

# 1981

# Instructions for preparing **Form 1040**

Department of the Treasury / Internal Revenue Service

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**and instructions for  
Schedules  
A, B, C, D, E, F,  
R, RP, and SE**  
(Tax Table—pages 34–39)

## **From the Commissioner**

Here is the information you need to prepare Form 1040 and related schedules. You may, however, be able to file the shorter Form 1040A instead. We have changed the 1040A this year so that it may be used by taxpayers with higher incomes and more interest and dividends. Check "Which Form to File" on page 3 of the instructions to see which form you should use this year.

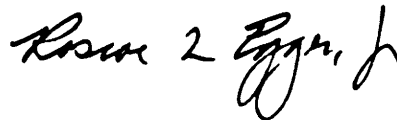
Although there have been some changes as a result of recent tax legislation, you will find that most of the lines on Form 1040 and the related schedules are the same as last year. Major changes are explained on page 2 under "Changes for 1981."

Be sure to report your taxable income from all sources. In fairness to the vast majority of taxpayers who report all their income, we make every effort to identify others who underreport.

If you need help completing your return, call us at the number listed for your area on page 44 or 45. If you have suggestions for improving the forms or instructions, please write and let us know.

After completing your return, check to make sure it is correct, sign it, and mail it early. If you owe tax, please include payment of the full amount with your return. Be sure to keep a copy for your records.

Thank you for your cooperation.



Roscoe L. Egger, Jr.  
Commissioner of Internal Revenue

# Changes for 1981

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## New Rate Reduction Credit

Your 1981 tax has been reduced by a new one-year credit. The rate reduction credit has been built into the Tax Table for you. Filers who use the Tax Rate Schedules should see the instructions for the Tax Computation Worksheet (on the same page as the Tax Rate Schedules).

## Tax Table Changes

Generally, all filers with taxable incomes of less than \$50,000 must use the recently expanded Tax Table. See the instructions for "Tax Computation" on page 12 for more details.

Also, the built-in deduction for exemptions has been removed from the 1981 Tax Table. Instead, the deduction for exemptions is now shown on line 33 of the 1981 Form 1040 and is then subtracted to arrive at taxable income. You then compute your tax from the Tax Table using this taxable income figure. This change enables us to provide you with one tax table instead of four. Keep this change in mind if you want to compare this year's tax table with last year's tax tables.

## Form 1040A Interest and Dividend Ceiling Removed

If you filed Form 1040 last year only because your interest or dividend income was over \$400, you may be able to use Form 1040A this year. Form 1040A is easier than Form 1040 to fill out. See "Which Form to File" on page 3 of the instructions.

## New Exclusion for Interest and Dividend Income

Generally, you can now exclude up to \$200 (\$400 if married and filing a joint return) of qualifying interest and dividend income. See the instructions for line 8d on page 9 for more details.

## New Exclusion for Qualified Interest from All-Savers Certificates

You are entitled to a lifetime exclusion of up to \$1,000 (\$2,000 if married filing a joint return) of qualifying interest from All-Savers Certificates. Claim this exclusion on Schedule B (Form 1040). Please see the instructions on page 20 for more details.

## Pension Reporting Simplified

Filers who had to use Schedule E (Form 1040) to report pension and annuity income in the past can now report these amounts directly on Form 1040. A new line (16 a and b) has been added to eliminate the need to fill out Schedule E by those taxpayers who used only Part I in prior years.

## Gain on Sale of Principal Residence

You can exclude up to \$125,000 of gain from the sale of your principal residence after July 20, 1981, if you were 55 or over and met certain other tests. See Form 2119 for more information.

## Alternative Tax Computation

If you had a net long-term capital gain, you may pay less tax by using the alternative tax computation on Schedule D. Please read the instructions for Schedule D to see if you qualify.

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# Important Reminders for 1981

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## Estimated Tax Payments by Retirees

If you are retired now or plan to retire in 1982, you may have to make estimated tax payments on Form 1040-ES. Or, you may choose to have income tax withheld from your pension or annuity **by giving the payer Form W-4P**. If you do not pay enough estimated tax or have enough tax withheld, you may be charged a penalty. For more details, see **Publication 505, Tax Withholding and Estimated Tax**.

## Do You Want More or Less Income Tax Withheld in 1982?

If the refund you receive is large, you may want to decrease your withholding for 1982. If you are a working married couple, or had two or more jobs, or had income not subject to withholding, you may need to have more tax withheld to avoid owing IRS a large amount. See **Income Tax Withholding for 1982** on page 17 for more details.

## IRS Will Figure Credit for the Elderly

If you want us to figure your credit for the elderly, see **IRS Will Figure Your Credits**, on pages 3 and 4 of the instructions.

## Could You Pay Less By Income Averaging?

If there has been a large increase in your income this year, you may be able to pay less tax by using the income averaging method to figure your tax. Please get Schedule G (Form 1040) to see if you qualify.

## Divorced Persons—Property Settlement

If you transfer assets to your spouse as part of a property settlement because of divorce, you may have a taxable gain. If you transfer business or investment property, you may have a taxable gain or a deductible loss. Please get **Publication 504, Tax Information for Divorced or Separated Individuals**, for details.

# Form 1040

## General

## Instructions

### Who Must File

Your income and your filing status generally determine whether or not you must file a tax return.

<b>You must file a return for 1981, even if you owe no tax:</b>	<b>And your income was at least:</b>
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If you were single (this also means legally separated, divorced, or married with a dependent child and living apart from your spouse for all of 1981) and:

<b>Under 65</b> .....	<b>\$3,300</b>
<b>65 or over</b> .....	<b>4,300</b>

If you were married filing a joint return and were living with your spouse at the end of 1981 (or on the date your spouse died), and:

<b>Both were under 65</b> .....	<b>5,400</b>
<b>One was 65 or over</b> .....	<b>6,400</b>
<b>Both were 65 or over</b> .....	<b>7,400</b>

If you were married filing a separate return or married but were not living with your spouse at the end of 1981.....

**1,000**

If you could be claimed as a dependent on your parents' return, and had taxable dividends, interest, or other unearned income of \$1,000 or more.....

**1,000**

If you were a qualifying widow(er) with a dependent child and:

<b>Under 65</b> .....	<b>4,400</b>
<b>65 or over</b> .....	<b>5,400</b>

If you could exclude income from sources within U.S. possessions .....

**1,000**

If you were self-employed and your net earnings from this work were at least \$400

If you received any advance earned income credit (EIC) payments from your employer(s) during 1981

Even if your income was less than the amounts shown above, you must file a return if you owe any taxes, such as:

- FICA (Social Security) on tips you did not report to your employer.
- Minimum Tax.
- Tax on an IRA (Individual Retirement Arrangement).
- Tax from recomputing a prior year investment credit.

These rules apply to all U.S. citizens and resident aliens, including those under 21 years of age. They also apply

to those nonresident aliens and resident aliens who are married to citizens or residents of the United States at the end of 1981 and who file a joint return as discussed on page 6, under *Special Rule for Aliens*.

**Note:** Different rules apply if you were a nonresident alien at any time during 1981 (unless you file a joint return as mentioned above). You may have to file **Form 1040NR**, U.S. Nonresident Alien Income Tax Return. Also get **Publication 519**, U.S. Tax Guide for Aliens.

### Who Should File

Even if you do not have to file, you should file to get a refund if income tax was withheld from your pay. Also file if you can take the earned income credit. If you file for either of these reasons only, you may be able to use **Form 1040A**.

### Which Form to File

#### You MAY Be Able to Use Form 1040A if:

- You had only wages, salaries, tips, unemployment compensation, interest, or dividends.

AND

- Your taxable income is less than \$50,000.

Since **Form 1040A** is easier to complete than **Form 1040**, you should use it if you can unless **Form 1040** lets you pay less tax. However, even if you meet the above tests, you may still have to file **Form 1040**.

#### You MUST Use Form 1040 if:

- You itemize deductions.
- Your spouse files a separate return and itemizes deductions. Exception: You can still use **Form 1040A** if you have a dependent child and can meet the tests on page 6 under **Married Persons who Live Apart (and Abandoned Spouses)**.
- You can be claimed as a dependent on your parents' return AND had interest, dividends, or other unearned income of \$1,000 or more.
- You are a qualifying widow(er) with a dependent child.
- You were a nonresident alien during any part of 1981 and do not file a joint return (or **Form 1040NR**).
- You were married to a nonresident alien at the end of 1981 who had U.S. source income and you do not file a joint return. Exception: You can still use **Form 1040A** if you meet the tests on page 6 under **Married Persons Who Live Apart (and Abandoned Spouses)**.
- You take any of the Adjustments to Income shown on **Form 1040**, lines 22 through 29.
- You file any of these forms:

**Form 1040-ES**, Declaration of Estimated Tax for Individuals, for 1981 (or if you

want to apply any part of your 1981 overpayment to estimated tax for 1982). **Schedule G**, Income Averaging.

**Form 2210**, Underpayment of Estimated Tax by Individuals.

**Form 2555**, Deduction from, or Exclusion of, Income Earned Abroad.

**Form 4563**, Exclusion of Income from Sources in United States Possessions.

- You owe any of the taxes on **Form 1040**, line 36 or lines 48 through 52.
- You claim any of the credits on **Form 1040**, lines 39 through 46.
- You claim any of the payments on **Form 1040**, lines 58, 60, 61, or 62.
- You are required to fill in Part III of **Schedule B** for Foreign Accounts and Foreign Trusts (see page 21 of instructions).

### When to File

You should file as soon as you can after January 1, but not later than April 15, 1982. If you file late, you may have to pay penalties and interest. Please see the instructions for **Penalties and Interest** on page 16. If you know that you cannot meet the April 15 deadline, you should ask for an extension on **Form 4868**, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return.

### IRS Will Figure Your Tax and Some of Your Credits

If you want us to, we will figure your tax for you. If you paid too much, we will send you a refund. If you did not pay enough, we will bill you for the balance. You will not be charged interest or penalties if the bill for tax due is paid within 30 days of the notice date, or by the due date for your return, whichever is later.

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

- All of your income for 1981 was from one or more of these:
  - a. Salaries and Wages.
  - b. Tips.
  - c. Interest.
  - d. Dividends.
  - e. Pensions or Annuities.
- You do not itemize deductions.
- You do not file **Schedule G**, Income Averaging.
- You do not file **Form 2555**, Deduction from, or Exclusion of, Income Earned Abroad.
- Your adjusted gross income (line 31) is not more than \$50,000.
- You (and your spouse if filing a joint return) sign and date your return and mail it by April 15, 1982.
- You do not want any of your refund applied to next year's tax.
- You give us enough information so

that we can figure the tax. Please read the following instructions:

- a. Fill in the parts of your return through line 31 that apply to you. The Line-By-Line Instructions which start on page 5 explain how to fill in your return.
- b. If you are filing a joint return, use the space under the words "Adjustments to Income" on the front of your return to show your adjusted gross income and your spouse's adjusted gross income separately.
- c. Read lines 38 through 61. Fill in the lines that apply to you, but do not fill in the Total lines. See the instruction below if you want us to figure your Credit for the Elderly or Earned Income Credit.
- d. Fill in any forms or schedules asked for on the lines you completed, and attach them to the return when you file it.

## We will figure some of your credits too

Fill in your return through line 31 as explained above. Follow the instructions below and sign, date, and mail it before the due date. We will then figure these credits if you qualify:

**Credit for the Elderly.** Follow the instructions below. Be sure to attach the schedule to your return. Write "CFE" on Form 1040, line 39.

**Schedule R.**—Check the box for your filing status and age, and fill in line 2(a).

**Schedule RP.**—Enter the name of the public retirement system. Also check the box for your filing status and age, and fill in lines 2 and 5.

**Earned Income Credit.** On line 57 of your return write "EIC."

## Other Information

### Death of Taxpayer

Did the taxpayer die before filing a return for 1981?—If so, the taxpayer's spouse or personal representative must file and sign a return for the person who died if the deceased was required to file a return. A personal representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

If the taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

If your spouse died in 1981 and you did not remarry in 1981, you can file a joint return. You can also file a joint return if your spouse died in 1982 before filing a return.

A joint return should show your spouse's 1981 income before death and your income for all of 1981. Write "deceased" and show the date of death in the name and address space of Form 1040. Also write "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign.

If you are claiming a refund as a surviving spouse filing a joint return with the decedent and you follow the above instructions, no other form is needed to have the refund issued to you. However, all other filers requesting a refund due a decedent must file Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, to claim the refund.

If you want more details, please get Publication 559, Tax Information for Survivors, Executors, and Administrators.

## U.S. Citizens Living Abroad

Generally, foreign source income must be reported on your return. Please get Publication 54, Tax Guide for U.S. Citizens Abroad, for more information.

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

In addition to the tax assistance available in most local IRS offices, free help is available in most communities to lower income, elderly, handicapped, and non-English speaking individuals in preparing Form 1040A and the basic Form 1040. Call the toll-free telephone number for your area for the location of the volunteer assistance site near you.

## Unresolved Tax Problems

IRS has a Problem Resolution Program for taxpayers who have been unable to resolve their problems with IRS. If you have a tax problem you have been unable to resolve through normal channels, call the toll-free telephone number for your area and ask for the Problem Resolution Office. This office will take responsibility for your problem and insure that it receives proper attention. Although the Problem Resolution Office cannot change the tax law or technical decisions, it can frequently clear up misunderstandings that resulted from previous contacts.

## Where to File

Please use the addressed envelope that came with your return. If you do not have an addressed envelope, or if you moved during the year, mail your return to the Internal Revenue Service Center for the place where you live. No street address is needed.

Alabama—Atlanta, GA 31101  
Alaska—Ogden, UT 84201  
Arizona—Ogden, UT 84201  
Arkansas—Austin, TX 73301  
California—Fresno, CA 93888  
Colorado—Ogden, UT 84201  
Connecticut—Andover, MA 05501  
Delaware—Philadelphia, PA 19255  
District of Columbia—Philadelphia, PA 19255  
Florida—Atlanta, GA 31101  
Georgia—Atlanta, GA 31101  
Hawaii—Fresno, CA 93888  
Idaho—Ogden, UT 84201  
Illinois—Kansas City, MO 64999  
Indiana—Memphis, TN 37501  
Iowa—Kansas City, MO 64999  
Kansas—Austin, TX 73301  
Kentucky—Memphis, TN 37501

Louisiana—Austin, TX 73301  
Maine—Andover, MA 05501  
Maryland—Philadelphia, PA 19255  
Massachusetts—Andover, MA 05501  
Michigan—Cincinnati, OH 45999  
Minnesota—Ogden, UT 84201  
Mississippi—Atlanta, GA 31101  
Missouri—Kansas City, MO 64999  
Montana—Ogden, UT 84201  
Nebraska—Ogden, UT 84201  
Nevada—Ogden, UT 84201  
New Hampshire—Andover, MA 05501  
New Jersey—Holtsville, NY 00501  
New Mexico—Austin, TX 73301  
New York—New York City and Counties of Nassau, Rockland, Suffolk and Westchester—  
Holtsville, NY 00501  
All Other Counties—  
Andover, MA 05501  
North Carolina—Memphis, TN 37501  
North Dakota—Ogden, UT 84201  
Ohio—Cincinnati, OH 45999  
Oklahoma—Austin, TX 73301  
Oregon—Ogden, UT 84201  
Pennsylvania—Philadelphia, PA 19255  
Rhode Island—Andover, MA 05501  
South Carolina—Atlanta, GA 31101  
South Dakota—Ogden, UT 84201  
Tennessee—Memphis, TN 37501

Texas—Austin, TX 73301  
Utah—Ogden, UT 84201  
Vermont—Andover, MA 05501  
Virginia—Memphis, TN 37501  
Washington—Ogden, UT 84201  
West Virginia—Memphis, TN 37501  
Wisconsin—Kansas City, MO 64999  
Wyoming—Ogden, UT 84201  
American Samoa—Philadelphia, PA 19255  
Guam—Commissioner of Revenue and Taxation, Agana, GU 96910  
Puerto Rico (or if excluding income under section 933)—Philadelphia, PA 19255  
Virgin Islands: Non-permanent residents—  
Philadelphia, PA 19255  
Virgin Islands: Permanent Residents—  
Department of Finance, Tax Division,  
Charlotte Amalie, St. Thomas, VI 00801  
A.P.O. or F.P.O. address of:  
Miami—Atlanta, GA 31101  
New York—Holtsville, NY 00501  
San Francisco—Fresno, CA 93888  
Seattle—Ogden, UT 84201  
Foreign country: U.S. citizens and those excluding income under section 911 or 931, or claiming deductions under section 913—Philadelphia, PA 19255

# Steps for Preparing Your Return

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We have set up this year's instructions using 9 steps. You should complete the first 4 steps that follow BEFORE you begin to fill out your return.

Then, you may find it helpful to follow the Line-By-Line Instructions. They begin on this page and end on page 16.

Finally, steps 6 through 9 are on page 16. They are the steps you should take after your Form 1040 (and other schedules and forms you need) are filled in.

If you follow these steps and read the Line-By-Line Instructions, we feel you can fill in your return quickly and accurately. If you have any questions, call or visit an Internal Revenue Service office.

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## Step 1

### Get all of your income records together.

These include any Forms **W-2**, **W-2G**, **W-2P**, **1087**, and **1099** that you may have. If you don't get a Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form W-2, or correct it. If you cannot get a Form W-2 by February 15, please contact an IRS office.

If you have someone prepare your return for you, make sure that person has all your income records and expense records so he or she can fill in your return correctly. Remember, if someone else prepares your return incorrectly—you are still responsible.

## Step 2

### If you plan to take tax credits or itemize deductions, get all the information and expense records you will need.

Pages 13 through 20 of these instructions tell you what credits and deductions you can take. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and personal property tax receipts.
- Interest payment records for items such as a home mortgage and installment payments on cars or appliances.

## Step 3

### Get any forms, schedules, or publications you need.

In general, we mail forms and schedules directly to you based on what you filed last year. Before you fill in your return, look it over to see if you need more forms or schedules.

If you think you will need any other forms, get them before you start to fill in your return. Your local bank or post office, or any IRS office, should have most of them. Or, you can use the order blank on the next to the last page of this instruction booklet. We will send you the forms, schedules, instructions, and publications you ask for.

## Step 4

### Use the mailing label from the forms booklet we sent you and make sure it is correct.

If it isn't, mark through it and correct it on the label. Show your apartment number if you have one. Use of the label helps us identify your account, saves processing time, and speeds refunds.

If the label is for a joint return and the social security numbers are not listed in the same order as the first names, show the numbers in the correct order.

Do not attach your label to your return until you finish filling it in and check all entries.

If you don't have a social security number, please get **Form SS-5** from a Social Security Administration (SSA) office. File it with your local SSA office early enough to get your number before April 15. If you do not get the number by then, file your return without it and write "Applied for" in the block for your social security number.

## Step 5

### Fill in your return.

Line-By-Line instructions for filling in the Form 1040 begin below and end on page 16. Please follow them.

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Step 6 picks up on page 16.

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## Line-By-Line Instructions—Form 1040

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### Name, Address, and Social Security Number Blocks

Please use the mailing label from the forms booklet we sent you. If you did not receive a booklet with a label, print or type your name and address. If you are married, give social security numbers for both you and your spouse whether you file joint or separate returns.

If your spouse is a nonresident alien, has no income, and does not have a social security number, please write "NRA" in the block for your spouse's social security number.

If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration (SSA) so the name on your tax return is the same as the name SSA has on its records. This may prevent delays in issuing your refund.

If you are filing a joint return, show the social security numbers in the same order that you show your first names. If you are filing a joint return and have different last names, please separate the names with an "and." For example: "John Brown and Mary Smith."

Remember to show your occupations in the spaces in the upper right corner just below the social security number blocks.

## Presidential Election Campaign Fund

This fund was established by Congress to support public financing of Presidential election campaigns.

You may have \$1 go to the fund by checking the **Yes** box. On a joint return, both of you may choose to have \$1 go to this fund, or both may choose not to. One may choose to have \$1 go to this fund and the other may choose not to.

If you check **Yes**, it will not change the tax or refund shown on your return.

Do not claim this amount as a credit for contributions to candidates for public office on line 38.

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## Filing Status

### Boxes 1 through 5

#### Were You Single or Married?

Consider yourself single if on December 31 you were unmarried or separated from your spouse either by divorce or separate maintenance decree and you do not qualify for another filing status. State law governs whether you are married, divorced, or legally separated.

If you were married on December 31, consider yourself married for the whole year. If you meet the tests for *Married Persons Who Live Apart* (and *Abandoned Spouses*), on page 6, you may consider yourself single for the whole year.

If your spouse died during 1981, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1981.

#### Married Persons

##### Joint or Separate Returns?

**Joint Return.** In most cases, married couples will pay less tax if they file a joint return. You must report all income, exemptions, deductions, and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

You and your spouse can file a joint return even if you did not live together for the whole year. Both of you are responsible for any tax due on a joint return, so if one of you does not pay, the other may have to.

If your spouse died in 1981, or in 1982 before filing a return for 1981, write in the signature area "Filing as surviving spouse." Also write "deceased" after the name of the decedent and show the date of death in the name and address space.

**Tax Savings.**—If you decide not to file a joint return and plan to file a separate return, see if you can lower your tax by meeting the tests described below under *Married Persons Who Live Apart (and Abandoned Spouses)*. If you can, you should check Box 1 for Single or, if you qualify, Box 4 for Head of household.

**Special Rule for Aliens.**—If at the end of 1981, you were a nonresident alien or dual-status alien married to a citizen or resident of the United States, you may be able to file a joint return with your spouse. If you do file a joint return, you and your spouse must agree to be taxed on your combined worldwide income.

For more details, please get **Publication 519, U.S. Tax Guide for Aliens**.

**Separate Returns.** You can file separate returns if both you and your spouse had income, or if only one of you had income. If you both file, you and your spouse must figure your tax the same way. This means if one itemizes deductions, the other must itemize. You each report only your own income, exemptions, deductions, and credits, and you are responsible only for the tax due on your own return.

If you file a separate return, write your spouse's full name in the space after Box 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file, check the boxes on line 6b that apply if you can claim the exemptions for your spouse. Please see **For Your Spouse** on page 7.

#### **Community Property States.**—

Community property States are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington.

If you and your spouse live in a community property State, you must follow State law to determine what is community income and what is separate income. However, new rules could apply for 1981 if:

- you and your spouse lived apart all year,
- you do not file a joint return, and
- no part of the community income you earn is transferred to your spouse.

Please get **Publication 555, Community Property and the Federal Income Tax**, for more details.

**Married Persons Who Live Apart (and Abandoned Spouses).**—Some married persons who do not live with their husband or wife may file as Single or as Head of household and use tax rates that are lower than those for married persons filing separate returns. This means that if your spouse itemizes deductions, you do not have to. Both you and your spouse can file this way if you both meet the tests.

You should check Box 1 for Single if you meet ALL of the following tests:

- a. You file a separate return,
- b. You paid more than half the cost to keep up your home in 1981,
- c. Your spouse did not live with you at any time during 1981, and

d. For over 6 months of 1981, your home was the principal residence of your child or stepchild whom you can claim as a dependent.

You should check Box 4 for Head of household if your home in test d, above, was the dependent child's principal residence for ALL of 1981. The tax rates for Head of household are even lower than the rates for Single. You may also be able to claim the earned income credit.

## Were You a Head of Household?

There are special tax rates for a person who can meet the tests for Head of household. These rates are lower than the rates for Single or Married filing a separate return.

You may use this filing status **ONLY IF** on December 31, 1981, you were unmarried (including certain married persons who live apart) or legally separated and meet test a or b below:

a. You paid more than half the cost of keeping up a home which was the principal residence of your father or mother whom you can claim as a dependent. (You must be able to claim this parent as your dependent without a Multiple Support Declaration, but you did not have to live with that parent.) OR

b. You paid more than half the cost of keeping up the home in which you lived and in which one of the following also lived all year (except for temporary absences for vacation or school):

1. Your unmarried child, grandchild, foster child, or stepchild. (This person did not have to be your dependent.)

**Note:** If you are filing as Head of household because of an unmarried child, grandchild, foster child, or stepchild, who is not your dependent, enter that person's name in the space provided on line 4. Enter only one name. If any other person qualifies you for Head of household, no entry is needed.

2. Your married child, grandchild, foster child, or stepchild. (You must be able to claim this person as your dependent without a Multiple Support Declaration.)

3. Any other person listed below whom you can claim as a dependent. However, this person does not qualify you if he or she is your dependent under a Multiple Support Declaration. Please see the rules on page 7 for Dependent Supported by Two or More Taxpayers.

Grandparent	Brother-in-law
Brother	Sister-in-law
Sister	Son-in-law
Stepbrother	Daughter-in-law, or
Stepsister	if related by blood:
Stepmother	Uncle
Stepfather	Aunt
Mother-in-law	Nephew
Father-in-law	Niece

**Note:** If you receive payments under the *Aid to Families with Dependent Children (AFDC) program* and use them to pay part of the cost of keeping up this home, you may not count these amounts as furnished by you.

## Were You a Qualifying Widow or Widower With a Dependent Child?

If so, you may be able to use joint return tax rates for 1981.

If your spouse died during 1980 or 1979 and you did not remarry before the end of 1981, file a return for 1981 showing only your own income, exemptions, deductions, and credits. However, you can figure your tax at joint return rates if you meet all 3 of the following tests:

- You could have filed a joint return with your spouse for the year your spouse died. (It does not matter whether you actually filed a joint return.)

- Your dependent child, stepchild, or foster child lived with you (except for temporary absences for vacation or school).

- You paid over half the cost of keeping up the home for this child for the whole year.

Check Box 5, Qualifying widow(er) with dependent child, and show the year your spouse died in the space provided. Do not claim an exemption for your spouse. (You can claim the exemption only for the year your spouse died.)

If your spouse died in 1981 and you did not remarry, consider yourself married for the whole year. If your spouse died before 1979 and you did not remarry, you may check Box 4 if you met the tests under **Were You a Head of Household?** Otherwise you must file as Single.

## Exemptions

### Line 6a Boxes For Yourself

You can always take one exemption for yourself. Take two exemptions if you were blind, or 65 or over. Take three exemptions if you were blind and 65 or over. Be sure to check all the boxes on line 6a for the exemptions you can take for yourself.

You can take the extra exemptions for age 65 or over and blindness only for yourself and your spouse. You cannot take them for dependents.

Age and blindness are determined as of December 31. However, if your 65th birthday was on January 1, 1982, you can take the extra exemption for age for 1981.

#### Proof of Blindness

If you are completely blind, attach a statement to this effect.

In cases of partial blindness, you must attach to your return each year a certified statement from an eye physician or registered optometrist that:

- a. You cannot see better than 20/200 in the better eye with glasses, or
- b. Your field of vision is not more than 20 degrees.

If this eye condition will never improve beyond the standards in a or b, you may submit a certified opinion to this effect from an examining eye physician. You must attach this certification to your

return only once. In later years you can just include a statement referring to it.

## Line 6b Boxes For Your Spouse

You can take exemptions for your spouse if you file a joint return. If you file a separate return you can take your spouse's exemptions only if your spouse is not filing a return, had no income, and was not the dependent of someone else.

Your spouse's exemptions are like your own. Take one exemption if your spouse was neither blind nor 65 or over. Take two exemptions if he or she was blind or 65 or over. Take three exemptions if blind and 65 or over. Be sure to check all the boxes on line 6b for the exemptions you can take for your spouse.

If at the end of 1981, you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were separated by a divorce that is not final (interlocutory decree), you may take an exemption for your spouse if you file a joint return.

If your spouse died during 1981 and you did not remarry before the end of 1981, check the boxes for the exemptions you could have taken for your spouse on the date of death.

**Nonresident Alien Spouse.** If you do not file a joint return, you may claim your spouse's exemptions only if your spouse had no income from United States sources and is not the dependent of another taxpayer. Use the boxes on line 6b to claim exemptions for a nonresident alien spouse. When claiming your spouse's exemption, please write "NRA" above the word Spouse on line 6b.

## Lines 6c and 6d

### Children and Other Dependents

Please enter on line 6c the first names of your dependent children who lived with you. Fill in the total number in the box to the right of the arrow.

Please enter on line 6d the full names and other information for your other dependents including your dependent children who did not live with you. Fill in the total number in the box to the right of the arrow.

Each person you claim as a dependent has to meet ALL 5 of these tests:

- a. income;
- b. support;
- c. married dependent;
- d. citizenship or residence; and
- e. relationship.

These tests are explained below.

#### a. Income

The dependent received less than \$1,000 gross income. (This test does not have to be met for your child who was under 19 at the end of the year, or a full-time student at least 5 months of the year. Please see instructions for **Student Dependent** on this page.)

**Note:** Gross income does not include nontaxable benefits such as social security or welfare benefits.

#### b. Support

The dependent received over half of his or her support from you, or is treated as

receiving over half of his or her support from you, under the rules for **Children of Divorced or Separated Parents**, or **Dependent Supported by Two or More Taxpayers**, on this page. If you file a joint return, the support can be from you or your spouse.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, social security benefits, gifts, savings, welfare benefits, etc.). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

**Do not** include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

**Capital items**—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item such as furniture for the household or for use by persons other than the dependent.

If you care for a foster child, see **Publication 501**, Exemptions, for special rules that apply.

#### c. Married Dependent

The dependent did not file a joint return with his or her spouse. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of tax withheld, you may claim him or her if the other four tests are met.

#### d. Citizenship or Residence

The dependent was a citizen or resident of the United States, a resident of Canada or Mexico, or an alien child adopted by and living with a U.S. citizen in a foreign country.

#### e. Relationship

The dependent met test 1. or 2. below.

1. Was related to you (or your spouse if you are filing a joint return) in one of the following ways:

Child	Stepbrother	Son-in-law
Stepchild	Stepsister	Daughter-in-law
Mother	Stepmother	or, if related by blood:
Father	Stepfather	Uncle
Grandparent	Mother-in-law	Aunt
Brother	Father-in-law	Nephew
Sister	Brother-in-law	Niece
Grandchild	Sister-in-law	

2. Was any other person who lived in your home as a member of your household for the whole year.

**A person is not a member of your household** if at any time during your tax year the relationship between you and that person is against local law.

**The word child includes:**

- Your son, daughter, stepson, or stepdaughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.

● A foster child (any child who lived in your home as a member of your family for the whole year).

**Student Dependent.** Even if your child had income of \$1,000 or more, you can claim the child as a dependent if he or she can meet tests b, c, and d above: AND

- was enrolled as a full-time student at a school during any 5 months of 1981, or
- took a full-time, on-farm training course during any 5 months of 1981. (The course had to be given by a school or a State, county, or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

**The word school includes:**

- elementary, junior and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

#### Children of Divorced or Separated Parents.

If a child's parents together paid more than half of the child's support, the parent who has custody for most of the year can generally take the exemption for that child. However, the parent who does **NOT** have custody (or who has the child for the shorter time), may take the exemption if a or b below, applies.

a. That parent gave at least \$600 toward the child's support in 1981, and the decree of divorce or separate maintenance (or a written agreement between the parents) states he or she can take the exemption, OR

b. That parent gave \$1,200 or more for each child's support in 1981, and the parent who had custody cannot prove that he or she gave more than the other parent.

**Note:** To figure the amount of support, a parent who has remarried and has custody may count the support provided by the new spouse.

#### Dependent Supported by Two or More Taxpayers.

Sometimes two or more taxpayers together pay more than half of another person's support, but no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship discussed earlier (tests a, c, d, and e) are met.

In addition, the taxpayer who claims the dependent must:

- a. have paid more than 10% of the dependent's support; and
- b. attach to his or her tax return a signed **Form 2120**, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 1981 for the person he or she helped to support.

**Birth or Death of Dependent.** You can take an exemption for a dependent who was born or who died during 1981 if he or



she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

For more information, please get **Publication 501, Exemptions.**

## Line 6e

Add the numbers you entered in the boxes for lines 6a, b, c, and d. Enter the total in the box on line 6e.

## Income

### Examples of Income You Do Not Report

- Federal social security benefits.
- Welfare benefits.
- Disability retirement payments and other benefits paid by the Veterans Administration.
- Workmen's compensation benefits, insurance damages, etc. for injury or sickness.
- Child support.
- Gifts, or money or other property you inherited or that was willed to you.
- Dividends on veterans' life insurance.
- Life insurance proceeds received because of a person's death.
- Interest on certain State and municipal bonds.
- Amounts you received from an insurance company because you lost the use of your home due to fire or other casualty to the extent the amounts were more than the cost of your normal expenses while living in your home. (You must report reimbursements for normal living expenses as income.)
- Amounts an employer contributed on your behalf and benefits provided to you as an employee or the spouse or dependent of an employee, under a qualified group legal services plan.

### Examples of Income You Must Report

The following kinds of income should be reported on Form 1040, or related forms and schedules. You may need some of the forms and schedules listed below.

- Wages, including salaries, bonuses, commissions, fees, and tips.
- Dividends (Schedule B).
- Interest (Schedule B) on:
  - tax refunds;
  - bank deposits, bonds, notes;
  - All-Savers Certificates;
  - U.S. Savings Bonds;
  - certain arbitrage bonds issued by State and local governments; and
  - accounts with savings and loan associations, mutual savings banks, credit unions, etc.
- Unemployment compensation (insurance) (see page 10).
- Amounts received from accident and health plans in place of wages, if your employer paid for the policy.
- Bartering income (fair market value of goods or services you received in return for your services).
- Business expense reimbursements you received that are more than you spent for these expenses.
- Alimony, separate maintenance or support payments received from and deductible by your spouse or former spouse.
- Refunds of State and local taxes if you

deducted the taxes in an earlier year and got a tax benefit.

- Life insurance proceeds from a policy you cashed in if the proceeds are more than the premiums you paid.
- Profits from businesses and professions (Schedule C).
- Your share of profits from partnerships and small business corporations (Schedule E).
- Profits from farming (Schedule F).
- Pensions, annuities, and endowments.
- Lump-sum distributions (Form 4972 or Form 5544).
- Gains from the sale or exchange (including barter) of real estate, securities, coins, gold, silver, gems or other property (Schedule D or Form 4797).
- Gains from the sale of your personal residence (Schedule D and Form 2119).
- Rents and royalties (Schedule E).
- Your share of estate or trust income (Schedule E), including accumulation distributions from trusts (Form 4970).
- Supplemental annuities under the Railroad Retirement Act (but not regular Railroad Retirement Act benefits).
- Prizes and awards (contests, raffles, lottery and gambling winnings).
- Earned income from sources outside the United States (Form 2555).
- Directors fees.
- Fees received for jury duty and precinct election board duty.
- Fees received as an executor or administrator of an estate.
- Embezzled or other illegal income.

### Rounding Off to Whole Dollars

You may round off cents to the nearest whole dollar on your return and schedules. But, if you do round off, do so for all amounts. You can drop amounts under 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3.

## Line 7

### Wages, Salaries, Tips, Etc.

Show the total of all wages, salaries, fees, commissions, tips, bonuses, supplemental unemployment benefits, and other amounts you were paid before taxes, insurance, etc., were taken out.

Include in this total:

- The amount shown on **Form W-2** in the box **Wages, tips, other compensation**. Report all wages you received, even if you do not have a Form W-2.
- Tips you did not report to your employer. (Show any social security tax due on these tips on line 51a—see the instructions on page 14.)
- Certain disability pensions if you are under age 65.
- Payments by insurance companies, etc., not included on Form W-2. If you receive sick-pay or a disability payment from anyone other than your employer, and it is not included in the wages shown on Form W-2, include it on line 7. Attach a statement showing the name and address of the payer and amount of sick-pay or disability income.

(See **Form W-4P** for information on voluntary withholding of Federal income tax from your pension or sick pay.)

● Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. (Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept as a condition of employment.)

● Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were meant as a gift.

**Note:** You must report on line 7 all wages, etc., paid for your personal services, even if the income was signed over to a trust, another person, a corporation, or tax exempt organization.

If you want more information on reporting income received in the form of goods, property, meals, stock options, educational assistance provided by your employer under a qualified written plan, etc., please get **Publication 525, Taxable and Nontaxable Income.**

## Line 8a

### Interest Income

Enter your total interest income. If the total is more than \$400 or you have any interest from All-Savers Certificates, first fill in Schedule B. (The instructions for Schedule B begin on page 20.)

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered in your passbook.) If you were charged an interest penalty for early withdrawal of your savings, see the instructions for line 26 on page 11.

### Examples of Interest Income You MUST Report

- Accounts with banks, credit unions, and savings and loan associations.
- Building and loan accounts.
- Notes and loans.
- Tax refunds (report only the interest on them as interest income).
- Bonds and debentures. Also arbitrage bonds issued by State and local governments after October 9, 1969. (Do not report interest on other State and local bonds and securities.)
- The discount for the part of the year you held corporate bonds or other notes first issued at a discount after May 27, 1969.
- U.S. Savings Bonds. The interest is the yearly increase in the value of the bond. Interest on Series E or EE bonds can be reported using method a or b below:
  - a. Report the total interest when you cash the bonds, or when they reach final maturity and no longer earn interest.
  - b. Or, each year on your return, report the yearly increase of the bonds' value.If you change to method b, report the entire increase in all your bonds from the date they were issued. Each year after, report only the yearly increase. Once you have used method b to report your



interest, you must continue to do so for all your U.S. Savings Bonds.

For more information, get **Publication 550, Investment Income and Expenses**, or **Publication 537, Installment Sales**.

### Exclusion of Qualifying Interest From All-Savers Certificates

Beginning in 1981, you can claim a lifetime exclusion of up to \$1,000 of interest received from All-Savers Certificates. If you file a joint return, you can exclude up to \$2,000, regardless of which spouse received the interest.

An **All-Savers Certificate** is a one-year certificate issued by a qualified savings institution after September 30, 1981, and before January 1, 1983, having a yield equal to 70% of the average investment yield on 52-week Treasury bills. (For a definition of "qualified savings institution," see **Publication 550**.)

If you received interest from an All-Savers Certificate, you **MUST** complete Schedule B of Form 1040. See the instructions for Schedule B on page 20.

### Line 8b

#### Dividends

Dividends are distributions of money, stock, or other property that corporations pay to stockholders. They also include dividends you receive through a partnership or an estate or trust. Payers include nominees or other agents.

If the total, including capital gain and nontaxable distributions, is more than \$400, first fill in Schedule B. (The instructions for Schedule B begin on page 20.) If you received \$400 or less in dividends, include only the ordinary dividends on line 8b.

#### Dividends Include

- **Ordinary dividends.** These are paid out of earnings and profits and are ordinary income. Assume that any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise.
- **Capital gain distributions.** If you have other capital gains or losses, you should also enter your capital gain distributions on Schedule D. If you don't need Schedule D to report any other gains or losses, don't use it. Instead, show 40% of your capital gain distributions on Form 1040, line 13.
- **Nontaxable distributions.** Some distributions are nontaxable because they are a return of your investment. They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by the amount of nontaxable distributions received. After you get back all of your cost (or other basis), you must report these distributions as capital gains.

#### Do Not Report as Dividends

- Mutual insurance company dividends that reduced the premiums you paid.
- Amounts paid on deposits or accounts from which you could withdraw your money such as mutual savings banks, cooperative banks, and credit unions.

Remember to report these amounts as interest on Form 1040, line 8a.

For more information, please get **Publication 550, Investment Income and Expenses**.

### Line 8c

#### Total

Add the amounts on lines 8a and 8b and enter the result on line 8c.

### Line 8d

#### Exclusion

For 1981, you can exclude (subtract) up to \$200 of qualifying interest and dividend income. If you and your spouse file a joint return, you can subtract up to \$400, regardless of which spouse received the interest or dividends.

For example, you had \$300 in interest from your savings account and your spouse had \$150 in dividends on stock owned separately. If you file a joint return, you can subtract \$400. If, however, you and your spouse file separately, you can subtract \$200 and your spouse can subtract \$150.

Only certain types of interest and dividend income qualify for the exclusion. Examples of qualifying interest are: interest from U.S. bank accounts, mutual savings banks, credit unions, savings and loan associations, and similar institutions; interest on bonds and notes issued by domestic corporations in registered form; and interest on obligations of the United States.

Interest paid to you by individuals **does not** qualify for the exclusion.

For more details on what interest income qualifies for the exclusion, please get **Publication 550**.

Dividends must be from a domestic corporation to qualify for the exclusion. Taxable dividends from the following corporations **do not** qualify for the exclusion:

- Foreign corporations, including dividends from controlled foreign corporations.
- Exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.
- Regulated investment companies (including Money Market Funds) and real estate investment trusts, unless the companies have told you how much of the dividends qualify for the exclusion.
- Electing small business corporations to the extent the amounts are distributions out of current earnings and profits.

### Line 8e

Subtract line 8d from line 8c. Enter the result on this line.

### Line 9

#### Refunds of State and Local Income Taxes

If you received a refund or credit in 1981 for State or local income taxes you paid

before 1981, you may have to report it as income on your Federal income tax return.

Do not report the refund as income if it was for a tax you paid in a year for which you did not itemize deductions on Schedule A (Form 1040).

If the refund was for a tax you paid in a year for which you itemized deductions on Schedule A (Form 1040), report the entire refund as income if the entire deduction in the year of payment resulted in a Federal income tax savings.

If only part of the deduction resulted in a Federal income tax savings, report only that part of the refund that resulted in the savings. (If you need help in figuring this amount, please get **Publication 525, Taxable and Nontaxable Income**.)

If you itemize deductions for 1981, do not reduce the deduction for taxes by any refund of those taxes for an earlier year.

### Line 10

#### Alimony Received

Show amounts you received as alimony or separate maintenance on line 10. For more information, please get **Publication 504, Tax Information for Divorced or Separated Individuals**.

### Line 11

#### Business Income or (Loss)

Please see the instructions for **Schedule C**. Enter your income or (loss) from Schedule C.

### Line 12

#### Capital Gain or (Loss)

Please see the instructions for **Schedule D**. Enter the gain or (loss) from Schedule D.

### Line 13

#### Capital Gain Distributions

If you do not need Schedule D for other capital transactions or to figure the alternative tax, enter 40% of your capital gain distributions for the year on line 13.

If you have other capital gains or losses, you must use Schedule D.

### Line 14

#### Supplemental Gains or Losses

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

Enter the gain or (loss) from **Form 4797**.

### Line 15

#### Fully Taxable Pensions and Annuities

Use this line to report fully taxable pension and annuity income you receive. Your pension or annuity payments are fully taxable if:

- You did not contribute to the cost of your pension or annuity, or
- You got back your entire cost before 1981.

Fully taxable pensions and annuities also include: military retirement pay shown on Form W-2P, and distributions from an individual retirement arrangement (IRA) (except for rollovers).

Other pensions and annuities should be shown on lines 16a and 16b.

## Line 16

### Other Pensions and Annuities

Use lines 16a and 16b to report pension and annuity income that is not fully taxable. Also use these lines to report distributions from profit-sharing, retirement plans, and individual retirement arrangements (rollovers). The pension or annuity may not be taxable until a later year if:

a. Both you and your employer contributed to it, and

b. You will get back your full cost in 3 years or less beginning on the date you receive the first payment.

If you meet the requirements of a and b, complete the worksheet below to figure the taxable part of your pension or annuity. After you get back your full cost, all payments you receive are fully taxable. Your cost includes amounts you contributed and amounts your employer contributed which you reported as income.

**Example:** You retired in 1981, with a monthly pension of \$200. Both you and your employer contributed to it. Your pension cost was \$4,925. The amount you can expect to receive within 3 years is \$7,200 (36 months x \$200 = \$7,200). Since this amount is more than your cost (\$4,925), you should exclude your pension until the payments total \$4,925. After that, they are fully taxable and you should report them on line 15. For more information get **Publication 575, Pension and Annuity Income**.

Complete the worksheet below to figure the taxable part of your pension or annuity:

- |  |       |
|--|-------|
| 1a. Enter your cost . . . . .  | _____ |
| b. Cost recovered in prior years . . . . .   | _____ |
| c. Subtract line 1b from line 1a . . . . .   | _____ |
| 2. Amount received this year. Also, enter this amount on Form 1040, line 16a . . . . .         | _____ |
| 3. Amount on line 2 that is not taxable (but not more than line 1c) . . . . .                  | _____ |
| 4. Taxable part (subtract line 3 from line 2). Enter here and on Form 1040, line 16b . . . . . | _____ |

(Keep a copy of this worksheet for your records)

**Note:** If you had more than one pension or annuity that is not fully taxable, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b.

If you cannot recover your cost within 3 years, you must use special rules to report your pension or annuity income. For more details, please get **Publication 575**. If you must use this method, enter the amount you received this year on line 16a. Enter the taxable part on line 16b.

## Total Distributions from Profit-Sharing, Retirement Plans and Individual Retirement Arrangements

If you are reporting a "rollover" of a profit-sharing or retirement plan distribution into an individual retirement arrangement (IRA) or other profit-sharing or retirement plan, enter the amount of the distribution on line 16a. If the total distribution was rolled over, enter zero on line 16b. Otherwise, enter the taxable part of the distribution as ordinary income on line 16b.

For more information on "rollovers" of distributions into an IRA, get **Publication 590, Tax Information on Individual Retirement Arrangements**.

If you received a lump-sum distribution from a profit-sharing or retirement plan, report the ordinary income part on line 15 of Form 1040 and the capital gain part on Schedule D (Form 1040). **Form 1099R, Statement for Recipients of Total Distributions from Profit-Sharing, Retirement Plans and Individual Retirement Arrangements**, shows the amount of the distribution. You may pay less tax on this distribution if you are eligible to use the special averaging methods. For more details, get **Form 4972, Special 10-Year Averaging Method**, or **Form 5544, Multiple Recipient Special 10-Year Averaging Method**, and separate instructions.

### Beneficiaries—Death Benefit Exclusion

If you are the beneficiary of a decedent, you may be entitled to a death benefit exclusion of up to \$5,000 if either of the following applies:

- The decedent received no retirement pension or annuity payments, or
- The decedent received disability income payments that were not treated as pension or annuity income.

If you are entitled to this exclusion, add it to the cost of the pension or annuity. For details, get **Publication 575**.

### Disability Pensions and Annuities

You may not have to pay tax on part or all of your disability payments if you meet certain tests about your age, date of retirement, whether you are permanently and totally disabled, etc.

If you use **Form 2440** or your disability payments are fully taxable, DO NOT USE lines 16a or 16b of Form 1040. Instead, report disability payments you are not treating as a pension or annuity on Form 1040, line 7, regardless of whether you can exclude any part of them on Form 2440.

For more information, get **Form 2440, Disability Income Exclusion**, and **Publication 522, Disability Payments**. **Note:** Also see **Should You File a Declaration of Estimated Tax?** on page 17.

## Line 17

### Rents, Royalties, Partnerships, Estates or Trusts

See the instructions for Schedule E. Enter the income or (loss) from Schedule E.

## Line 18

### Farm Income or (Loss)

See the instructions for **Schedule F**. Enter the income or (loss) from Schedule F.

## Line 19

### Unemployment Compensation

Unemployment compensation (insurance) you receive may be taxable under certain conditions.

You should receive a statement, on Form 1099-UC, showing the total unemployment compensation paid to you during the year. For payments in 1981, you should receive this statement by January 31, 1982.

**Note:** Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. They are not considered unemployment compensation for purposes of this computation. Report these benefits on Form 1040, line 7.

If you received any unemployment compensation during 1981, please enter the total from Form(s) 1099-UC on line 19a. To see if any of the unemployment compensation is taxable, fill in the following worksheet:

#### Check only one box

- A. Single—enter \$20,000 on line 8 below.
- B. Married filing a joint return—enter \$25,000 on line 8 below.
- C. Married not filing a joint return and lived with your spouse at any time during the year—enter -0- on line 8 below.
- D. Married not filing a joint return and DID NOT live with your spouse at any time during the year—enter \$20,000 on line 8 below.

- Total unemployment compensation from Form(s) 1099-UC . . . . . \_\_\_\_\_
- If you received an overpayment of unemployment compensation in 1981 and repaid it in 1981, enter the repayment here. Also write "repayment" and the amount you repaid in the margin of Form 1040 to the left of line 19a . . . . . \_\_\_\_\_
- Subtract line 2 from line 1 . . . . . \_\_\_\_\_
- Enter the total of the amounts on Form 1040, lines 7, 8e through 18, and 20 (do not include any unemployment compensation in this figure) . . . . . \_\_\_\_\_
- Add lines 3 and 4 . . . . . \_\_\_\_\_
- Enter the total of the amounts shown on Form 1040, lines 22 through 27 and 29 . . . . . \_\_\_\_\_
- Subtract line 6 from line 5 . . . . . \_\_\_\_\_
- Enter 

}	\$20,000 if you checked box A or D, or
	\$25,000 if you checked box B, or
	-0- if you checked box C

 . . . . . \_\_\_\_\_
- Subtract line 8 from line 7. If zero or less, stop here and enter -0- on Form 1040, line 19b . . . . . \_\_\_\_\_
- Enter one-half (50%) of the amount on line 9 . . . . . \_\_\_\_\_
- Taxable unemployment compensation. Enter the amount from line 3 or line 10, whichever is smaller. Also enter on Form 1040, line 19b . . . . . \_\_\_\_\_

## Line 20

### Other Income

Use line 20 to report any income you can't find a place for on your return or other schedules. Also show the nature and source of the income.

**Caution:** Do not report any income from self-employment on line 20. If you do have any income from self-employment, you must use Schedule C or Schedule F.

Examples of income to be reported on line 20 are:

- Prizes, awards and gambling winnings. Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may take them as an itemized deduction on Schedule A. However, you cannot deduct more losses than the winnings you report.

- Repayment of medical expenses or other items such as real estate taxes that you deducted in an earlier year, if they reduced your tax.

- Amounts you recovered on bad debts that you deducted in an earlier year.

- Amounts your employer paid you for business expenses that are more than you spent for the actual business expenses.

**Net operating loss.** If you had a net operating loss in an earlier year to carry forward to 1981, enter it as a minus figure on line 20. Attach a statement showing how you figured the amount. See Publication 535, Business Expenses and Operating Losses, for more details.

## Line 21

### Total Income

Add the amounts in the column for line 7 through line 20. Enter the total on line 21.

## Adjustments to Income

### Line 22

#### Moving Expense

Employees and self-employed persons (including partners) can deduct certain moving expenses. The move had to be in connection with your job or business.

You can take this deduction only if your change in job location has added at least 35 miles to the distance from your old residence to your work place. If you had no former principal work place, your new principal work place must be at least 35 miles from your former residence.

If you meet these requirements, you should see Form 3903 for details. Use Form 3903 to figure the amount of moving expenses to show on line 22. If you moved outside the United States or its possessions, see Form 3903F.

If your employer paid for any part of the move, you must report that as income on Form 1040, line 7. Your employer should give you Form 4782 and include that

amount in total wages, tips and other compensation on Form W-2.

## Line 23

### Employee Business Expenses

You can deduct certain business expenses that were not paid by your employer. Travel, transportation (but not commuting to and from work) and meals and lodging can be deducted on line 23 by using Form 2106 even if you do not itemize deductions on Schedule A. All other business expenses such as union or professional dues, tools, and uniforms can be deducted only if you itemize deductions on Schedule A. Outside salespersons should claim their business expenses on line 23 by using Form 2106. For details, get Publication 463, Travel, Entertainment and Gift Expenses.

## Line 24

### Payments to an Individual Retirement Arrangement (IRA)

Use the following worksheet to figure your deduction for payments to an IRA (including those made under a Simplified Employee Pension (SEP) plan). Schedule C or F filers with a SEP and partners with a SEP take the deduction on line 25.

You may include payments made on or before the due date of this return (including any extensions). Do not include 1981 payments made before the due date of your 1980 income tax return and deducted on your 1980 tax return. If both spouses work and both have IRAs, figure each spouse's deduction separately. Enter the total of the two deductions on line 24.

Also enter the number which identifies your situation in the code space on line 24.

One individual IRA . . . . .	<b>1</b>
Two individual IRAs . . . . .	<b>2</b>
One individual IRA and one spousal IRA . . . . .	<b>3</b>
One SEP . . . . .	<b>4</b>
Two SEPs . . . . .	<b>5</b>
One individual IRA and one SEP . . . . .	<b>6</b>

For more information, see Publication 590, Tax Information on Individual Retirement Arrangements.

#### Worksheet

1. Amount paid to your IRA. (Do not include rollovers or your employer's SEP payments.) . . . . .
2. Your employer's SEP payments to your IRA . . . . .
3. Add lines 1 and 2 . . . . .
4. Amount paid to your non-working spouse's IRA. (Do not include rollovers.) . . . . .
5. Add lines 3 and 4. (If you made excess payments in earlier years you may be able to include them on this line. See instructions for Form 5329, line 3.) . . . . .
6. Wages and other earned income from Form 1040. (Do not include spouse's income and do not reduce your wages by losses from self-employment.) . . . . .
7. Enter employer's SEP payments . . . . .
8. Subtract line 7 from line 6. Enter result . . . . .

Complete limitation 9, 10, or 11 below, whichever one applies to you. If your employer contributes to your IRA and your non-working spouse's IRA under a SEP, use the limitation on line 10.

9. **Regular IRA.** Enter \$1,500 or 15% of line 8, whichever is smaller . . . . .
10. **IRA for you and your non-working spouse.** Enter the smallest of: (a) 15% of line 8; or (b) \$1,750; or (c) 2 times the amount on line 3; or (d) 2 times the amount on line 4 . . . . .
11. **Simplified Employee Pension (SEP).** Enter the smaller of: (a) 15% of line 8; or (b) the total of: line 2 (but not more than \$7,500); and \$1,500 minus line 2 (but not less than zero) . . . . .
12. **Allowable deduction.** Enter the smaller of: (a) the amount from line 5; or (b) your limitation from line 9, 10, or 11. Also enter on Form 1040, line 24. . . . .

(If line 5 is larger than line 12 and you do not withdraw this excess payment before your return is due, you must file Form 5329 and pay the tax due.)

**Caution:** If you were covered by a pension plan during any part of 1981, you may not deduct payments to an IRA.

## Line 25

### Payments to a Keogh (H.R. 10) Retirement Plan

Sole proprietors and partners enter the allowable deduction for contributions to your Keogh (H.R. 10) plan and your SEP on line 25.

If you need help, contact an IRS office or get Publication 560, Tax Information on Self-Employed Retirement Plans.

## Line 26

### Interest Penalty on Early Withdrawal of Savings

The Form 1099-INT or 1099-ASC given to you by your bank or savings and loan association will show the amount of any interest penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 26. (Be sure to include the interest income on Form 1040, line 8a.)

## Line 27

### Alimony Paid

You can deduct periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement entered into after August 16, 1954, or a decree for support entered into after March 1, 1954. Don't deduct lump-sum cash or property settlements, voluntary payments not made under a court order or a written separation agreement, or amounts specified as child support. For details, get Publication 504, Tax Information for Divorced or Separated Individuals.

## Line 28

### Disability Income Exclusion

This exclusion is for persons who are retired on permanent and total disability.

You must meet ALL these tests:

- You had not reached mandatory retirement age on January 1, 1981.
- You were under age 65 on December 31, 1981.
- You were permanently and totally disabled—
  - a. when you retired, or
  - b. on January 1, 1976, or January 1, 1977, if you retired before the later date on disability or under circumstances which entitled you to retire on disability.

Use Form 2440, Disability Income Exclusion, to figure the amount of any exclusion. Enter the exclusion from Form 2440 on this line.

**Note:** Be sure to include the full amount of your disability pension on Form 1040, line 7.

## Line 29

### Other Adjustments

If you can claim any one of the following adjustments, identify it in the space provided and enter the amount on line 29.

**Excess Foreign Living Expenses.**—If you have income earned abroad and you claim excess foreign living expenses on Form 2555, enter your total deductions on line 29. Write "Expenses from Form 2555" in the space provided.

**Forestation/Reforestation Amortization.**—If you can claim a deduction for amortization of the costs of forestation or reforestation and you do not have to file Schedule C or Schedule F for this activity, enter your deduction on line 29. Write "Reforestation" in the space provided.

**Repayment of Sub-pay under the Trade Act of 1974.**—If you repaid supplemental unemployment benefits (sub-pay) that you previously reported in income because you became eligible for payments under the Trade Act of 1974, enter the amount you repaid in 1981. Write "Sub-pay TRA" in the space provided. Or, you may be able to claim a credit against your tax instead. See Publication 525, Taxable and Nontaxable Income, for more details.

**Note:** If you claim more than one of these amounts, enter the total on line 29 and identify the adjustments separately in the margin to the left.

## Line 30

### Total Adjustments

Add lines 22 through 29. Enter the total on this line.

## Line 31

### Adjusted Gross Income

Subtract line 30 from line 21. If line 31 is less than \$10,000, you may be eligible to claim the Earned Income Credit. Please see the instructions for line 57 on page 15.

If line 31 is less than zero (0), you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form 1045.

For more information, please get Publication 535, Business Expenses and Operating Losses.

## Tax Computation

### Line 32a

Enter the amount from line 31.

### Line 32b

You will fall into one of the three classes below:

- You MUST itemize deductions, or
  - You choose to itemize, or
  - You do not itemize.
- The three classes are described below.

### You MUST Itemize Deductions

You must itemize deductions if:

**A.** You can be claimed as a dependent on your parents' return and had interest, dividends, or other unearned income of \$1,000 or more. Generally, this means that you must complete Schedule A and the worksheet on this page.

There are two exceptions to this rule:

1. You don't have to itemize or complete Schedule A or the worksheet if you have earned income\* of \$2,300 or more if single (\$1,700 or more if married filing a separate return). Enter zero (0) on line 32b and go on to line 32c.
2. You don't have to itemize and use Schedule A if you know that your earned income\* is more than your itemized deductions. In this case go directly to the worksheet below after completing line 32a of Form 1040.

**Note:** If your unearned income is less than \$1,000, you don't have to use Schedule A or the worksheet—enter zero (0) on line 32b and go on to line 32c.

In any case, be sure to check the box on line 32b.

**B.** You are married, filing a separate return, and your spouse itemizes. (There is an exception to this rule: You don't have to itemize if your spouse is described in item A above and enters earned income\* instead of itemized deductions when completing the worksheet.)

**C.** You file Form 4563 and exclude income from sources in U.S. possessions. (Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

**D.** You had dual status as a nonresident alien for part of 1981, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you do not have to itemize if you file a joint return with your spouse who was a U.S. citizen or resident at the end of 1981 and you and your spouse agree to be taxed on your combined worldwide income.

After you've completed Schedule A:

- a. If Schedule A, line 40, is more than line 39, do not fill in Form 1040, line 32b. Go to the worksheet instead and complete it to figure the amount to enter on Form 1040, line 32c.
- b. If Schedule A, line 39, is more than line 40, enter the amount from Schedule A, line 41, on Form 1040, line 32b.

## Worksheet

- 1 Enter the amount from Form 1040, line 32a . . . . . \_\_\_\_\_
- 2 If you checked Form 1040, Filing Status Box:
 

2 or 5, enter \$3,400 . . . . .	}	_____
1 or 4, enter \$2,300 . . . . .		
3, enter \$1,700 . . . . .		
- 3 Enter the amount from Schedule A, line 39 . . . . . \_\_\_\_\_  
**Caution:** If you can be claimed as a dependent on your parents' return, see A to the left. Be sure you check the box below line 32b of Form 1040.
- 4 Subtract line 3 from line 2 . . . . . \_\_\_\_\_
- 5 Add lines 1 and 4. Enter here and on Form 1040, line 32c. (Leave Form 1040, line 32b blank. Disregard the instruction to subtract line 32b from line 32a. Follow the rest of the instructions for Form 1040, line 32c). \_\_\_\_\_

The example below may help you to complete the worksheet.

**Example.**—Walter Green, a single individual, is claimed as a dependent on his parents' return. Walter's adjusted gross income, Form 1040, line 32a, is \$4,000. Of this amount, \$1,500 was earned income from a summer job and \$2,500 was unearned income that he received as a beneficiary of a trust. Because Walter is being claimed as a dependent on his parents' return and has unearned income of \$1,000 or more and earned income of less than \$2,300, he must use the worksheet. Walter knows that his total itemized deductions are only \$500. Since this is less than his earned income (\$1,500), he does not have to complete Schedule A. Walter enters \$2,300, the zero bracket amount for a single individual, on line 2 and his earned income on line 3. He completes the worksheet as shown below and enters the total of \$4,800 on Form 1040, line 32c. He then completes his return using the instructions that follow.

- 1 Adjusted gross income . . . \$4,000
- 2 Zero bracket amount for a single individual . . . \$2,300
- 3 Earned income . . . 1,500
- 4 Subtract line 3 from line 2 . . . 800
- 5 Add lines 1 and 4. Enter here and on Form 1040, line 32c . . . \$4,800

**Note:** If Walter's itemized deductions are more than his earned income, he must complete Schedule A first.

\*Earned income is income you receive for personal services you have performed. It includes wages, salaries, tips and professional fees.

Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 11, and 18.

Earned income does not include pay for your services that included a distribution of earnings and profits other than reasonable compensation for your work for a corporation.

If you were engaged in a trade or business in which both your services and capital were important income-producing factors, your earned income will be based on a reasonable allowance for the services you performed. However, the earned income may not be more than 30 percent of your share of the net profits from the business.

## You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a Qualifying widow(er) with dependent child, and your itemized deductions are more than \$3,400.
- Married and filing a separate return, and your itemized deductions are more than \$1,700.
- Single, or a Head of household, and your itemized deductions are more than \$2,300.

If you do itemize, complete Schedule A and enter the amount from Schedule A, line 41, on Form 1040, line 32b.

**Caution:** Certain taxpayers must itemize even though their itemized deductions are less than the amount shown here for their filing status. See "You MUST Itemize Deductions" on page 12.

## You Do Not Itemize

If your itemized deductions are less than the amount shown above for your filing status (or you choose not to itemize), enter zero on line 32b unless you MUST itemize as described on page 12.

## Line 32c

Subtract line 32b from line 32a. Remember—if you completed the worksheet, the amount on line 32c will be the amount from line 5 of the worksheet and line 32c will be more than line 32a.

## Line 33

### Exemptions

Multiply \$1,000 by the total number of exemptions you claimed on line 6e.

## Line 34

### Taxable Income

Subtract line 33 from line 32c.

## Line 35

### Tax

To figure your tax, you will use one of the following methods. Read the conditions below to see which you should use.

### Tax Rate Schedules

You must use the Tax Rate Schedules to figure your tax if your taxable income is \$50,000 or more.

Also use the Tax Rate Schedules if you figure your tax using any of the methods listed below.

**Alternative Tax, Schedule D.**—If you have a net long-term capital gain, you may pay less tax by using this method. Please get Schedule D to see if you qualify.

**Income Averaging, Schedule G.**—You may pay less tax by using this method if there has been a large increase in your income this year. Get Schedule G to see if you qualify.

**Maximum Tax on Personal Service Income, Form 4726.**—If part of your income was for personal services you performed, you may get a tax benefit by using this method. The tax on this income is limited to a maximum rate of 50 percent. You should get Form 4726 for more information if your taxable income, or personal service taxable income, was over:

- \$41,500 and you checked Form 1040, Filing Status Box 1, OR
- \$60,000 and you checked Form 1040, Filing Status Box 2 or 5, OR
- \$44,700 and you checked Form 1040, Filing Status Box 4.

You can't use Form 4726 if you checked Form 1040, Filing Status Box 3.

## Tax Table

If none of the above conditions apply to you, you MUST use the Tax Table to find your tax.

Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 35.

There is an example at the beginning of the table to help you find the correct tax.

The allowance for the zero bracket amount and the rate reduction credit have already been built into the Tax Table for you.

## Line 36

### Additional Taxes

Use this line to report any of the additional taxes listed below. Check the box(es) on line 36 for the taxes that apply to you.

**Form 4970, Tax on Accumulation Distribution of Trusts.**

**Form 4972, Special 10-Year Averaging Method.**

**Form 5544, Multiple Recipient Special 10-Year Averaging Method.**

**Section 72(m)(5) penalty tax.** If you are or were an owner-employee and received income from a premature or excessive distribution from a Keogh (H.R. 10) plan or trust, you will have to pay a penalty tax of 10 percent of the distribution. The penalty is in addition to the regular income tax. (Note: Only the credits on lines 38, 39, 40, and 45 can be used to reduce this tax. On a separate sheet, show how you applied any of these credits.) See Publication 560, Tax Information on Self-Employed Retirement Plans, for more details.

**Residence Credit Recapture.** If you claimed the credit for a new residence in 1976, and sold it in 1979, you may have to repay the credit in 1981. See Publication 523, Tax Information on Selling Your Home, for more details. If you must repay the credit in 1981, include it in your total for line 36. On the dotted line next to this total, please write "Residence Credit Recapture" and show the amount.

## Line 37

### Total

Add lines 35 and 36. Enter the total on line 37.

## Credits

## Line 38

### Credit for Contributions to Candidates for Public Office

You may take a tax credit on this line for contributions to candidates for public office and to newsletter funds and political committees of candidates and elected public officials.

Do not take this credit for the \$1 or \$2 you checked to go to the Presidential Election Campaign Fund.

To figure your credit, add up the amounts you gave. Enter half of this total on line 38, but do not enter more than the smaller of the following:

- \$50 (\$100 if you are married and filing a joint return), or
- The amount on line 37 reduced by the credits on lines 39, 41, and 42.

For more information, please see Publication 585, Voluntary Tax Methods to Help Finance Political Campaigns.

## Line 39

### Credit for the Elderly

You may be able to take this credit and reduce your tax if you are:

- Age 65 or over, or
- Under age 65 and retired under a public retirement system.

For more information, please see the instructions for Schedules R & RP. Enter the credit on this line.

If you want IRS to figure the credit for you, see IRS Will Figure Your Tax and Some of Your Credits on pages 3 and 4.

## Line 40

### Credit for Child and Dependent Care Expenses

You may be able to take a credit on line 40 for payments you made for child and disabled dependent care while you or your spouse worked or looked for work.

The credit is allowed if you kept up a home that included a child under age 15 or your dependent or spouse who could not care for himself or herself.

Please see Form 2441 for more information, including a special rule for divorced or separated taxpayers.

## Line 41

### Investment Credit

You are allowed a credit for investing in certain types of trade or business property. Use Form 3468 to figure the amount of any credit. Enter the credit from Form 3468 on this line.

## Line 42

### Foreign Tax Credit

Form 1116 explains when you can take this credit for payment of income tax to a foreign country. Also see Publication 514, Foreign Tax Credit for U.S. Citizens and Resident Aliens. Enter the credit from Form 1116 on this line.

## Line 43

### Credit for Work Incentive (WIN) Program Expenses

You may be able to take a credit on this line for hiring employees under a WIN program. You may also claim a credit for employing certain persons who receive AFDC payments. For more details, get Form 4874.

## Line 44

### Jobs Credit

Business employers who hire individuals who are members of special targeted groups may qualify for this credit.

Please get Form 5884 and Publication 906, Targeted Jobs, WIN, and Research Credits, for more information.

## Line 45

### Residential Energy Credit

Generally, if you installed energy saving items in your principal residence during 1981, or you have an energy credit carryover from a prior tax year, you may take a credit against your tax.

**Form 5695**, Residential Energy Credit, tells you which energy saving items qualify and how to take the credit. Also, see **Publication 903**, Energy Credits for Individuals, for more information.

### Alcohol Fuel Credit

You may be able to take a credit for alcohol used as fuel after 9/30/80. This applies to straight alcohol you sell at retail or use as fuel in your trade or business. It also applies to an alcohol mixture you sell or use as fuel in your trade or business.

Use **Form 6478** to figure the credit. Include the credit in your total for line 46. On the dotted line next to this total, please write "Alcohol Fuel Credit" and show the amount.

### Credit for Fuel From a Nonconventional Source

A credit is allowed for the sale of qualified fuels produced from a nonconventional source. See I.R. Code section 44D for a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule showing how you figured the credit. Include the credit in the total for line 46 and write "FNS" on the dotted line next to this total.

### Credit for Increasing Research Activities

You may be able to take a credit for research and experimental expenditures paid or incurred in carrying on your trade or business. Generally, the credit is 25% of the increased research expenses after June 30, 1981. Use **Form 6765**, to figure the credit. Include the credit in your total for line 46. On the dotted line next to this total, please write "Research" and show the amount.

## Line 46

### Total Credits

Add lines 38 through 45. Include any of the three credits above that you claimed. Enter the total on this line.

## Line 47

### Balance

Subtract line 46 from line 37 and enter the result on this line. If the amount is less than zero, enter zero.

## Other Taxes

### Line 48

#### Self-Employment Tax

If you had self-employment income in 1981, and earned under \$29,700 in wages from which social security tax (FICA) or RRTA tax was withheld, you may have to pay self-employment tax. Please see **Schedule SE** and instructions. If you have to pay self-employment tax, enter the amount from **Schedule SE**, line 18.

## Page 14

## Line 49a

### Minimum Tax

You may be liable for minimum tax if you have any of the following tax preference items:

- accelerated depreciation;
- amortization;
- reserves for bad debts of financial institutions;
- stock options;
- depletion; and
- intangible drilling costs.

Attach **Form 4625** and enter the tax, if any, on this line if you have:

- Items of tax preference of more than \$10,000 (\$5,000 if married filing a separate return) even if there is no minimum tax; or
- any minimum tax liability deferred from an earlier tax year.

See **Form 4625** for more information.

## Line 49b

### Alternative Minimum Tax

You may be liable for the alternative minimum tax if you have:

- tax preference items for adjusted itemized deductions or capital gain deduction;
- an entry on Schedule D, line 9a, and credits on **Form 1040**, line 46; or
- nonbusiness credits for investment credit, WIN credit, or jobs credit.

In general, you have adjusted itemized deductions if your itemized deductions exceed 60% of your adjusted gross income.

Get **Form 6251** to see if you are liable for this tax.

## Line 50

### Tax from Recomputing Prior Year Investment Credit

You may owe this tax if you disposed of investment credit property before the end of its useful life.

See **Form 4255** for details. Enter any tax from **Form 4255** on this line.

You may also need **Form 4255** if you disposed of more than one-third of your interest in a partnership or small business corporation.

## Line 51a

### Social Security (FICA) Tax on Tip Income Not Reported to Employer

If you received tips of \$20 or more in any month and you did not report the full amount to your employer, you must pay the social security or railroad retirement tax on the unreported tips.

To figure the amount of social security tax on unreported tips, complete **Form 4137** and attach it to your **Form 1040**. Enter the tax on this line.

To determine the amount of railroad retirement tax on unreported tips, contact your nearest Railroad Retirement Board office. On line 51a, enter the tax and next to it, write "RRTA" in the margin.

Be sure all your tips are included as income on **Form 1040**, line 7.

## Line 51b

### Uncollected Employee FICA and RRTA Tax on Tips

If you did not have enough wages to cover the social security tax (FICA) or railroad retirement tax (RRTA) due on tips you reported to your employer, the amount of tax due will be shown on your **Form W-2**. Enter that amount on line 51b.

## Line 52

### Tax on an IRA

If you have an IRA (Individual Retirement Arrangement), including an IRA under a SEP, add any taxes from **Form 5329**. Enter the total taxes on line 52.

