

1. Enter the amount, if any, from line 7 of the child's *Qualified 5-Year Gain Worksheet* in the Schedule D instructions _____
If line 1 is zero or blank, skip lines 2 through 4, enter zero on line 5, and go to line 6.
2. Enter the amount from the last line of the child's completed *Line 5 Worksheet*. See the earlier discussion for line 8 of Form 8615 _____
3. Enter the amount from line A of the child's completed *Line 5 Worksheet* _____
4. Divide line 2 by line 3. Enter the result as a decimal, _____
5. Multiply line 1 by line 4 _____
6. If no other child has qualified 5-year gain, enter zero. Otherwise, repeat lines 1 through 5 above for each other child who has qualified 5-year gain and enter the total of the line 5 amounts for those children _____
7. Enter the amount, if any, from line 7 of the parent's *Qualified 5-Year Gain Worksheet Schedule D* _____
8. Add lines 5, 6, and 7. Also enter this amount on line 29 of the *Worksheet Schedule D* _____

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Form 8615

Use these instructions to figure the tax to enter on line 15 (Form 8615) if a net capital gain is included on line 14 (Form 8615).

Using the Schedule D Tax Worksheet for line 9 tax. Use the *Schedule D Tax Worksheet* in the Schedule D instructions to figure the line 9 tax on Form 8615 if the child, parent, or any other child has unrecaptured section 1250 gain or 28% rate gain. If you must use the *Schedule D Tax Worksheet*, first complete any Schedule D and any actual *Schedule D Tax Worksheet* required for the child, parent, or any other child. Then figure the line 9 tax using **another** *Schedule D Tax Worksheet*. (Do not attach this *Schedule D Tax Worksheet* to the child's return.)

Complete this worksheet Schedule D as follows.

- 1) On line 1, enter the amount from line 8 of Form 8615.
- 2) On line 2, enter the net capital gain included on line 8 of Form 8615. (See the earlier discussion for line 8.)
- 3) On line 3, enter the total of the amounts, if any, on line 22 of each actual Schedule D.
- 4) On line 4, follow the worksheet instructions.
- 5) Leave line 5 blank.
- 6) On line 6, enter zero if neither the child, parent, nor any other child has 28% rate gain (line 15 of Schedule D). Otherwise, enter the amount of 28% rate gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring 28% rate gain (line 6)*.
- 7) On line 7, enter zero if neither the child, parent, nor any other child has unrecaptured section 1250 gain (line 19 of Schedule D). Otherwise, enter the amount of unrecaptured section 1250 gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring unrecaptured section 1250 gain (line 7)*.
- 8) Complete lines 8 through 37, following the worksheet instructions. (Use the parent's filing status to complete lines 11, 15, and 36.) If you need to complete line 17, enter zero if neither the child, parent, nor any other child has qualified 5-year gain (line 7 of the *Qualified 5-Year Gain Worksheet* in the Schedule D instructions). Otherwise, enter the amount of qualified 5-year gain included in the net capital gain on line 2. Figure this amount as explained later under *Figuring qualified 5-year gain (line 17)*.

Enter the amount from line 37 of this *Schedule D Tax Worksheet* on line 9 of Form 8615 and check the box on that line.

Figuring 28% rate gain (line 6). If the child, parent, or any other child has 28% rate gain, figure the amount of 28% rate gain included in the net capital gain on line 2 using the following worksheet.

Worksheet for Line 6 of the Schedule D Tax Worksheet (Line 9 Tax)

1. If the child does not have 28% rate gain, skip this line and lines 2 through 5, enter zero on line 6, and go to line 7. Otherwise,

if an actual *Schedule D Tax Worksheet* was required for the child, skip this line, enter the amount from line 6 of that worksheet on line 2 below, and go to line 3. If that worksheet was not required, enter the total of lines 7 and 15 of the child's Schedule D, but not less than zero.