## Line 53

### Advance Earned Income Credit (EIC) Payments

Enter the total of the advance earned income credit payments as shown on your **Forms W-2**. (The amount of earned income credit to which you are actually entitled will be figured on page 15 of these Instructions and entered later on line 57.)

## Line 54

### Total Tax

Add lines 47 through 53. Put the total on line 54.

## Payments

### Line 55

#### Total Federal Income Tax Withheld

Add the Federal income tax withheld as shown on your **Forms W-2**, **W-2G**, and **W-2P**. Enter the total on this line.

### Line 56

#### 1981 Estimated Tax Payments

Enter on this line any payments you made on your estimated Federal income tax (**Form 1040-ES**) for 1981. Include any overpayment from your 1980 return that you applied to your 1981 estimated tax.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid. Or you can each claim a part of it. Please be sure to show both social security numbers on the separate returns.

If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died.

If you were divorced during 1981, you may have filed a joint declaration of estimated tax with your former spouse. If so, please enter your former spouse's social security number in the block provided on the front of **Form 1040**. In the upper right corner of the return, above the blocks for the social security numbers, write "DIV."

If you were divorced and remarried in 1981, enter your present spouse's social security number in the block provided on the front of **Form 1040**. Also, enter your former spouse's social security number in the upper right corner above the blocks and write "DIV" above that number.

**To see if you can take the Earned Income Credit, complete Form 1040 through line 32a, and answer the questions below.**

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 1. Is the amount you listed on Form 1040, line 32a, less than \$10,000? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Did you receive any wages, salaries, tips, or other earned income (see "What is Earned Income?" on this page)? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Did you have a child (see <b>Note 1</b> below) who lived with you in the same principal residence in the U.S. during all of 1981? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If you checked Filing Status box 2 or box 5 on Form 1040, did you claim your child as a dependent on Form 1040, line 6c? <b>OR</b><br>If you checked Filing Status box 4 on Form 1040 and your child was <b>married</b> for 1981, did you claim that child as a dependent on Form 1040, line 6c? <b>OR</b><br>If you checked Filing Status box 4 on Form 1040 and your child was <b>unmarried</b> for 1981, did you enter that child's name on Form 1040, line 4 (or 6c if you claimed that child as a dependent)? | <input type="checkbox"/> | <input type="checkbox"/> |

**Note 1**—For this purpose, the word **child** means:

- Your son or daughter.
- Your stepchild, adopted child, or a child placed with you by an authorized placement agency for legal adoption (even if the child became your stepchild or adopted child, or was placed with you, during the year).
- Any other child whom you cared for as your own child for the whole year, unless the child's natural or adoptive parents provided more than half of the support for that year.

If you answered **NO** to any question, you can't take the earned income credit. Do not fill in the worksheet. Instead write "NO" on line 57 of Form 1040.

If you answered **YES** to all the questions, you may be able to take the credit. Use the Earned Income Credit Worksheet to figure the amount of any credit.

**Note 2**—If you expect to answer **YES** to all of the above questions for 1982 and want to receive advance payments of the credit, file Form W-5 with your employer.

**Earned Income Credit Worksheet**

To figure your credit, follow the instructions below.

1. Enter the amount from Form 1040, line 7, plus any other compensation from your employer, regardless of whether it is taxable. Include disability pensions but do not include other pensions or annuities.	\$
2. If you were self-employed, enter the amount, even if a loss, from Schedule SE, line 13. If you have self-employment income that you reported on line 1 above, do not include it here. (Clergy and religious workers, see Publication 517)	\$
3. <b>Earned income.</b> Add lines 1 and 2. However, if line 2 is a loss, subtract line 2 from line 1. If the amount on line 3 is \$0 or less, do not complete the rest of this worksheet; you cannot take the credit. If it is more than zero, complete 4 and either 5 or 6 below.	\$
4. <b>Adjusted gross income.</b> Enter the amount from Form 1040, line 32a.	\$
5. If line 4 above is <b>\$6,000 or less</b> , use the amount from line 3 above to find your credit in the table on page 41. Enter the credit here and on Form 1040, line 57.	\$
6. If line 4 above is <b>over \$6,000</b> : a. First find the amount from line 3 above in the table on page 41 and enter the credit for that amount here. \$..... b. Then find the amount from line 4 in the table and enter the credit for that amount here. \$..... c. Enter the amount from line 6a or 6b, whichever is smaller, here and on Form 1040, line 57.	\$

**Do NOT file this worksheet with your return—Keep it for your tax records**

**Line 57**

**Earned Income Credit**

**What Does the Earned Income Credit Do?**

The earned income credit helps many taxpayers who have incomes under \$10,000. If you can take the earned income credit, you can subtract it from tax you owe or get a refund even if you had no tax withheld from your pay. The credit can go as high as \$500.

**What Is Earned Income?**

In most cases, you had earned income if you worked last year.

**Earned income includes:**

- wages, salaries, and tips.
- anything else of value (money, goods, or services) you get from your employer for services you performed regardless of whether it is taxable.

**Note:** The following are examples of amounts received from your employer that must be included in line 1 of the worksheet—

- a. Housing allowance (or rental value of a parsonage) for members of the clergy.
  - b. Meals and lodging.
  - c. Disability pensions which qualify for exclusion on Form 2440.
- earnings from self-employment—this is usually the amount shown on Schedule SE (Form 1040), line 13. If you had a net loss from self-employment, see the note on page 29.

**Earned income does not include** items such as interest, dividends, social security payments, welfare benefits, veterans' benefits, workmen's compensation or unemployment compensation (insurance).

**Who Can't Take the Earned Income Credit?**

You can't take the credit if:

- your income is \$10,000 or more; or
- you are single (Filing Status Box 1); or
- you are married filing a separate return (Filing Status Box 3); or
- you are entitled to file Form 2555 to exclude income earned overseas or claim excess foreign living expenses; or
- you are entitled to file Form 4563 to exclude income earned from sources in U.S. possessions.

If you can take the credit, enter on line 57 the credit from line 5 or line 6c of this worksheet, whichever applies.

If you want IRS to figure the credit for you, see IRS Will Figure Your Tax and Some of Your Credits on pages 3 and 4.

**Line 58**

**Amount Paid with Form 4868 (Extension of Time to File)**

If you filed Form 4868 to get an extension of time to file Form 1040, enter the amount you paid with Form 4868.

**Line 59**

**Excess FICA and RRTA Tax Withheld—Two or More Employers**

If you had two or more employers in 1981 who together paid you more than



\$29,700 in wages, too much social security tax (FICA) and railroad retirement tax (RRTA) may have been withheld from your wages. If so, you may be able to take credit for it against your income tax.

If you are filing a joint return, you must figure this separately for you and your spouse.

If you are a railroad employee, contact an IRS office for information on how to figure your excess RRTA tax. Do not use this worksheet.

Please follow the steps below to see if you can take credit.

**Step 1.** Add all FICA tax withheld (but not more than \$1,975.05 for each employer).\* Enter total here.....\$ \_\_\_\_\_

**Step 2.** From Form 1040, line 51b, enter all uncollected FICA tax on tips, if any..... \_\_\_\_\_

**Step 3.** Add 1 and 2 above..... \_\_\_\_\_

**Step 4.** Less..... -1,975.05

**Step 5.** Subtract 4 from 3. Enter this amount on line 59..\$ \_\_\_\_\_

\*Note: If any one employer withheld more than \$1,975.05, you should ask the employer to refund the excess to you. You cannot take credit for it on your return.

## Line 60

### Credit for Federal Tax on Special Fuels and Oils

If you can take a credit for tax on gasoline, special fuels, and lubricating oils used in your business, please attach **Form 4136** or **Form 4136-T**. Enter the credit on line 60.

## Line 61

### Regulated Investment Company Credit

Enter on this line the total amount of the credit from **Form 2439**. Be sure to attach Copy B of **Form 2439**.

### Overpaid Windfall Profit Tax

You may be allowed credit for overpaid windfall profit tax. Use **Form 6249** (or **Form 6249-A**) to figure the overpayment. Include this amount in your total for line 62. On the dotted line next to this total, please write "Overpaid Windfall Profit Tax" and show the amount.

## Line 62

### Total

Add lines 55 through 61. Include any Overpaid Windfall Profit Tax. Enter the total on line 62.

## Refund or Balance Due

### Line 63

#### Amount Overpaid (If line 62 is larger than line 54)

Subtract line 54 from line 62. You can choose to have all, or part, of this amount refunded to you (line 64). The remainder, if any, can be applied to your estimated tax for 1982 (line 65). If line 63 is under \$1,

we will send you a refund only on written request.

## Line 64

### Refund

Enter the amount from line 63 that you want refunded to you. If your refund is large, you may want to have less income tax withheld from your pay. See the instructions on page 17 for **Income Tax Withholding for 1982**.

## Line 65

### Applied to 1982 Estimated Tax

Subtract line 64 from line 63. This is the amount that will be applied to your estimated tax for 1982. Enter this amount on line 65.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number.

## Line 66

### Balance Due (If line 54 is larger than line 62)

Subtract line 62 from line 54. This is the amount you owe. Enter the amount on this line.

Attach your check or money order for the full amount when you file. Make it out to "Internal Revenue Service" and be sure to write your social security number and "1981 Form 1040" on it. If line 66 is under \$1, you do not have to pay.

In most cases, people who have income tax withheld from their wages will find that the amount withheld will be fairly close to their tax for the year. Sometimes it is not, and this is more likely to happen if both you and your spouse worked.

If you do owe tax for 1981, you may want to increase the amount of income tax withheld from your pay. Otherwise, you may be required to file a Declaration of Estimated Tax on **Form 1040-ES**. See the instructions on page 17 for **Income Tax Withholding for 1982 and Should you File a Declaration of Estimated Tax?**

### Underpayment of Estimated Tax

If line 66 is \$100 or more and more than 20% of line 54, or you underpaid your 1981 estimated tax liability for any payment period, you may owe a penalty. Get **Form 2210** (Form 2210F for farmers and fishermen) to see if you meet one of the exceptions to the penalty. Please attach that form to Form 1040 to show how you figured the penalty or which exceptions you believe you meet.

If you attach Form 2210 or 2210F, be sure you check the box below line 66. If you owe a penalty, show the amount in the space below line 66.

If you owe tax, add the penalty amount to the tax due and show the total on line 66. Or, if you are due a refund, subtract the penalty amount from the overpayment you show on line 63.

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Now continue with step 6 below

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## Step 6

Check your return to make sure it is correct.

## Step 7

Sign and date your return.

Form 1040 is not considered a return unless you sign it. Your spouse must also sign if it is a joint return.

## Step 8

Did you have someone else prepare your return?

If you fill in your own return, the Paid Preparer's space should remain blank. If someone prepares your return and **does not charge you**, that person should not sign your return.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Use Only area of your return.

If you have questions about whether a preparer is required to sign your return, please contact an IRS office.

The preparer required to sign your return **MUST** complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give you a copy of your return in addition to the copy to be filed with IRS.

Tax return preparers should be familiar with their responsibilities. They should see **Publication 1045**, Information and Order Blanks for Preparers of Federal Income Tax Returns for more details.

## Step 9

### Attachments

Attach the first copy or Copy B of **Forms W-2, W-2G, and W-2P** to the front of Form 1040. Attach schedules in alphabetical order and other forms in numerical order to the back of Form 1040.

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to attach your payment to the front of Form 1040.

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## Reminders

### Penalties and Interest

- Interest.** Interest will be charged on taxes not paid by their due date, even if an extension of time to file is granted.
- Late Filing of Return.** The law provides a penalty of 5% of the tax due for

each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return late, attach a full explanation to your return.

**c. Late Payment of Tax.** The penalty for not paying tax when due is 1/2 of 1% of the unpaid amount for each month or part of a month it remains unpaid. The maximum penalty is 25% of the unpaid amount. The penalty applies to any unpaid tax shown on a return. It also applies to any additional tax shown on a bill that is not paid within 10 days after the date of the bill. This penalty is in addition to interest charges on late payments.

**Note:** If you include interest or either of these penalties with your payment, identify and enter these amounts in the bottom margin of Form 1040, page 2. Do not include the interest or penalty amounts in Balance Due on line 66.

### Income Tax Withholding for 1982

If the amount you overpaid (line 63) or the balance you owe IRS (line 66) is large, please see your payroll office. Ask about filling out a new Form W-4 to change the amount of income tax to be withheld from your wages. For example, working married couples and persons with two or more jobs often need to have more tax withheld to avoid owing a large payment when the return is filed. You may also owe more tax because you have other income on which there is no withholding.

If the amount you owe IRS is large, you may have to file a Declaration of Estimated Tax for 1982. See **Should You File a Declaration of Estimated Tax?**, below.

Or, if you got a large refund, get a copy of Form W-4 from your employer and read the instructions. If you are entitled to additional allowances, file a new W-4 with your employer.

If you go back to work after a period of unemployment, you may reduce the amount of income tax withheld if your employer agrees to use the part-year method of withholding. There are also other methods which could reduce your withholding.

For more details, see your employer or get Publication 505, Tax Withholding and Estimated Tax.

### Should You File a Declaration of Estimated Tax?

In general, you do not have to file a declaration if you expect that your 1982 Form 1040 will show a tax refund, or a tax balance due IRS of less than \$200. If your total estimated tax is \$200 or more, please get Form 1040-ES. It contains a worksheet that you can use to see if you have to file a declaration of estimated tax.

### Address Change

If you move after you file your return and you are expecting a refund, you should notify the post office serving your old address. Also notify the IRS service center where you filed your return of your address change. This will help to forward your check to your new

address as soon as possible. Be sure to include your social security number in any correspondence with the IRS.

### How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your tax return until the statute of limitations runs out for that return. Usually this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. Also keep copies of your filed tax returns as part of your records. You should keep some records longer. For example, property records (including those on your own home) should be kept as long as they are needed to figure the basis of the original or replacement property. For more details, get Publication 552, Recordkeeping Requirements and a List of Tax Publications.

### Amended Return

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, file Form 1040X, Amended U.S. Individual Income Tax Return, to change the Form 1040 or 1040A you already filed.

*If your return is changed for any reason, it may affect your State income tax liability. This would include changes made as a result of an examination of your return by the IRS. Contact your State tax agency for more information.*

## Instructions for Schedule A Itemized Deductions

### Purpose

*Some taxpayers must itemize their deductions and some should itemize because they will save money. See You MUST Itemize Deductions and You Choose to Itemize on pages 12 and 13.*

*If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These are explained below.*

*If your deductions are more than 60% of the amount on Form 1040, line 31, you may be liable for the alternative minimum tax. See the instructions for line 49b on page 14 for more information.*

### Lines 1 through 10

#### Medical and Dental Expenses

Before you can figure your total deduction for medical expenses, you must complete your Form 1040 through line 31.

Only that part of your medical and dental expense that is more than 3% of your adjusted gross income on Form 1040, line 31, is deductible.

However, you may deduct one-half of your medical insurance premiums, up to a maximum of \$150, without reducing that amount by 3% of your adjusted gross

income. Include amounts you paid for hospital, medical, and extra Medicare (Medicare B) insurance. Show half of your payments, up to \$150, on line 1 and put the balance on line 5. You can deduct the amount on line 1, even if you had no other medical expenses.

Only medicine and drug costs that are more than 1% of Form 1040, line 31, are deductible as medical expenses, subject to the 3% limitation.

Lines 1 through 10 of Schedule A explain how to deduct your medical and dental expenses. When you figure them, you can include medical and dental bills you paid for:

- yourself;
- your spouse;
- all dependents you list on your return; and
- any person that you could have listed as a dependent on your return if that person had not received \$1,000 or more of gross income or had not filed a joint return.

**Example.**—You gave more than half of your mother's support but cannot list her as a dependent because she received \$1,000 of wages during 1981. If part of your support was the payment of her medical bills, you can include that part in your medical expenses.

You should include all amounts you paid during 1981, but do not include amounts repaid to you, or paid to anyone else, by hospital, health or accident insurance, or your employer.

### Examples of Medical and Dental Payments You CAN Deduct

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

- Medicine, drugs, birth control pills, vaccines, and vitamins your doctor told you to take.
- Medical doctors, dentists, eye doctors, gynecologists, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you can deduct only the cost of the nursing help.
- Hospital care (including meals and lodging), clinic costs, lab fees.
- Medical treatment at a center for drug addicts or alcoholics.
- Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining them.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received medical care; or you can claim 9 cents a mile. Add parking and tolls to the amount you claim under either method.

### Examples of Medical and Dental Payments You CANNOT Deduct

You cannot deduct the following:

- The basic cost of Medicare insurance (Medicare A).

**Note:** If you are 65 or over and not entitled to Social Security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- Life insurance or income protection policies.
- The 1.3% hospital insurance benefits tax withheld from your pay as part of the social security tax or paid as part of social security self-employment tax.
- Nursing care for a healthy baby. (You may qualify for the child care credit; see Form 2441.)
- Illegal operations or drugs.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.

**Publication 502, Medical and Dental Expenses**, has a checklist of medical expenses that can be deducted and those that can't. It also explains when you can deduct capital expenditures and special care for handicapped persons.

## Lines 11 through 16

### Taxes

#### Taxes You CAN DEDUCT

##### ● State and local income taxes (line 11)

Include on this line State and local income taxes that were withheld from your salary and any estimated payment made. Also include payments you made in 1981 on a tax for a prior year.

If you received a refund of (or credit for) prior year taxes in 1981, see the instructions for Form 1040, line 9. Do not reduce your itemized deductions by this amount.

##### ● Real estate taxes (line 12)

Include taxes that you paid on property you own that was not used for business. **Publication 530, Tax Information for Homeowners**, and **Publication 588, Condominiums, Cooperative Apartments, and Homeowners Associations**, explain the deductions homeowners can take.

If you pay your real estate taxes as part of your mortgage payments, do not take a deduction for that amount. Deduct the taxes in the year the mortgage company actually paid them to the taxing authority.

##### ● General sales taxes (line 13)

The Optional State Sales Tax Tables show how much you can deduct for your income and family size if you did not keep detailed records. You can add to the tax table amount the general sales tax you paid if you bought

—A car, motorcycle, motor home, or truck. (Note: West Virginia (before 6/1/81) and Vermont charge a higher sales tax for these than they do for other items. Figure how much tax you would have paid at the general sales tax rate and add only that amount to the tax table amount.)

—A boat, plane, home (including mobile or prefabricated) or materials to build a new home if:

1. The tax rate was the same as the general sales tax rate, and
2. Your sales receipt or contract shows how much tax you paid.

If you kept records that show you paid more State sales tax than the tables list, you may deduct the larger amount on line 13a. Separately show the sales tax you paid on any motor vehicle you bought during 1981 on line 13b. Include State or local selective sales or excise taxes if the rates were the same as the general sales tax rates.

The sales tax tables include income through \$40,000. When you figure your income, count all available income. This includes the amount on Form 1040, line 31, plus most amounts you received that are not taxed. The instructions at the top of the first page of the table give steps to help you figure your deduction.

If your available income was more than \$40,000, see the following example. **Example.**—Mr. & Mrs. Green live in Virginia and have a family size of 4. Their total available income is \$56,025.

Using the table for Virginia, they find the deduction for their family size (4) with income between \$38,001 and \$40,000. This amount is \$356.

For each \$5,000 or part of \$5,000 in excess of \$40,000, the deduction is increased by the amount on the \$40,001–\$100,000 line for their family size. This amount is \$18. The Greens' available income exceeds \$40,000 by 4 units of \$5,000 (or parts of \$5,000). So, they increase their sales tax deduction by  $(18 \times 4) = \$72$ .

Their total sales tax deduction is  $(\$356 + \$72) = \$428$ . The Greens then compare this figure to the amount their receipts show they actually paid for sales tax. The Greens enter the larger figure on Schedule A, line 13a.

##### ● Personal property taxes (line 14)

This tax must be based on value alone. For example, if part of the fee you paid for the registration of your car was based on the car's value and part was based on its weight, you can deduct only the part based on value.

##### ● Other (line 15)

If you had any deductible tax not listed on Schedule A, lines 11 through 14 (such as foreign income tax), describe the tax and show the amount on line 15.

If you paid tax to a foreign country or U.S. possession, you may want to list it as a credit instead of a deduction. Please see **Publication 514, Foreign Tax Credit for U.S. Citizens and Resident Aliens**.

#### Taxes You CANNOT Deduct

- Federal income tax.
- Social security tax (FICA).
- Railroad retirement tax (RRTA).
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Customs duties.
- Federal estate and gift taxes. (However, see **Miscellaneous Deductions** on page 19.)
- Certain State and local taxes, including:
  - a. Tax on gasoline.
  - b. Car inspection fees.
  - c. Tax on liquor, beer, wine, cigarettes, and tobacco.

d. Assessments for sidewalks or other improvements to your property.

e. Taxes paid for your business or profession. (Use Schedule C, E, or F of Form 1040 to deduct these business taxes.)

f. Tax you paid for someone else.

g. License fees (marriage, driver's, dog, hunting, etc.).

## Lines 17 through 20

### Interest Expense

You should show on Schedule A interest on nonbusiness items only.

In general, a cash basis taxpayer who in 1981 paid interest that includes amounts that apply to any period after 1981 can deduct only the amount that applies for 1981.

#### Interest Expense You CAN Deduct

Include the interest you paid on—

- Your home mortgage (line 17).
- Bank and other general purpose credit cards. Deduct the finance charge as interest if no part of it was for service charges, membership fees, loan fees, credit investigation fees, etc. (line 18).
- Revolving charge accounts. Deduct any finance charge a retail store added if the charges are based on your monthly unpaid balance (line 18).
- Your personal note for money you borrowed from a bank, a credit union, or another person.
- Loans on life insurance if you paid the interest in cash.
- Installment contracts on personal property, such as cars and televisions.
- Taxes you paid late. Show only the interest; do not include any amount that is considered a penalty. If the tax is deductible, show it under Taxes (lines 11 through 16 of this schedule).
- Loans on investment property. Report the nonbusiness part of interest on these loans on line 19. (If your total investment interest is more than \$10,000 (\$5,000 if married filing a separate return), you may have to complete Form 4952, Investment Interest Expense Deduction, to figure your correct deduction. Also see **Publication 550, Investment Income and Expenses**, for details.)

#### Interest Expense You CANNOT Deduct

Do not include the interest you paid for—

- Tax-exempt income. This includes interest on money you borrowed to buy or carry wholly tax-exempt securities. This also includes interest paid to purchase or carry obligations or shares, or to make deposits or other investments, to the extent any interest income received from the investment is excluded on line 8d of Form 1040 or line 1e of Schedule B.
- A loan on life insurance if the interest is added to the loan and you report on the cash basis.
- A debt to buy a single-premium life insurance or endowment contract.
- Any kind of business transaction. Use Schedule C, E, or F to report business interest expenses.

For more information, please get **Publication 545, Interest Expense**.

## Lines 21a through 24

### Contributions

You can deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You can also deduct what you gave to organizations that work to prevent cruelty to children or animals.

#### Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys Club of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for, or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, State, and local governments if the gifts are solely for public purposes.

If you contributed to a charitable organization and also received a benefit from it, you can deduct only the amount that is more than the benefit you received.

If you do not know whether you can deduct what you gave to an organization, check with that organization or with IRS.

#### Contributions You CAN Deduct

Contributions can be cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drive to and from the volunteer work, you can take 9 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

**Line 21a.** Enter on line 21a all of your cash contributions except those that total \$3,000 or more to any one organization.

**Line 21b.** Enter on line 21b cash contributions totaling \$3,000 or more to any one organization. Show to whom and how much you gave.

**Line 22.** If you gave property, state the kind of property you gave and the name of the organization you gave it to. Include the date you gave it, show how you figured its value at the time you gave it, and state whether it was capital gain or ordinary income property. If you determine the value of a gift by an appraisal, attach a signed copy of it for gifts for which you claim a deduction of over \$200. For gifts valued at over \$200, also attach a statement showing:

- a. The address of the organization.
- b. A description of the property.
- c. Any conditions attached to the gift.
- d. How you got the property.
- e. The cost or other basis of the property if:

1. You owned it less than 5 years, or
2. You must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.

f. How you figured your deduction if you chose to reduce your deduction for contributions of capital gain property.

g. If the gift was a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the gift, the type of legal interest donated, and describe the conservation purpose furthered by the gift.

If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

Special rules apply if your contributions are more than 20% of Form 1040, line 31. If you gave gifts of property that increased in value, made bargain sales to charity, or gave gifts of the use of property, other rules apply.

For additional information, please get **Publication 526, Charitable Contributions.**

#### Contributions You CANNOT Deduct

- Political contributions (but see instructions for Form 1040, line 38).
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Tuition to a private school.
- The value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally, until the entire interest has been transferred).
- Gifts to:
  - a. Individuals.
  - b. Foreign organizations.
  - c. Groups that are run for personal profit.
  - d. Groups whose purpose is to lobby for changes in the laws.
  - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

## Lines 25 through 29

### Casualty and Theft Losses

Use these lines to report casualty or theft losses of property that is not trade, business, or income-producing property. Use the following worksheet if you had only one casualty or theft loss during the tax year and only one item was lost or damaged by that loss.

1. Cost or other basis . . . . .	_____
2. Fair Market Value of property before casualty or theft . . . . .	_____
3. Fair Market Value of property after casualty or theft . . . . .	_____
4. Subtract line 3 from line 2 . . . . .	_____
5. Enter line 1 or line 4, whichever is smaller. Also enter on Schedule A, line 25 . . . . .	_____

Use **Form 4684** in the following cases:

- you had a net casualty or theft loss of \$1,000 or more (after subtracting any reimbursement and the \$100 limitation), or
- you had more than one casualty or theft during the tax year, or
- you had more than one item lost or damaged by one or more casualties or thefts, or

- you had a gain from casualty or theft, or
- your casualty or theft involved trade, business, or income-producing property.

### Losses You CANNOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

### Losses You CAN Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes.

#### How to Deduct These Losses

On line 25, enter the amount from line 5 of the worksheet. Then fill in the amount paid by insurance or other sources on line 26.

Next, subtract line 26 from line 25, and enter the difference on line 27. If the amount is \$100 or less, you cannot deduct the casualty or theft loss.

On line 28, enter \$100 or the amount on line 27, whichever is smaller.

Subtract line 28 from line 27 and enter the result on line 29. If the amount on line 29 is \$1,000 or more, you must attach Form 4684.

Use line 31 of Schedule A to deduct the costs of proving that you had a property loss. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, get **Publication 547, Tax Information on Disasters, Casualties, and Thefts.** It also gives information about Federal disaster area losses.

## Lines 30a through 32

### Miscellaneous Deductions

#### Miscellaneous Expenses You CAN Deduct

**Business Use of Home.** You can deduct expenses for business use of part of your home only if you use that part exclusively and continuously in your work and for the convenience of your employer.

See **Publication 587, Business Use of Your Home**, for detailed information.

**Educational Expenses.** Generally, you can deduct what you paid for education required by your employer, or by law or regulations, to keep your present salary or job. In general, you can also deduct the cost of maintaining or improving skills you must have in your present position.

You cannot deduct some educational expenses. Among them are expenses for study that helps you meet minimum requirements for your job, or qualifies you to get a new job. Also, do not deduct expenses that were repaid to you.

For more details, see **Publication 508, Educational Expenses.**

**Gambling Losses.** You can deduct gambling losses, but not more than the gambling winnings you reported on Form 1040, line 20.

**Income in Respect of a Decedent.** You can deduct the Federal estate tax attributable to income in respect of a decedent that is ordinary income.

**Employee Expenses.** Examples of the expenses you can deduct (if you were not reimbursed for them) are:

- Union dues (line 30a).
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you cannot usually wear away from work.
- Protective clothing, such as hard hats and safety shoes.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to get a new job in your present trade or profession.

**Expenses of Producing Income.** You can deduct what you paid to produce or collect taxable income or to manage or protect property held for producing income.

Examples of these expenses are:

- Tax return preparation fees (line 30b).
- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help.
- Office rent.
- Custodial (e.g. trust accounts) fees.

**Qualified Adoption Expenses.** Beginning in 1981, you may be able to deduct up to \$1,500 of qualified adoption expenses you paid to adopt a child who has been determined by the State to be a child with "special needs" and who is eligible for "adoption assistance payments."

For more information on qualified adoption expenses, get Publication 529, Miscellaneous Deductions.

### Miscellaneous Expenses You CANNOT Deduct

Expenses you cannot deduct include:

- Political contributions (but see instructions for Form 1040, line 38).
- Legal fees for personal matters.
- Lost or misplaced cash or property.
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Fines and penalties.
- Expenses of producing tax-exempt income.

For more details, see Publication 529.

## Lines 33 through 40

### Summary of Itemized Deductions

If you have not already entered the totals from each group of deductions on lines 33 through 38, do so now. Add lines 33 through 38, and enter the total on line 39. Enter the amount for your filing status on line 40.

### Line 41

If line 39 is more than line 40, subtract line 40 from line 39 and enter the difference on Schedule A, line 41, and on Form 1040, line 32b.

**Note:** You will receive the full benefit of your itemized deductions because the zero bracket amount you entered

on line 40 has been built into the Tax Table and Tax Rate Schedules for you.

If line 40 is more than line 39, enter zero on Schedule A, line 41, and on Form 1040, line 32b, unless you are required to itemize deductions (see page 12 for **You MUST Itemize Deductions**). If you **MUST** itemize deductions, enter **TC** on line 41 and see the instructions for line 32b on page 12.

## Instructions for Schedule B Interest and Dividend Income

### Purpose

Use Schedule B to list interest and dividend income. Part III of the schedule asks you to answer questions about foreign accounts and trusts. You must use Schedule B if you are filing Form 1040 and:

- Had more than \$400 in interest,
- Had any interest from an All-Savers Certificate,
- Had more than \$400 in dividends,
- Had a foreign account, or
- Were a grantor of, or transferor to, a foreign trust.

Please follow the instructions below.

### Part I Interest Income

To see what interest income you must report, read the instructions for Form 1040, line 8a, on page 8.

The payer will usually send you a Form 1099-INT or similar statement showing interest you must report. If the total interest is over \$400 or you had any interest from an All-Savers Certificate, fill in Part I. Also, fill in Part III of this schedule if the total interest is over \$400.

#### Line 1a

Report on line 1a all interest (other than qualifying interest from an All-Savers Certificate) that you received or that was credited to your account so you could withdraw it. List the name of each payer. Next to each name, show the amount of income.

Report qualifying interest from an All-Savers Certificate on line 1c. However, if you redeemed an All-Savers Certificate before its maturity, report any interest received on the certificate on line 1a instead of on line 1c.

#### Line 1b

Add up all the interest and enter it on this line except as noted below in **Nominee and Accrued Interest**.

**Nominee and Accrued Interest.** When you buy bonds between interest payment dates and you pay accrued interest to the seller, this amount is taxable interest to the seller.

List on line 1a all interest received, including interest you received as a nominee (interest received in your name for someone else) or as a purchaser of a bond with accrued interest. Several lines

above line 1b, enter a subtotal of all interest income listed on line 1a. Below this subtotal, write "Nominee Distribution" or "Accrued Interest" as appropriate and enter the interest amounts you paid to others. Subtract these amounts from the subtotal, and enter the result on line 1b.

**Note:** If you received interest as a nominee for the actual owner, give that person Form 1087-INT.

#### Line 1c

Report all qualifying interest from **All-Savers Certificates (ASC's)** on this line. List the name of the payer. Next to the name show the amount of income.

However, **do not** include on line 1c any interest you received from an ASC that you redeemed before its maturity. Instead, report the interest on line 1a.

#### Line 1d

Add up all the interest on line 1c and enter it on this line.

#### Line 1e

Enter the amount of your allowable exclusion on line 1e. You can exclude up to \$1,000 (\$2,000 if a joint return). This is a lifetime exclusion and applies to the total of all qualifying interest you receive from all ASC's.

The amount you can exclude in any year is the amount of qualifying interest received during the year less the amount you excluded in any earlier year(s), subject to the maximum amount of the exclusion.

**Example.**—You are married filing a joint return and bought an ASC in October 1981, and received \$600 interest from this ASC in 1981. You can exclude the entire \$600 in 1981. In 1982 you can exclude up to \$1,400 additional interest received from the ASC. (On a joint return, each spouse is treated as having claimed one-half the amount of the exclusion.)

If you redeem any part of an ASC before its maturity, you may NOT exclude any interest received from that certificate during the year. If you exclude interest in one year, and redeem the certificate before its maturity in the next year, you must include in income in the year you redeem the certificate any interest you excluded in the prior year.

If you use all or part of the certificate as collateral or security for a loan, you are treated as having redeemed the certificate early.

**Example.**—You are single and in October 1981 you bought an ASC. You received \$250 interest from this ASC in 1981, all of which you excluded from your 1981 income. During 1982, you redeem this certificate before its maturity. Since you redeemed the ASC before its maturity, you must include in your 1982 interest income the \$250 you excluded in 1981, as well as any additional interest you received from this ASC in 1982. However, if you reinvest in another qualified certificate, you can exclude up to \$1,000 of interest from the new ASC.

You may NOT exclude any interest received from an ASC under the general interest and dividend exclusion rules that apply in 1981 (line 8d of Form 1040). (This applies even if you cannot exclude

the interest because you redeem the certificate early.)

For more details on the exclusion of qualified interest from All-Savers Certificates get **Publication 550**, Investment Income and Expenses.

### Line 1f

Subtract line 1e from line 1d.

### Line 2

Add lines 1b and 1f. Enter the total on line 2. Also enter this amount on Form 1040, line 8a.

## Part II

### Dividend Income

To see what dividend income you must report, read the instructions for Form 1040, line 8b, on page 9.

The payer will usually send you a Form 1099-DIV or similar statement showing dividends you must report. If the total dividends are over \$400, fill in Part II AND Part III of this schedule.

### Line 3

Report all of your dividend income on this line. Include cash and the value of stock, property, or merchandise you received as a dividend. If you owned shares in a mutual fund, **Publication 564**, Mutual Fund Distributions, may be helpful.

List the name of each payer. If the securities are held in a brokerage account, list the name of the brokerage firm as the payer. Next to each name, show the amount of income. Be sure to include capital gain and nontaxable distributions on this line. They will be deducted on lines 5 and 6.

**Nominees.** List on line 3 all dividends you received, including dividends you received as a nominee, even if you later distributed some or all of this income to others. Several lines above line 4, enter a subtotal of all dividend income listed on line 3. Below this subtotal write "Nominee Distribution" and enter the amounts distributed. Subtract these distributions from the subtotal and enter the result on line 4.

**Note:** If you received dividends as a nominee for the actual owner, give that person Form 1087-DIV.

### Line 4

Add the amounts you listed on line 3 except as noted above in **Nominees**. Enter the total on this line.

### Line 5

If you listed any capital gain distributions on line 3, add those amounts. Enter the total on this line.

### Line 6

Enter the total of your nontaxable distributions on this line.

### Line 7

Add lines 5 and 6. Enter the total on this line.

### Line 8

Subtract line 7 from line 4. Enter on line 8 and on Form 1040, line 8b. (Be sure to take your exclusion on line 8d.)

## Part III

### Foreign Accounts and Foreign Trusts

Fill in this part if you had more than \$400 of interest or dividend income; if you had a foreign financial account; or if you were the grantor of, or transferor to, a foreign trust.

**Line 9.** Check the **Yes** box if either 1 or 2 below applies to you.

1. At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. **Exception:** Check **No** if any of the following apply to you.

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
- You are an officer or employee of a commercial bank that is supervised by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation; the account is in your employer's name; AND you do not have a personal financial interest in the account.
- You are an officer or employee of a domestic corporation with securities listed on national securities exchanges or with assets of more than \$1 million and 500 or more shareholders of record; the account is in your employer's name; you do not have a personal financial interest in the account; and the chief financial officer of the corporation has given you written notice that the corporation has filed a current report that includes the account.

2. You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked **Yes** on line 9, file Form 90-22.1 by June 30, 1982, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not attach it to Form 1040 or file it with the IRS. But be sure to file your Form 1040 with the IRS.

You can get Form 90-22.1 from many IRS offices or by writing to the IRS forms distribution center for your State, as shown on the inside back cover.

**Line 10.** Check the **Yes** box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

## Instructions for

# Schedule D

## Capital Gains and Losses

### Purpose

Use Schedule D (Form 1040) to report the sale or exchange of a capital asset. See the definition of "capital asset" below.

In the following cases you have to use Form 4797, Supplemental Schedule of Gains and Losses, instead of Schedule D:

- The sale, exchange, or involuntary conversion (other than casualty or theft) of business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and section 126 property.
- The involuntary conversion (other than casualty or theft) of certain capital assets.
- The disposition of other noncapital assets not mentioned above.

If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

Two publications you should find useful are **Publication 544**, Sales and Other Dispositions of Assets, and **Publication 550**, Investment Income and Expenses.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, and stocks and bonds are capital assets.

A transfer of patent rights is generally considered a sale or exchange of a capital asset held for more than one year.

A nonbusiness bad debt must be treated as a short-term capital loss.

A capital asset as defined by law is any piece of property held by a taxpayer except the following:

- a. Stock in trade or other property included in inventory or held for sale to customers.
- b. Accounts or notes receivable you received for services in the ordinary course of your trade or business or from the sale of any property described in (a) or for services you performed as an employee.
- c. Depreciable property used in your trade or business even if it was fully depreciated.
- d. Real property (real estate) used in your trade or business.
- e. A copyright, literary, musical or artistic composition, letter, memorandum, or similar property
  1. created by your personal efforts, or
  2. prepared or produced for you (in the case of a letter, memorandum, or similar property), or
  3. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the previous owner.

f. U.S. Government publications (including the Congressional Record) that you received from the government other than by purchase at the normal sales price, or that you got from another taxpayer who had received it in a similar way if your



basis is determined by reference to the previous owner.

g. Certain government obligations issued at a discount on or after March 1, 1941, and acquired before June 24, 1981, payable without interest, and maturing at a fixed date not more than one year from the date of issue.

### Short-Term or Long-Term

When you list your capital gains and losses, separate them according to how long you held or owned the property. The holding period for determining long-term capital gains and losses is more than one year.

When you figure the length of the period you held property, begin counting on the day after you got the property and include the day you disposed of it.

### Limits on Capital Losses

The limit on capital losses that can be applied against other income after offsetting capital gains is \$3,000. If you are married and filing separately, the limit is \$1,500.

### Losses That Are Not Deductible

Do not deduct a loss from the sale or exchange of property directly or indirectly between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.
- A partnership and a partner owning directly or indirectly more than 50 percent of the capital interest, or profits interest in the partnership (other than a sale or exchange of an interest in the partnership).

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see I.R. Code section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If you have a net loss, you may be subject to the "at risk" provisions.

### Items for Special Treatment and Special Cases

The following items may require special treatment.

- Transactions by a securities dealer.
- Wash sales of stock or securities.
- Bonds and other evidence of indebtedness if an original issue discount is a factor.
- Gain from sale or exchange of certain short-term government obligations acquired after 6/23/81.
- Certain real estate subdivided for sale which may be considered a capital asset.
- Distributions received from an employee pension, profit-sharing, or stock bonus plan. (Please see Form 4972, Special 10-Year Averaging Method, or

**Form 5544, Multiple Recipient Special 10-Year Averaging Method.)**

- Gain on the sale of depreciable property between husband and wife or between shareholder and a controlled corporation treated as ordinary gain.
- Gain on disposition of stock in a Domestic International Sales Corporation.
- Gain or loss on options to buy or sell, including closing transactions.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if the partnership were incorporated.

For rules on nontaxable exchanges, gifts of property, and inherited property, please see **Publication 544, Sales and Other Dispositions of Assets.**

### Transfer of Appreciated Property to a Political Organization

If you transfer property to a political organization when the fair market value of the property is more than your adjusted basis, treat the transaction as a property sale on the transfer date. Report the fair market value of the property at the time of the transfer as the sales price. Ordinary income or capital gains provisions apply as if a sale took place.

### Exchange of Like-Kind Property

Report the exchange of "like-kind" property on Schedule D or on Form 4797, whichever applies. You must report it even though no gain or loss is recognized when you exchange business or investment property for property of "like kind." (This does not include stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest.)

If you use Schedule D, identify in column a, the property you disposed of. Enter the date you acquired it in column b, and the date you exchanged it in column c. Write "like-kind exchange" in column d. Enter the cost or other basis in column e. Enter zero in columns f and g.

### Sale or Exchange (Other Than Involuntary Conversion) of Capital Assets Held for Personal Use

This type of gain is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible.

### Small Business Stock

Subject to limitations, you may deduct the loss on the sale, exchange, or worthlessness of Small Business (section 1244) stock as an ordinary loss on Form 4797. However, gains are reported as capital gains on Schedule D (Form 1040).

### Disposition of Partnership Interest

A sale or other disposition of an interest in a partnership may result in ordinary income. Please see **Publication 541, Tax Information on Partnerships, and Publication 544, Sales and Other Dispositions of Assets.**

### Long-term Capital Gains from Regulated Investment Companies

Include in income as a long-term capital gain the amount(s) shown on Form 2439 that represents your share of the undistributed capital gains of a regulated investment company. Enter the tax paid by the company as shown on Form 2439 on Form 1040, line 61. Add to the basis of your stock, the excess of the amount included in income over the credit.

### Sale of Residence

Report a taxable gain from the sale of a residence on Schedule D, line 2a or 9a. A loss from such sale is not deductible.

Use Form 2119, Sale or Exchange of Principal Residence, to report the sale of your principal residence whether or not you bought another one. For more information, see **Publication 523, Tax Information on Selling Your Home.**

### Installment Sales

If you sold property at a gain, and are to receive any payment in a tax year after the year of sale, you must use the installment method and Form 6252, Computation of Installment Sale Income, unless you elect not to. Also use Form 6252, if you received a payment in 1981 from a sale made in an earlier year on the installment method.

If you want to elect out of the installment method, you must do the following on a timely filed return (including extensions):

(1) Report the full amount of the sale on Schedule D.

(2) If you received a note or other obligation and are reporting it at less than face value (including all contingent payment obligations), complete Part VI. If more than one, enter the amounts separately in the spaces in Part VI.

### Investment Interest Expense Deduction Adjustment

If you have an entry on Form 4952, line 20 and Schedule D, line 20 (or Form 4798, line 8), part or all of Form 4952, line 20 may be treated as ordinary income.

Determine the ordinary income for Schedule D or Form 4798 as follows:

**Step 1**—In a separate computation reduce Form 4952, line 20 to the extent line 15 of that form is more than the sum of lines 16 through 19 of that form.

**Step 2**—Ordinary income will be the smaller of step 1 or Schedule D, line 20 (or Form 4798, line 8).

Enter the ordinary income in the margin to the right of Schedule D, line 20 (or Form 4798, Part I, line 8). Identify by writing next to it: "From Form 4952." Subtract the ordinary income from the gain on Schedule D, line 20 (or Form 4798, Part I, line 8). In addition, enter the ordinary gain on Form 4797, Part II, line 9. If you do not use Form 4797 for other transactions, enter it on Form 1040, line 14, and identify it in the margin as "From Form 4952."

### Commodity Futures and Straddle Positions

For information on how to report gains and losses from regulated futures contracts and straddles, see Form 6781, Gains and Losses From Commodity Futures Contracts and Straddle Positions.



## Alternative Tax Computation

It may be to your advantage to use the alternative tax if you have an entry on Schedule D, line 20 (or Form 4798, line 8) and you are filing:

- as a single individual with taxable income over \$41,500.
- a joint return, or as a qualifying widow or widower with taxable income over \$60,000.
- as a Head of Household with taxable income over \$44,700.
- a separate return from your spouse and have taxable income over \$30,000.

Figure the tax using the alternative method to see if the resulting tax is less than the tax using the regular method.

In figuring the alternative tax, you may use Schedule G (income averaging) to compute line 33. If so, substitute the amount on Schedule D, line 32 for line 6 of Schedule G.

## Specific Instructions

**Note:** If you attach your own schedule to show detail of gain or (loss), enter on Schedule D, lines 4 and 11, the total gain and the total loss. Do not combine the total gain with the total loss.

### Column d

#### Sales Price Less Expense of Sale

Enter in this column the selling price of the property sold. Reduce this by any expense of sale such as broker's fee, commission, etc.

### Column e

#### Cost or Other Basis, as Adjusted

In general, the cost or adjusted basis is the cost of the property plus purchase commissions, improvements and minus depreciation, amortization, and depletion. If you inherited the property or got it as a gift, tax-free exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the actual cash cost as the basis. If you do not use cash cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. This includes nontaxable dividends from utility company stock and mutual funds. Also adjust your basis for any stock splits.

The basis of property acquired by gifts made before 1977, generally is the basis of the property in the hands of the donor plus any gift taxes paid on the gift. For gifts made after 1976, only the gift tax on the appreciation in value to the time of the gift is added to the basis of the property in the hands of the donor.

The basis of property acquired from a decedent is generally the fair market value at the date of death.

If a charitable contribution deduction is allowed because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

For more information see Publication 551, Basis of Assets.

## Line 6

### Short-Term Capital Loss Carryover From Years Beginning After 1969

Enter the amount from your 1980 Schedule D (Form 1040), line 27 or 1980 Form 4798, Part II, line 20.

## Line 14

If Form 4797, line 5(a)(1) shows a net gain, enter it in column g. Then refigure Form 4797 for those gains and losses from sales or exchanges after 6/9/81 if you are using the alternative tax computation. Include the net gain or loss after that date on Schedule D, line 26.

## Line 17

### Long-Term Capital Loss Carryover From Years Beginning After 1969

Enter the amount from your 1980 Schedule D (Form 1040), line 33 or 1980 Form 4798, Part II, line 26.

**Note:** If you used Form 4798 in 1980 and had an entry in Part II, lines 17 or 23, use Form 4798 in 1981 instead of completing Schedule D, Parts III or V.

## Line 24 (iii)

### (or Form 4798, Part I, line 30c) Taxable Income, as Adjusted

Figure your taxable income, as adjusted with a separate calculation. Do this in the following way:

- a. Figure the amount from Form 1040, line 32c, without regard to gains and losses from sales or exchanges of capital assets.
- b. Subtract from the amount in a. one of the following:
  1. \$2,300 if you are filing as single or head of household.
  2. \$3,400 if you are married and filing jointly or if you are a qualifying widow(er) with a dependent child.
  3. \$1,700 if you are married and filing separately.

## Lines 25 and 26

Refigure net short-term and net long-term gain or loss reported on lines 5 and 16. Only net gains or losses from sales or exchanges that took place after June 9, 1981, are included in lines 25 and 26.

## Instructions for

# Schedule E

## Supplemental Income

### Purpose

Use Schedule E to report income (or loss) from rents and royalties, partnerships, estates and trusts, and small business corporations.

**Note:** If you attach your own schedules to report income (or loss) from any of these sources use the same format as the Schedule E. Enter on Schedule E separately the total of net income and the total of net loss for each part. DO NOT combine the total of net income with the total of net loss on the separate schedules.

## "At Risk" Rules (Parts I and II)

Generally, the special "at risk" rules of section 465 of the Internal Revenue Code apply to all activities except real estate (other than mineral property). The "at risk" rules may apply to a member of a partnership or joint venture; shareholder in a small business corporation; beneficiary of an estate or trust; or lessor of certain property. The "at risk" rules only apply if you have a loss from an activity carried on as a trade or business or for the production of income. Generally, the amount you have "at risk" limits the loss you can deduct for any tax year.

You are generally considered "at risk" for an activity for the cash and the adjusted basis of other property you contributed to the activity, and any amounts borrowed for use in the activity for which you are personally liable.

Your "at risk" amount does not include the proceeds from your share of any nonrecourse loan used to finance the activity or the acquisition of property used in the activity. However, you are "at risk" to the extent of the net fair market value of your own property (not used in the activity) that secures borrowed amounts for which you are not liable. Generally, for any "at risk" activity described in section 465(c), you are not "at risk" for any amount that is protected against loss by a guarantee, stop-loss agreement, or similar arrangement. In addition, for the activities described in section 465(c)(1), you are not "at risk" for borrowed amounts from a person who is related to you under section 267(b).

If you have amounts not "at risk" for an activity and you share in the loss for that activity, you must figure the allowable loss to report on Schedule E. Partners, beneficiaries, and shareholders should get a separate statement of income, expenses, deductions, and credits for each activity.

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see I.R. Code section 465), combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine your net profit or loss from the activity. If you have a net loss, it may be limited because of the "at risk" rules.

● Part I—Enter in the appropriate column(s) on line 20 the loss from the activity or the amount "at risk" for the activity, whichever is smaller. If your "at risk" amount is smaller than zero, enter zero.

● Part II—Enter in column (c) the loss from the activity or the amount "at risk" for the activity, whichever is smaller. If your "at risk" amount is smaller than zero, enter zero.

Any loss from an activity not allowed for the tax year is treated as a deduction allocable to the activity in the next tax year.

## Part I

### Rent and Royalty Income or Loss

Generally, you should use this part to report rent and royalty income. Report rents from property you own or control, including room and other space rentals. However, if you provided services to the renter, or if your business was selling real estate, report the income on Schedule C. For more information on rental income

and expenses, see **Publication 527**, Rental Property.

Report royalties from oil, gas, or mineral properties, copyrights, and patents. If you hold an operating oil, gas, or mineral interest, report gross income and expenses on Schedule C.

If you use Part I to report rent and royalty income, enter your rent and royalty expenses for each property in the appropriate columns on lines 4 through 16.

Your share of any loss from an activity except real estate (other than mineral property) for the tax year may be allowed only for the total amount that you are "at risk" for the activity at the close of the tax year.

## Rent

If you were not in the real estate sales business and you received rent from property you own or control, report it on line 3a. If you received services or property, instead of money, as rent, report its fair market value.

You can deduct an amount for the depreciation of rental property. You can also deduct all normal expenses, such as taxes, interest, repairs, insurance, maintenance, and agent's commissions. If your total investment interest including investment interest from all other sources is more than \$10,000 (\$5,000 if married filing separately), see **Form 4952**, Investment Interest Expense Deduction.

Do not deduct the value of your own labor. Do not deduct capital investments or improvements; instead add these to the basis of the property for depreciation. Example: A landlord can deduct the cost of minor repairs, but not the cost of major improvements, such as a new roof.

## Did You Rent Out Part of Your Home?

If you rent out only part of your property, deduct the part of your expenses that apply to the rented part. If you do not know the exact amount of these expenses, figure out what share of the total expenses applied to the rented part. Example: You rent out one-quarter of your home and live in the other part. Deduct depreciation on only one-quarter of the home. Deduct any other expenses that apply to the rented part.

## Did You Rent Out a Vacation Home Or Similar Dwelling Unit?

Generally, you may deduct only those expenses which apply to the time that the vacation home or similar dwelling unit is rented out. Also, if you or your family used the property as a residence, certain expenses cannot be more than the gross rental income. Only interest, taxes, and casualty losses do not have to be limited. Generally, a vacation home or similar dwelling unit is used as a residence if you or your family used it for personal purposes for more than the larger of:

- 14 days, or
- 10% of the number of days during 1981 that the property was actually rented out at a fair rental.

If you used the property as a residence and rented it out for less than 15 days, you may not deduct any rental expenses. However, if you itemized your deductions, you may deduct any interest, taxes, and casualty losses on Schedule A (Form 1040). You do not have to report the rental income.

Your family includes only your brothers, sisters, half brothers, half sisters, spouse, ancestors (parents, grandparents, etc.),

and lineal descendants (children, grandchildren, etc.).

*Dwelling units* include houses, apartments, condominiums, mobile homes, and boats, or similar property. For information on how to figure deductible expenses, see **Publication 527**.

## Royalties

Report on line 3b royalties from oil, gas, or mineral properties; copyrights; and patents, not including operating oil, gas, or mineral interests. Under certain circumstances, you can treat amounts received as "royalties" for transfer of a patent or amounts received on the disposal of coal and iron ore as the sale of a capital asset. For more information, please get **Publication 544**, Sales and Other Dispositions of Assets.

If State or local taxes were withheld from oil or gas payments you received, enter on line 3b the gross amount of royalty, and include the taxes withheld by the producer on line 13.

DO NOT include on line 13 the amount of windfall profit taxes actually withheld in 1981. Instead, enter that amount in Part III, line 35.

## Rental Income From Farm Production or Crop Shares

Report farm rental income and expenses on **Form 4835**, Farm Rental Income and Expenses and Summary of Gross Income From Farming or Fishing, if you meet these two tests:

- You received rental income that was based on crops or livestock produced by the tenant.
- You did not manage or operate the farm to any great extent.

**Note:** For estimated tax penalty rules, income received from your share of crops and rental based on farm production is considered income from farming.

If you use **Form 4835**, enter on line 24 of Schedule E the net farm rental profit or (loss) from **Form 4835**, line 50.

## Certified Historic Structures

For tax years ending before January 1, 1982, you may elect to amortize rehabilitation expenditures under section 191 or take accelerated depreciation under section 167(o) for a certified historic structure. Accelerated depreciation may be taken for costs attributable to a substantially rehabilitated historic property. Amortization of the rehabilitation costs may be figured using a period of 60 months.

For expenditures incurred after December 31, 1981, in tax years ending after that date, this election is not available.

See **Publication 535**, Business Expenses and Operating Losses, for more information about amortization and depreciation of historic structures.

# Part II

## Income or Losses from Partnerships, Estates or Trusts, or Small Business Corporations

### Partnerships

If you are a member of a partnership or joint venture, include in this part your share of the partnership income (whether you received it or not) or net loss for the

partnership tax year that ends during the year covered by your return.

Part or all of your share of partnership income or loss from the operation of the business may be considered net earnings from self-employment that must be reported on Schedule SE. Enter the amount from Schedule K-1 (Form 1065), line 17b, on Schedule SE, Part I or II. For more information, please get **Publication 541**, Tax Information on Partnerships.

Your share of any loss from an activity for the tax year may be allowed only for the total amount that you are "at risk" for the activity at the close of the tax year.

For more information for this part, please see copy C of Schedule K-1 (Form 1065), Partner's Share of Income, Credits, Deductions, etc.

## Estates and Trusts

If you are a beneficiary of an estate or trust, you should report your taxable part of the income (whether you received it or not) as follows:

- Interest income (other than All-Savers interest) qualifying for the interest exclusion—enter on Schedule B (Form 1040), Part I, line 1a. If total interest received is \$400 or less, enter the total on Form 1040, line 8a. Do not list it on Schedule B.
- Interest income from All-Savers Certificates—see Schedule K-1 (Form 1041) instructions for details.
- Dividends qualifying for the dividend exclusion—enter on Schedule B (Form 1040), Part II, line 3. If total dividends received from all sources are \$400 or less, enter the total on Form 1040, line 8b. Do not list them on Schedule B.
- Short-term capital gains—Schedule D.
- Long-term capital gains—Schedule D.
- Other taxable income less deductions—Schedule E, Part II.

For more information, contact the fiduciary or see Schedule K-1 (Form 1041).

Include your share of tax preference items on **Form 4625**, Computation of Minimum Tax—Individuals.

Your share of any loss from an activity for the tax year may be allowed only for the total amount that you are "at risk" for the activity at the close of the tax year.

A U.S. person who transferred property to a foreign trust may have to include the income resulting from it in his or her income if, during 1981, the trust had a U.S. beneficiary. For more information, see **Form 3520-A**, Annual Return of Foreign Trust With U.S. Beneficiaries.

## Small Business Corporations

If you are a shareholder in a small business corporation that elected to have its current taxable income taxed to its stockholders, you should report:

- Actual dividend distributions (whether taxable as ordinary income or long-term capital gain) as dividend income in Schedule B (Form 1040), Part II, line 3.

Subtract from the actual dividend distribution the nondividend (distribution of previously taxed income) part on Schedule B, Part II, line 6, and the long-term capital gain on Schedule B, Part II, line 5. Also include the long-term capital gain part on Schedule D.

- Constructive dividends reported to you on Schedule K-1 (Form 1120S) as ordinary income or (loss), in Schedule E, Part II.

● Constructive dividends reported to you on Schedule K-1 (Form 1120S) taxable as long-term capital gain on Schedule D.

If you are a shareholder claiming a deduction for a net operating loss, please attach to your return a computation of the adjusted basis of your stock in the corporation and the adjusted basis of any debt the corporation owes you. Your net operating loss deduction is limited to that amount.

Your share of any loss from an activity for the tax year may be allowed only for the total amount that you are "at risk" for the activity at the close of the tax year.

## Part III

### Specific Instructions

**Caution:** If you are a member of a partnership, the amounts entered on lines 34 and 35 may affect your net earnings from self-employment on Schedule SE.

#### Line 34

Under certain situations, you must report as income on line 34 the amount of any credit or refund of overpaid windfall profit tax you received in 1981 for tax year 1980, based on overwithholding or the net income limitation.

In general, the amount of credit or refund you received is income to the extent you deducted windfall profit tax withheld in 1980 on Schedule E, and received a tax benefit for the deduction on your 1980 tax return.

DO NOT include as income the amount of any royalty owner's credit claimed for tax year 1980.

#### Line 35

If you are a cash method taxpayer, deduct on line 35 the amount of windfall profit tax actually withheld in 1981.

However, you must reduce the deduction by the amount of any royalty owner's credit or refund you claim for tax year 1981, including any part of the credit you used to offset any outstanding annual windfall profit tax liability.

## Part IV

### Line 38

Enter on this line your share of gross farming and fishing income from partnerships, estates and trusts, and as shown on Form 4835.

You will not be charged a penalty for underpayment of estimated tax if you meet the following tests:

- your gross farming or fishing income for 1980 or 1981 is at least two-thirds of your gross income, and
- you file your 1981 tax return and pay the tax due by March 1, 1982.

## Part V

### Depreciation

You can deduct a reasonable allowance for wear and tear of business and investment property. The allowance does not apply to land and personal assets.

Generally, you MUST use the new Accelerated Cost Recovery System (ACRS) for all assets you place in service after December 31, 1980.

However, you cannot use ACRS for:

- assets placed in service before January 1, 1981,
- certain public utility property,
- certain property acquired from related persons, and
- property acquired in certain non-recognition transactions.

Use Part V to figure your depreciation only if you did not place any assets in service after December 31, 1980. For more space, use Form 4562, Depreciation.

However, if you placed any assets in service after December 31, 1980, use Form 4562 to figure your deduction for all assets. Enter in Part I, line 18, the amount from Form 4562, line 5.

Please get Publication 534, Depreciation, for more information.

## Instructions for

# Schedules R and RP

## Credit for the Elderly

### Purpose

Some elderly people can pay less tax by using a tax credit. To do this, they must file one of two schedules (R or RP). Your credit cannot be more than your tax (on Form 1040, line 37). The credit is available no matter how long you worked. The amount of the credit is based on your filing status and age, and, if you are married, on your spouse's age. Which schedule you use depends on your age and the kind of income you had.

Schedule R is for people who are 65 or over. However, if you are married filing a joint return and either you or your spouse is under 65 with income from a public retirement system, you may elect to use Schedule RP. The election is made by filing Schedule RP with your return.

Schedule RP is for people under 65 who were employees of Federal, State, or local governments and who had income from a public retirement system.

Examples of these retired employees are: Federal civil service workers, public school teachers, members of police and fire departments, and members of the armed forces. For more information, please get Publication 524, Credit for the Elderly.

If you lived with your spouse at any time in 1981, you must file a joint return to take the credit. If you and your spouse lived apart the whole year, you can file either a joint return or separate returns, but you may be limited in what schedule, if any, you can use. If your spouse is 65 or older and you are under 65 with public retirement system income, you cannot use Schedule RP unless your spouse makes the election with you to use Schedule RP. The election is made by both of you filing Schedule RP with your return. If your spouse does not make the election with you, you cannot claim any credit for the elderly on your separate return.

An individual who is a nonresident alien for any part of the tax year may take the credit if:

- a. he or she is married to a U.S. citizen or resident at the end of the tax year, and
- b. the couple choose to be taxed on their worldwide income.

## Figuring the Credit

If you want us to, we will figure your credit. Please see page 3, "IRS Will Figure Your Tax and Some of Your Credits."

If you figure it yourself, first fill out Form 1040 through line 37. Then, read the instructions for the schedule (R or RP) you would use. If you are married and have a choice of schedules, figure your credit both ways to see which schedule will give you more credit.

## Line-by-Line Instructions for Schedule R

Be sure to enter your name and social security number at the top.

### Boxes A-D

#### Filing Status and Age

The largest amount you can use to figure the credit is based on your filing status and age, and, if you are married, on your spouse's age. "Single" includes Head of Household and Qualifying Widow(er) with Dependent Child. Check only one box.

#### Line 1

Enter the amount for the box you checked.

#### Line 2a

Report pensions and annuities that are exempt from taxation. (Do not include amounts you received from workmen's compensation insurance, damages, etc., for injury or sickness.) Include payments you received from:

- Social security (before deduction of medicare premiums).
- Railroad retirement (but not supplemental annuities).
- Veterans' pensions (but not military disability pensions).
- A matured U.S. Government life insurance endowment contract (after you subtract all amounts you paid for the contract).

#### Lines 2b, c, d, and e

Use these lines if your adjusted gross income on Form 1040, line 32a, is MORE than the amount printed on line 2c for the box that you checked.

#### Line 3

Add lines 2a and 2e. Put total on line 3. If the amount on line 3 is the same or more than the amount on line 1, you cannot take the credit; do not file Schedule R.

#### Line 4

Subtract line 3 from line 1. This is the amount you use to figure your credit.

#### Line 5

Multiply line 4 by 15% (.15) and enter the result on line 5.

#### Line 6

Enter the tax from Form 1040, line 37. (If this amount is zero, you cannot take the credit; do not file Schedule R.)

#### Line 7

Enter the amount from line 5 or line 6, whichever is less. This is your Credit for the Elderly. Put the same amount on Form 1040, line 39.

## Line-by-Line Instructions for Schedule RP

Be sure to enter your name and social security number at the top.

### Name of Public Retirement System

Please enter the name of the public retirement system of the spouse under 65. If both you and your spouse are under 65 and receive income from a public retirement system(s), enter the name of the public retirement system(s) of both you and your spouse. Identify the husband's public retirement system with an (H) and the wife's with a (W).

### Boxes A-E

#### Filing Status and Age

The largest amount you can use to figure the credit is based on your filing status and age and, if you are married, on your spouse's age. "Single" includes Head of Household and Qualifying Widow(er) with Dependent Child. Check only one box.

If you are filing a joint return and checked box C, use column (a) for the wife and column (b) for the husband. If you checked box B, the spouse under 65 should use column (b).

#### Community Property Income

If you use Schedule RP and file a joint return, you should disregard community property laws in figuring the credit. (Community property States are: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington.) Enter the total of all taxable and nontaxable income in the column of the spouse who received it.

#### Line 1

Enter the amount for the box you checked. If you file a joint return and you checked box B or C, the \$3,750 must be allocated between you and your spouse. No more than \$2,500 can be entered for either of you. Generally, you will get more credit if the larger amount is entered for the spouse with more retirement income.

#### Line 2a

Report pensions and annuities that are exempt from taxation. (Do not include amounts you received from workmen's compensation insurance, damages, etc., for injury or sickness.) Include payments you received from:

- Social security (before deduction of medicare premiums).
- Railroad retirement (but not supplemental annuities).
- Veterans' pensions (but not military disability pensions).
- A matured U.S. Government life insurance endowment contract (after you subtract all amounts you paid for the contract).

#### Line 2b

Use this line if you had wages, salaries, or other earned income (including disability income that you reported on Form 1040, line 7) of more than:

- \$900 and you were under 62, or
- \$1,200 and you were at least 62 but under 72.

Skip this line and go to line 3 if you:

- were 72 or over, or
- had earned income of \$900 or less, or
- were at least 62 but under 72 and had earned income of \$1,200 or less.

Earned income is income you receive for personal services you have performed. It

includes wages, salaries, and professional fees.

Generally, your earned income is the total of the amount(s) you reported on Form 1040, lines 7, 11, and 18.

Earned income does not include pay for your services that included a distribution of earnings and profits other than reasonable compensation for your work for a corporation.

If you were engaged in a trade or business in which both your services and capital were important income-producing factors, your earned income will be based on a reasonable allowance for the services you performed. However, the earned income may not be more than 30 percent of your share of the net profits from the business.

If you were engaged in a trade or business in which capital was not an important income-producing factor, your earned income may not be more than the net earnings from the trade or business.

If you were under 62 and had earned income of more than \$900, subtract \$900 from the amount you earned. Enter the result on line 2b(i).

If you were at least 62 but under 72, and had earned income of more than \$1,200 but not more than \$1,700, subtract \$1,200 from the amount of your earned income. Divide the balance by 2 and enter the result on line 2b(ii).

If you were at least 62 but under 72, and had earned income of more than \$1,700, subtract \$1,450 from your earned income. Enter the result on line 2b(ii).

#### Line 3

Add lines 2a, 2b(i), and 2b(ii). Put the total on line 3.

#### Line 4

Subtract line 3 from line 1. This is the largest amount of income you can use to figure your credit.

If the amount on line 3 is more than the amount on line 1 for a column, do not complete the rest of the lines in that column. If the result for both columns is zero or less, you cannot take the credit; do not file this schedule.

#### Line 5

The kind of retirement income you enter depends on whether you are under 65 or whether you are 65 or over. Do not include any amount from line 2a; those pensions are not taxable.

#### Line 5a

If you were under 65 on January 1, 1982, enter the pension or annuity payments you received from a public retirement system and reported as income. Do not enter social security income or railroad retirement that you excluded from gross income.

If your spouse died and you received payments from his or her public retirement plan, enter the payments you reported as income.

If you retired on disability, report your disability annuity payments as retirement income if:

- the payments are for periods after you reached minimum retirement age, and,
- the payments are not reportable on Form 1040, line 7.

#### Line 5b

If you were 65 or over on January 1, 1982, enter the amount that you reported as income from the sources listed below:

- Individual retirement arrangements (IRA), pension or annuity contracts, and retirement bonds.

- Interest.
- Dividends.
- Rents (before subtracting expenses).

#### Line 6

Enter the amount from line 4 or 5, whichever is less.

#### Line 7

If you are filing a joint return, add the amounts in columns (a) and (b) of line 6. Enter the total on line 7. If you are not filing a joint return, enter the amount from column (b) of line 6.

#### Line 8

Multiply line 7 by 15% (.15) and enter the result on this line.

#### Line 9

Enter the tax from Form 1040, line 37. (If this amount is zero, you cannot take the credit; do not file Schedule RP.)

#### Line 10

Enter the amount from line 8 or 9, whichever is less. This is your Credit for the Elderly. Enter the same amount on Form 1040, line 39.

## Instructions for

# Schedule C

## Profit or (Loss) From Business or Profession

### Purpose

If you operated a business or practiced a profession, complete Schedule C. If you had more than one business, or if you and your spouse had separate businesses, you must complete a Schedule C for each business.

Farmers should use **Schedule F**.

For expenses that are part business and part personal, deduct only the business part. For example, if only half of your car usage was for business, deduct only half of the cost of operating the car.

Deduct interest, taxes, and casualty losses not related to your business as itemized deductions on **Schedule A**.

Report sales, exchanges, and involuntary conversions (other than casualty or theft) of trade or business property on **Form 4797**, Supplemental Schedule of Gains and Losses.

Use **Form 4684**, Casualties and Thefts, to report a casualty or theft involving trade or business, or income-producing property.

You must pay social security self-employment tax on income from any trade or business unless you are specifically exempted. Please see **Schedule SE**.

If you need more information about business income and expenses, get **Publication 334**, Tax Guide for Small Business.

### Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities, and pensions. For more information, see instructions for **Form W-3**, Transmittal of Income and Tax Statements, and **1096**, Annual Summary and Transmittal of U.S. Information Returns.

## Item A

### Main Business Activity and Product

Report the business activity that accounted for the most income included on Schedule C, Part I, line 1a. Give the general field as well as the product or service. For example, "wholesale—groceries" or "retail—hardware."

## Item C

### Employer Identification Number

You don't need an employer identification number unless you had a Keogh (H.R. 10) plan or were required to file an employment, excise, or alcohol, tobacco, and firearms tax return.

## Item D

### Business Address

Use your home address only if you actually conducted the business from your home. You should show a street address instead of a box number.

## Item E

### Accounting Method

You must use the cash method on your return unless you kept account books. If you kept such books, you can use the cash method, accrual method, or in some cases, the completed contract or percentage-of-completion method. The method used must clearly reflect your income.

If you want to change your accounting method (including the treatment of any item such as inventories or bad debts), you must usually first get the permission of the Commissioner of Internal Revenue. File Form 3115 within the first 180 days of the tax year in which you want to make the change.

If you use the cash method, show all items of taxable income actually or constructively received during the year (in cash, property, or services). Also show amounts actually paid during the year for deductible expenses. Income is constructively received when it is credited to your account or set aside for you to use.

If you use the accrual method, report income when you earn it and deduct expenses when you incur them, even if you do not pay them during the tax year.

## Item F

### Valuation Methods

Your inventories can be valued at:

- cost,
- cost or market value, whichever is lower, or
- any other method approved by the Commissioner of Internal Revenue.

## Item H

### Business Use of Your Home

Within certain limits, you may deduct business expenses that apply to a part of your home only if that part is exclusively used on a regular basis:

- as your principal place of business, or
- as a place of business used by your patients, clients, or customers in meeting or dealing with you in the normal course of your trade or business, or
- in connection with your trade or business if it is a separate structure that is not attached to your home.

You may also deduct expenses that apply to space within your home if it is the only fixed location of your trade or business. The space must be used on a regular

basis to store inventory held for use in your trade or business of selling products at retail or wholesale.

If you use space in your home on a regular basis in your trade or business of providing day care service, you may be able to deduct the business expenses even though you also use the same space for nonbusiness purposes.

Please get Publication 587, Business Use of Your Home, for more information.

## Part I

### Income (Lines 1 through 5)

#### Line 1a Gross Receipts or Sales

Enter gross receipts or sales from your business.

**Installment Sales.** If you use the installment method of reporting sales income, please attach a schedule showing separately for 1981 and the three preceding years: gross sales; cost of goods sold; gross profit; percentage of gross profits to gross sales; amounts collected; and gross profits on amounts collected.

#### Line 1b Returns and Allowances

You should enter on line 1b such items as returned sales, rebates, and allowances from the sales price.

#### Line 2

#### Cost of Goods Sold and/or Operations

**Cost of Goods Sold.** If you engaged in a trade or business in which the production, purchase, or sale of merchandise was an income-producing factor, merchandise inventories must be taken into account at the beginning and end of your tax year. Enter the amount from Schedule C-1, line 8.

**Cost of Operations (Inventories Not an Income-Producing Factor).** If the amount on line 2 includes the cost of operations, complete the appropriate lines on Schedule C-1.

#### Line 4a

#### Income from Overpaid Windfall Profit Tax

Under certain situations, you must report as income on line 4a the amount of any credit or refund of overpaid windfall profit tax you received in 1981 for tax year 1980, based on overwithholding or the net income limitation.

In general, the amount of credit or refund you received is income to the extent you deducted windfall profit tax withheld in 1980 on Schedule C, and received a tax benefit for the deduction on your 1980 tax return.

#### Line 4b Other Income

Include finance reserve income, scrap sales, amounts recovered from bad debts, interest, and other kinds of miscellaneous income from the business or profession.