2. Enter the smaller of line 1 above or line 15 of the child's Schedule D, but not less than zero

If line 2 is zero, skip lines 3 through 5, enter zero on line 6, and go to line 7.

3. Enter the amount from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.)
4. Enter the amount from line A of the child's completed *Line 5 Worksheet*
5. Divide line 3 by line 4. Enter the result as a decimal
6. Multiply line 2 by line 5
7. If no other child has 28% rate gain, enter zero. Otherwise, repeat lines 1 through 6 above for each other child who has 28% rate gain and enter the total of the line 6 amounts for those other children
8. If the parent does not have 28% rate gain, skip this line, enter zero on line 9, and go to line 10. Otherwise, if an actual *Schedule D Tax Worksheet* was required for the parent, skip this line, enter the amount from line 6 of that worksheet on line 9 below, and go to line 10. If that worksheet was not required, enter the total of lines 7 and 15 of the parent's Schedule D, but not less than zero
9. Enter the smaller of line 8 above or line 15 of the parent's Schedule D, but not less than zero
10. Add lines 6, 7, and 9. Also enter this amount on line 6 of the *Schedule D Tax Worksheet*

Figuring unrecaptured section 1250 gain (line 7). If the child, parent, or any other child has unrecaptured section 1250 gain, figure the amount of unrecaptured section 1250 gain included in the net capital gain on line 2 using the following worksheet.

Worksheet for Line 7 of the Schedule D Tax Worksheet (Line 9 Tax)

1. Enter the amount, if any, from line 19 of the child's Schedule D
If line 1 is zero or blank, skip lines 2 through 4, enter zero on line 5, and go to line 6.
2. Enter the amount, if any, from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.)
3. Enter the amount from line A of the child's completed *Line 5 Worksheet*
4. Divide line 2 by line 3. Enter the result as a decimal
5. Multiply line 1 by line 4
6. If no other child has unrecaptured section 1250 gain, enter zero. Otherwise, repeat lines 1 through 5 for each other child who has unrecaptured section 1250 gain and enter the total of the line 5 amounts for those children,
7. If the parent does not have unrecaptured section 1250 gain, enter zero. Otherwise, enter the amount from line 19 of the parent's Schedule D
8. Add lines 5, 6, and 7. Also enter this amount on line 7 of the *Schedule D Tax Worksheet*

Figuring qualified 5-year gain (line 17). If the child, parent, or any other child has qualified 5-year gain, figure the amount of

qualified 5-year gain included in the net capital gain on line 2 using the following worksheet.

Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)

1. Enter the amount, if any, from line 7 of the child's *Qualified 5-Year Gain Worksheet* in the Schedule D instructions
If line 1 is zero or blank, skip lines 2 through 4, enter zero on line 5, and go to line 6.
2. Enter the amount from the last line of the child's completed *Line 5 Worksheet*. (See the earlier discussion for line 8 of Form 8615.)
3. Enter the amount from line A of the child's completed *Line 5 Worksheet*
4. Divide line 2 by line 3. Enter the result as a decimal
5. Multiply line 1 by line 4
6. If no other child has qualified 5-year gain, enter zero. Otherwise, repeat lines 1 through 5 above for each child who has qualified 5-year gain and enter the total of the line 5 amounts for those other children
7. If the parent has no qualified 5-year gain, enter zero. Otherwise, enter the amount from line 7 of the parent's *Qualified 5-Year Gain Worksheet* in the Schedule D instructions
8. Add lines 5, 6 and 7. Also enter this amount on line 17 of the *Schedule D Tax Worksheet*

Using Schedule J, for line 9 tax. Use Schedule J, *Farm Income Averaging*, to figure the line 9 tax on Form 8615 if Schedule J is used to figure the tax on the parent's return. First complete the actual Schedule J for the parent, then use **another** Schedule J as a worksheet to figure the tax to enter on line 9 of Form 8615. (Do not attach this worksheet to the child's return.)

Complete this worksheet Schedule J as follows.

- 1) On line 1, enter the amount from line 8 of Form 8615.
- 2) On line 2, enter the amount from the parent's Schedule J, line 2.
- 3) Complete line 3 following the Schedule J instructions.
- 4) Complete line 4. If line 8 of Form 8615 includes any net capital gain, use the *Capital Gain Tax Worksheet* to figure the tax amount on this line **unless** the child, parent, or any other child of that parent has unrecaptured section 1250 gain, 28% rate gain, qualified 5-year gain, or an amount on Form 4952, line 4e. In that case, use Schedule D to figure this tax, or if there is unrecaptured section 1250 gain or 28% rate gain, use the *Schedule D Tax Worksheet*. Follow the earlier instructions under *Using the Capital Gain Tax Worksheet for line 9 tax*, *Using Schedule D for line 9 tax*, or using the *Schedule D Tax Worksheet*, except use the amount on line 3 of **this** worksheet (instead of the amount on line 8 of Form 8615) in item (1) of those instructions.

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Form 8615

Use these instructions to figure the tax to enter on line 15 (Form 8615) if a net capital gain is included on line 14 (Form 8615).

- 5) On lines 5 through 16, enter the amounts from the parent's Schedule J, lines 5 through 16.
- 6) Complete line 17 following the Schedule J instructions.
- 7) On lines 18 through 21, enter the amounts from the parent's Schedule J, lines 18 through 21.
- 8) Complete line 22 following the Schedule J instructions.

Enter the amount from line 22 of this worksheet Schedule J on line 9 of Form 8615 and check the box on that line.

Net capital gain on line 14. If the child does not have any net capital gain, the net capital gain included on line 14 is zero. For an explanation of net capital gain, see *Net capital gain on line 8* in the earlier discussion for line 8 of Form 8615.

If the child has net capital gain, the amount included on line 14 is the amount from line A of the child's completed *Line 5 Worksheet* minus the amount from the last line of that worksheet. (See the earlier discussion for line 8 of Form 8615.)

Line 15 (Tax on Child's Taxable Income in Excess of Net Investment Income).

Figure the tax on the amount on line 14 using the Tax Table, the Tax Rate Schedules, the *Capital Gain Tax Worksheet*, the *Schedule D Tax Worksheet*, Schedule D or J (Form 1040), as follows.

- If line 14 **does not** include any net capital gain, use the Tax Table or Tax Rate Schedules (or Schedule J, if applicable) to figure this tax.
- If line 14 **does** include any net capital gain, use the *Capital Gain Tax Worksheet* to figure this tax unless the child has unrecaptured section 1250 gain, 28% rate gain, qualified 5-year gain, or an amount on Form 4952, line 4e. In that case, use Schedule D to figure this tax or, if the child has unrecaptured section 1250 gain or 28% rate gain, use the *Schedule D Tax Worksheet*. (But use Schedule J instead, if it applies.)



Tax computation for certain dependents. Generally, if the child can be claimed as a dependent on someone else's tax return, you can reduce any tax amount figured using the 2001 Tax Table or Tax Rate Schedules (including any line 15 tax figured on any worksheet or schedule described in the following paragraphs) by one-third of the tax amount or \$300, whichever is smaller.

This reduction **does not apply** to the following dependents.

- A child who received (before any offsets) an advance payment of his or her 2001 taxes.
- A child who files Form 1040NR.

Using the Capital Gain Tax Worksheet for line 15 tax. If you use the *Capital Gain Tax Worksheet* to figure the line 15 tax on Form 8615, complete that worksheet as follows.

- 1) On line 1, enter the amount from line 14 of Form 8615.
- 2) On line 2, enter the amount of the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)
- 3) Complete lines 3 through 15 following the worksheet instructions. Use the child's filing status to complete lines 4, 5, and 14. (Before completing lines 4 and 14, see the caution, *Tax computation for certain dependents*, earlier.)

Enter the amount from line 15 of this *Capital Gain Tax Worksheet* on line 15 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.