## Part II

### Deductions (Lines 6 through 31)

#### Line 7 Amortization

You may amortize the cost of pollution-control facilities, on-the-job training facilities (for expenditures made before January 1, 1977) and child-care facilities over a 60-month period instead of taking the depreciation deduction.

You may amortize the following over a period of at least 60 months:

- amounts paid for research, experiments, and a trademark or trade name.
- certain business startup costs paid or incurred after July 29, 1980, in tax years ending after that date.

You may also amortize up to \$10,000 of qualified reforestation and reforestation costs over an 84-month period.

You may amortize rehabilitation expenditures for certain certified historic structures over a 60-month period. Or you can take accelerated depreciation if you substantially rehabilitate a certified historic structure.

**Real property construction period interest and taxes** generally cannot be fully deducted in the year you paid or incurred them. You must capitalize and amortize amounts not allowed as a deduction in the current year. This rule does not apply to low-income housing.

For more information on amortization, please get Publication 535, Business Expenses and Operating Losses.

#### Line 8

#### Bad Debts from Sales or Services

Include debts and partial debts arising from sales or services that were included in income and are definitely known to be worthless. Instead of this, you may deduct a reasonable amount that was added during the tax year to a bad debt reserve.

If you later collect a debt that you deducted as a bad debt, include it as income in the year you collect it unless you use the bad debt reserve method. For more information, please get Publication 548, Deduction for Bad Debts.

#### Line 10 Car and Truck Expenses

You can deduct the actual cost of running your car or truck, or take the fixed mileage rate. You must use actual costs if you use more than one car or truck in your business. If you deduct actual cost, show depreciation on line 13.

The fixed rate is figured at 20 cents a mile for the first 15,000 miles and 11 cents for each mile over 15,000. Add to this amount your parking fees and tolls.

For cars and trucks that have been fully depreciated, the rate is 11 cents a mile.

**Note:** If you place a car or truck in service after December 31, 1980, and take the fixed mileage rate, you are treated as having elected to exclude this vehicle from ACRS.

For more details, get Publication 463, Travel, Entertainment, and Gift Expenses.

#### Line 12 Depletion

Enter your total deduction for depletion on this line. If you claim a deduction for timber depletion, please attach Form T.

#### Line 13 Depreciation

You can deduct a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in a trade or business, or property held for the production of income. The allowance does not apply to stock in trade, inventories, land, and personal assets.

Generally, you MUST use the Accelerated Cost Recovery System (ACRS) for all assets you place in service after December 31, 1980.

However, you cannot use ACRS for:

- assets placed in service before January 1, 1981,
- certain public utility property,
- certain property acquired from related persons, and
- property acquired in certain nonrecognition transactions.

Use Schedule C-2 to figure your depreciation only if you **did not** place any assets in service after December 31, 1980. If you need more space, use **Form 4562, Depreciation, Part II**.

However, if you placed any assets in service after December 31, 1980, use **Form 4562** to figure your deduction for all assets. Enter on line 13, the amount from **Form 4562, line 5**.

Please get **Publication 534, Depreciation**, for more information.

## Line 15 Employee Benefit Programs

Enter the amount of your contributions that are not an incidental part of a pension or profit-sharing plan included on line 22. Also include here contributions to insurance, health, and welfare programs.

## Line 18 Interest on Business Indebtedness

If you paid interest for years after 1981, deduct only the part you paid for 1981.

Don't take a deduction on Schedule C for interest you paid or accrued on debts from buying or carrying investment property. Deduct this interest on Schedule A. For more information, see **Publication 545, Interest Expense**.

## Line 22 Pension and Profit-Sharing Plans

You should enter the amount you claim as a deduction for contributions to a pension, profit-sharing, or annuity plan, or plans, for the benefit of your employees. If the plan includes you as a self-employed person, you should enter contributions made as an employer on your behalf (but not voluntary contributions you made as an employee) on **Form 1040, line 25**, instead of on Schedule C, line 22.

Generally, you are required to file one of the following forms if you maintain a pension, profit-sharing, or other funded deferred compensation plan (other than a Simplified Employee Pension) whether or not it qualified under the Internal Revenue Code and whether or not you claimed a deduction for the current tax year.

**Form 5500**.—Complete this form for each plan with 100 or more participants.

**Form 5500-C, 5500-K, or 5500-R**.—Complete the applicable form for each plan with less than 100 participants.

The Employee Retirement Income Security Act of 1974 imposes a penalty for failure to timely file these forms.

**Note: Only one return is required to be filed for the plan of a group of businesses under common control or a multiemployer collectively-bargained plan. Individual participating employers or contributing employers are not required to file separately.**

If you need help, contact an IRS office or get **Publication 560, Tax Information on Self-Employed Retirement Plans**.

## Line 24 Repairs

You can deduct the cost of repairs including labor, supplies, and other items that do not add to the value or increase the life of the property. Do not deduct the value

of your own labor. And do not deduct amounts you spent to restore or replace property. They are chargeable to capital accounts or to depreciation reserve, depending on how depreciation is charged on your books.

You can elect to treat as a current expense up to \$25,000 spent to remove architectural and transportation barriers to the handicapped and elderly. For more information get **Publication 535**.

## Line 27 Travel and Entertainment

You can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business.

However, you cannot deduct any expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for any activity that is usually considered entertainment, amusement, or recreation. Note: You may be able to deduct the expense if the amount is treated as compensation and reported on **Form W-2** for an employee or **Form 1099-NEC** for an independent contractor. Be sure to fill in Schedule C-3 to report expense account information. (See **Publication 463** for more details.)

## Line 29 Wages

Enter on line 29a the total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year. Do not include any amount paid to yourself.

Enter on line 29b, the jobs credit from **Form 5884** and on line 29c, the WIN credit from **Form 4874**. Subtract the total of these credits from wages shown on line 29a and enter the balance on 29e.

For more details, please get **Publication 906, Targeted Jobs, WIN, and Research Credits**.

## Line 30 Windfall Profit Tax Withheld

If you hold an operating oil, gas, or mineral interest, and you are a cash method taxpayer, deduct on line 30 the amount of windfall profit tax actually withheld in 1981. See **Form 6248, Annual Information Return of Windfall Profit Tax—1981** to figure the amount of windfall profit tax actually withheld in 1981.

## Line 31 Other Business Expenses

Include all ordinary and necessary business expenses not deducted elsewhere on Schedule C. Do not include the cost of business equipment or furniture, replacements or permanent improvements to property, or personal living and family expenses.

Any loss from this activity that was not allowed as a deduction last year because of the "at risk" provisions, is treated as a deduction allocable to this activity in 1981.

## Line 33 Net Profit or (Loss)

If you have a profit, stop here. Enter the amount here and combine this amount with the profit or (loss) from your other businesses, if any. Enter the total on **Form 1040, line 11**, and **Schedule SE, Part II, line 5a** (or **Form 1041, line 6**).

If you have a loss, go on to line 34 before entering your loss on line 33.

## Line 34 "At Risk"

Deductions for losses by persons who are engaged in a trade or business except real estate (other than mineral property) or an activity for the production of income are limited to the amount they have "at risk" in the business. You are "at risk" for an

activity for the cash and adjusted basis of property you contributed to the activity and any amount borrowed for use in the activity for which you are personally liable. You are also "at risk" to the extent of the net fair market value of your own property (not used in the activity) that secures borrowed amounts for which you are not liable.

Answer the question "YES" if you have any loans for this business that:

- you borrowed from a person who is related to you under section 267(b); OR
- you borrowed from a person who has an interest in the business (other than as a creditor); OR
- you are protected against loss by a guarantee, stop-loss agreement, or similar arrangement; OR
- you are not personally required to pay back the money.

If you do not have any of these kinds of loans or other amounts for which you are not "at risk" in this business, then answer the question "NO." Enter the full loss on line 33 and combine this amount with the profit or (loss) from your other businesses, if any. Enter the total on **Form 1040, line 11**, and **Schedule SE, Part II, line 5a** (or **Form 1041, line 6**).

If you answered "YES" to the question on line 34, enter on line 33 either the amount of your loss or the amount for which you are considered "at risk," whichever is smaller. For example, if your loss is \$1,000 and your amount "at risk" is \$400, you would enter "\$400" on line 33. Or, if your loss is \$1,000 and your amount "at risk" is \$1,200, enter "\$1,000" on line 33.

If your "at risk" amount is smaller than zero, enter zero.

Also enter this amount as your loss from Schedule C on **Form 1040, line 11**, and **Schedule SE, Part II, line 5a** (or **Form 1041, line 6**).

If you dispose of an asset used in an activity to which the "at risk" rules apply (see I.R. Code section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If you have a net loss, you may be subject to the "at risk" provisions.

## Schedule C-3

### Expense Account Information

Enter here amounts which you are deducting on Schedule C that were:

- amounts other than wages and salaries, received as advances or reimbursements, and
- amounts you paid for expenses incurred by or for yourself or your employees. Include all amounts charged through any type of credit card, for which you claimed a deduction.

Do not include amounts you paid to buy goods to resell or use in the business. Also, do not include incidental expenses, like bus or taxi fares paid for local errands. Be sure to keep detailed records as proof of amounts spent for entertainment.

**Foreign Conventions.** Generally, beginning in 1981, you cannot deduct expenses for attending a foreign convention unless it is directly related to your trade or business and it is "as reasonable" for the meeting to be held outside the North American area as within it. These rules apply to employers as well as to employees.

Under the new rules, factors to consider in determining reasonableness include:

- a. The purpose of the meeting and the activities taking place at the meeting;
- b. The purpose and activities of the sponsoring organizations or groups;



c. The residences of the active members of the sponsoring organization and the places at which other meetings of the sponsoring organization or groups have been or will be held; and

d. Other relevant factors you may present.

You cannot deduct expenses for attending meetings held on cruise ships, including those sailing within the territorial waters of the United States.

However, if the foreign convention was scheduled by December 31, 1980, you may choose to apply the rules that were in effect for 1980 to determine whether you can deduct expenses for attending the convention.

For more details, get **Publication 463**.

## Instructions for Schedule SE

### Social Security Self-Employment Tax

#### Purpose

Schedule SE is used by the Social Security Administration to figure benefits under the social security program for self-employed people. Social security self-employment tax applies regardless of your age, and even if you are receiving social security benefits.

#### Who Must Use Schedule SE

You must use Schedule SE if:

1. You were self-employed,
2. Your net earnings from self-employment were \$400 or more, and
3. You did not have wages (including tips) of \$29,700 or more that were subject to social security tax or railroad retirement tax.

#### Who Should Use Schedule SE

You should use Schedule SE, even if your self-employment income is less than \$400 if you were self-employed and:

- Form 1040, line 31, is less than \$10,000 and you wish to claim the earned income credit; or
- If you use the optional method of computing self-employment income. See **Publication 533**, Self-Employment Tax.

**Note:** If you use either optional method of computing self-employment tax, you may be able to claim the earned income credit even if you had a net operating loss.

If you were eligible for the earned income credit in 1978, 1979, or 1980, you may be able to get a refund by filing Form 1040X, Amended U.S. Individual Income Tax Return. However, to get the earned income credit for 1978, you must file Form 1040X by April 15, 1982.

If you have income that is exempt from self-employment tax because you filed Form 4029 or Form 4361, the income is only considered earned income for purposes of the earned income credit if it is wages, salaries, tips, or other employee compensation. If the income is not employee compensation, you may not include it as earned income for purposes of the earned income credit.

**EXAMPLE:** During 1981 a minister received a part-time salary of \$2,800 and a housing

allowance of \$1,200 as part of his salary. Although the housing allowance is not subject to income tax, and neither amount is subject to self-employment tax because the minister filed Form 4361, the entire \$4,000 may be considered earned income for purposes of the credit because it is considered employee compensation.

#### Which Parts to Use on Schedule SE

If you had ONLY farm income, complete Parts I and III.

If you had ONLY nonfarm income, complete Parts II and III.

If you had BOTH farm and nonfarm income, complete Parts I, II, and III.

#### General Information

To assure proper credit to your account, please enter your name and social security number on this schedule exactly as they are shown on your social security card.

Fiscal year filers must use the tax rate and earnings base that apply at the time their fiscal year begins. No proration of the tax or earnings base is required for a fiscal year that overlaps the date of a rate or earnings base change.

#### More Than One Business

If you farmed and had at least one other trade or business, your net earnings from self-employment are the combined earnings from all your businesses. If you had a loss in one trade or business, it reduces the income from another. In these cases, please use both Schedule F and Schedule C to figure net profit from the farm and nonfarm activities. Figure the combined self-employment tax on Schedule SE.

#### Joint Returns

Show the name of the spouse with self-employment income on Schedule SE. If both spouses have self-employment income, each must file a separate Schedule SE. Include the total profits or (losses) from all businesses on Form 1040, line 11 or 13, as appropriate. Then enter the combined self-employment tax on Form 1040, line 48.

#### Community Income

In figuring net earnings from self-employment, if any of the income from a business, including farming, is community income, all the income from that business is considered the income of the husband, unless the wife managed and controlled the business. In that case, all the income is the wife's.

If you file separate returns, please attach Schedules C and SE (for nonfarm business) or Schedules F and SE (for farm business) to the return of the spouse with the self-employment income. Community income included on these schedules must be divided, for income tax purposes, on the basis of the community property laws.

#### Partnerships

In figuring your combined net earnings from self-employment, you should include your entire share of earnings from a partnership, including any guaranteed payments. However, limited partners should not include their income or (loss) from a partnership, other than guaranteed payments. No part of that share can be treated as your spouse's even if the income, under State law, is community

income. In a husband and wife farm partnership, enter the distributive share of each as partnership income on Schedule E (Form 1040), Part II for income tax purposes, and on Schedule SE, line 1b, for self-employment tax purposes. Report nonfarm partnership income on Schedule SE, line 5b.

If a partner in a continuing partnership dies, that member's distributive share of partnership ordinary income or (loss) for the year must be included in that partner's net earnings from self-employment.

#### Share-Farming

If you produced crops or livestock on land belonging to another for a share of the crops or livestock produced, or the proceeds from them, you are an independent contractor and a self-employed person rather than an employee. Report your net earnings for income tax on Schedule F and for social security self-employment tax on Schedule SE.

#### In figuring net earnings from self-employment, do not include income or (loss) or any deductions for expenses connected with this income from the following:

- a. Salaries, fees, etc. from the performance of services as:
  1. a public official, except as noted below,
  2. an employee or employee representative under the railroad retirement system, or
  3. an employee, except as noted below.
- b. Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments, if you had no other interest in the partnership and did not perform services for it during the year.
- c. Real estate rentals, unless received in the course of a trade or business as a real estate dealer. These include cash and crop shares received from a tenant or sharefarmer. You should report these amounts on Schedule E, Part I.
- d. Dividends on shares of stock and interest on bonds, debentures, notes, certificates, or other evidence of corporate indebtedness unless received in the course of your trade or business as a dealer in stocks or securities.
- e. Gain or loss from:
  1. the sale or exchange of a capital asset,
  2. certain transactions in timber, coal, or domestic iron ore, or
  3. the sale, exchange, involuntary conversion or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business.
- f. Net operating losses from other years.

#### In figuring your net earnings from self-employment, be sure to include:

- Rental income from a farm if the rental arrangement provides for material participation by the landlord and the landlord participated materially in the production or management of the production of farm products on this land. This income is farm earnings. Report it on Schedules F and SE. To determine whether you participated materially in farm management or production, do not consider the activities of any agent who acted for you.



- Payments for the use of rooms or other space when services are also provided to the occupant, such as rooms in hotels, boarding houses, tourist camps, or homes.
- Payments for space in parking lots, trailer parks, warehouses, or storage garages.
- Income from the retail sale of newspapers and magazines by an employee 18 or over if the employee kept the profits.
- Income received by certain crew members of fishing vessels with a crew of less than 10 individuals. Also, see **Publication 595, Tax Guide for Commercial Fishermen.**

## Fee Basis State or Local Government Employees

Fees received for functions and services performed by these employees (including public officers who in this capacity are employees) are subject to self-employment tax if the functions and services are performed in positions which are: **a.** compensated solely on a fee basis; and **b.** not covered under a Federal-State social security coverage agreement.

## Clergy

If you are a minister or member of a religious order, include in your earnings from self-employment (but not for income tax purposes) the rental value of a home furnished you or an allowance for it. You must also include the value of meals and lodging provided to you for the convenience of your employer.

If you are a duly ordained, commissioned, or licensed minister of a church, member of a religious order (who has not taken a vow of poverty) or a Christian Science practitioner, you are subject to social security self-employment tax. But you can, under certain conditions, request IRS approval to exempt your income from services as a minister, member, or practitioner by filing **Form 4361**. If you have received IRS approval and have no other income subject to social security self-employment tax, write "Exempt—Form 4361" on Form 1040, line 48. If you filed Form 4361, but have \$400 or more from other earnings subject to self-employment tax, you must complete Schedule SE.

**Note:** If you filed an effective waiver certificate, **Form 2031**, to pay social security self-employment tax, you cannot apply for an exemption.

## Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your belief in the teachings of a recognized religious sect of which you are a member, you can file **Form 4029** to be exempt from self-employment tax. If you filed Form 4029 and have received IRS approval, do not file Schedule SE. Instead, write "Exempt—Form 4029" on Form 1040, line 48.

## Coverage for Overseas Missionaries

Ministers and members of religious orders who are U.S. citizens serving outside the U.S. may figure earnings from self-employment as if they were serving in the United States. This applies to those who have not elected exemption from coverage. Christian Science practitioners are not included in this provision.

For more information, please get **Publication 517, Social Security for Members of the Clergy and Religious Workers.**

## U.S. Citizens Employed by Foreign Governments or International Organizations

You are subject to the social security self-employment tax if you are a U.S. citizen employed in the United States, Puerto Rico, Guam, American Samoa, Northern Mariana Islands, or the Virgin Islands by a foreign government, in certain cases an instrumentality wholly owned by a foreign government, or an international organization organized under the International Organizations Immunities Act. Report income from this employment on Schedule SE, line 5d.

## Self-employed U.S. Citizens Temporarily Living Outside the U.S.

If you are a U.S. citizen self-employed outside the U.S. and keep your residence in the U.S., figure your earnings from self-employment in the same way as those who are self-employed in the U.S. Exclusion of income earned abroad for income tax purposes does not apply to social security self-employment tax. This provision does not apply to U.S. citizens who have established residence in a foreign country.

Self-employed taxpayers residing in Puerto Rico, Guam, American Samoa, Northern Mariana Islands, or the Virgin Islands should get **Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions**, for more details.

## Optional Method for Figuring Net Earnings from Farm Self-Employment

If your gross farming profits for the year were not more than \$2,400, you can report two-thirds of your gross farm profits instead of your actual net earnings from farming.

If your gross farm profits were more than \$2,400, and your net farm earnings were less than \$1,600, you can report \$1,600 on line 3b.

There is no limit on how many times you can elect this optional method. If you use this method, you must apply it to all farm earnings from self-employment for the year. This method can be used to increase or decrease net farm earnings, even if the farming operation resulted in a loss. You may change the method (from actual net to optional net or the reverse) after you file your return.

For the optional method, figure your share of gross profits from the farm partnership according to the partnership agreement. With guaranteed payments, your share of the partnership's gross profits is your guaranteed payment plus your share of the gross profits after the gross profits are reduced by all guaranteed payments of the partnership. Limited partners should include only guaranteed payments.

## Optional Method for Figuring Net Earnings from Nonfarm Self-Employment

You may be able to use an optional method to figure your net earnings from nonfarm self-employment if your actual net earnings from nonfarm self-employment are less than \$1,600, and less than two-thirds of your gross nonfarm profits.

You may use this optional method if you are:

- regularly self-employed, or
- regularly a member of a partnership.

This requirement is met if you had actual net earnings from self-employment of \$400 or more (including your distributive share of the income or loss from any partnership of which you are a member) from nonfarm and farm businesses in at least 2 of the 3 years immediately before the year for which you use the nonfarm option.

In this optional method, you may report two-thirds of your gross nonfarm profits (but not more than \$1,600) as your net earnings from self-employment. The nonfarm optional method does not allow you to report less than your actual net earnings from nonfarm self-employment.

The limit for the optional method for nonfarm self-employment is 5 years. The 5 years need not be consecutive.

If both nonfarm and farm businesses are involved, the nonfarm option may be used only if your actual net earnings from nonfarm self-employment are less than \$1,600. In all combined cases, your net nonfarm earnings must be less than two-thirds of your gross nonfarm profits to use the nonfarm option. If you qualify to use both options, you may report less than actual total net earnings but not less than actual net earnings from nonfarm self-employment alone.

If you use both options in figuring net earnings from self-employment, your maximum combined total of net earnings from self-employment for any tax year cannot be more than \$1,600.

For the nonfarm optional method, figure your share of gross profits from a nonfarm partnership according to the partnership agreement. With guaranteed payments, your share of the partnership's gross profits is your guaranteed payment plus your share of the gross profits after the gross profits are reduced by all guaranteed payments of the partnership. Limited partners should include only guaranteed payments.

For more information, please get **Publication 533, Self-Employment Tax.**

## Line-By-Line Instructions

**Name of self-employed person.** Please enter the name and social security number of the self-employed person as it appears on that person's social security card.

We have provided specific instructions for most of the lines on the schedule. Those lines that do not appear in the instructions are self-explanatory.

## Part I

### Computation of Net Earnings from Farm Self-Employment

#### Line 2

Exclude from line 2, any income or expense not included in figuring net earnings from farm self-employment and attach an explanation. Also exclude from line 2 any additional first-year depreciation or unreimbursed expenses from farm partnership income.

#### Line 3a

If you elect the farm optional method and if the total of the amount from Schedule

F, line 31, or line 88, and the amount from Form 1065, Schedule K-1, line 16a, is not more than \$2,400, enter two-thirds of the total of the amount from Schedule F, line 31 or 88, and Form 1065, Schedule K-1, line 16a.

### Line 3b

If the total of the amount from Schedule F, line 31, or line 88, and Form 1065, Schedule K-1, line 16a, is more than \$2,400, and line 1a is less than \$1,600, enter \$1,600.

The items taken from these lines may be subject to adjustment. See **Publication 533**, Self-Employment Tax.

### Line 4

If you elect the Farm Optional Method, enter the amount from line 3; otherwise, enter the amount from line 2.

If you have only farm income, skip Part II and go to Part III.

## Part II

### Computation of Net Earnings from Nonfarm Self-Employment

#### Line 5b

Enter the amount of your net profit or (loss) from partnerships, joint ventures, etc. Do not include farming. If you have a loss enter only your deductible loss.

#### Line 5e

Enter the amount of your net profit or (loss) from other self-employment not covered in the previous items.

#### Line 7

Use line 7 to exclude any amounts reported in Schedule C that should not be taken into account in figuring your nonfarm self-employment income. Deduct any additional first-year depreciation from nonfarm partnerships on this line.

If you deposited earnings into a capital construction fund established under the Merchant Marine Act of 1936, see **Publication 595**, Tax Guide for Commercial Fishermen.

If you are a duly ordained minister who is an employee of a church and if you are subject to self-employment tax, the unreimbursed business expenses that you incurred in performing your services as an employee of the church (allowed only as an itemized deduction) are deducted on this line in figuring self-employment tax. For more information see **Publication 517**, Social Security for Members of the Clergy and Religious Workers.

#### Line 10

Enter the smaller of:

- \$1,600, or
- $\frac{2}{3}$  of the total of gross profits from Schedule C, line 3, plus the distributive share of gross profits from nonfarm partnerships (Schedule K-1, line 16c). Also include gross profits from services reported on lines 5c, 5d, and 5e, as adjusted by line 7.

# Instructions for Schedule F Farm Income and Expenses

## Purpose

Use Schedule F to report farm income and expenses if you file Forms 1040, 1041, or 1065. Please get **Publication 225**, Farmer's Tax Guide, for additional information. It has samples of filled-in forms and schedules, and Important Dates that apply to farmers. You may also want to get **Publication 534**, Depreciation.

**Do not report the following income on Schedule F:**

- Rent you received that was based on farm production or crop shares, if you did not run the farm yourself. Report this income on **Form 4835** and **Schedule E** (Form 1040). It is not subject to self-employment tax.
- Rent from your pasture land. Report this income in Part I of **Schedule E** (Form 1040). However, report pasture income received from taking care of someone else's livestock on line 29 of Schedule F.
- Sales, exchanges, or involuntary conversions (other than casualty or theft) of certain trade or business property. Report this income on **Form 4797**.
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Report this income on **Form 4797**.

## Which Parts to Use

• Schedule F has 4 parts. The accounting method you used to record your farm income determines which parts you must fill in.

Under the **cash method**, you include all of your income in the year you actually get it. Generally, you deduct your expenses when you pay them. If you use the cash method, fill in Parts I and II.

Under the **accrual method**, you include your income in the year you earned it. It does not matter when you get it. You deduct your expenses when you incur them. If you use the accrual method, fill in Parts II, III and IV.

### Employer Identification Number

You need an employer identification number only if:

- you had a Keogh (H.R. 10) plan, or
- you were required to file an employment tax, excise tax, or alcohol, tobacco or firearms tax return.

## Part I Farm Income Cash Method

In Part I show the income you received for the items listed on lines 1 through 28. Count both the cash you received and the fair market value of goods or other property you received for these items.

If you ran the farm yourself and received rents based on farm production or crop shares, report these rents as income on the line for the crop, or on line 29.

### Line 1

In column (b) show the amount you received from sales of livestock you bought for resale. In column (c) show the cost or other basis of the livestock.

### Line 2

In column (b) show the amount you received from sales of other items you bought for resale. In column (c) show the cost or other basis of those items.

### Line 4

If you sold livestock because of a drought, you can choose to count the income from the sale in the year after the drought, instead of the year of the sale. You can do this IF:

- your main business is farming, AND
- you can show that you sold the livestock only because of the drought, AND
- your area qualified for Federal aid.

### Lines 5 through 19

Show the amount you got from the sale of livestock and produce you raised.

### Line 20

Show the amount you were paid for the use of your farm machinery.

### Line 21

Show patronage dividends you received in cash, and the dollar amount of qualified written notices of allocation. If you received property as patronage dividends, report the fair market value of the property as income. Include cash advances you received from a marketing cooperative.

You do not have to include as income patronage dividends from buying:

- personal or family items.
- capital assets.
- depreciable assets you use in your business.

Enter these amounts on line 21b. If you do not report patronage dividends from these items as income, you must subtract the amount of the dividend from the cost or other basis of these items.

### Line 22

If you get per-unit retains in cash, show the amount of cash. If you get qualified per-unit retain certificates, show the stated dollar amount of the certificate.

### Line 24

Enter on line 24a cash you got as price support payments, diversion payments, and cost-share payments (sight drafts).

On line 24b, show the amounts the Department of Agriculture paid for materials such as fertilizer or lime, or services such as grading or constructing dams.

### Line 25

Report Commodity Credit Corporation loans you received as income if:

- the commodities are delivered or forfeited to the Corporation instead of sold in the market, OR
- you choose to report the loan as income when you receive it. If you do this, attach a statement showing the details of the loan. You must continue to report these loans as income unless the IRS permits you to change your accounting method.

### Line 26

If you took a credit for Federal gasoline tax on your 1980 Form 1040, enter the amount of the credit here.

### Line 27

Enter the amount of any State gasoline tax refund you got in 1981.

## Line 28

In general, you must report crop insurance proceeds in the year you receive them.

However, you may choose to include crop insurance proceeds and certain disaster payments in income in the tax year after the year of damage if you can show that it is your practice to report income from these crops in the later tax year.

## Line 29

Use this line to report income other than that shown on lines 1 through 28.

Report the sale of commodity futures contracts on this line if they were made to protect you from price changes. These are a form of business insurance and are considered hedges. Enter any profit on line 29. If you had a loss in a closed futures contract, show it as a minus amount.

**Caution:** For property acquired and hedging positions established after December 31, 1981, you must clearly identify on your books and records that the transaction was a hedging transaction.

Purchase or sales contracts are not true hedges if they offset losses that already happened. If you bought or sold commodity futures with the hope of making a profit due to favorable price changes, do not report the profit or loss on this line. Report the gain or loss on Form 6781, Gains and Losses from Commodity Futures Contracts and Straddle Positions.

Report as income the amount of the credit for alcohol used as a fuel that was entered on Form 6478.

## Part II

### Farm Deductions

#### Cash and Accrual Method

Do not deduct:

- personal or living expenses (such as taxes, insurance, or repairs on your home) that do not produce farm income.
- expenses of raising anything you or your family used.
- the value of animals you raised that died.
- loss of inventory.
- personal losses.
- the cost of planting and growing citrus or almond groves for the first four years after you plant them. You must treat these items as part of the cost of the grove. However, you may depreciate the cost of an irrigation system used in connection with the citrus grove, beginning in the year the system is placed in service.

If you were repaid for any part of an expense, you must subtract the amount you were repaid from the deduction.

#### Farming Syndicates

A farming syndicate may be:

- a partnership, or
- any other noncorporate group, or
- a small business corporation, if
  - a. the interests in the business have ever been for sale in a way that would require registration with any Federal or State agency, or
  - b. more than 35% of the loss during any tax year is spread between limited partners or limited entrepreneurs.

(A limited partner or limited entrepreneur is a person who does not take any active part in managing the business, and who can lose only the amount he or she has invested.)

If you are a farming syndicate, your deductions are limited as follows:

- Generally, you can deduct feed, seed, fertilizers and other farm supplies only in the year you actually use them (or only in the year you can deduct them under your accounting method). However, if you bought supplies you could not use because of fire, storm, flood, disease, or other casualty, then you may deduct them in the year you bought them.

- You must spread the cost of poultry you bought to use in business (or to resell) over 12 months, or the useful life, whichever is less.

- You cannot deduct the cost of planting, cultivating, maintaining or developing groves, orchards or vineyards, which produce fruit or nuts, before the tax year in which they produce commercial quantities. You must treat these costs as part of the cost of the grove.

#### Line 32

Enter the amount you paid for farm labor. You can count the cost of boarding farm labor but not the value of any products they used from the farm. You can count only what you paid household help to care for farm laborers. Do not count the value of your own or your family's labor.

Enter on line 32b the jobs credit from Form 5884 and on line 32c, the WIN credit from Form 4874. Subtract the total of these credits from labor hired on line 32a and enter the balance on line 32e.

For more details, please get Publication 906, Targeted Jobs, WIN, and Research Credits.

#### Line 33

Enter what you paid for repairs and upkeep of farm buildings (but not your home), machinery and equipment. You can also include what you paid for tools of short life or small cost, such as shovels and rakes.

#### Line 34

Show the interest you paid on your farm (but not your home) mortgage. Also include interest on other loans related to this farm. If you prepaid interest in 1981 for years after 1981, include only the part that applies to 1981.

#### Line 35

If you are a tenant farmer and pay the owner of the land a share of the crop rather than cash, show the cost of raising the crop. Do not enter the value of the crop.

#### Line 36

If you use the cash method, show what you paid for feed to be consumed by your livestock in the year of payment. If the feed is to be consumed in a later tax year, however, the expense might not be deductible in the year paid. See Publication 225 for more information on advance payments for feed.

#### Line 39

Show what you paid to rent machinery used on your farm.

#### Line 45

You can deduct the following taxes:

- real estate and personal property taxes on farm business assets.
- social security taxes you paid to match what you are required to withhold from farm employees' wages.

**Do not deduct:**

- Federal income taxes.
- estate and gift taxes.

- taxes assessed to pay for improvements such as paving, sewers, etc.

- taxes on your home or personal property.

- other taxes not related to the farm business.

#### Line 46

Show only the amount of premiums for fire, storm, crop, and theft insurance for this year for your farm business assets. Do not include insurance on personal assets, or medical, health or disability insurance on yourself or your family.

#### Line 47

Show what you paid for gas, electricity, water, etc. for business use on the farm. Do not include personal utilities.

#### Line 48

Do not include as freight paid the cost of transportation incurred in purchasing livestock held for resale. Instead, add these costs to the cost of the livestock, and deduct them when the livestock are sold.

#### Line 49

You can deduct what you spent to conserve soil or water, or to prevent erosion of your land. You can also deduct what you paid to a soil or water district for conservation expenses. Do not deduct more than 25% of your gross income from farming (excluding certain gains from selling assets such as farm machinery and land). If your conservation expenses are more than the limit, you can carry the excess over to following years.

#### Line 50

Show what you paid to clear land so you could farm it. Do not enter more than \$5,000 or 25% of your taxable income from farming, whichever is less.

#### Line 51

Enter the amount you paid to pension, profit-sharing, or annuity plans for your employees. If the plan included you as an owner-employee, see the instructions for Schedule C, line 22, on page 28. Enter the amount you paid for yourself on Form 1040, line 25.

#### Line 52

Enter any amounts you paid to programs for your employees that are not a part of the plans on line 51. Examples are insurance, health, and welfare programs. Do not include here amounts paid for yourself or your family.

#### Line 53

Enter expenses not listed on another line, such as:

- office supplies.
- advertising.
- car and truck expenses. You can deduct what it cost you to run your car or truck, or take the fixed mileage rate. The rate is 20 cents a mile for the first 15,000 miles, and 11 cents a mile for each mile after that. If you use more than one vehicle for business, you must use the actual cost. If you use the car for both personal and farm purposes, show only the miles (or costs) which apply to farming.

For cars and trucks that have been fully depreciated, the rate is 11 cents a mile.

**Note:** If you place a car or truck in service after December 31, 1980, and take the

fixed mileage rate, you are treated as having elected to exclude this vehicle from ACRS.

For more details, get **Publication 463**, Travel, Entertainment, and Gift Expenses.

● Any loss from this activity that was not allowed as a deduction last year because of the "at risk" provisions, is treated as a deduction allocable to this activity in 1981.

● amortization of qualifying forestation and reforestation costs over an 84-month period.

● amortization of certain business startup costs, paid or incurred after July 19, 1980, in tax years ending after that date, over a period of at least 60 months.

For more information on amortization, see **Publication 535**, Business Expenses and Operating Losses.

### Line 55

You can deduct depreciation of buildings, improvements, cars and trucks, machinery, and other farm equipment of a permanent nature.

Do not include depreciation on:

- your home, furniture, or other personal items,
- land,
- livestock you bought or raised for resale, or
- other property in your inventory.

Generally, you **MUST** use the new Accelerated Cost Recovery System (ACRS) for all assets you placed in service after December 31, 1980.

However, you cannot use ACRS for:

- assets placed in service before January 1, 1981,
- certain public utility property,
- certain property acquired from related persons, and
- property acquired in certain non-recognition transactions.

Figure your depreciation deduction on **Form 4562**, Depreciation. Enter on line 55 the amount from **Form 4562**, line 5.

Please get **Publication 534**, Depreciation, for more information.

### Line 57

If you have a profit, stop here. Enter the amount here and on **Form 1040**, line 18, and **Schedule SE, Part I**, line 1a (or **Form 1041**, line 6). Partnerships should stop here and enter the profit or loss on this line and on **Form 1065**, line 9.

If you have a loss, go on to line 58 before entering your loss on line 57.

### Line 58

Deductions for losses by persons who are engaged in farming as a trade or business, or for the production of income, are limited to the amount they have "at risk" in the farm. You are "at risk" for an activity for the cash and adjusted basis of property you contributed to the activity and any amount borrowed for use in the activity for which you are personally liable. You are also "at risk" to the extent of the net fair market value of your own property (not used in the activity) that secures borrowed amounts for which you are not liable.

Answer the question "YES" if you have any loans for this farm that:

- you borrowed from a person who is related to you under section 267(b); OR
- you borrowed from a person who has an interest in the business (other than as a creditor); OR
- you are protected against loss by a guarantee, stop-loss agreement or similar arrangement; OR
- you are not personally required to pay back the money.