Using Schedule D for line 15 tax. Use Part IV of Schedule D to figure the line 15 tax on Form 8615 if the child has qualified 5-year gain or an amount on Form 4952, line 4e, and no unrecaptured section 1250 gain or 28% rate gain. If you must use Schedule D, first complete any actual Schedule D required for the child. Then figure the line 15 tax using Part IV of **another** Schedule D as a worksheet. (Do not attach this worksheet Schedule D to the child's return.)

Complete this **worksheet Schedule D** as follows.

- 1) On line 19, enter zero.
- 2) On line 20, enter the amount from line 14 of Form 8615.
- 3) On line 21, enter the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)
- 4) On line 22, enter the amount from line 22 of the child's actual Schedule D.
- 5) Complete lines 23 through 40, following the Schedule D instructions. Use the child's filing status to complete lines 25, 26, and 39. (Before completing lines 25 and 39, see the caution, *Tax computation for certain dependents*, earlier.) If you need to complete line 29, enter zero if the child has no qualified 5-year gain (line 7 of the *Qualified 5-Year Gain Worksheet* in the Schedule D instructions). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 29 of Schedule D (Line 9 Tax)* or the *Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)*, whichever was used. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 29 of this worksheet Schedule D.

Enter the amount from line 40 of this worksheet Schedule D on line 15 of Form 8615.

Using the Schedule D Tax Worksheet for line 15 tax. Use the *Schedule D Tax Worksheet* in the Schedule D instructions to figure the line 15 tax on Form 8615 if the

child has unrecaptured section 1250 gain or 28% rate gain. If you must use the *Schedule D Tax Worksheet*, first complete any Schedule D and any actual *Schedule D Tax Worksheet* required for the child. Then figure the line 15 tax using **another** *Schedule D Tax Worksheet*. (Do not attach this *Schedule D Tax Worksheet* to the child's return.)

Complete this *Schedule D Tax Worksheet* as follows.

- 1) On line 1, enter the amount from line 14 of Form 8615.
- 2) Leave lines 2 and 3 blank.
- 3) On line 4, enter the net capital gain included on line 14 of Form 8615. (See the earlier discussion for line 14.)
- 4) Leave line 5 blank.
- 5) On line 6, enter zero if the child has no 28% rate gain (line 15 of Schedule D). Otherwise, see the *Worksheet for Line 6 of the Schedule D Tax Worksheet (Line 9 Tax)* under *Using the Schedule D Tax Worksheet for line 9 tax*, earlier. Subtract line 8 of that worksheet from line 2 of that worksheet, and enter the result.
- 6) On line 7, enter zero if the child has no unrecaptured section 1250 gain (line 19 of Schedule D). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 7 of the Schedule D Tax Worksheet (Line 9 Tax)*. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 7 of this worksheet.
- 7) Complete lines 8 through 37, following the worksheet instructions. (Use the child's filing status to complete lines 11, 15, and 36.) If you need to complete line 17, enter zero if the child has no qualified 5-year gain (line 7 of the *Qualified 5-Year Gain Worksheet* in the Schedule D instructions). Otherwise, in the earlier discussion for line 9 of Form 8615, see the *Worksheet for Line 17 of the Schedule D Tax Worksheet (Line 9 Tax)*. Subtract line 5 of that worksheet from line 1 of that worksheet and enter the result on line 17 of this worksheet.

Enter the amount from line 37 of this *Schedule D Tax Worksheet* on line 15 of Form 8615 and check the box on that line.

Using Schedule J for line 15 tax. If Schedule J applies, use it as a worksheet to figure the tax to enter on line 15 of Form 8615. On line 1 of this worksheet, enter the amount from line 14 of Form 8615. Complete lines 2 through 22 following the worksheet instructions. Use the child's filing status to complete lines 4, 8, 12, and 16. (Before completing line 4, see the caution, *Tax computation for certain dependents*, earlier.)

Enter the amount from line 22 of this worksheet Schedule J on line 15 of Form 8615 and check the box on that line. Do not attach this worksheet to the child's return.

Publication 936

Schedule A (Form 1040)

Use this worksheet if either of the following applies:

- Mortgages taken out after October 13, 1987, were used for purposes other than to buy, build, or improve the individual's home, and those mortgages totaled over \$100,000 (\$50,000 if married filing separately) at any time during 2001.
- Mortgages taken out after October 13, 1987, were used to buy, build, or improve the individual's home, and those mortgages plus earlier ones totaled over \$1 million (\$500,000 if married filing separately) at any time during 2001.

Table 1. **Worksheet To Figure Your Qualified Loan Limit and Deductible Home Mortgage Interest For the Current Year**

(Keep for your records.) See the **Table 1 Instructions**.



Part I Qualified Loan Limit			
1	Enter the average balance of all your grandfathered debt. See line 1 instructions		
2	Enter the average balance of all your home acquisition debt. See line 2 instructions		
3	Enter \$1,000,000 (\$500,000 if married filing separately)		
4	Enter the larger of the amount on line 1 or the amount on line 3		
5	Add the amounts on lines 1 and 2. Enter the total here		
6	Enter the smaller of the amount on line 4 or the amount on line 5		
7	Enter \$100,000 (\$50,000 if married filing separately). See line 7 instructions for a limit that may apply		
8	Add the amounts on lines 6 and 7. Enter the total. This is your qualified loan limit		

Part II Deductible Home Mortgage Interest			
9	Enter the total of the average balances of all mortgages on all qualified homes. See line 9 instructions		
	<ul style="list-style-type: none"> • If line 8 is less than line 9, GO ON to line 10. • If line 8 is equal to or more than line 9, STOP HERE. All of your interest on all the mortgages included on line 9 is deductible as home mortgage interest on Schedule A (Form 1040). 		
10	Enter the total amount of interest that you paid. See line 10 instructions		
11	Divide the amount on line 8 by the amount on line 9. Enter the result as a decimal amount (rounded to three places)		× .
12	Multiply the amount on line 10 by the decimal amount on line 11. Enter the result. This is your deductible home mortgage interest . Enter this amount on Schedule A (Form 1040)		
13	Subtract the amount on line 12 from the amount on line 10. Enter the result. This is not home mortgage interest . See line 13 instructions		

Publication 946

Form 4562

Use this worksheet to help figure the depreciation on passenger automobiles.

Depreciation Worksheet for Passenger Automobiles

Part I

1. Description of property	_____
2. Date placed in service	_____
3. MACRS system (GDS or ADS)	_____
4. Recovery period	_____
5. Method and convention	_____
6. Depreciation rate (from tables)	_____
7. Maximum depreciation deduction for this year (from the appropriate table)	_____
8. Business/investment-use percentage	_____
9. Multiply line 7 by line 8. This is your adjusted maximum depreciation deduction	_____
10. Section 179 deduction claimed this year (not more than line 9). Enter -0- if this is not the year you placed the car in service	_____

Note.

- 1) If line 10 is equal to line 9, stop here. Your combined section 179 and depreciation deduction is limited to the amount on line 9.
 - 2) If line 10 is less than line 9, complete Part II.
-

Part II

11. Subtract line 10 from line 9. This is the limit on the amount you can deduct for depreciation	_____
12. Cost or other basis (reduced by any section 179A deduction ¹ or credit for electric vehicles ²)	_____
13. Multiply line 12 by line 8. This is your business/investment cost	_____
14. Section 179 deduction claimed in year you placed the car in service	_____
15. Subtract line 14 from line 13. This is your unadjusted basis	_____
16. Multiply line 15 by line 6. This is your tentative depreciation deduction	_____
17. Enter the lesser of line 11 or line 16. This is your depreciation deduction	_____

¹ The section 179A deduction is for clean-fuel vehicles or clean-fuel vehicle refueling property. When figuring the amount to enter on line 12, do not reduce your cost or other basis by any section 179 deduction you claimed for your car.