If you do not have any of these kinds of loans, or other amounts for which you are not "at risk" in this business, then answer the question "NO." Enter the full loss on line 58 and on **Form 1040**, line 18, and **Schedule SE, Part I**, line 1a (or **Form 1041**, line 6).

If you answered "YES" to the question on line 58, enter on line 57 either the amount of your loss or the amount for which you are considered "at risk," whichever is smaller. For example, if your loss is \$1,000 and your amount "at risk" is \$400, you would enter (\$400) on line 57. Or, if your loss is \$1,000 and your amount "at risk" is \$1,200, enter (\$1,000) on line 57.

If your "at risk" amount is smaller than zero, enter zero.

Also enter this amount as your loss from farming on **Form 1040**, line 18, and **Schedule SE, Part I**, line 1a (or **Form 1041**, line 6).

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see I.R. Code section 465), combine the gain or loss on the disposition with the profit or loss from the activity.

If you have a net loss, you may be subject to the "at risk" provisions.

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## Part III

### Farm Income

#### Accrual Method

If you use the accrual method, report farm income when you earn it, not when you receive it. Generally, you must inventory your animals and crops if you use this method. See **Publication 538**, Accounting Periods and Methods, for exceptions, inventory methods, and how to change from accrual to cash methods of accounting.

#### Lines 59 through 75

For each item listed, fill in columns (b), (c), (d), and (e) across. See the line-by-line instructions for Part I for more information.

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## Part IV

### Summary of Income and Deductions

#### Accrual Method

#### Lines 79 and 80

See instructions for Part I, lines 24 and 25.

#### Line 81

If you take a credit for Federal gasoline tax on your 1981 income tax return, enter the amount of the credit on this line.

#### Line 82

If you are due a refund of State gasoline tax for 1981, enter the amount here.

#### Line 83

See instructions for Part I, line 29.

#### Lines 90 and 91

See instructions for Part I, lines 57 and 58.

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# 1981 Tax Table Based on Taxable Income

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

**Example:** Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 34 is \$23,270. First, they find the \$23,250-23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$4,082. This is the tax amount they must write on line 35 of their return.

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
23,200	23,250	5,208	4,069	6,438	4,805
23,250	23,300	5,224	4,082	6,462	4,820
23,300	23,350	5,241	4,096	6,486	4,836

Your tax is—

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
0	1,700	0	0	0	0	<b>3,000</b>						5,500	5,550	510	294	618	468
1,700	1,725	0	0	a2	0	3,000	3,050	100	0	189	100	5,550	5,600	519	302	627	476
1,725	1,750	0	0	5	0	3,050	3,100	107	0	197	107	5,600	5,650	528	310	635	484
1,750	1,775	0	0	9	0	3,100	3,150	114	0	204	114	5,650	5,700	537	318	644	492
1,775	1,800	0	0	12	0	3,150	3,200	121	0	212	121	5,700	5,750	546	326	653	500
1,800	1,825	0	0	16	0	3,200	3,250	128	0	220	128	5,750	5,800	554	334	662	508
1,825	1,850	0	0	19	0	3,250	3,300	135	0	228	135	5,800	5,850	563	342	671	515
1,850	1,875	0	0	22	0	3,300	3,350	142	0	236	142	5,850	5,900	572	350	680	523
1,875	1,900	0	0	26	0	3,350	3,400	149	0	244	149	5,900	5,950	581	357	689	531
1,900	1,925	0	0	29	0	3,400	3,450	156	c3	252	156	5,950	6,000	590	365	698	539
1,925	1,950	0	0	33	0	3,450	3,500	164	10	260	162	<b>6,000</b>					
1,950	1,975	0	0	36	0	3,500	3,550	172	17	268	169	6,000	6,050	599	373	709	547
1,975	2,000	0	0	40	0	3,550	3,600	180	24	276	176	6,050	6,100	608	381	719	555
<b>2,000</b>						3,600	3,650	188	31	283	183	6,100	6,150	617	389	730	563
2,000	2,025	0	0	43	0	3,650	3,700	196	38	291	190	6,150	6,200	626	397	740	571
2,025	2,050	0	0	47	0	3,700	3,750	203	45	299	197	6,200	6,250	634	405	750	579
2,050	2,075	0	0	50	0	3,750	3,800	211	52	307	204	6,250	6,300	643	413	761	587
2,075	2,100	0	0	54	0	3,800	3,850	219	59	316	211	6,300	6,350	652	421	771	594
2,100	2,125	0	0	57	0	3,850	3,900	227	66	324	218	6,350	6,400	661	429	781	602
2,125	2,150	0	0	60	0	3,900	3,950	235	73	333	225	6,400	6,450	670	436	792	610
2,150	2,175	0	0	64	0	3,950	4,000	243	79	342	232	6,450	6,500	679	444	802	618
2,175	2,200	0	0	67	0	<b>4,000</b>				6,500	6,550	688	452	812	627		
2,200	2,225	0	0	71	0	4,000	4,050	251	86	351	238	6,550	6,600	697	460	823	635
2,225	2,250	0	0	74	0	4,050	4,100	259	93	360	245	6,600	6,650	707	468	833	644
2,250	2,275	0	0	78	0	4,100	4,150	267	100	369	252	6,650	6,700	716	476	844	653
2,275	2,300	0	0	81	0	4,150	4,200	275	107	378	259	6,700	6,750	726	484	854	662
2,300	2,325	b2	0	85	b2	4,200	4,250	282	114	387	266	6,750	6,800	735	492	864	671
2,325	2,350	5	0	88	5	4,250	4,300	290	121	395	273	6,800	6,850	744	500	875	680
2,350	2,375	9	0	92	9	4,300	4,350	298	128	404	280	6,850	6,900	754	508	885	689
2,375	2,400	12	0	95	12	4,350	4,400	306	135	413	287	6,900	6,950	763	515	895	698
2,400	2,425	16	0	99	16	4,400	4,450	315	142	422	294	6,950	7,000	772	523	906	707
2,425	2,450	19	0	102	19	4,450	4,500	323	149	431	302	<b>7,000</b>					
2,450	2,475	22	0	105	22	4,500	4,550	332	156	440	310	7,000	7,050	782	531	916	715
2,475	2,500	26	0	109	26	4,550	4,600	341	162	449	318	7,050	7,100	791	539	927	724
2,500	2,525	29	0	112	29	4,600	4,650	350	169	458	326	7,100	7,150	801	547	937	733
2,525	2,550	33	0	116	33	4,650	4,700	359	176	467	334	7,150	7,200	810	555	947	742
2,550	2,575	36	0	119	36	4,700	4,750	368	183	475	342	7,200	7,250	819	563	958	751
2,575	2,600	40	0	123	40	4,750	4,800	377	190	484	350	7,250	7,300	829	571	968	760
2,600	2,625	43	0	126	43	4,800	4,850	386	197	493	357	7,300	7,350	838	579	978	769
2,625	2,650	47	0	130	47	4,850	4,900	395	204	502	365	7,350	7,400	848	587	989	778
2,650	2,675	50	0	133	50	4,900	4,950	403	211	511	373	7,400	7,450	857	594	999	787
2,675	2,700	54	0	137	54	4,950	5,000	412	218	520	381	7,450	7,500	866	602	1,009	795
2,700	2,725	57	0	140	57	<b>5,000</b>				7,500	7,550	876	610	1,020	804		
2,725	2,750	60	0	143	60	5,000	5,050	421	225	529	389	7,550	7,600	885	618	1,030	813
2,750	2,775	64	0	147	64	5,050	5,100	430	232	538	397	7,600	7,650	894	627	1,041	822
2,775	2,800	67	0	151	67	5,100	5,150	439	238	547	405	7,650	7,700	904	635	1,051	831
2,800	2,825	71	0	155	71	5,150	5,200	448	245	555	413	7,700	7,750	913	644	1,061	840
2,825	2,850	74	0	159	74	5,200	5,250	457	252	564	421	7,750	7,800	923	653	1,072	849
2,850	2,875	78	0	163	78	5,250	5,300	466	259	573	429	7,800	7,850	932	662	1,082	858
2,875	2,900	81	0	167	81	5,300	5,350	474	266	582	436	7,850	7,900	941	671	1,092	867
2,900	2,925	85	0	171	85	5,350	5,400	483	273	591	444	7,900	7,950	951	680	1,103	875
2,925	2,950	88	0	175	88	5,400	5,450	492	280	600	452	7,950	8,000	960	689	1,113	884
2,950	2,975	92	0	179	92	5,450	5,500	501	287	609	460						
2,975	3,000	95	0	183	95												

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

Continued on next page

a If your taxable income is exactly \$1,700, your tax is zero.  
 b If your taxable income is exactly \$2,300, your tax is zero.

c If your taxable income is exactly \$3,400, your tax is zero.

**1981 Tax Table (Continued)**

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
<b>8,000</b>						<b>10,750</b>	<b>10,800</b>	1,530	1,186	1,803	1,464	<b>13,500</b>	<b>13,550</b>	2,194	1,723	2,611	2,095
<b>8,000</b>	<b>8,050</b>				893	<b>10,800</b>	<b>10,850</b>	1,541	1,195	1,817	1,475	<b>13,550</b>	<b>13,600</b>	2,207	1,734	2,627	2,107
<b>8,050</b>	<b>8,100</b>	969	698	1,124	902	<b>10,850</b>	<b>10,900</b>	1,553	1,204	1,830	1,486	<b>13,600</b>	<b>13,650</b>	2,219	1,744	2,643	2,119
<b>8,100</b>	<b>8,150</b>	979	707	1,136	911	<b>10,900</b>	<b>10,950</b>	1,565	1,213	1,844	1,497	<b>13,650</b>	<b>13,700</b>	2,232	1,755	2,659	2,131
<b>8,150</b>	<b>8,200</b>	988	715	1,148	920	<b>10,950</b>	<b>11,000</b>	1,577	1,222	1,858	1,507	<b>13,700</b>	<b>13,750</b>	2,245	1,765	2,675	2,143
<b>8,200</b>	<b>8,250</b>	1,007	733	1,172	929	<b>11,000</b>						<b>13,750</b>	<b>13,800</b>	2,258	1,775	2,690	2,155
<b>8,250</b>	<b>8,300</b>				938	<b>11,000</b>	<b>11,050</b>	1,589	1,231	1,872	1,518	<b>13,800</b>	<b>13,850</b>	2,271	1,786	2,706	2,167
<b>8,300</b>	<b>8,350</b>	1,016	742	1,184	947	<b>11,050</b>	<b>11,100</b>	1,601	1,240	1,886	1,529	<b>13,850</b>	<b>13,900</b>	2,284	1,796	2,722	2,178
<b>8,350</b>	<b>8,400</b>	1,026	751	1,195	955	<b>11,100</b>	<b>11,150</b>	1,613	1,249	1,899	1,540	<b>13,900</b>	<b>13,950</b>	2,296	1,806	2,738	2,190
<b>8,400</b>	<b>8,450</b>	1,035	760	1,207	964	<b>11,150</b>	<b>11,200</b>	1,624	1,258	1,913	1,551	<b>13,950</b>	<b>14,000</b>	2,309	1,817	2,754	2,202
<b>8,450</b>	<b>8,500</b>	1,045	769	1,219	973	<b>11,200</b>	<b>11,250</b>	1,636	1,266	1,927	1,562	<b>14,000</b>					
<b>8,500</b>	<b>8,550</b>	1,054	778	1,231	982	<b>11,250</b>	<b>11,300</b>	1,648	1,275	1,941	1,573	<b>14,000</b>	<b>14,050</b>	2,322	1,827	2,769	2,214
<b>8,550</b>	<b>8,600</b>	1,064	787	1,243	991	<b>11,300</b>	<b>11,350</b>	1,660	1,284	1,955	1,583	<b>14,050</b>	<b>14,100</b>	2,335	1,837	2,785	2,226
<b>8,600</b>	<b>8,650</b>	1,074	795	1,255	1,000	<b>11,350</b>	<b>11,400</b>	1,672	1,293	1,969	1,594	<b>14,100</b>	<b>14,150</b>	2,348	1,848	2,801	2,238
<b>8,650</b>	<b>8,700</b>	1,085	804	1,266	1,009	<b>11,400</b>	<b>11,450</b>	1,684	1,302	1,982	1,605	<b>14,150</b>	<b>14,200</b>	2,361	1,858	2,817	2,250
<b>8,700</b>	<b>8,750</b>	1,095	813	1,278	1,019	<b>11,450</b>	<b>11,500</b>	1,696	1,311	1,996	1,616	<b>14,200</b>	<b>14,250</b>	2,373	1,869	2,833	2,261
<b>8,750</b>	<b>8,800</b>	1,105	822	1,290	1,029	<b>11,500</b>	<b>11,550</b>	1,707	1,320	2,010	1,627	<b>14,250</b>	<b>14,300</b>	2,386	1,879	2,848	2,273
<b>8,800</b>	<b>8,850</b>	1,116	831	1,302	1,040	<b>11,550</b>	<b>11,600</b>	1,719	1,329	2,024	1,638	<b>14,300</b>	<b>14,350</b>	2,399	1,889	2,864	2,285
<b>8,850</b>	<b>8,900</b>	1,126	840	1,314	1,051	<b>11,600</b>	<b>11,650</b>	1,731	1,338	2,038	1,649	<b>14,350</b>	<b>14,400</b>	2,412	1,900	2,880	2,297
<b>8,900</b>	<b>8,950</b>	1,136	849	1,326	1,062	<b>11,650</b>	<b>11,700</b>	1,743	1,346	2,052	1,659	<b>14,400</b>	<b>14,450</b>	2,425	1,910	2,896	2,309
<b>8,950</b>	<b>9,000</b>	1,147	858	1,338	1,073	<b>11,700</b>	<b>11,750</b>	1,755	1,355	2,065	1,670	<b>14,450</b>	<b>14,500</b>	2,438	1,920	2,912	2,321
		1,157	867	1,349		<b>11,750</b>	<b>11,800</b>	1,767	1,364	2,079	1,681	<b>14,500</b>	<b>14,550</b>	2,450	1,931	2,927	2,332
<b>9,000</b>						<b>11,800</b>	<b>11,850</b>	1,778	1,373	2,093	1,693	<b>14,550</b>	<b>14,600</b>	2,463	1,941	2,943	2,344
<b>9,000</b>	<b>9,050</b>	1,167	875	1,361	1,084	<b>11,850</b>	<b>11,900</b>	1,790	1,382	2,107	1,704	<b>14,600</b>	<b>14,650</b>	2,476	1,952	2,959	2,356
<b>9,050</b>	<b>9,100</b>	1,178	884	1,373	1,095	<b>11,900</b>	<b>11,950</b>	1,802	1,392	2,121	1,716	<b>14,650</b>	<b>14,700</b>	2,489	1,962	2,975	2,368
<b>9,100</b>	<b>9,150</b>	1,188	893	1,385	1,106	<b>11,950</b>	<b>12,000</b>	1,814	1,402	2,134	1,728	<b>14,700</b>	<b>14,750</b>	2,502	1,972	2,991	2,380
<b>9,150</b>	<b>9,200</b>	1,199	902	1,397	1,116	<b>12,000</b>						<b>14,750</b>	<b>14,800</b>	2,515	1,983	3,006	2,392
<b>9,200</b>	<b>9,250</b>	1,209	911	1,409	1,127	<b>12,000</b>	<b>12,050</b>	1,826	1,412	2,148	1,740	<b>14,800</b>	<b>14,850</b>	2,528	1,993	3,022	2,404
<b>9,250</b>	<b>9,300</b>	1,219	920	1,421	1,138	<b>12,050</b>	<b>12,100</b>	1,838	1,423	2,162	1,752	<b>14,850</b>	<b>14,900</b>	2,540	2,003	3,038	2,415
<b>9,300</b>	<b>9,350</b>	1,230	929	1,432	1,149	<b>12,100</b>	<b>12,150</b>	1,850	1,433	2,176	1,764	<b>14,900</b>	<b>14,950</b>	2,553	2,014	3,054	2,427
<b>9,350</b>	<b>9,400</b>	1,240	938	1,444	1,160	<b>12,150</b>	<b>12,200</b>	1,861	1,443	2,190	1,776	<b>14,950</b>	<b>15,000</b>	2,566	2,024	3,071	2,439
<b>9,400</b>	<b>9,450</b>	1,250	947	1,456	1,171	<b>12,200</b>	<b>12,250</b>	1,873	1,454	2,204	1,787	<b>15,000</b>					
<b>9,450</b>	<b>9,500</b>	1,261	955	1,468	1,182	<b>12,250</b>	<b>12,300</b>	1,885	1,464	2,217	1,799	<b>15,000</b>	<b>15,050</b>	2,580	2,034	3,089	2,451
<b>9,500</b>	<b>9,550</b>	1,271	964	1,480	1,192	<b>12,300</b>	<b>12,350</b>	1,897	1,475	2,232	1,811	<b>15,050</b>	<b>15,100</b>	2,595	2,045	3,107	2,464
<b>9,550</b>	<b>9,600</b>	1,282	973	1,492	1,203	<b>12,350</b>	<b>12,400</b>	1,909	1,485	2,248	1,823	<b>15,100</b>	<b>15,150</b>	2,609	2,055	3,126	2,477
<b>9,600</b>	<b>9,650</b>	1,292	982	1,503	1,214	<b>12,400</b>	<b>12,450</b>	1,921	1,495	2,264	1,835	<b>15,150</b>	<b>15,200</b>	2,624	2,066	3,144	2,490
<b>9,650</b>	<b>9,700</b>	1,302	991	1,515	1,225	<b>12,450</b>	<b>12,500</b>	1,933	1,506	2,280	1,847	<b>15,200</b>	<b>15,250</b>	2,639	2,076	3,162	2,503
<b>9,700</b>	<b>9,750</b>	1,313	1,000	1,527	1,236	<b>12,500</b>	<b>12,550</b>	1,944	1,516	2,295	1,858	<b>15,250</b>	<b>15,300</b>	2,654	2,086	3,180	2,516
<b>9,750</b>	<b>9,800</b>	1,323	1,009	1,539	1,247	<b>12,550</b>	<b>12,600</b>	1,956	1,526	2,311	1,870	<b>15,300</b>	<b>15,350</b>	2,669	2,097	3,199	2,528
<b>9,800</b>	<b>9,850</b>	1,333	1,018	1,551	1,258	<b>12,600</b>	<b>12,650</b>	1,968	1,537	2,327	1,882	<b>15,350</b>	<b>15,400</b>	2,684	2,107	3,217	2,541
<b>9,850</b>	<b>9,900</b>	1,344	1,027	1,563	1,268	<b>12,650</b>	<b>12,700</b>	1,980	1,547	2,343	1,894	<b>15,400</b>	<b>15,450</b>	2,698	2,117	3,235	2,554
<b>9,900</b>	<b>9,950</b>	1,354	1,035	1,575	1,279	<b>12,700</b>	<b>12,750</b>	1,992	1,558	2,359	1,906	<b>15,450</b>	<b>15,500</b>	2,713	2,128	3,254	2,567
<b>9,950</b>	<b>10,000</b>	1,364	1,044	1,586	1,290	<b>12,750</b>						<b>15,500</b>	<b>15,550</b>	2,728	2,138	3,272	2,580
<b>10,000</b>						<b>12,750</b>	<b>12,800</b>	2,004	1,568	2,374	1,918	<b>15,550</b>	<b>15,600</b>	2,743	2,149	3,290	2,593
<b>10,000</b>	<b>10,050</b>	1,375	1,053	1,598	1,301	<b>12,800</b>	<b>12,850</b>	2,015	1,578	2,390	1,930	<b>15,600</b>	<b>15,650</b>	2,758	2,159	3,308	2,606
<b>10,050</b>	<b>10,100</b>	1,385	1,062	1,610	1,312	<b>12,850</b>	<b>12,900</b>	2,027	1,589	2,406	1,941	<b>15,650</b>	<b>15,700</b>	2,772	2,169	3,327	2,618
<b>10,100</b>	<b>10,150</b>	1,396	1,071	1,623	1,323	<b>12,900</b>	<b>12,950</b>	2,040	1,599	2,422	1,953	<b>15,700</b>	<b>15,750</b>	2,787	2,180	3,345	2,631
<b>10,150</b>	<b>10,200</b>	1,406	1,080	1,637	1,334	<b>13,000</b>						<b>15,750</b>	<b>15,800</b>	2,802	2,190	3,363	2,644
<b>10,200</b>	<b>10,250</b>	1,416	1,089	1,651	1,344	<b>13,000</b>	<b>13,050</b>	2,065	1,620	2,453	1,977	<b>15,800</b>	<b>15,850</b>	2,817	2,200	3,381	2,657
<b>10,250</b>	<b>10,300</b>	1,427	1,098	1,664	1,355	<b>13,050</b>	<b>13,100</b>	2,078	1,630	2,469	1,989	<b>15,850</b>	<b>15,900</b>	2,832	2,211	3,400	2,670
<b>10,300</b>	<b>10,350</b>	1,437	1,106	1,678	1,366	<b>13,100</b>	<b>13,150</b>	2,091	1,640	2,485	2,001	<b>15,900</b>	<b>15,950</b>	2,846	2,221	3,418	2,683
<b>10,350</b>	<b>10,400</b>	1,447	1,115	1,692	1,377	<b>13,150</b>	<b>13,200</b>	2,104	1,651	2,501	2,013	<b>15,950</b>	<b>16,000</b>	2,861	2,232	3,436	2,695
<b>10,400</b>	<b>10,450</b>	1,458	1,124	1,706	1,388	<b>13,200</b>	<b>13,250</b>	2,117	1,661	2,517	2,024	<b>16,000</b>					
<b>10,450</b>	<b>10,500</b>	1,468	1,133	1,720	1,399	<b>13,250</b>	<b>13,300</b>	2,130	1,672	2,532	2,036	<b>16,000</b>	<b>16,050</b>	2,876	2,243	3,455	2,708
<b>10,500</b>	<b>10,550</b>	1,479	1,142	1,734	1,410	<b>13,300</b>	<b>13,350</b>	2,142	1,682	2,548	2,048	<b>16,050</b>	<b>16,100</b>	2,891	2,254	3,473	2,721
<b>10,550</b>	<b>10,600</b>	1,489	1,151	1,747	1,421	<b>13,350</b>	<b>13,400</b>	2,155	1,692	2,564	2,060	<b>16,100</b>	<b>16,150</b>	2,906	2,266	3,491	2,734
<b>10,600</b>	<b>10,650</b>	1,499	1,160														

1981 Tax Table (Continued)

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
16,250	16,300	2,950	2,302	3,546	2,772	<b>19,000</b>						21,750	21,800	4,721	3,668	5,803	4,361
16,300	16,350	2,965	2,314	3,564	2,785	19,000	19,050	3,797	2,954	4,635	3,519	21,800	21,850	4,738	3,681	5,824	4,376
16,350	16,400	2,980	2,326	3,582	2,798	19,050	19,100	3,814	2,965	4,656	3,535	21,850	21,900	4,754	3,695	5,845	4,392
16,400	16,450	2,995	2,337	3,601	2,811	19,100	19,150	3,831	2,977	4,678	3,550	21,900	21,950	4,771	3,709	5,866	4,407
16,450	16,500	3,009	2,349	3,619	2,824	19,150	19,200	3,848	2,989	4,699	3,565	21,950	22,000	4,788	3,723	5,888	4,422
						19,200	19,250	3,865	3,001	4,720	3,580	<b>22,000</b>					
16,500	16,550	3,024	2,361	3,637	2,837	19,250	19,300	3,881	3,013	4,741	3,596	22,000	22,050	4,805	3,737	5,909	4,438
16,550	16,600	3,039	2,373	3,655	2,849	19,300	19,350	3,898	3,025	4,762	3,611	22,050	22,100	4,821	3,751	5,930	4,453
16,600	16,650	3,054	2,385	3,674	2,862	19,350	19,400	3,915	3,037	4,784	3,626	22,100	22,150	4,838	3,764	5,951	4,468
16,650	16,700	3,069	2,397	3,692	2,875	19,400	19,450	3,932	3,048	4,805	3,642	22,150	22,200	4,855	3,778	5,973	4,483
16,700	16,750	3,083	2,409	3,710	2,888	19,450	19,500	3,949	3,060	4,826	3,657	22,200	22,250	4,872	3,792	5,994	4,499
16,750	16,800	3,098	2,420	3,729	2,901	19,500	19,550	3,965	3,072	4,847	3,672	22,250	22,300	4,889	3,806	6,015	4,514
16,800	16,850	3,113	2,432	3,747	2,914	19,550	19,600	3,982	3,084	4,869	3,688	22,300	22,350	4,905	3,820	6,036	4,529
16,850	16,900	3,128	2,444	3,765	2,926	19,600	19,650	3,999	3,096	4,890	3,703	22,350	22,400	4,922	3,833	6,058	4,545
16,900	16,950	3,143	2,456	3,783	2,939	19,650	19,700	4,016	3,108	4,911	3,718	22,400	22,450	4,939	3,847	6,079	4,560
16,950	17,000	3,158	2,468	3,802	2,952	19,700	19,750	4,032	3,120	4,932	3,733	22,450	22,500	4,956	3,861	6,100	4,575
<b>17,000</b>						19,750	19,800	4,049	3,131	4,954	3,749	22,500	22,550	4,973	3,875	6,121	4,591
17,000	17,050	3,172	2,480	3,820	2,965	19,800	19,850	4,066	3,143	4,975	3,764	22,550	22,600	4,989	3,889	6,142	4,606
17,050	17,100	3,187	2,491	3,838	2,978	19,850	19,900	4,083	3,155	4,996	3,779	22,600	22,650	5,006	3,903	6,164	4,621
17,100	17,150	3,202	2,503	3,856	2,991	19,900	19,950	4,100	3,167	5,017	3,795	22,650	22,700	5,023	3,916	6,185	4,637
17,150	17,200	3,217	2,515	3,875	3,003	19,950	20,000	4,116	3,179	5,038	3,810	22,700	22,750	5,040	3,930	6,206	4,652
17,200	17,250	3,232	2,527	3,893	3,016	<b>20,000</b>						22,750	22,800	5,056	3,944	6,227	4,667
17,250	17,300	3,246	2,539	3,911	3,029	20,000	20,050	4,133	3,191	5,060	3,825	22,800	22,850	5,073	3,958	6,249	4,682
17,300	17,350	3,261	2,551	3,930	3,042	20,050	20,100	4,150	3,202	5,081	3,841	22,850	22,900	5,090	3,972	6,270	4,698
17,350	17,400	3,276	2,563	3,948	3,055	20,100	20,150	4,167	3,214	5,102	3,856	22,900	22,950	5,107	3,986	6,293	4,713
17,400	17,450	3,291	2,574	3,966	3,068	20,150	20,200	4,184	3,226	5,123	3,871	22,950	23,000	5,124	3,999	6,317	4,728
17,450	17,500	3,306	2,586	3,984	3,081	20,200	20,250	4,200	3,239	5,145	3,887	<b>23,000</b>					
17,500	17,550	3,320	2,598	4,003	3,093	20,250	20,300	4,217	3,253	5,166	3,902	23,000	23,050	5,140	4,013	6,341	4,744
17,550	17,600	3,335	2,610	4,021	3,106	20,300	20,350	4,234	3,267	5,187	3,917	23,050	23,100	5,157	4,027	6,365	4,759
17,600	17,650	3,350	2,622	4,041	3,119	20,350	20,400	4,251	3,280	5,208	3,932	23,100	23,150	5,174	4,041	6,389	4,774
17,650	17,700	3,365	2,634	4,062	3,132	20,400	20,450	4,267	3,294	5,230	3,948	23,150	23,200	5,191	4,055	6,414	4,790
17,700	17,750	3,380	2,646	4,083	3,145	20,450	20,500	4,284	3,308	5,251	3,963	23,200	23,250	5,208	4,069	6,438	4,805
17,750	17,800	3,395	2,657	4,104	3,158	20,500	20,550	4,301	3,322	5,272	3,978	23,250	23,300	5,224	4,082	6,462	4,820
17,800	17,850	3,409	2,669	4,126	3,170	20,550	20,600	4,318	3,336	5,293	3,994	23,300	23,350	5,241	4,096	6,486	4,836
17,850	17,900	3,424	2,681	4,147	3,183	20,600	20,650	4,335	3,350	5,314	4,009	23,350	23,400	5,258	4,110	6,510	4,851
17,900	17,950	3,439	2,693	4,168	3,196	20,650	20,700	4,351	3,363	5,336	4,024	23,400	23,450	5,275	4,124	6,535	4,866
17,950	18,000	3,454	2,705	4,189	3,209	20,700	20,750	4,368	3,377	5,357	4,040	23,450	23,500	5,292	4,138	6,559	4,881
<b>18,000</b>						20,750	20,800	4,385	3,391	5,378	4,055	23,500	23,550	5,310	4,151	6,583	4,898
18,000	18,050	3,469	2,717	4,210	3,222	20,800	20,850	4,402	3,405	5,399	4,070	23,550	23,600	5,329	4,165	6,607	4,916
18,050	18,100	3,483	2,728	4,232	3,235	20,850	20,900	4,419	3,419	5,421	4,086	23,600	23,650	5,348	4,179	6,631	4,934
18,100	18,150	3,498	2,740	4,253	3,247	20,900	20,950	4,435	3,433	5,442	4,101	23,650	23,700	5,367	4,193	6,656	4,951
18,150	18,200	3,513	2,752	4,274	3,260	20,950	21,000	4,452	3,446	5,463	4,116	23,700	23,750	5,387	4,207	6,680	4,969
18,200	18,250	3,529	2,764	4,295	3,274	<b>21,000</b>						23,750	23,800	5,406	4,221	6,704	4,987
18,250	18,300	3,546	2,776	4,317	3,290	21,000	21,050	4,469	3,460	5,484	4,131	23,800	23,850	5,425	4,234	6,728	5,005
18,300	18,350	3,562	2,788	4,338	3,305	21,050	21,100	4,486	3,474	5,506	4,147	23,850	23,900	5,444	4,248	6,752	5,022
18,350	18,400	3,579	2,800	4,359	3,320	21,100	21,150	4,503	3,488	5,527	4,162	23,900	23,950	5,464	4,262	6,776	5,040
18,400	18,450	3,596	2,811	4,380	3,336	21,150	21,200	4,519	3,502	5,548	4,177	23,950	24,000	5,483	4,276	6,801	5,058
18,450	18,500	3,613	2,823	4,402	3,351	21,200	21,250	4,536	3,516	5,569	4,193	<b>24,000</b>					
18,500	18,550	3,630	2,835	4,423	3,366	21,250	21,300	4,553	3,529	5,590	4,208	24,000	24,050	5,502	4,290	6,825	5,076
18,550	18,600	3,646	2,847	4,444	3,381	21,300	21,350	4,570	3,543	5,612	4,223	24,050	24,100	5,521	4,304	6,849	5,094
18,600	18,650	3,663	2,859	4,465	3,397	21,350	21,400	4,586	3,557	5,633	4,239	24,100	24,150	5,541	4,317	6,873	5,111
18,650	18,700	3,680	2,871	4,486	3,412	21,400	21,450	4,603	3,571	5,654	4,254	24,150	24,200	5,560	4,331	6,897	5,129
18,700	18,750	3,697	2,883	4,508	3,427	21,450	21,500	4,620	3,585	5,675	4,269	24,200	24,250	5,579	4,345	6,922	5,147
18,750	18,800	3,713	2,894	4,529	3,443	21,500	21,550	4,637	3,598	5,697	4,285	24,250	24,300	5,598	4,359	6,946	5,165
18,800	18,850	3,730	2,906	4,550	3,458	21,550	21,600	4,654	3,612	5,718	4,300	24,300	24,350	5,618	4,373	6,970	5,182
18,850	18,900	3,747	2,918	4,571	3,473	21,600	21,650	4,670	3,626	5,739	4,315	24,350	24,400	5,637	4,386	6,994	5,200
18,900	18,950	3,764	2,930	4,593	3,489	21,650	21,700	4,687	3,640	5,760	4,330	24,400	24,450	5,656	4,400	7,018	5,218
18,950	19,000	3,781	2,942	4,614	3,504	21,700	21,750	4,704	3,654	5,782	4,346	24,450	24,500	5,675	4,414	7,043	5,236