² Reduce the basis by the lesser of \$4,000, or 10% of the cost of the vehicle even if the credit is less than that amount.

Publication 972

Forms 1040, 1040A

USE this worksheet to figure the child tax credit.

Child Tax Credit Worksheet

Keep for Your Records

Before you begin:

If you are a Form 1040 filer, you will need the following forms if you are filing them.

- ✓ Form 2555, Foreign Earned Income
- ✓ Form 2555-EZ, Foreign Earned Income Exclusion
- ✓ Form 4563, Exclusion of Income for Bona Fide Residents of American Samoa



Part 1

1. Number of qualifying children: _____ × \$600. Enter the result.

1	
---	--

2. Enter the amount from Form 1040, line 34, or Form 1040A, line 20.

2	
---	--

3. **1040 Filers.** Enter the total of any—
 - Exclusion of income from Puerto Rico, and
 - Amounts from Form 2555, lines 43 and 48; Form 2555-EZ, line 18; and Form 4563, line 15.**1040A Filers.** Enter -0-.

3	
---	--

4. Add lines 2 and 3. Enter the total.

4	
---	--

5. Enter 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

5	
---	--

6. Is the amount on line 4 more than the amount on line 5?
 No. Leave line 6 blank. Enter -0- on line 7.
 Yes. Subtract line 5 from line 4.
If the result is not a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.).

6	
---	--

7. Multiply the amount on line 6 by 5% (.05). Enter the result.

7	
---	--

8. Is the amount on line 1 more than the amount on line 7?
 No. You cannot take the child tax credit on Form 1040, line 48, or Form 1040A, line 31. You also cannot take the additional child tax credit on Form 1040, line 63, or Form 1040A, line 40. Complete the rest of your Form 1040 or 1040A.
 Yes. Subtract line 7 from line 1. Enter the result.

8	
---	--

Go to Part 2 on the next page.

Part 2

9. Enter the amount from Form 1040, line 42, or Form 1040A, line 26.

9	
----------	--

10. Add the amounts from—

<u>Form 1040</u>	or	<u>Form 1040A</u>			
Line 43			_____		
Line 44	Line 27	+	_____		
Line 45	Line 28	+	_____		
Line 46	Line 29	+	_____		
Line 47	Line 30	+	_____		
Enter the total.			<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td style="width: 20px; text-align: center;">10</td> <td style="width: 100px; height: 30px;"></td> </tr> </table>	10	
10					

11. Are you claiming any of the following credits?

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

No. Enter the amount from line 10.

Yes. Complete the *Line 11 Worksheet* on the next page to figure the amount to enter here.

11	
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12. Subtract line 11 from line 9. Enter the result.

12	
-----------	--

13. Is the amount on line 8 of this worksheet more than the amount on line 12?

No. Enter the amount from line 8.

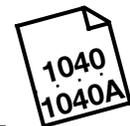
Yes. Enter the amount from line 12. See the **TIP** below.

}

This is your child tax credit.

13	
-----------	--

Enter this amount on
Form 1040, line 48, or
Form 1040A, line 31.



You may be able to take the **additional child tax credit** on Form 1040, line 63, or Form 1040A, line 40, only if you answered “Yes” on line 13.

- First, complete your Form 1040 through line 62, or Form 1040A through line 39b.
- Then, use Form 8812 to figure any additional child tax credit.

Line 11 Worksheet

Keep for Your Records

Use this worksheet to figure the amount to put on line 11 of the Child Tax Credit Worksheet.

Before you begin: ✓ Complete the *Taxable Earned Income Worksheet* on page 7 or 8 that applies to you.



Use this worksheet only if you answered "Yes" on line 11 of the *Child Tax Credit Worksheet* on page 4.

1. Enter the amount from line 8 of the <i>Child Tax Credit Worksheet</i> on page 3.	1	
2. Enter your taxable earned income from the worksheet on page 7 or 8 that applies to you.	2	
3. Is the amount on line 2 more than \$10,000? <input type="checkbox"/> No. Leave line 3 blank, enter -0- on line 4, and go to line 5. <input type="checkbox"/> Yes. Subtract \$10,000 from the amount on line 2. Enter the result.	3	
4. Multiply the amount on line 3 by 10% (.10) and enter the result.	4	
5. Is the amount on line 1 of the <i>Child Tax Credit Worksheet</i> on page 3 \$1,800 or more? <input type="checkbox"/> No. If line 4 above is zero, stop. Do not complete the rest of this worksheet. Instead, go back to the <i>Child Tax Credit Worksheet</i> on page 4 and do the following. Enter the amount from line 10 on line 11 and complete lines 12 and 13. Otherwise, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. <input type="checkbox"/> Yes. If line 4 above is equal to or more than line 1 above, leave lines 6 through 9 blank, enter -0- on line 10, and go to line 11 on the next page. Otherwise, see 1040 Filers and 1040A Filers on page 6 and then go to line 6.		
6. Enter the total of the following amounts from Form(s) W-2: <ul style="list-style-type: none"> • Social security taxes from box 4, and • Medicare taxes from box 6. Railroad employees, see the bottom of page 6.	6	
7. 1040 Filers. Enter the total of any— <ul style="list-style-type: none"> • Amounts from Form 1040, lines 27 and 54, and • Uncollected social security and Medicare or RRTA taxes shown in box 12 of your Form(s) W-2 with codes A, B, M, and N. 1040A Filers. Enter -0-.	7	
8. Add lines 6 and 7. Enter the total.	8	
9. 1040 Filers. Enter the total of the amounts from Form 1040, lines 61a and 62. 1040A Filers. Enter the total of any— <ul style="list-style-type: none"> • Amount from Form 1040A, line 39a, and • Excess social security and RRTA taxes withheld that you entered to the left of Form 1040A, line 41. 	9	
10. Subtract line 9 from line 8. If the result is zero or less, enter -0-. Go to line 11 on the next page.	10	

If married filing jointly, include your spouse's amounts with yours when completing lines 6 and 7.

11. Enter the **larger** of line 4 or line 10. 11

12. Is the amount on line 11 of this worksheet more than the amount on line 1?
 No. Subtract line 11 from line 1. Enter the result.
 Yes. Enter -0-.

} 12

Next, figure the amount of any of the following credits that you are claiming. Use the amount from line 12 above when you are asked to enter the amount from Form 1040, line 48, or Form 1040A, line 31.

- Adoption credit, Form 8839
- Mortgage interest credit, Form 8396
- District of Columbia first-time homebuyer credit, Form 8859

Then, go to line 13.

13. Enter the total of the amounts from—

- Form 8839, line 14, and
- Form 8396, line 11, and
- Form 8859, line 11.

} 13

14. Enter the amount from line 10 of the *Child Tax Credit Worksheet* on page 4. 14

15. Add lines 13 and 14. Enter the total. 15

Enter this amount on line 11 of the Child Tax Credit Worksheet on page 4.

1040 Filers. Complete lines 54, 61a, 61b, and 62 of your return if they apply to you.

1040A Filers. Complete lines 39a and 39b of your return if they apply to you. If you, or your spouse if filing jointly, had more than one employer for 2001 and total wages of over \$59,700, figure any excess social security and railroad retirement (RRTA) taxes withheld. See the instructions for Form 1040A, line 41.

Railroad Employees. Include the following taxes in the total on line 6 of the *Line 11 Worksheet*.

- ✓ Tier 1 tax withheld from your pay.
This tax should be shown in box 14 of your Form(s) W-2 and identified as “Tier 1 tax.”
- ✓ If you were an employee representative, 50% of the total Tier 1 tax and Tier 1 Medicare tax you paid for 2001.