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

Continued on next page



**1981 Tax Table (Continued)**

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
24,500	24,550	5,695	4,428	7,067	5,254	27,250	27,300	6,754	5,294	8,397	6,231	30,000					
24,550	24,600	5,714	4,442	7,091	5,271	27,300	27,350	6,773	5,310	8,422	6,249	30,000	30,050	7,873	6,169	9,729	7,281
24,600	24,650	5,733	4,457	7,115	5,289	27,350	27,400	6,792	5,326	8,446	6,267	30,050	30,100	7,895	6,187	9,756	7,302
24,650	24,700	5,752	4,472	7,139	5,307	27,400	27,450	6,812	5,341	8,470	6,284	30,100	30,150	7,917	6,206	9,783	7,323
24,700	24,750	5,772	4,488	7,164	5,325	27,450	27,500	6,831	5,357	8,494	6,302	30,150	30,200	7,939	6,224	9,809	7,344
												30,200	30,250	7,960	6,242	9,836	7,364
24,750	24,800	5,791	4,504	7,188	5,342	27,500	27,550	6,850	5,373	8,518	6,320						
24,800	24,850	5,810	4,520	7,212	5,360	27,550	27,600	6,869	5,389	8,543	6,338	30,250	30,300	7,982	6,261	9,863	7,385
24,850	24,900	5,829	4,536	7,236	5,378	27,600	27,650	6,889	5,405	8,567	6,356	30,300	30,350	8,004	6,279	9,889	7,406
24,900	24,950	5,849	4,551	7,260	5,396	27,650	27,700	6,908	5,420	8,591	6,373	30,350	30,400	8,025	6,297	9,916	7,426
24,950	25,000	5,868	4,567	7,285	5,413	27,700	27,750	6,927	5,436	8,615	6,391	30,400	30,450	8,047	6,315	9,943	7,447
												30,450	30,500	8,069	6,334	9,969	7,468
25,000						27,750	27,800	6,946	5,452	8,639	6,409	30,500	30,550	8,091	6,352	9,996	7,489
25,000	25,050	5,887	4,583	7,309	5,431	27,800	27,850	6,966	5,468	8,664	6,427	30,550	30,600	8,112	6,370	10,023	7,509
25,050	25,100	5,906	4,599	7,333	5,449	27,850	27,900	6,985	5,484	8,688	6,444	30,600	30,650	8,134	6,388	10,049	7,530
25,100	25,150	5,926	4,615	7,357	5,467	27,900	27,950	7,004	5,499	8,712	6,462	30,650	30,700	8,156	6,407	10,076	7,551
25,150	25,200	5,945	4,630	7,381	5,485	27,950	28,000	7,023	5,515	8,736	6,480	30,700	30,750	8,177	6,425	10,103	7,572
25,200	25,250	5,964	4,646	7,406	5,502	28,000						30,750	30,800	8,199	6,443	10,129	7,592
						28,000	28,050	7,043	5,531	8,760	6,498	30,800	30,850	8,221	6,461	10,156	7,613
25,250	25,300	5,984	4,662	7,430	5,520	28,050	28,100	7,062	5,547	8,785	6,516	30,850	30,900	8,243	6,480	10,183	7,634
25,300	25,350	6,003	4,678	7,454	5,538	28,100	28,150	7,081	5,563	8,809	6,533	30,900	30,950	8,264	6,498	10,209	7,655
25,350	25,400	6,022	4,694	7,478	5,556	28,150	28,200	7,100	5,578	8,833	6,551	30,950	31,000	8,286	6,516	10,236	7,675
25,400	25,450	6,041	4,709	7,502	5,573	28,200	28,250	7,120	5,594	8,857	6,569						
25,450	25,500	6,061	4,725	7,526	5,591							31,000					
						28,250	28,300	7,139	5,610	8,881	6,587	31,000	31,050	8,308	6,535	10,263	7,696
25,500	25,550	6,080	4,741	7,551	5,609	28,300	28,350	7,158	5,626	8,906	6,604	31,050	31,100	8,330	6,553	10,289	7,717
25,550	25,600	6,099	4,757	7,575	5,627	28,350	28,400	7,177	5,642	8,930	6,622	31,100	31,150	8,351	6,571	10,316	7,738
25,600	25,650	6,118	4,773	7,599	5,645	28,400	28,450	7,197	5,657	8,954	6,640	31,150	31,200	8,373	6,589	10,343	7,758
25,650	25,700	6,138	4,788	7,623	5,662	28,450	28,500	7,216	5,673	8,978	6,658	31,200	31,250	8,395	6,608	10,369	7,779
25,700	25,750	6,157	4,804	7,647	5,680							31,250	31,300	8,416	6,626	10,396	7,800
						28,500	28,550	7,235	5,689	9,002	6,676	31,300	31,350	8,438	6,644	10,423	7,821
25,750	25,800	6,176	4,820	7,672	5,698	28,550	28,600	7,254	5,705	9,026	6,693	31,350	31,400	8,460	6,662	10,449	7,841
25,800	25,850	6,195	4,836	7,696	5,716	28,600	28,650	7,274	5,721	9,051	6,711	31,400	31,450	8,482	6,681	10,476	7,862
25,850	25,900	6,215	4,852	7,720	5,733	28,650	28,700	7,293	5,736	9,075	6,729	31,450	31,500	8,503	6,699	10,503	7,883
25,900	25,950	6,234	4,867	7,744	5,751	28,700	28,750	7,312	5,752	9,099	6,747						
25,950	26,000	6,253	4,883	7,768	5,769							31,500	31,550	8,525	6,717	10,529	7,903
26,000						28,750	28,800	7,331	5,768	9,123	6,764	31,550	31,600	8,547	6,735	10,556	7,924
26,000	26,050	6,272	4,899	7,793	5,787	28,800	28,850	7,352	5,784	9,147	6,784	31,600	31,650	8,569	6,754	10,583	7,945
26,050	26,100	6,292	4,915	7,817	5,805	28,850	28,900	7,374	5,800	9,172	6,804	31,650	31,700	8,590	6,772	10,609	7,966
26,100	26,150	6,311	4,931	7,841	5,822	28,900	28,950	7,395	5,815	9,196	6,825	31,700	31,750	8,612	6,790	10,636	7,986
26,150	26,200	6,330	4,946	7,865	5,840												
26,200	26,250	6,349	4,962	7,889	5,858	29,000						31,750	31,800	8,634	6,809	10,663	8,007
						29,000	29,050	7,439	5,847	9,244	6,867	31,800	31,850	8,655	6,827	10,689	8,028
26,250	26,300	6,369	4,978	7,914	5,876	29,050	29,100	7,461	5,863	9,268	6,887	31,850	31,900	8,677	6,845	10,716	8,049
26,300	26,350	6,388	4,994	7,938	5,893	29,100	29,150	7,482	5,879	9,293	6,908	31,900	31,950	8,699	6,863	10,743	8,069
26,350	26,400	6,407	5,010	7,962	5,911	29,150	29,200	7,504	5,894	9,317	6,929	31,950	32,000	8,721	6,882	10,769	8,090
26,400	26,450	6,426	5,025	7,986	5,929	29,200	29,250	7,526	5,910	9,341	6,950						
26,450	26,500	6,446	5,041	8,010	5,947							32,000					
						29,250	29,300	7,547	5,926	9,365	6,970	32,000	32,050	8,742	6,900	10,796	8,111
26,500	26,550	6,465	5,057	8,035	5,965	29,300	29,350	7,569	5,942	9,389	6,991	32,050	32,100	8,764	6,918	10,823	8,132
26,550	26,600	6,484	5,073	8,059	5,982	29,350	29,400	7,591	5,958	9,414	7,012	32,100	32,150	8,786	6,936	10,849	8,152
26,600	26,650	6,503	5,089	8,083	6,000	29,400	29,450	7,613	5,973	9,438	7,032	32,150	32,200	8,808	6,955	10,876	8,173
26,650	26,700	6,523	5,104	8,107	6,018	29,450	29,500	7,634	5,989	9,462	7,053	32,200	32,250	8,829	6,973	10,902	8,194
26,700	26,750	6,542	5,120	8,131	6,036												
						29,500	29,550	7,656	6,005	9,486	7,074	32,250	32,300	8,851	6,991	10,929	8,215
26,750	26,800	6,561	5,136	8,156	6,053	29,550	29,600	7,678	6,021	9,510	7,095	32,300	32,350	8,873	7,010	10,956	8,235
26,800	26,850	6,580	5,152	8,180	6,071	29,600	29,650	7,700	6,037	9,535	7,115	32,350	32,400	8,894	7,028	10,982	8,256
26,850	26,900	6,600	5,168	8,204	6,089	29,650	29,700	7,721	6,052	9,559	7,136	32,400	32,450	8,916	7,046	11,009	8,277
26,900	26,950	6,619	5,183	8,228	6,107	29,700	29,750	7,743	6,068	9,583	7,157	32,450	32,500	8,938	7,064	11,036	8,297
26,950	27,000	6,638	5,199	8,252	6,124												
27,000						29,750	29,800	7,765	6,084	9,607	7,178	32,500	32,550	8,960	7,083	11,062	8,318
27,000	27,050	6,657	5,215	8,276	6,142	29,800	29,850	7,786	6,100	9,631	7,198	32,550	32,600	8,981	7,101	11,089	8,339
27,050	27,100	6,677	5,231	8,301	6,160	29,850	29,900	7,808	6,116	9,656	7,219	32,600	32,650	9,003	7,119	11,116	8,360
27,100	27,150	6,696	5,247	8,325	6,178	29,900	29,950	7,830	6,133	9,680	7,240	32,650	32,700	9,025	7,137	11,142	8,380
27,150	27,200	6,715	5,262	8,349	6,196	29,950	30,000	7,852	6,151	9,704	7,261	32,700	32,750	9,046	7,156	11,169	8,401
27,200	27,250	6,735	5,278	8,373	6,213												

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

Continued on next page

1981 Tax Table (Continued)

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
32,750	32,800	9,068	7,174	11,196	8,422	35,500	35,550	10,333	8,198	12,662	9,619	38,250	38,300	11,664	9,366	14,129	10,868
32,800	32,850	9,090	7,192	11,222	8,443	35,550	35,600	10,358	8,219	12,689	9,641	38,300	38,350	11,688	9,387	14,155	10,891
32,850	32,900	9,112	7,210	11,249	8,463	35,600	35,650	10,382	8,240	12,716	9,664	38,350	38,400	11,712	9,408	14,182	10,913
32,900	32,950	9,133	7,229	11,276	8,484	35,650	35,700	10,406	8,262	12,742	9,687	38,400	38,450	11,737	9,429	14,209	10,936
32,950	33,000	9,155	7,247	11,302	8,505	35,700	35,750	10,430	8,283	12,769	9,710	38,450	38,500	11,761	9,451	14,235	10,959
<b>33,000</b>																	
33,000	33,050	9,177	7,265	11,329	8,526	35,750	35,800	10,454	8,304	12,796	9,732	38,500	38,550	11,785	9,472	14,262	10,981
33,050	33,100	9,199	7,284	11,356	8,546	35,800	35,850	10,479	8,325	12,822	9,755	38,550	38,600	11,809	9,493	14,289	11,004
33,100	33,150	9,220	7,302	11,382	8,567	35,850	35,900	10,503	8,347	12,849	9,778	38,600	38,650	11,833	9,514	14,315	11,027
33,150	33,200	9,242	7,320	11,409	8,588	35,900	35,950	10,527	8,368	12,876	9,800	38,650	38,700	11,858	9,536	14,342	11,050
33,200	33,250	9,264	7,338	11,436	8,609	35,950	36,000	10,551	8,389	12,902	9,823	38,700	38,750	11,882	9,557	14,369	11,072
						<b>36,000</b>											
33,250	33,300	9,285	7,357	11,462	8,629	36,000	36,050	10,575	8,410	12,929	9,846	38,750	38,800	11,906	9,578	14,395	11,095
33,300	33,350	9,307	7,375	11,489	8,650	36,050	36,100	10,600	8,432	12,956	9,869	38,800	38,850	11,930	9,599	14,422	11,118
33,350	33,400	9,329	7,393	11,516	8,671	36,100	36,150	10,624	8,453	12,982	9,891	38,850	38,900	11,954	9,620	14,449	11,140
33,400	33,450	9,351	7,411	11,542	8,691	36,150	36,200	10,648	8,474	13,009	9,914	38,900	38,950	11,979	9,642	14,475	11,163
33,450	33,500	9,372	7,430	11,569	8,712	36,200	36,250	10,672	8,495	13,035	9,937	38,950	39,000	12,003	9,663	14,502	11,186
														<b>39,000</b>			
33,500	33,550	9,394	7,448	11,596	8,733	36,250	36,300	10,696	8,516	13,062	9,959	39,000	39,050	12,027	9,684	14,529	11,209
33,550	33,600	9,416	7,466	11,622	8,754	36,300	36,350	10,721	8,538	13,089	9,982	39,050	39,100	12,051	9,705	14,555	11,231
33,600	33,650	9,438	7,485	11,649	8,774	36,350	36,400	10,745	8,559	13,115	10,005	39,100	39,150	12,075	9,727	14,582	11,254
33,650	33,700	9,459	7,503	11,676	8,795	36,400	36,450	10,769	8,580	13,142	10,028	39,150	39,200	12,100	9,748	14,609	11,277
33,700	33,750	9,481	7,521	11,702	8,816	36,450	36,500	10,793	8,601	13,169	10,050	39,200	39,250	12,124	9,769	14,635	11,299
33,750	33,800	9,503	7,539	11,729	8,837	36,500	36,550	10,817	8,623	13,195	10,073	39,250	39,300	12,148	9,790	14,662	11,322
33,800	33,850	9,524	7,558	11,756	8,857	36,550	36,600	10,842	8,644	13,222	10,096	39,300	39,350	12,172	9,812	14,689	11,345
33,850	33,900	9,546	7,576	11,782	8,878	36,600	36,650	10,866	8,665	13,249	10,118	39,350	39,400	12,196	9,833	14,715	11,368
33,900	33,950	9,568	7,594	11,809	8,899	36,650	36,700	10,890	8,686	13,275	10,141	39,400	39,450	12,221	9,854	14,742	11,390
33,950	34,000	9,590	7,612	11,836	8,920	36,700	36,750	10,914	8,708	13,302	10,164	39,450	39,500	12,245	9,875	14,769	11,413
<b>34,000</b>																	
34,000	34,050	9,611	7,631	11,862	8,940	36,750	36,800	10,938	8,729	13,329	10,187	39,500	39,550	12,269	9,896	14,795	11,436
34,050	34,100	9,633	7,649	11,889	8,961	36,800	36,850	10,962	8,750	13,355	10,209	39,550	39,600	12,293	9,918	14,822	11,458
34,100	34,150	9,656	7,667	11,916	8,983	36,850	36,900	10,987	8,771	13,382	10,232	39,600	39,650	12,317	9,939	14,849	11,481
34,150	34,200	9,680	7,685	11,942	9,006	36,900	36,950	11,011	8,792	13,409	10,255	39,650	39,700	12,342	9,960	14,875	11,504
34,200	34,250	9,704	7,704	11,969	9,028	36,950	37,000	11,035	8,814	13,435	10,277	39,700	39,750	12,366	9,981	14,902	11,527
						<b>37,000</b>											
34,250	34,300	9,729	7,722	11,996	9,051	37,000	37,050	11,059	8,835	13,462	10,300	39,750	39,800	12,390	10,003	14,929	11,549
34,300	34,350	9,753	7,740	12,022	9,074	37,050	37,100	11,083	8,856	13,489	10,323	39,800	39,850	12,414	10,024	14,955	11,572
34,350	34,400	9,777	7,759	12,049	9,096	37,100	37,150	11,108	8,877	13,515	10,346	39,850	39,900	12,438	10,045	14,982	11,595
34,400	34,450	9,801	7,777	12,076	9,119	37,150	37,200	11,132	8,899	13,542	10,368	39,900	39,950	12,462	10,066	15,009	11,617
34,450	34,500	9,825	7,795	12,102	9,142	37,200	37,250	11,156	8,920	13,569	10,391	39,950	40,000	12,487	10,088	15,035	11,640
														<b>40,000</b>			
34,500	34,550	9,850	7,813	12,129	9,164	37,250	37,300	11,180	8,941	13,595	10,414	40,000	40,050	12,511	10,109	15,062	11,663
34,550	34,600	9,874	7,832	12,156	9,187	37,300	37,350	11,204	8,962	13,622	10,436	40,050	40,100	12,535	10,130	15,089	11,686
34,600	34,650	9,898	7,850	12,182	9,210	37,350	37,400	11,229	8,984	13,649	10,459	40,100	40,150	12,559	10,151	15,115	11,708
34,650	34,700	9,922	7,868	12,209	9,233	37,400	37,450	11,253	9,005	13,675	10,482	40,150	40,200	12,583	10,172	15,142	11,731
34,700	34,750	9,946	7,886	12,236	9,255	37,450	37,500	11,277	9,026	13,702	10,505	40,200	40,250	12,608	10,194	15,168	11,754
34,750	34,800	9,971	7,905	12,262	9,278	37,500	37,550	11,301	9,047	13,729	10,527	40,250	40,300	12,632	10,215	15,195	11,776
34,800	34,850	9,995	7,923	12,289	9,301	37,550	37,600	11,325	9,068	13,755	10,550	40,300	40,350	12,656	10,236	15,222	11,799
34,850	34,900	10,019	7,941	12,316	9,323	37,600	37,650	11,350	9,090	13,782	10,573	40,350	40,400	12,680	10,257	15,248	11,822
34,900	34,950	10,043	7,959	12,342	9,346	37,650	37,700	11,374	9,111	13,809	10,595	40,400	40,450	12,704	10,279	15,275	11,845
34,950	35,000	10,067	7,978	12,369	9,369	37,700	37,750	11,398	9,132	13,835	10,618	40,450	40,500	12,729	10,300	15,302	11,867
<b>35,000</b>																	
35,000	35,050	10,092	7,996	12,396	9,392	37,750	37,800	11,422	9,153	13,862	10,641	40,500	40,550	12,753	10,321	15,328	11,890
35,050	35,100	10,116	8,014	12,422	9,414	37,800	37,850	11,446	9,175	13,889	10,664	40,550	40,600	12,777	10,342	15,355	11,913
35,100	35,150	10,140	8,033	12,449	9,437	37,850	37,900	11,471	9,196	13,915	10,686	40,600	40,650	12,801	10,364	15,382	11,935
35,150	35,200	10,164	8,051	12,476	9,460	37,900	37,950	11,495	9,217	13,942	10,709	40,650	40,700	12,825	10,385	15,408	11,958
35,200	35,250	10,188	8,071	12,502	9,482	37,950	38,000	11,519	9,238	13,969	10,732	40,700	40,750	12,850	10,406	15,435	11,981
						<b>38,000</b>											
35,250	35,300	10,212	8,092	12,529	9,505	38,000	38,050	11,543	9,260	13,995	10,754	40,750	40,800	12,874	10,427	15,462	12,004
35,300	35,350	10,237	8,113	12,556	9,528	38,050	38,100	11,567	9,281	14,022	10,777	40,800	40,850	12,898	10,448	15,488	12,026
35,350	35,400	10,261	8,134	12,582	9,551	38,100	38,150	11,592	9,302	14,049	10,800	40,850	40,900	12,922	10,470	15,515	12,049
35,400	35,450	10,285	8,156	12,609	9,573	38,150	38,200	11,616	9,323	14,075	10,823	40,900	40,950	12,946	10,491	15,542	12,072
35,450	35,500	10,309	8,177	12,636	9,596	38,200	38,250	11,640	9,344	14,102	10,845	40,950	41,000	12,971	10,512	15,568	12,094

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

Continued on next page

**1981 Tax Table (Continued)**

If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—				If line 34 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
<b>41,000</b>						<b>44,000</b>						<b>47,000</b>					
41,000	41,050	12,995	10,533	15,595	12,117	44,000	44,050	14,596	11,807	17,255	13,480	47,000	47,050	16,225	13,154	19,003	15,026
41,050	41,100	13,019	10,555	15,622	12,140	44,050	44,100	14,623	11,829	17,284	13,503	47,050	47,100	16,253	13,178	19,032	15,053
41,100	41,150	13,043	10,576	15,648	12,163	44,100	44,150	14,650	11,850	17,314	13,525	47,100	47,150	16,280	13,202	19,061	15,080
41,150	41,200	13,067	10,597	15,675	12,185	44,150	44,200	14,677	11,871	17,343	13,548	47,150	47,200	16,307	13,226	19,091	15,106
41,200	41,250	13,092	10,618	15,702	12,208	44,200	44,250	14,705	11,892	17,372	13,571	47,200	47,250	16,334	13,251	19,120	15,133
41,250	41,300	13,116	10,640	15,728	12,231	44,250	44,300	14,732	11,913	17,401	13,593	47,250	47,300	16,361	13,275	19,149	15,160
41,300	41,350	13,140	10,661	15,755	12,253	44,300	44,350	14,759	11,935	17,430	13,616	47,300	47,350	16,388	13,299	19,178	15,186
41,350	41,400	13,164	10,682	15,782	12,276	44,350	44,400	14,786	11,956	17,459	13,639	47,350	47,400	16,415	13,323	19,207	15,213
41,400	41,450	13,188	10,703	15,808	12,299	44,400	44,450	14,813	11,977	17,488	13,662	47,400	47,450	16,443	13,347	19,236	15,240
41,450	41,500	13,213	10,724	15,835	12,322	44,450	44,500	14,840	11,998	17,518	13,684	47,450	47,500	16,470	13,371	19,265	15,266
41,500	41,550	13,238	10,746	15,862	12,344	44,500	44,550	14,868	12,020	17,547	13,707	47,500	47,550	16,497	13,396	19,295	15,293
41,550	41,600	13,265	10,767	15,888	12,367	44,550	44,600	14,895	12,041	17,576	13,730	47,550	47,600	16,524	13,420	19,324	15,320
41,600	41,650	13,292	10,788	15,915	12,390	44,600	44,650	14,922	12,062	17,605	13,752	47,600	47,650	16,551	13,444	19,353	15,346
41,650	41,700	13,320	10,809	15,942	12,412	44,650	44,700	14,949	12,083	17,634	13,775	47,650	47,700	16,578	13,468	19,382	15,373
41,700	41,750	13,347	10,831	15,968	12,435	44,700	44,750	14,976	12,105	17,663	13,800	47,700	47,750	16,606	13,492	19,411	15,400
41,750	41,800	13,374	10,852	15,995	12,458	44,750	44,800	15,003	12,126	17,692	13,826	47,750	47,800	16,633	13,517	19,440	15,426
41,800	41,850	13,401	10,873	16,022	12,481	44,800	44,850	15,030	12,147	17,721	13,853	47,800	47,850	16,660	13,541	19,469	15,453
41,850	41,900	13,428	10,894	16,048	12,503	44,850	44,900	15,058	12,168	17,751	13,880	47,850	47,900	16,687	13,565	19,498	15,480
41,900	41,950	13,455	10,916	16,075	12,526	44,900	44,950	15,085	12,189	17,780	13,906	47,900	47,950	16,714	13,589	19,528	15,506
41,950	42,000	13,483	10,937	16,102	12,549	44,950	45,000	15,112	12,211	17,809	13,933	47,950	48,000	16,741	13,613	19,557	15,533
<b>42,000</b>						<b>45,000</b>						<b>48,000</b>					
42,000	42,050	13,510	10,958	16,128	12,571	45,000	45,050	15,139	12,232	17,838	13,960	48,000	48,050	16,768	13,638	19,586	15,560
42,050	42,100	13,537	10,979	16,155	12,594	45,050	45,100	15,166	12,253	17,867	13,986	48,050	48,100	16,796	13,662	19,615	15,586
42,100	42,150	13,564	11,001	16,182	12,617	45,100	45,150	15,193	12,274	17,896	14,013	48,100	48,150	16,823	13,686	19,644	15,613
42,150	42,200	13,591	11,022	16,208	12,640	45,150	45,200	15,221	12,296	17,925	14,040	48,150	48,200	16,850	13,710	19,673	15,640
42,200	42,250	13,618	11,043	16,235	12,662	45,200	45,250	15,248	12,317	17,954	14,066	48,200	48,250	16,877	13,734	19,702	15,666
42,250	42,300	13,646	11,064	16,262	12,685	45,250	45,300	15,275	12,338	17,984	14,093	48,250	48,300	16,904	13,759	19,731	15,693
42,300	42,350	13,673	11,085	16,288	12,708	45,300	45,350	15,302	12,359	18,013	14,120	48,300	48,350	16,931	13,783	19,761	15,720
42,350	42,400	13,700	11,107	16,315	12,730	45,350	45,400	15,329	12,381	18,042	14,146	48,350	48,400	16,959	13,807	19,790	15,746
42,400	42,450	13,727	11,128	16,342	12,753	45,400	45,450	15,356	12,402	18,071	14,173	48,400	48,450	16,986	13,831	19,819	15,773
42,450	42,500	13,754	11,149	16,368	12,776	45,450	45,500	15,384	12,423	18,100	14,200	48,450	48,500	17,013	13,855	19,848	15,800
42,500	42,550	13,781	11,170	16,395	12,798	45,500	45,550	15,411	12,444	18,129	14,226	48,500	48,550	17,040	13,880	19,877	15,826
42,550	42,600	13,808	11,192	16,422	12,821	45,550	45,600	15,438	12,465	18,158	14,253	48,550	48,600	17,067	13,904	19,906	15,853
42,600	42,650	13,836	11,213	16,448	12,844	45,600	45,650	15,465	12,487	18,188	14,280	48,600	48,650	17,094	13,928	19,935	15,879
42,650	42,700	13,863	11,234	16,475	12,867	45,650	45,700	15,492	12,508	18,217	14,306	48,650	48,700	17,122	13,952	19,965	15,906
42,700	42,750	13,890	11,255	16,502	12,889	45,700	45,750	15,519	12,529	18,246	14,333	48,700	48,750	17,149	13,976	19,994	15,933
42,750	42,800	13,917	11,277	16,528	12,912	45,750	45,800	15,546	12,550	18,275	14,360	48,750	48,800	17,176	14,001	20,023	15,959
42,800	42,850	13,944	11,298	16,556	12,935	45,800	45,850	15,574	12,573	18,304	14,386	48,800	48,850	17,203	14,025	20,052	15,986
42,850	42,900	13,971	11,319	16,585	12,957	45,850	45,900	15,601	12,597	18,333	14,413	48,850	48,900	17,230	14,049	20,081	16,013
42,900	42,950	13,999	11,340	16,614	12,980	45,900	45,950	15,628	12,621	18,362	14,440	48,900	48,950	17,257	14,073	20,110	16,039
42,950	43,000	14,026	11,361	16,644	13,003	45,950	46,000	15,655	12,646	18,391	14,466	48,950	49,000	17,284	14,097	20,139	16,066
<b>43,000</b>						<b>46,000</b>						<b>49,000</b>					
43,000	43,050	14,053	11,383	16,673	13,026	46,000	46,050	15,682	12,670	18,421	14,493	49,000	49,050	17,312	14,121	20,168	16,093
43,050	43,100	14,080	11,404	16,702	13,048	46,050	46,100	15,709	12,694	18,450	14,520	49,050	49,100	17,339	14,146	20,198	16,119
43,100	43,150	14,107	11,425	16,731	13,071	46,100	46,150	15,737	12,718	18,479	14,546	49,100	49,150	17,366	14,170	20,227	16,146
43,150	43,200	14,134	11,446	16,760	13,094	46,150	46,200	15,764	12,742	18,508	14,573	49,150	49,200	17,393	14,194	20,256	16,173
43,200	43,250	14,161	11,468	16,789	13,116	46,200	46,250	15,791	12,767	18,537	14,600	49,200	49,250	17,420	14,218	20,285	16,199
43,250	43,300	14,189	11,489	16,818	13,139	46,250	46,300	15,818	12,791	18,566	14,626	49,250	49,300	17,447	14,242	20,314	16,226
43,300	43,350	14,216	11,510	16,847	13,162	46,300	46,350	15,845	12,815	18,595	14,653	49,300	49,350	17,475	14,267	20,343	16,253
43,350	43,400	14,243	11,531	16,877	13,185	46,350	46,400	15,872	12,839	18,624	14,680	49,350	49,400	17,502	14,291	20,372	16,279
43,400	43,450	14,270	11,553	16,906	13,207	46,400	46,450	15,899	12,863	18,654	14,706	49,400	49,450	17,529	14,315	20,402	16,306
43,450	43,500	14,297	11,574	16,935	13,230	46,450	46,500	15,927	12,888	18,683	14,733	49,450	49,500	17,556	14,339	20,431	16,333
43,500	43,550	14,324	11,595	16,964	13,253	46,500	46,550	15,954	12,912	18,712	14,760	49,500	49,550	17,583	14,363	20,460	16,359
43,550	43,600	14,352	11,616	16,993	13,275	46,550	46,600	15,981	12,936	18,741	14,786	49,550	49,600	17,610	14,388	20,489	16,386
43,600	43,650	14,379	11,637	17,022	13,298	46,600	46,650	16,008	12,960	18,770	14,813	49,600	49,650	17,637	14,412	20,518	16,413
43,650	43,700	14,406	11,659	17,051	13,321	46,650	46,700	16,035	12,984	18,799	14,840	49,650	49,700	17,665	14,436	20,547	16,439
43,700	43,750	14,433	11,680	17,081	13,344	46,700	46,750	16,062	13,009	18,828	14,866	49,700	49,750	17,692	14,460	20,576	16,466
43,750	43,800	14,460	11,701	17,110	13,366	46,750	46,800	16,090	13,033	18,858	14,893	49,750	49,800	17,719	14,484	20,605	16,493
43,800	43,850	14,4															

# 1981 Tax Rate Schedules

Your zero bracket amount has been built into these Tax Rate Schedules.

## Caution

You must use the Tax Table instead of these Tax Rate Schedules if your taxable income is less than \$50,000 unless you use Form 4726 (maximum tax), Schedule D (alternative tax), or Schedule G (income averaging), to figure your tax. In those cases, even if your taxable income is less than \$50,000, use the rate schedules on this page to figure your tax.

## Instructions

If you cannot use the Tax Table, figure your tax on the amount on line 34 of Form 1040 by using the appropriate Tax Rate Schedule. Then, unless you use Schedule G or Form 4726, figure your 1981 Rate Reduction Credit (1.25%) on the worksheet below.

## Tax Computation Worksheet

(Do not use if you figure your tax on Schedule G or Form 4726.)

1. Taxable income from Form 1040, line 34 . . . . . \_\_\_\_\_
2. Tax on the amount on line 1 from Tax Rate Schedule X, Y, or Z . . . . . \_\_\_\_\_
3. Rate Reduction Credit. Multiply the amount on line 2 by .0125 . . . . . \_\_\_\_\_
4. Subtract line 3 from line 2. Enter here and on Form 1040, line 35 . . . . . \_\_\_\_\_

**Do not file—keep for your records.**

**Note:** If you use the alternative tax computation on Schedule D (Form 1040), enter the amount from Schedule D, line 32, on line 1 of the worksheet. Complete the worksheet and enter the amount from line 4 of the worksheet on Schedule D, line 33.

### Schedule X Single Taxpayers

Use this schedule if you checked Filing Status Box 1 on Form 1040—

If the amount on Form 1040, line 34 is: Enter on line 2 of the worksheet on this page:

Over—	But not over—		of the amount over—
\$0	\$2,300	—0—	
2,300	3,400	14%	\$2,300
3,400	4,400	\$154+16%	3,400
4,400	6,500	314+18%	4,400
6,500	8,500	692+19%	6,500
8,500	10,800	1,072+21%	8,500
10,800	12,900	1,555+24%	10,800
12,900	15,000	2,059+26%	12,900
15,000	18,200	2,605+30%	15,000
18,200	23,500	3,565+34%	18,200
23,500	28,800	5,367+39%	23,500
28,800	34,100	7,434+44%	28,800
34,100	41,500	9,766+49%	34,100
41,500	55,300	13,392+55%	41,500
55,300	81,800	20,982+63%	55,300
81,800	108,300	37,677+68%	81,800
108,300		55,697+70%	108,300

### Schedule Z Unmarried Heads of Household

(including certain married persons who live apart (and abandoned spouses)—see page 6 of the Instructions)

Use this schedule if you checked Filing Status Box 4 on Form 1040—

If the amount on Form 1040, line 34 is: Enter on line 2 of the worksheet on this page:

Over—	But not over—		of the amount over—
\$0	\$2,300	—0—	
2,300	4,400	14%	\$2,300
4,400	6,500	\$294+16%	4,400
6,500	8,700	630+18%	6,500
8,700	11,800	1,026+22%	8,700
11,800	15,000	1,708+24%	11,800
15,000	18,200	2,476+26%	15,000
18,200	23,500	3,308+31%	18,200
23,500	28,800	4,951+36%	23,500
28,800	34,100	6,859+42%	28,800
34,100	44,700	9,085+46%	34,100
44,700	60,600	13,961+54%	44,700
60,600	81,800	22,547+59%	60,600
81,800	108,300	35,055+63%	81,800
108,300	161,300	51,750+68%	108,300
161,300		87,790+70%	161,300

### Schedule Y

Married Taxpayers and Qualifying Widows and Widowers

#### Married Filing Joint Returns and Qualifying Widows and Widowers

Use this schedule if you checked Filing Status Box 2 or 5 on Form 1040—

If the amount on Form 1040, line 34 is: Enter on line 2 of the worksheet on this page:

Over—	But not over—		of the amount over—
\$0	\$3,400	—0—	
3,400	5,500	14%	\$3,400
5,500	7,600	\$294+16%	5,500
7,600	11,900	630+18%	7,600
11,900	16,000	1,404+21%	11,900
16,000	20,200	2,265+24%	16,000
20,200	24,600	3,273+28%	20,200
24,600	29,900	4,505+32%	24,600
29,900	35,200	6,201+37%	29,900
35,200	45,800	8,162+43%	35,200
45,800	60,000	12,720+49%	45,800
60,000	85,600	19,678+54%	60,000
85,600	109,400	33,502+59%	85,600
109,400	162,400	47,544+64%	109,400
162,400	215,400	81,464+68%	162,400
215,400		117,504+70%	215,400

#### Married Filing Separate Returns

Use this schedule if you checked Filing Status Box 3 on Form 1040—

If the amount on Form 1040, line 34 is: Enter on line 2 of the worksheet on this page:

Over—	But not over—		of the amount over—
\$0	\$1,700	—0—	
1,700	2,750	14%	\$1,700
2,750	3,800	\$147.00+16%	2,750
3,800	5,950	315.00+18%	3,800
5,950	8,000	702.00+21%	5,950
8,000	10,100	1,132.50+24%	8,000
10,100	12,300	1,636.50+28%	10,100
12,300	14,950	2,252.50+32%	12,300
14,950	17,600	3,100.50+37%	14,950
17,600	22,900	4,081.00+43%	17,600
22,900	30,000	6,360.00+49%	22,900
30,000	42,800	9,839.00+54%	30,000
42,800	54,700	16,751.00+59%	42,800
54,700	81,200	23,772.00+64%	54,700
81,200	107,700	40,732.00+68%	81,200
107,700		58,752.00+70%	107,700

# Privacy Act and Paperwork Reduction Act Notice

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information, we must tell you:

- Our legal right to ask for the information.
- What major purposes we have in asking for it, and how it will be used.
- What could happen if we do not receive it.
- Whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

For the Internal Revenue Service, the laws include:

- Tax returns and any papers filed with them.
- Any questions we need to ask you so we can:

Complete, correct, or process your return.

Figure your tax.

Collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001 and 6011 and their regulations. They say that you must file a return or statement with us for any tax you are liable for. Your response is mandatory under these sections. Code section 6109 and its regulations say that you must show your social security number on what you file. This is so we know who you are, and can process your return and papers.

You must fill in all parts of the tax form that apply to you. But you do not have to check the boxes for the Presidential Election Campaign Fund.

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

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

If a return is not filed, or if we don't receive the information we ask for, the law provides that a penalty may be charged. And we may have to disallow the exemptions, exclusions, credits, deductions, or adjustments shown on the tax return. This could make the tax higher or delay any refund. Interest may also be charged.

Please keep this notice with your records. It may help you if we ask you for other information.

If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

## 1981 Earned Income Credit Table Caution: This is Not a Tax Table

To find your earned income credit: Read down the column titled "If line 3 or 4 of the worksheet is—" and find the appropriate amount from the Earned Income Credit Worksheet on page 15. Read across to the right and find the amount of the

earned income credit. Enter that amount on line 5 or 6 of the worksheet, whichever applies.

earned income credit. Enter that amount on line 5 or 6 of the worksheet, whichever applies.

If line 3 or 4 of the worksheet is—			Your earned income credit is—			If line 3 or 4 of the worksheet is—			Your earned income credit is—			If line 3 or 4 of the worksheet is—			Your earned income credit is—			If line 3 or 4 of the worksheet is—			Your earned income credit is—					
Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over		Over	But not over				
\$0	\$50	\$3	\$1,800	\$1,850	\$183	\$3,600	\$3,650	\$363	\$6,350	\$6,400	\$453	\$8,150	\$8,200	\$228												
50	100	8	1,850	1,900	188	3,650	3,700	368	6,400	6,450	447	8,200	8,250	222												
100	150	13	1,900	1,950	193	3,700	3,750	373	6,450	6,500	441	8,250	8,300	216												
150	200	18	1,950	2,000	198	3,750	3,800	378	6,500	6,550	434	8,300	8,350	209												
200	250	23	2,000	2,050	203	3,800	3,850	383	6,550	6,600	428	8,350	8,400	203												
250	300	28	2,050	2,100	208	3,850	3,900	388	6,600	6,650	422	8,400	8,450	197												
300	350	33	2,100	2,150	213	3,900	3,950	393	6,650	6,700	416	8,450	8,500	191												
350	400	38	2,150	2,200	218	3,950	4,000	398	6,700	6,750	409	8,500	8,550	184												
400	450	43	2,200	2,250	223	4,000	4,050	403	6,750	6,800	403	8,550	8,600	178												
450	500	48	2,250	2,300	228	4,050	4,100	408	6,800	6,850	397	8,600	8,650	172												
500	550	53	2,300	2,350	233	4,100	4,150	413	6,850	6,900	391	8,650	8,700	166												
550	600	58	2,350	2,400	238	4,150	4,200	418	6,900	6,950	384	8,700	8,750	159												
600	650	63	2,400	2,450	243	4,200	4,250	423	6,950	7,000	378	8,750	8,800	153												
650	700	68	2,450	2,500	248	4,250	4,300	428	7,000	7,050	372	8,800	8,850	147												
700	750	73	2,500	2,550	253	4,300	4,350	433	7,050	7,100	366	8,850	8,900	141												
750	800	78	2,550	2,600	258	4,350	4,400	438	7,100	7,150	359	8,900	8,950	134												
800	850	83	2,600	2,650	263	4,400	4,450	443	7,150	7,200	353	8,950	9,000	128												
850	900	88	2,650	2,700	268	4,450	4,500	448	7,200	7,250	347	9,000	9,050	122												
900	950	93	2,700	2,750	273	4,500	4,550	453	7,250	7,300	341	9,050	9,100	116												
950	1,000	98	2,750	2,800	278	4,550	4,600	458	7,300	7,350	334	9,100	9,150	109												
1,000	1,050	103	2,800	2,850	283	4,600	4,650	463	7,350	7,400	328	9,150	9,200	103												
1,050	1,100	108	2,850	2,900	288	4,650	4,700	468	7,400	7,450	322	9,200	9,250	97												
1,100	1,150	113	2,900	2,950	293	4,700	4,750	473	7,450	7,500	316	9,250	9,300	91												
1,150	1,200	118	2,950	3,000	298	4,750	4,800	478	7,500	7,550	309	9,300	9,350	84												
1,200	1,250	123	3,000	3,050	303	4,800	4,850	483	7,550	7,600	303	9,350	9,400	78												
1,250	1,300	128	3,050	3,100	308	4,850	4,900	488	7,600	7,650	297	9,400	9,450	72												
1,300	1,350	133	3,100	3,150	313	4,900	4,950	493	7,650	7,700	291	9,450	9,500	66												
1,350	1,400	138	3,150	3,200	318	4,950	5,000	498	7,700	7,750	284	9,500	9,550	59												
1,400	1,450	143	3,200	3,250	323	5,000	6,000	500	7,750	7,800	278	9,550	9,600	53												
1,450	1,500	148	3,250	3,300	328	6,000	6,050	497	7,800	7,850	272	9,600	9,650	47												
1,500	1,550	153	3,300	3,350	333	6,050	6,100	491	7,850	7,900	266	9,650	9,700	41												
1,550	1,600	158	3,350	3,400	338	6,100	6,150	484	7,900	7,950	259	9,700	9,750	34												
1,600	1,650	163	3,400	3,450	343	6,150	6,200	478	7,950	8,000	253	9,750	9,800	28												
1,650	1,700	168	3,450	3,500	348	6,200	6,250	472	8,000	8,050	247	9,800	9,850	22												
1,700	1,750	173	3,500	3,550	353	6,250	6,300	466	8,050	8,100	241	9,850	9,900	16												
1,750	1,800	178	3,550	3,600	358	6,300	6,350	459	8,100	8,150	234	9,900	9,950	9												
												9,950	9,999	3												

# 1981 Optional State Sales Tax Tables

(If you kept records that show you paid more sales tax than the table for your State indicates, you may claim the higher amount on Schedule A, line 13a.)

Your itemized deduction for general sales tax paid can be estimated from these tables plus any qualifying sales taxes paid on the items listed on page 18.

To use the tables:

**Step 1**—Figure your total available income. (See note to the right).

**Step 2**—Count the number of exemptions for you and your family. Do not count exemptions claimed for being 65 or over or blind as part of your family size.

**Step 3 A**—If your total available income is

not over \$40,000, find the income line for your State on the tables and read across to find the amount of sales tax for your family size.

**Step 3 B**—If your income is over \$40,000 but not over \$100,000, find the deduction listed on the income line "\$38,001-\$40,000" for your family size and State. For each \$5,000 (or part of \$5,000) of income over \$40,000, increase the deduction by the amount listed for the line "\$40,001-\$100,000."

**Step 3 C**—If your income is over \$100,000, your sales tax deduction is limited to the de-

duction for income of \$100,000. To figure your sales tax deduction, use Step 3 B but don't go over \$100,000.

**Note:** Use the total of the amount on Form 1040, line 31, and nontaxable receipts such as social security, veterans', and railroad retirement benefits, workmen's compensation, untaxed portion of long-term capital gains or unemployment compensation, interest and dividends exclusion, disability income exclusion, and public assistance payments.

Income	Alabama 1					Arizona 2					Arkansas 1					California 3					Colorado 2			Connecticut					Dist. of Columbia				
	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3
\$1-\$8,000.....	93	115	122	131	142	160	90	104	104	109	114	78	97	102	109	116	132	125	147	155	164	53	59	63	126	139	146	94	112	125	125	132	140
\$8,001-\$10,000....	109	132	142	153	165	185	105	122	122	129	134	91	111	118	127	135	152	147	173	183	193	63	71	75	150	167	175	110	129	145	146	155	164
\$10,001-\$12,000....	124	147	161	173	187	208	120	139	140	147	153	103	123	134	143	153	170	167	198	208	219	73	82	87	172	194	203	125	145	164	166	177	186
\$12,001-\$14,000....	138	161	178	191	206	228	133	155	157	165	170	115	134	148	158	169	187	186	220	232	243	82	93	98	194	220	229	139	159	182	186	197	206
\$14,001-\$16,000....	152	174	194	209	225	248	146	170	174	181	187	125	145	161	173	184	202	204	242	255	266	91	104	109	214	244	254	152	173	198	205	216	225
\$16,001-\$18,000....	164	186	210	226	242	266	158	184	190	197	203	135	154	174	186	198	217	222	263	276	288	99	114	120	234	268	279	165	186	213	223	234	244
\$18,001-\$20,000....	176	197	225	242	259	284	170	198	206	212	218	145	163	186	199	212	231	238	282	297	309	107	124	130	253	291	302	177	198	228	240	252	261
\$20,001-\$22,000....	188	208	239	257	275	301	181	211	221	226	233	154	172	198	212	225	245	254	301	317	330	115	134	140	271	313	325	189	210	242	256	268	278
\$22,001-\$24,000....	199	218	253	271	290	317	192	224	235	240	247	163	181	209	224	238	258	300	320	336	349	122	143	150	289	335	347	200	221	256	272	284	294
\$24,001-\$26,000....	210	228	266	285	305	332	203	236	249	254	261	172	189	220	235	250	270	285	338	355	368	129	152	159	306	357	369	211	232	269	287	300	310
\$26,001-\$28,000....	221	238	279	299	320	347	213	248	263	267	275	180	197	230	246	262	282	299	355	373	386	136	161	168	323	378	390	222	242	282	302	315	325
\$28,001-\$30,000....	231	247	291	313	334	362	223	260	277	280	288	188	204	240	257	273	294	313	372	391	404	143	169	177	340	398	411	232	252	295	317	330	340
\$30,001-\$32,000....	241	256	303	326	347	376	233	271	290	293	301	196	211	250	268	284	305	327	389	408	422	150	178	186	356	418	432	242	262	307	332	345	354
\$32,001-\$34,000....	251	265	315	338	360	390	242	282	303	305	313	204	218	260	278	295	316	341	405	425	439	157	187	195	372	438	452	252	272	319	346	359	368
\$34,001-\$36,000....	261	274	327	350	373	403	251	293	316	317	325	211	225	270	288	306	326	354	421	441	455	164	195	203	388	458	472	262	281	330	360	373	382
\$36,001-\$38,000....	271	282	338	362	386	416	260	304	329	329	337	218	232	279	298	316	336	367	436	457	471	170	203	211	403	477	491	271	290	341	373	387	396
\$38,001-\$40,000....	280	290	349	374	399	429	269	315	341	341	349	225	239	288	308	326	346	380	451	473	487	176	211	219	418	496	510	280	299	352	386	400	409
\$40,001-\$100,000. (See Step 3B)	14	15	17	19	20	21	13	16	17	17	17	11	12	14	15	16	17	19	23	24	24	9	11	11	21	25	26	14	15	18	19	20	20

Income	Florida					Georgia 1					Hawaii					Idaho					Illinois 4					Indiana								
	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3
\$1-\$8,000.....	72	83	83	88	93	82	103	110	116	125	141	158	180	183	190	204	68	84	89	97	106	120	109	132	142	148	160	176	93	110	118	124		
\$8,001-\$10,000....	86	98	98	105	110	95	117	127	135	145	161	181	206	209	219	235	80	96	104	113	123	138	128	151	166	173	186	204	109	130	138	145		
\$10,001-\$12,000....	99	113	114	121	127	107	130	143	152	163	180	201	228	234	245	263	91	107	118	128	138	155	145	168	188	196	210	229	124	148	157	165		
\$12,001-\$14,000....	111	127	129	136	142	118	141	157	167	179	198	220	249	256	269	288	101	117	131	142	153	170	162	184	208	218	232	253	138	165	175	183		
\$14,001-\$16,000....	123	140	144	151	157	129	152	171	182	195	214	238	268	277	292	312	111	127	143	155	166	184	177	199	227	238	253	274	151	181	191	200		
\$16,001-\$18,000....	134	153	158	165	171	139	162	184	196	210	229	254	286	297	313	335	120	136	155	167	179	197	192	213	245	258	273	295	164	196	207	216		
\$18,001-\$20,000....	145	165	172	179	185	149	171	196	209	224	244	270	303	315	333	356	129	144	166	179	192	210	206	226	262	276	293	315	176	211	222	232		
\$20,001-\$22,000....	156	177	185	192	199	158	180	208	222	237	258	285	319	333	352	377	137	152	176	190	204	222	220	239	278	294	311	334	187	225	237	247		
\$22,001-\$24,000....	166	189	198	205	212	167	189	219	234	250	271	299	335	350	371	397	145	160	186	201	215	234	233	251	294	312	329	352	198	238	251	261		
\$24,001-\$26,000....	176	200	211	217	224	176	198	230	246	262	283	313	350	366	389	416	153	168	196	212	226	245	246	263	310	328	346	369	209	251	265	275		
\$26,001-\$28,000....	186	211	224	229	236	184	206	240	258	274	295	326	364	382	406	434	161	175	206	222	237	256	258	274	325	344	362	386	220	264	278	289		
\$28,001-\$30,000....	196	222	236	241	248	192	213	250	269	286	307	339	378	397	423	451	169	182	215	232	247	267	270	285	339	360	378	403	230	277	291	302		
\$30,001-\$32,000....	205	232	248	253	260	200	220	260	280	297	319	351	391	412	439	468	176	189	224	242	257	277	282	295	353	376	394	419	240	289	304	315		
\$32,001-\$34,000....	214	242	260	265	272	208	227	270	290	308	330	363	404	426	454	485	183	196	233	251	267	287	293	305	367	391	409	434	250	301	316	327		
\$34,001-\$36,000....	223	252	272	276	283	215	234	279	300	319	341	375	416	440	469	501	190	202	242	260	276	297	304	315	380	406	424	449	259	313	328	339		
\$36,001-\$38,000....	232	262	283	287	294	222	241	288	310	330	352	386	428	454	484	517	197	208	251	269	285	306	315	325	393	420	439	464	268	324	340	351		
\$38,001-\$40,000....	241	272	294	298	305	229	247	297	320	340	362	397	440	467	499	537	203	214	259	278	294	315	326	334	406	434	453	478	277	335	352	363		
\$40,001-\$100,000. (See Step 3B)	12	14	15	15	15	11	12	15	16	17	18	20	22	26	29	33	10	11	13	14	15	16	16	17	20	22	23	24	17	17	18	18	18	

Income	Iowa					Kansas 1					Kentucky					Louisiana 5					Maine 6					Maryland					Massachusetts 7				
	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5	Family size	1	2	3	Over 5																				



1981 Optional State Sales Tax Tables—Continued

Income	Michigan				Minnesota 8			Mississippi 1					Missouri 1					Nebraska 1					Nevada 9				New Jersey			
	Family size 1&2	3&4	5	Over 5	Family size 1&2	Over 2	Family size 1	2	3	4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1&2	3&4	5	Over 5	Family size 1&2	Over 2
\$1-\$8,000	88	102	108	113	62	65	137	168	179	189	203	226	76	91	96	103	111	125	78	97	103	111	119	135	83	93	98	101	61	76
\$8,001-\$10,000	103	121	127	133	74	79	160	193	209	221	236	261	89	105	113	121	129	144	91	110	120	128	138	154	98	112	117	121	81	92
\$10,001-\$12,000	118	138	145	151	85	92	180	215	236	250	267	293	101	117	128	137	146	162	102	122	134	144	154	172	113	130	135	139	93	107
\$12,001-\$14,000	131	154	161	168	96	104	200	235	261	276	295	323	112	128	142	152	162	178	113	132	148	159	170	188	127	147	153	157	104	121
\$14,001-\$16,000	144	169	177	184	106	116	218	254	285	301	322	350	123	139	155	166	176	193	123	142	161	173	185	203	140	163	169	174	115	135
\$16,001-\$18,000	156	184	192	199	116	128	236	272	307	325	348	377	134	149	167	179	190	208	133	152	173	186	198	218	153	179	185	190	125	149
\$18,001-\$20,000	168	198	207	214	125	139	252	289	329	348	372	402	144	158	179	192	204	222	142	161	185	198	211	231	165	194	201	206	135	162
\$20,001-\$22,000	180	211	221	228	134	150	268	305	349	370	395	426	153	167	191	204	217	235	151	169	196	210	224	244	177	209	216	222	145	175
\$22,001-\$24,000	191	224	234	241	143	161	283	320	369	391	418	449	162	176	202	216	229	247	159	177	207	222	236	256	189	223	230	236	155	188
\$24,001-\$26,000	202	237	247	254	152	172	298	335	389	411	440	471	171	184	213	227	241	259	167	184	217	233	248	268	200	237	244	251	164	200
\$26,001-\$28,000	212	249	260	267	161	182	313	349	407	431	461	492	180	192	223	238	252	271	175	191	227	244	259	280	211	251	258	265	173	212
\$28,001-\$30,000	222	261	272	280	169	192	327	363	425	450	481	513	188	200	233	249	263	282	183	198	237	254	270	291	222	264	272	279	182	224
\$30,001-\$32,000	232	273	284	292	177	202	341	376	443	469	501	533	196	207	243	260	274	293	191	205	246	264	281	302	232	270	286	293	190	236
\$32,001-\$34,000	242	284	296	304	185	212	354	389	460	487	521	553	204	214	253	270	285	304	198	212	255	274	291	312	242	290	299	306	198	247
\$34,001-\$36,000	252	295	308	316	193	222	367	402	477	505	540	572	212	221	262	280	295	315	205	218	264	283	301	322	252	303	312	319	206	258
\$36,001-\$38,000	261	306	319	327	200	231	380	414	493	522	558	591	220	228	271	290	305	325	212	224	273	292	311	332	262	316	325	332	214	269
\$38,001-\$40,000	270	317	330	338	207	240	392	426	509	539	576	609	227	234	280	299	315	335	218	230	281	301	320	341	272	328	337	345	222	280
\$40,001-\$100,000 (See Step 3B)	14	16	17	17	10	12	20	21	25	27	29	30	11	12	14	15	16	17	11	12	14	15	16	17	14	16	17	17	11	14

Income	New Mexico 1					New York 10					North Carolina 11					North Dakota					Ohio 1					Oklahoma 1					Pennsylvania	
	Family size 1	2	3	4	Over 5	Family size 1&2	3&4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1&2	3,4&5	Over 5	Family size 1&2	3&4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1	Over 2		
\$1-\$8,000	113	140	148	153	162	179	86	99	103	108	92	114	121	130	139	159	58	65	70	78	87	92	95	50	60	63	66	71	79	73	78	
\$8,001-\$10,000	132	160	171	179	189	207	103	118	123	128	108	131	141	151	162	183	69	78	83	93	105	110	114	58	69	74	77	83	92	88	95	
\$10,001-\$12,000	148	178	193	202	214	233	118	136	141	147	123	146	159	171	182	204	79	90	96	106	121	127	131	66	77	84	88	94	104	102	111	
\$12,001-\$14,000	163	194	213	224	237	258	132	152	159	165	137	159	176	189	202	224	88	101	107	120	137	143	148	73	84	93	98	104	115	115	126	
\$14,001-\$16,000	178	210	232	245	259	280	146	168	176	182	150	172	192	206	220	243	97	112	118	132	152	158	164	80	91	101	107	114	125	128	141	
\$16,001-\$18,000	191	224	250	264	279	302	159	183	192	198	162	184	207	222	237	261	106	123	129	144	166	173	179	87	97	109	116	123	135	141	156	
\$18,001-\$20,000	204	238	267	283	299	323	172	198	208	214	174	195	222	237	253	277	114	133	139	156	180	187	194	93	103	117	125	132	144	153	170	
\$20,001-\$22,000	217	251	283	301	318	342	184	212	223	229	185	206	236	252	268	293	122	143	149	168	194	201	208	99	109	125	133	140	153	164	183	
\$22,001-\$24,000	229	263	299	318	336	361	196	226	238	244	196	216	249	266	283	308	130	152	159	179	207	214	222	105	115	132	141	148	161	175	196	
\$24,001-\$26,000	240	275	314	335	353	380	208	240	252	258	207	226	262	280	298	323	138	161	168	190	220	227	235	111	120	139	149	156	169	186	209	
\$26,001-\$28,000	251	287	328	351	370	397	219	253	266	272	217	236	275	293	312	337	145	170	177	200	233	240	248	117	125	146	157	164	177	197	222	
\$28,001-\$30,000	262	298	342	367	387	414	230	266	280	286	227	245	287	306	325	351	152	179	186	210	245	253	261	122	130	153	164	172	185	208	235	
\$30,001-\$32,000	273	309	356	382	403	431	241	278	293	299	237	254	299	319	338	364	159	188	195	220	257	265	274	127	135	159	171	179	192	219	248	
\$32,001-\$34,000	283	319	370	397	419	447	252	290	306	312	247	263	310	331	351	377	166	197	204	230	269	277	287	132	140	165	178	186	199	230	261	
\$34,001-\$36,000	293	329	383	411	434	463	262	302	319	325	257	271	321	343	364	390	173	205	212	240	281	289	299	137	145	171	185	193	206	240	273	
\$36,001-\$38,000	303	339	396	425	449	479	272	314	332	337	266	279	332	355	376	402	180	213	220	250	293	301	311	142	149	177	191	200	213	250	285	
\$38,001-\$40,000	312	349	408	439	464	494	282	326	345	349	275	287	343	366	388	414	186	221	228	259	304	312	322	147	153	182	197	206	220	260	297	
\$40,001-\$100,000 (See Step 3B)	16	17	20	22	23	25	14	16	17	17	14	14	17	18	19	21	9	11	11	13	15	16	16	7	8	9	10	10	11	13	15	

Income	Rhode Island			South Carolina					South Dakota 2					Tennessee 1					Texas 1					Utah 12						
	Family size 1&2	Over 2	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1	2	3	4	5	Over 5	Family size 1&2	3&4	5	Over 5	Family size 1	2	3	4	5
\$1-\$8,000	88	94	101	120	127	135	146	164	116	143	148	156	167	186	114	137	146	155	167	192	67	77	82	87	120	143	152	161	172	195
\$8,001-\$10,000	104	113	118	138	148	158	169	189	136	163																				

# To Call IRS Toll-Free for Answers to Your Federal Tax Questions, Use Only the Number Listed Below for Your Area

## Caution:

*"Toll-free" is a telephone call for which you pay only local charges with no long-distance charge. Please use a local city number only if it is not a long-distance call for you. Otherwise, use the general toll-free number given.*

We are happy to answer questions to

help you prepare your return. But you should know that you are responsible for the accuracy of your return. If we do make an error, you are still responsible for the payment of the correct tax.

To make sure that IRS employees give courteous responses and correct information to taxpayers, a

second IRS employee sometimes listens in on telephone calls. No record is kept of any taxpayer's name, address, or social security number.

If you find it necessary to write instead of calling, please address your letter to your IRS District Director for a prompt reply.

## Alabama

Birmingham, 252-1155  
Huntsville, 539-2751  
Montgomery, 264-8441  
Elsewhere in Alabama,  
1-800-292-6300

## Alaska

Anchorage, 276-1040  
Elsewhere in Alaska, call operator and ask for Zenith 3700

## Arizona

Phoenix, 257-1233  
Tucson, 882-4181  
Elsewhere in Arizona, 1-800-352-6911

## Arkansas

Little Rock, 376-4401  
Elsewhere in Arkansas,  
1-800-482-9350

## California

Please call the telephone number shown in the white pages of your local telephone directory under U.S. Government, Internal Revenue Service, Federal Tax Assistance

## Colorado

Denver, 825-7041  
Elsewhere in Colorado,  
1-800-332-2060

## Connecticut

Call 1-800-343-9000

## Delaware

Wilmington, 573-6400  
Elsewhere in Delaware,  
1-800-292-9575

## District of Columbia

Call 488-3100

## Florida

Fort Lauderdale, 522-0704  
Jacksonville, 354-1760  
Miami, 358-5072  
Orlando, 422-2550  
St. Petersburg, 823-7459  
Tampa, 223-9741  
West Palm Beach, 655-7250  
Elsewhere in Florida, 1-800-342-8300

## Georgia

Atlanta, 522-0050  
Augusta, 724-9946  
Columbus, 327-7491  
Macon, 746-4993  
Savannah, 355-1045  
Elsewhere in Georgia, 1-800-222-1040

## Hawaii

Hawaii, 935-4895  
Oahu, 546-8660  
Kauai, 245-2731  
Lanai, call operator and ask for Enterprise 8036  
Maui, 244-7654  
Molokai, call operator and ask for Enterprise 8034

## Idaho

Boise, 336-1040  
Elsewhere in Idaho, 1-800-632-5990

## Illinois

Chicago, 435-1040  
Elsewhere in Illinois, 800-972-5400

## Indiana

Evansville, 424-6481  
Fort Wayne, 426-8300  
Gary, 938-0560  
Hammond, 938-0560  
Indianapolis, 269-5477  
South Bend, 232-3981  
Elsewhere in Indiana, 1-800-382-9740

## Iowa

Des Moines, 284-4850  
Elsewhere in Iowa, 800-362-2600

## Kansas

Wichita, 263-2161  
Elsewhere in Kansas, 1-800-362-2190

## Kentucky

Lexington, 255-2333  
Louisville, 584-1361  
Northern Kentucky (Covington dialing area), 628-0055  
Elsewhere in Kentucky,  
1-800-428-9100

## Louisiana

New Orleans, 581-2440  
Elsewhere in Louisiana,  
1-800-362-6900

## Maine

Augusta, 622-7101  
Elsewhere in Maine, 1-800-452-8750

## Maryland

Baltimore, 962-2590  
Prince Georges County, 488-3100  
Montgomery County, 488-3100  
Elsewhere in Maryland,  
1-800-492-0460

## Massachusetts

Boston, 523-1040  
Elsewhere in Massachusetts,  
1-800-392-6288

## Michigan

Ann Arbor, 769-9850  
Detroit, 237-0800  
Flint, 767-8830  
Grand Rapids, 774-8300  
Mount Clemens, 469-4200  
Pontiac, 858-2530  
Elsewhere in area code 313, call 1-800-462-0830  
Elsewhere in area codes 517, 616, and 906, call 1-800-482-0670

## Minnesota

Minneapolis, 291-1422  
St. Paul, 291-1422  
Elsewhere in Minnesota, 800-652-9062

## Mississippi

Biloxi, 868-2122  
Gulfport, 868-2122  
Jackson, 948-4500  
Elsewhere in Mississippi,  
1-800-241-3868

**Missouri**  
St. Louis, 342-1040  
Elsewhere in Missouri, 800-392-4200

**Montana**  
Helena, 443-2320  
Elsewhere in Montana,  
1-800-332-2275

**Nebraska**  
Omaha, 422-1500  
Elsewhere in Nebraska, 800-642-9960

**Nevada**  
Las Vegas, 385-6291  
Reno, 784-5521  
Elsewhere in Nevada, 1-800-492-6552

**New Hampshire**  
Portsmouth, 436-8810  
Elsewhere in New Hampshire,  
1-800-582-7200

**New Jersey**  
Camden, 966-7333  
Hackensack, 646-1919  
Jersey City, 622-0600  
Newark, 622-0600  
Paterson, 279-9400  
Trenton, 394-7113  
Elsewhere in New Jersey,  
800-242-6750

**New Mexico**  
Albuquerque, 243-8641  
Elsewhere in New Mexico,  
1-800-527-3880

**New York**  
**Albany District**  
(Eastern Upstate New York)  
Call 1-800-343-9000

**Brooklyn District**  
Brooklyn, 596-3770  
Nassau, 294-3600  
Queens, 596-3770  
Suffolk, 724-5000

**Buffalo District**  
(Central and Western New York)  
Buffalo, 855-3955  
Rochester, 263-6770  
Syracuse, 425-8111  
Elsewhere in Central and Western New  
York, 1-800-462-1560

**Manhattan District**  
Bronx, 732-0100  
Manhattan, 732-0100  
Rockland County, 352-8900  
Staten Island, 732-0100  
Westchester County, 997-1510

**North Carolina**  
Charlotte, 372-7750  
Greensboro, 274-3711  
Raleigh, 828-6278  
Elsewhere in North Carolina,  
1-800-822-8800

**North Dakota**  
Fargo, 293-0650  
Elsewhere in North Dakota,  
800-342-4710

**Ohio**  
**Cleveland District**  
Akron, 253-1141  
Canton, 455-6781  
Cleveland, 522-3000  
Toledo, 255-3730  
Youngstown, 746-1811  
Elsewhere in Northern Ohio,  
1-800-362-9050

**Cincinnati District**  
Cincinnati, 621-6281  
Columbus, 228-0520  
Dayton, 228-0557  
Elsewhere in Southern Ohio,  
1-800-582-1700

**Oklahoma**  
Oklahoma City, 272-9531  
Tulsa, 583-5121  
Elsewhere in Oklahoma,  
1-800-962-3456

**Oregon**  
Eugene, 485-8285  
Medford, 779-3375  
Portland, 221-3960  
Salem, 581-8720  
Elsewhere in Oregon, 1-800-452-1980

**Pennsylvania**  
Allentown, 437-6966  
Bethlehem, 437-6966  
Erie, 453-5671  
Harrisburg, 783-8700  
Philadelphia, 574-9900  
Pittsburgh, 281-0112  
Elsewhere in area codes 215 and 717,  
call 1-800-462-4000  
Elsewhere in area codes 412 and 814,  
call 1-800-242-0250

**Rhode Island**  
Providence, 274-1040  
Elsewhere in Rhode Island,  
1-800-662-5055

**South Carolina**  
Charleston, 722-1601  
Columbia, 799-1040  
Greenville, 242-5434  
Elsewhere in South Carolina,  
1-800-241-3868

**South Dakota**  
Aberdeen, 225-9112  
Elsewhere in South Dakota,  
800-592-1870

**Tennessee**  
Chattanooga, 756-3010  
Knoxville, 637-0190  
Memphis, 522-1250  
Nashville, 259-4601  
Elsewhere in Tennessee,  
1-800-342-8420

**Texas**  
Austin, 472-1974  
Corpus Christi, 888-9431  
Dallas, 742-2440  
El Paso, 532-6116  
Ft. Worth, 335-1370  
Houston, 965-0440  
San Antonio, 229-1700  
Elsewhere in Texas, 1-800-492-4830

**Utah**  
Salt Lake City, 524-4060  
Elsewhere in Utah, 1-800-662-5370

**Vermont**  
Burlington, 658-1870  
Elsewhere in Vermont,  
1-800-642-3110

**Virginia**  
Baileys Crossroads (Northern Virginia),  
557-9230  
Chesapeake, 461-3770  
Norfolk, 461-3770  
Portsmouth, 461-3770  
Richmond, 649-2361  
Virginia Beach, 461-3770  
Elsewhere in Virginia,  
1-800-552-9500

**Washington**  
Everett, 259-0861  
Seattle, 442-1040  
Spokane, 456-8350  
Tacoma, 383-2021  
Elsewhere in Washington,  
1-800-732-1040

**West Virginia**  
Charleston, 345-2210  
Huntington, 523-0213  
Parkersburg, 485-1601  
Wheeling, 233-4210  
Elsewhere in West Virginia,  
1-800-543-7200

**Wisconsin**  
Milwaukee, 271-3780  
Elsewhere in Wisconsin, 800-452-9100

**Wyoming**  
Call 1-800-525-6060

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**Telephone Assistance Services for  
Deaf/Hearing Impaired Taxpayers  
Who Have Access to TV/Telephone—  
TTY Equipment.**

**Hours of Operation**  
**8:30 A.M. to 6:45 P.M. EST**  
Indiana residents, 1-800-382-4059  
Elsewhere in U.S., including Alaska,  
Hawaii, Virgin Islands and Puerto  
Rico, 1-800-428-4732

## How to Get Forms

Generally, we mail forms and schedules directly to you based on what seems to be right for you. Schedules and forms you may need are listed below. You can get them from most Internal Revenue Service offices, at many banks and post offices, or by using the order blank on page 47.

**Schedule A** for itemized deductions

**Schedule B** for interest income if more than \$400 or if from All-Savers Certificates, for dividends and other distributions on stock if more than \$400, and for answering the Foreign Accounts or Foreign Trust Questions

**Schedule C** for income from a personally owned business

**Schedule D** for income from the sale or exchange of capital assets

**Schedule E** for income from rents, royalties, partnerships, estates, trusts, etc.

**Schedule F** for income from farming

**Schedule G** for income averaging

**Schedules R&RP** credit for the elderly

**Schedule SE** for reporting net earnings from self-employment

**These forms are available only at Internal Revenue Service offices:**

**Form 1040-ES** to make estimated tax payments

**Form 2106**, Employee Business Expenses

**Form 2119**, Sale or Exchange of Principal Residence

**Form 2120**, Multiple Support Declaration

**Form 2210**, Underpayment of Estimated Tax by Individuals

**Form 2440**, Disability Income Exclusion

**Form 2441**, Credit for Child and Dependent Care Expenses

**Form 3468**, Computation of Investment Credit

**Form 3903**, Moving Expense Adjustment

**Form 4136**, Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil

**Form 4562**, Depreciation

**Form 4684**, Casualties and Thefts

**Form 4726**, Maximum Tax on Personal Service Income

**Form 4797**, Supplemental Schedule of Gains and Losses

**Form 4835**, for farm rental income and expenses

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

**Form 5695**, Residential Energy Credit

**Form 6251**, Alternative Minimum Tax Computation

**Some helpful publications you can send for:**

**17** Your Federal Income Tax

**54** Tax Guide for U.S. Citizens Abroad

**334** Tax Guide for Small Business

**463** Travel, Entertainment, and Gift Expenses

**501** Exemptions

**502** Medical and Dental Expenses

**503** Child and Disabled Dependent Care

**504** Tax Information for Divorced or Separated Individuals

**505** Tax Withholding and Estimated Tax

**506** Income Averaging

**521** Moving Expenses

**522** Disability Payments

**523** Tax Information on Selling Your Home

**524** Credit for the Elderly

**526** Charitable Contributions

**527** Rental Property

**529** Miscellaneous Deductions

**530** Tax Information for Homeowners

**545** Interest Expense

**552** Recordkeeping Requirements and a List of Tax Publications

**553** Highlights of 1981 Tax Changes

**554** Tax Benefits for Older Americans

**903** Energy Credits for Individuals

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Other publications and forms referred to in the instructions are available without cost from any District Director.

## Where to Send Your Order for Free Forms and Publications.

Please send your order to the "Forms Distribution Center" for your State. If there is more than one Center for your State, send the order to the Center nearest you.

Alabama—Caller No. 848, Atlanta, GA 30370  
 Alaska—P.O. Box 12626, Fresno, CA 93778  
 Arizona—P.O. Box 12626, Fresno, CA 93778  
 Arkansas—P.O. Box 2924, Austin, TX 78769  
 California—P.O. Box 12626, Fresno, CA 93778  
 Colorado—P.O. Box 2924, Austin, TX 78769  
 Connecticut—P.O. Box 1040, Wilmington, MA 01887  
 Delaware—P.O. Box 25866, Richmond, VA 23260  
 District of Columbia—P.O. Box 25866, Richmond, VA 23260  
 Florida—Caller No. 848, Atlanta, GA 30370  
 Georgia—Caller No. 848, Atlanta, GA 30370  
 Hawaii—P.O. Box 12626, Fresno, CA 93778  
 Idaho—P.O. Box 12626, Fresno, CA 93778  
 Illinois—6000 Manchester Trafficway Terrace, Kansas City, MO 64130  
 Indiana—P.O. Box 636, Florence, KY 41042  
 Iowa—6000 Manchester Trafficway Terrace, Kansas City, MO 64130  
 Kansas—P.O. Box 2924, Austin, TX 78769  
 Kentucky—P.O. Box 636, Florence, KY 41042  
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 Nevada—P.O. Box 12626, Fresno, CA 93778

New Hampshire—P.O. Box 1040, Wilmington, MA 01887

New Jersey—P.O. Box 25866, Richmond, VA 23260

New Mexico—P.O. Box 2924, Austin, TX 78769

New York—

Albany: P.O. Box 1040, Wilmington, MA 01887

Buffalo: P.O. Box 240, Buffalo, NY 14201

New York City: P.O. Box 1040, Brooklyn, NY 11232

North Carolina—Caller No. 848, Atlanta, GA 30370

North Dakota—6000 Manchester Trafficway Terrace, Kansas City, MO 64130

Ohio—P.O. Box 636, Florence, KY 41042

Oklahoma—P.O. Box 2924, Austin, TX 78769

Oregon—P.O. Box 12626, Fresno, CA 93778

Pennsylvania—P.O. Box 25866, Richmond, VA 23260

Rhode Island—P.O. Box 1040, Wilmington, MA 01887

South Carolina—Caller No. 848, Atlanta, GA 30370

South Dakota—6000 Manchester Trafficway Terrace, Kansas City, MO 64130

Tennessee—Caller No. 848, Atlanta, GA 30370

Texas—P.O. Box 2924, Austin, TX 78769

Utah—P.O. Box 12626, Fresno, CA 93778

Vermont—P.O. Box 1040, Wilmington, MA 01887

Virginia—P.O. Box 25866, Richmond, VA 23260

Washington—P.O. Box 12626, Fresno, CA 93778

West Virginia—P.O. Box 636, Florence, KY 41042

Wisconsin—6000 Manchester Trafficway Terrace, Kansas City, MO 64130

Wyoming—P.O. Box 2924, Austin, TX 78769

**Foreign Addresses**—Taxpayers with mailing addresses in foreign countries should send this order blank to either: Forms Distribution Center, Caller No. 848, Atlanta, GA 30370 or Forms Distribution Center, P.O. Box 12626, Fresno, CA 93778, whichever is closer. Send letter requests for other forms and publications to: Director, Office of International Operations, Internal Revenue Service, Washington, DC 20225.

**Puerto Rico**—Director's Representative, U.S. Internal Revenue Service, Federal Office Building, Chardon Street, Hato Rey, PR 00918

**Virgin Islands**—Department of Finance, Tax Division, Charlotte Amalie, St. Thomas, VI 00801

**Order Blank**—The forms and publications listed here are available at no cost. We will send you 2 copies of each form and 1 copy of each set of instructions or publication you circle. Please cut the order blank on the dotted line and be sure to write your name and address on the other side. Enclose this order blank in your own envelope and address your envelope to the IRS address shown above for your State. To help reduce waste, please order only the forms and publications you think you will need to prepare your return. Attach a separate sheet of paper listing the additional forms and publications you may need which are not listed on the order blank. Be sure to allow 10 days to receive your order.

Circle desired Forms & Publications			2441	4726	Pub. 334	Pub. 522	Pub. 530
			3468	4797	Pub. 463	Pub. 523	Pub. 545
1040	Schedule D (1040)	1040-ES (1982)	3468 Instructions	4797 Instructions	Pub. 501	Pub. 524	Pub. 552
Instructions for 1040 & Schedules	Schedule E (1040)	2106	3903	4835	Pub. 502	Pub. 526	Pub. 553
1040A	Schedule F (1040)	2119	4136	4868	Pub. 503	Pub. 527	Pub. 554
1040A Instructions	Schedule G (1040)	2120	4562	5695	Pub. 504	Pub. 529	Pub. 903
Schedules A & B (1040)	Schedules R & RP (1040)	2210	4562 Instructions	6251	Pub. 506		
Schedule C (1040)	Schedule SE (1040)	2440	4684	Pub. 17	Pub. 521		

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